



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

Financial Statements for the year ended
31 December 2011

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 |

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
10th Floor, Sun Wah Tower
115 Nguyen Hue Street
District 1, Ho Chi Minh City
The Socialist Republic of Vietnam

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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 2011 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 26 March 2012. 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 2011 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: 11-01-187




Chang Hung Chun
CPA No. N0863/KTV
Deputy General Director

Ho Chi Minh City, 26 March 2012



Ha Vu Dinh
CPA No. 0414/KTV

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Balance sheet as at 31 December 2011

| | Code | Note | The Group | | The Company | |
|--------------------------------------|------------|----------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| ASSETS | | | | | | |
| Current assets | 100 | | 1,605,037,461,093 | 1,176,638,742,453 | 1,525,468,236,091 | 1,091,212,414,489 |
| Cash and cash equivalents | 110 | 4 | 454,113,948,194 | 337,769,093,757 | 426,301,733,402 | 317,023,440,697 |
| Cash | 111 | | 82,732,710,340 | 51,495,543,237 | 54,920,495,548 | 30,749,890,177 |
| Cash equivalents | 112 | | 371,381,237,854 | 286,273,550,520 | 371,381,237,854 | 286,273,550,520 |
| Short-term investments | 120 | 5 | 70,000,000,000 | - | 70,000,000,000 | - |
| Accounts receivable | 130 | 6 | 70,871,461,230 | 57,575,438,981 | 69,401,669,366 | 41,956,414,537 |
| Accounts receivable – trade | 131 | | 39,634,363,771 | 28,962,855,812 | 32,864,176,721 | 16,029,437,397 |
| Prepayments to suppliers | 132 | | 9,061,955,750 | 14,165,423,476 | 8,425,651,835 | 11,348,628,701 |
| Other receivables | 135 | | 22,790,855,759 | 16,058,429,474 | 28,111,840,810 | 16,174,833,370 |
| Allowance for doubtful debts | 139 | | (615,714,050) | (1,611,269,781) | - | (1,596,484,931) |
| Inventories | 140 | 7 | 968,915,039,630 | 751,709,044,884 | 941,077,879,031 | 718,714,872,670 |
| Other current assets | 150 | | 41,137,012,039 | 29,585,164,831 | 18,686,954,292 | 13,517,686,585 |
| Short-term prepayments | 151 | | 20,780,523,529 | 12,765,289,565 | 9,774,375,599 | 6,587,463,910 |
| Deductible value added tax | 152 | | 3,626,013,421 | 7,933,589,620 | - | - |
| Taxes receivable from State Treasury | 154 | | 1,037,353,890 | 576,939,248 | 26,603,715 | 115,590,835 |
| Other current assets | 158 | | 15,693,121,199 | 8,309,346,398 | 8,885,974,978 | 6,814,631,840 |

The accompanying notes are an integral part of these financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Balance sheet as at 31 December 2011 (continued)

| | Code | Note | The Group | | The Company | |
|--|------------|-----------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| Long-term assets | 200 | | 1,323,075,161,632 | 1,287,569,967,482 | 1,159,064,312,972 | 1,110,647,819,291 |
| Fixed assets | 220 | | 419,577,684,256 | 331,638,373,756 | 381,763,700,152 | 293,887,652,439 |
| Tangible fixed assets | 221 | 8 | 114,426,075,356 | 96,848,837,225 | 76,788,364,713 | 59,355,070,397 |
| <i>Cost</i> | 222 | | 201,160,654,826 | 170,255,698,399 | 140,747,344,350 | 114,459,921,911 |
| <i>Accumulated depreciation</i> | 223 | | (86,734,579,470) | (73,406,861,174) | (63,958,979,637) | (55,104,851,514) |
| Intangible fixed assets | 227 | 9 | 279,199,924,767 | 193,164,202,785 | 279,023,651,306 | 192,907,248,296 |
| <i>Cost</i> | 228 | | 279,869,348,563 | 193,653,741,363 | 279,492,351,451 | 193,276,744,251 |
| <i>Accumulated amortisation</i> | 229 | | (669,423,796) | (489,538,578) | (468,700,145) | (369,495,955) |
| Construction in progress | 230 | 10 | 25,951,684,133 | 41,625,333,746 | 25,951,684,133 | 41,625,333,746 |
| Long-term investments | 250 | 11 | 712,435,781,858 | 749,471,560,231 | 761,041,764,725 | 797,419,988,080 |
| Investments in subsidiaries | 251 | | - | - | 90,000,000,000 | 80,000,000,000 |
| Investments in associates | 252 | | 258,315,155,708 | 261,453,501,831 | 230,474,829,680 | 230,474,829,680 |
| Other long-term investments | 258 | | 475,245,158,400 | 498,818,058,400 | 474,745,158,400 | 497,745,158,400 |
| Allowance for diminution in the value of long-term investments | 259 | | (21,124,532,250) | (10,800,000,000) | (34,178,223,355) | (10,800,000,000) |
| Other long-term assets | 260 | | 191,061,695,518 | 206,460,033,495 | 16,258,848,095 | 19,340,178,772 |
| Long-term prepayments | 261 | 13 | 188,628,499,090 | 204,184,834,997 | 15,449,325,434 | 18,530,656,111 |
| Deferred tax assets | 262 | 14 | 919,152,184 | 835,847,692 | 809,522,661 | 809,522,661 |
| Other long-term assets | 244 | | 1,514,044,244 | 1,439,350,806 | - | - |
| TOTAL ASSETS | 270 | | 2,928,112,622,725 | 2,464,208,709,935 | 2,684,532,549,063 | 2,201,860,233,780 |

The accompanying notes are an integral part of these financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Balance sheet as at 31 December 2011 (continued)

| | Code | Note | The Group | | The Company | |
|-----------------------------------|------------|------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| RESOURCES | | | | | | |
| LIABILITIES | | | | | | |
| Current liabilities | 300 | | 1,771,024,241,138 | 1,388,651,100,968 | 1,611,470,039,512 | 1,197,190,189,172 |
| Short-term borrowings | 310 | | 973,411,782,490 | 1,238,244,894,919 | 892,489,131,205 | 1,134,079,358,588 |
| Accounts payable – trade | 311 | 15 | 604,356,835,868 | 950,160,880,361 | 573,639,973,212 | 932,754,017,705 |
| Advance from customers | 312 | | 123,648,989,802 | 126,195,900,645 | 73,192,057,333 | 40,114,973,072 |
| Taxes payable to State Treasury | 313 | | 10,271,763,272 | 7,499,868,870 | 7,322,532,478 | 6,336,897,626 |
| Payable to employees | 314 | 16 | 29,561,163,550 | 18,554,741,321 | 29,091,016,680 | 18,300,841,546 |
| Accrued expenses | 315 | | 46,402,734,297 | 26,829,448,932 | 43,550,769,450 | 25,834,751,274 |
| Other payables | 316 | 17 | 8,431,746,109 | 9,974,319,640 | 8,198,711,109 | 9,974,319,640 |
| Bonus and welfare funds | 319 | 18 | 133,760,429,404 | 85,484,874,814 | 140,528,982,962 | 87,477,958,485 |
| | 323 | 19 | 16,978,120,188 | 13,544,860,336 | 16,965,087,981 | 13,285,599,240 |
| Long-term liabilities | 330 | | 797,612,458,648 | 150,406,206,049 | 718,980,908,307 | 63,110,830,584 |
| Other long-term liabilities | 333 | | 62,532,121,564 | 66,789,066,688 | 426,284,500 | 426,284,500 |
| Long-term borrowings | 334 | 20 | 730,658,754,727 | 80,143,593,277 | 714,133,041,450 | 59,211,000,000 |
| Provision for severance allowance | 336 | 21 | 4,421,582,357 | 3,473,546,084 | 4,421,582,357 | 3,473,546,084 |

The accompanying notes are an integral part of these financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Balance sheet as at 31 December 2011 (continued)

| | Code | Note | The Group | | The Company | |
|----------------------------------|------------|-----------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| EQUITY | 400 | | 1,130,451,377,433 | 1,046,885,979,792 | 1,073,062,509,551 | 1,004,670,044,608 |
| Equity | 410 | | 1,130,451,377,433 | 1,046,885,979,792 | 1,073,062,509,551 | 1,004,670,044,608 |
| Share capital | 411 | 22 | 599,991,420,000 | 599,991,420,000 | 599,991,420,000 | 599,991,420,000 |
| Share premium | 412 | 22 | 225,008,580,000 | 225,008,580,000 | 225,008,580,000 | 225,008,580,000 |
| Treasury shares | 414 | 22 | (7,090,000) | (7,090,000) | (7,090,000) | (7,090,000) |
| Investment and development funds | 417 | | 72,461,168,576 | 52,461,168,576 | 51,070,897,000 | 31,070,897,000 |
| Financial reserves | 418 | | 35,866,235,360 | 25,704,156,577 | 34,291,732,783 | 24,129,654,000 |
| Retained profits | 420 | | 197,131,063,497 | 143,727,744,639 | 162,706,969,768 | 124,476,583,608 |
| MINORITY INTEREST | 439 | 23 | 26,637,004,154 | 28,671,629,175 | - | - |
| TOTAL RESOURCES | 440 | | 2,928,112,622,725 | 2,464,208,709,935 | 2,684,532,549,063 | 2,201,860,233,780 |

Prepared by:



Dang Thi Lai
Chief Accountant

Approved by:



Cao Thi Ngoc Dung
General Director

26 March 2012

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 2011

| | Code | Note | The Group | | The Company | |
|--------------------------------------|-----------|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Total revenue | 01 | 24 | 18,038,055,458,855 | 13,798,302,596,222 | 17,335,035,111,824 | 13,077,790,334,837 |
| Less sales deductions | 02 | 24 | (74,214,987,083) | (45,921,930,526) | (71,374,181,860) | (43,326,504,617) |
| Net sales | 10 | | 17,963,840,471,772 | 13,752,380,665,696 | 17,263,660,929,964 | 13,034,463,830,220 |
| Cost of sales | 11 | 25 | (17,225,520,872,828) | (13,210,528,300,660) | (16,629,765,167,821) | (12,582,230,280,410) |
| Gross profit | 20 | | 738,319,598,944 | 541,852,365,036 | 633,895,762,143 | 452,233,549,810 |
| Financial income | 21 | 26 | 64,754,928,074 | 64,650,321,180 | 74,341,827,304 | 77,904,594,375 |
| Financial expenses | 22 | 27 | (125,534,692,551) | (60,390,301,471) | (128,762,455,803) | (55,410,407,231) |
| Selling expenses | 24 | | (289,530,963,640) | (243,304,931,356) | (211,585,653,511) | (166,504,109,176) |
| General and administration expenses | 25 | | (98,126,294,532) | (79,166,636,200) | (76,906,220,791) | (60,118,489,521) |
| Net operating profit | 30 | | 289,882,576,295 | 223,640,817,189 | 290,983,259,342 | 248,105,138,257 |
| Results of other activities | 40 | | | | | |
| Other income | 31 | 28 | 19,224,929,719 | 30,711,526,150 | 12,066,560,565 | 21,569,250,516 |
| Other expenses | 32 | 29 | (1,607,851,780) | (11,902,840,151) | (976,945,616) | (11,756,140,090) |
| Share of profit in associates | 40 | 10 | 10,666,239,207 | 21,442,711,729 | - | - |

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 2011 (continued)

| | Code | Note | The Group | | The Company | |
|---|-----------|------|------------------------|------------------------|------------------------|------------------------|
| | | | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Profit before tax | 50 | | 318,165,893,441 | 263,892,214,917 | 302,072,874,291 | 257,918,248,683 |
| Income tax expense – current | 51 | 30 | (60,742,590,596) | (51,946,709,715) | (60,363,124,631) | (51,363,036,090) |
| Income tax benefit/(expense) – deferred | 52 | 30 | 83,304,492 | (604,159,979) | - | - |
| Net profit | 60 | | 257,506,607,337 | 211,341,345,223 | 241,709,749,660 | 206,555,212,593 |
| Attributable to: | | | | | | |
| Minority interest | 61 | 23 | 401,324,979 | (676,831,791) | - | - |
| Equity holders of the Company | 62 | | 257,105,282,358 | 212,018,177,014 | 241,709,749,660 | 206,555,212,593 |
| Earnings per share | | | | | | |
| Basic earnings per share | 70 | 31 | 4,285 | 3,533 | 4,029 | 3,443 |

Prepared by:

Dang Thi Lai
 Chief Accountant

Approved by:

Cao Thi Ngoc Dung
 General Director

26 March 2012

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 2011

| The Group | Share capital | Share premium | Treasury shares | Investment and development funds | Financial reserves | Retained profits | Total |
|-------------------------------------|-----------------|-------------------|-----------------|----------------------------------|--------------------|-------------------|-------------------|
| | VND | VND | VND | VND | VND | VND | VND |
| Balance as at 1 January 2010 | 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) |
| Balance as at 1 January 2011 | 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 2011 (continued)

| | Share capital VND | Share premium VND | Treasury shares VND | Investment and development funds VND | Financial reserves VND | Retained profits VND | Total VND |
|---|----------------------|----------------------|---------------------------|---|------------------------------|-------------------------|-------------------|
| Balance as at 1 January 2011 | 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 |
| Net profit for the year | - | - | - | - | - | 257,105,282,358 | 257,105,282,358 |
| Appropriation to funds and reserves | - | - | - | 20,000,000,000 | 10,327,760,000 | (30,327,760,000) | - |
| Dividends | - | - | - | - | - | (149,996,082,500) | (149,996,082,500) |
| Utilisation of reserves | - | - | - | - | (165,681,217) | - | (165,681,217) |
| Appropriation to non- equity funds | - | - | - | - | - | (23,378,121,000) | (23,378,121,000) |
| Balance as at 31 December 2011 | 599,991,420,000 | 225,008,580,000 | (7,090,000) | 72,461,168,576 | 35,866,235,360 | 197,131,063,497 | 1,130,451,377,433 |

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 2011 (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 as 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) |
| Balance at 1 January 2011 | 599,991,420,000 | 225,008,580,000 | (7,090,000) | 31,070,897,000 | 24,129,654,000 | 124,476,583,608 | 1,004,670,044,608 |

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 2011 (continued)

| | Share capital VND | Share premium VND | Treasury shares VND | Investment and development funds VND | Financial reserves VND | Retained profits VND | Total VND |
|---|----------------------|----------------------|---------------------------|---|------------------------------|-------------------------|-------------------|
| Balance as at 1 January 2011 | 599,991,420,000 | 225,008,580,000 | (7,090,000) | 31,070,897,000 | 24,129,654,000 | 124,476,583,608 | 1,004,670,044,608 |
| Net profit for the year | - | - | - | - | - | 241,709,749,660 | 241,709,749,660 |
| Appropriation to funds and reserves | - | - | - | 20,000,000,000 | 10,327,760,000 | (30,327,760,000) | - |
| Dividends | - | - | - | - | - | (149,996,082,500) | (149,996,082,500) |
| Utilisation of reserves | - | - | - | - | (165,681,217) | - | (165,681,217) |
| Appropriation to non- equity funds | - | - | - | - | - | (23,155,521,000) | (23,155,521,000) |
| Balance as at 31 December 2011 | 599,991,420,000 | 225,008,580,000 | (7,090,000) | 51,070,897,000 | 34,291,732,783 | 162,706,969,768 | 1,073,062,509,551 |

Prepared by:


Dang Thi Lai
Chief Accountant

Approved by:


Cao Thi Ngoc Dung
General Director

26 March 2012

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 2011

| | Code | Note | The Group | | The Company | |
|---|-----------|------|------------------------|------------------------|------------------------|------------------------|
| | | | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Profit before tax | 01 | | 318,165,893,441 | 263,892,214,917 | 302,072,874,291 | 257,918,248,683 |
| Adjustments for | | | | | | |
| Depreciation and amortisation | 02 | | 42,308,214,488 | 43,922,848,994 | 17,182,301,892 | 15,208,211,655 |
| Allowances and provisions | 03 | | 12,113,142,484 | 57,814,791 | 24,565,904,389 | 23,190,188 |
| Unrealised foreign exchange losses | 04 | | 85,681,898,050 | - | 85,681,898,050 | - |
| (Gain)/loss on disposal of fixed assets | 05 | | (427,282,948) | (2,544,166,131) | 146,629,923 | (2,544,166,131) |
| Loss on written-off of fixed assets | 05 | | 431,215,096 | - | 8,816,978 | - |
| Gain on transfer of assets to subsidiaries | 05 | | - | - | 4,734,330,673 | (2,281,408,704) |
| Gain on disposal of subsidiary and/or associate | 05 | | (2,055,522,670) | (3,229,607,274) | - | (3,458,000,000) |
| Dividends and interest income | 05 | | (55,925,420,302) | (41,503,821,527) | (67,661,833,499) | (55,962,749,172) |
| Gains from investments in securities through trusted fund | 05 | | (307,107,617) | (15,125,454,250) | (307,107,617) | (15,125,454,250) |
| Share of profit in associates | 05 | | (10,666,239,207) | (21,442,711,729) | - | - |
| Interest expense | 06 | | 103,995,485,100 | 58,801,093,754 | 95,273,068,280 | 53,623,329,476 |
| Operating profit before changes in working capital | 08 | | 493,314,275,915 | 282,828,211,545 | 461,696,883,360 | 247,401,201,745 |
| Change in receivables and other current assets | 09 | | (11,140,015,759) | 53,293,918,839 | (18,755,872,536) | 61,039,332,936 |
| Change in inventories | 10 | | (217,205,994,746) | (261,578,272,583) | (222,363,006,361) | (241,675,215,458) |
| Change in payables and other liabilities | 11 | | 76,167,135,915 | 62,077,903,873 | 110,815,150,821 | 2,118,611,364 |
| | | | 341,135,401,325 | 136,621,761,674 | 331,393,155,284 | 68,883,930,587 |

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 2011 (continued)

| | Code | Note | The Group | | The Company | |
|---|-----------|------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Interest paid | 13 | | (103,861,814,898) | (58,319,330,507) | (95,139,398,078) | (54,105,092,723) |
| Corporate income tax paid | 14 | | (65,658,313,770) | (51,918,613,481) | (64,754,021,469) | (42,347,212,409) |
| Other payments for operating activities | 16 | | (17,387,942,365) | (23,312,694,402) | (17,141,713,476) | (21,361,462,177) |
| Net cash generated from/(used in) operating activities | 20 | | 154,227,330,292 | 3,071,123,284 | 154,358,022,261 | (48,929,836,722) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Payments for additions to fixed assets and other long-term assets | 21 | | (115,655,063,956) | (112,361,991,985) | (104,069,526,103) | (66,263,175,739) |
| Proceeds from disposals of fixed assets | 22 | | 959,942,727 | 13,571,368,595 | 211,411,818 | 13,571,368,595 |
| Payments for investments in other entities | 25 | | - | (217,110,697,000) | (8,274,351,544) | (222,337,797,000) |
| Payment for investments in short-term deposit | 25 | | (70,000,000,000) | - | (70,000,000,000) | - |
| Proceeds from sales of investments in other entities | 25 | | 34,298,300,000 | 29,675,000,000 | 23,000,000,000 | 29,675,000,000 |
| Receipts of interest and dividends | 27 | | 47,201,478,302 | 51,388,081,132 | 53,803,183,499 | 55,962,749,172 |
| Receipt from investment through trusted fund | 27 | | 307,107,617 | 15,125,454,250 | 307,107,617 | 15,125,454,250 |
| Net cash proceeds from disposals of investments in subsidiary | | | - | 16,390,530,450 | - | 20,748,000,000 |
| Net cash used in investing activities | 30 | | (102,888,235,310) | (203,322,254,558) | (105,022,174,713) | (153,518,400,722) |

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 2011 (continued)

| | Code | Note | The Group | | The Company | |
|--|-----------|----------|------------------------|------------------------|------------------------|------------------------|
| | | | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Proceeds from short-term and long-term borrowings | 33 | | 8,767,143,927,774 | 6,599,955,894,699 | 8,703,343,927,774 | 6,515,652,194,699 |
| Payments to settle debts | 34 | | (8,551,891,484,141) | (6,254,018,176,391) | (8,496,994,604,141) | (6,160,235,898,208) |
| Payments of dividends to minority interest | 35 | | (3,839,805,702) | (2,167,099,298) | - | - |
| Payments of dividends | 36 | | (150,183,653,750) | (80,716,342,550) | (150,183,653,750) | (80,716,342,550) |
| Net cash generated from financing activities | 40 | | 61,228,984,181 | 263,054,276,460 | 56,165,669,883 | 274,699,953,941 |
| Net cash flows during the year | 50 | | 112,568,079,163 | 62,803,145,186 | 105,501,517,431 | 72,251,716,497 |
| Cash and cash equivalents at the beginning of the year | 60 | 4 | 337,769,093,757 | 274,965,948,571 | 317,023,440,697 | 244,771,724,200 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 61 | | 3,776,775,274 | - | 3,776,775,274 | - |
| Cash and cash equivalents at the end of the year | 70 | 4 | 454,113,948,194 | 337,769,093,757 | 426,301,733,402 | 317,023,440,697 |

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 2011 (continued)

NON-CASH INVESTING ACTIVITIES

Investment capital contributed in form of
 tangible fixed assets

| | The Group | | The Company | |
|---|-----------|------|---------------|------|
| | 2011 | 2010 | 2011 | 2010 |
| | VND | VND | VND | VND |
| Investment capital contributed in form of tangible fixed assets | - | - | 1,725,648,456 | - |

Prepared by:


 Dang Thi Lai
 Chief Accountant

Approved by:


 Cao Thi Ngoc Dung
 General Director



26 March 2012

The accompanying notes are an integral part of these financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011

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 2011 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates. 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 2011 the Group had 2,745 employees (31 December 2010: 2,340 employees); the Company had 2,393 employees (31 December 2010: 2,045 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 2011 (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) Annual accounting period

The annual accounting period of the Group and the Company is from 1 January to 31 December.

(c) Adoption of Circular No. 210/2009/TT-BTC of the Ministry of Finance on presentation and disclosures of financial instruments

Effective from 1 January 2011, the Group and the Company adopted the requirements of Circular No. 210/2009/TT-BTC of the Ministry of Finance on presentation and disclosures of financial instruments ("Circular 210") prospectively. The adoption of Circular 210 did not have a material effect on the measurement or presentation of financial instruments in the Group and the Company's financial statements. The financial statements disclosures specified in Circular 210 are not required for corresponding figures due to the prospective application.

(d) 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 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*.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

(e) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents comprise of 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.

(f) Investments

Investments are stated at cost. An allowance is made for reductions in investment values if market value of the investment falls below cost or if the investee has suffered a loss. 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.

(g) Accounts receivable

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

(h) 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.

(i) 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 2011 (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 |

(j) 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.

(k) 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.

(l) 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 2011 (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.

(m) Trade and other payables

Trade and other payables are stated at their cost.

(n) 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.

(o) 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 and the Company's staff. Payments from bonus and welfare funds are not charged to the statement of income.

(p) 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 2011 (continued)

(q) 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.

(r) 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.

(s) Equity funds and reserves

Allocation was made to equity funds and reserves based on the shareholders' resolution 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 2011 (continued)

(t) 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.

(u) 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.

(v) 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 assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(w) Earnings per share

The Company 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, which comprise convertible bonds and share options.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

(x) 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.

(y) Related parties

Related parties include the shareholders and the Company's subsidiaries and associates.

(z) 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 2011 (continued)

3. Segment reporting

Business segments

The Group comprises the following main business segments:

| | Jewelry | | Gas and gas cylinders | | Laboratory | | Fisheries | | Elimination | | Consolidated | |
|------------------------------|----------------------|----------------------|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|
| | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| Segment sales | 17,418,524,647,613 | 13,147,992,146,870 | 648,879,459,187 | 568,865,576,963 | 5,592,460,251 | - | - | 109,656,282,076 | (34,941,108,196) | (28,211,409,687) | 18,038,055,458,855 | 13,798,302,596,222 |
| Less segment sale deductions | (74,169,861,581) | (45,878,677,653) | (45,125,502) | - | - | - | - | (43,252,873) | - | - | (74,214,987,083) | (45,921,930,526) |
| Segment cost of sales | (16,683,823,449,026) | (12,626,261,623,245) | (573,461,320,575) | (518,494,131,667) | (2,738,693,331) | - | - | (93,450,853,197) | 34,502,590,104 | 27,678,307,449 | (17,225,520,872,828) | (13,210,528,300,660) |
| Segment gross profit | 660,531,337,006 | 475,851,845,972 | 75,373,013,110 | 50,371,445,296 | 2,853,766,920 | - | - | 16,162,176,006 | (438,518,092) | (533,102,238) | 738,319,598,944 | 541,852,365,036 |
| Segment result | 357,215,237,620 | 237,532,916,491 | 10,656,853,304 | (1,716,818,714) | 740,545,754 | - | - | 2,059,544,048 | (333,217,967) | 313,841,654 | 368,279,418,711 | 238,189,483,479 |
| Unallocated revenue | | | | | | | | | | | 64,754,928,074 | 64,650,321,180 |
| Unallocated expenses | | | | | | | | | | | (125,534,692,551) | (60,390,301,471) |
| Capital expenditure | 105,030,580,953 | 66,296,692,603 | 10,405,784,064 | 44,093,682,136 | 1,944,347,395 | - | - | 556,266,440 | (1,725,648,456) | (574,623,277) | 115,655,063,956 | 110,372,017,902 |
| Depreciation | 11,557,577,877 | 11,207,655,754 | 3,974,155,405 | 2,930,297,007 | 529,847,046 | - | - | 2,166,956,165 | - | - | 16,061,580,328 | 16,304,908,926 |
| Amortization | 5,693,878,386 | 4,016,841,586 | 25,392,386,572 | 25,468,941,242 | - | - | - | 413,565,944 | (4,839,630,798) | (2,281,408,704) | 26,246,634,160 | 27,617,940,068 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

| | Jewelry | | Gas and gas cylinders | | Laboratory | | Consolidated | |
|----------------------------|---------------------|---------------------|-----------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| Segment assets | 1,935,960,419,326 | 1,424,621,498,549 | 275,759,991,928 | 290,115,651,155 | 3,956,429,613 | - | 2,215,676,840,867 | 1,714,737,149,704 |
| Unallocated segment assets | 711,935,781,858 | 740,695,621,622 | 500,000,000 | 8,775,938,609 | - | - | 712,435,781,858 | 749,471,560,231 |
| | | | | | | | 2,928,112,622,725 | 2,464,208,709,935 |
| Segment liabilities | (1,605,350,918,502) | (1,203,182,553,392) | (164,375,607,385) | (185,468,547,576) | (1,297,715,251) | - | (1,771,024,241,138) | (1,388,651,100,968) |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

4. Cash and cash equivalents

| | The Group | | The Company | |
|------------------|------------------------|------------------------|------------------------|------------------------|
| | 31/12/2011 | 31/12/2010 | 31/12/2011 | 31/12/2010 |
| | VND | VND | VND | VND |
| Cash on hand | 32,008,316,053 | 24,607,085,313 | 28,661,384,977 | 22,950,658,818 |
| Cash in banks | 50,516,469,287 | 26,657,052,846 | 26,051,185,571 | 7,567,826,281 |
| Cash in transit | 207,925,000 | 231,405,078 | 207,925,000 | 231,405,078 |
| Cash equivalents | 371,381,237,854 | 286,273,550,520 | 371,381,237,854 | 286,273,550,520 |
| | 454,113,948,194 | 337,769,093,757 | 426,301,733,402 | 317,023,440,697 |

As at 31 December 2011, cash and cash equivalents of the Group included amounts denominated in currencies other than VND of VND741 million (31 December 2010: VND358 million); cash and cash equivalents of the Company included amounts denominated in currencies other than VND of VND722 million (31 December 2010: VND341 million).

5. Short-term investments

Short-term investments at 31 December 2011 consist of a time deposit maturing after one year from its transaction date. This amount was deposited at bank as a guarantee for the transfer of a subsidiary's shares to a buyer (Note 11). The deposit earned interest at the rate of 13.5% per annum during the year.

6. Accounts receivable

Accounts receivable included the following amounts due from related parties:

| | The Group | | The Company | |
|---|-------------------|-------------------|--------------------|-------------------|
| | 31/12/2011 | 31/12/2010 | 31/12/2011 | 31/12/2010 |
| | VND | VND | VND | VND |
| Amounts due from other related companies | | | | |
| Trade | - | - | 12,475,994,447 | 6,518,885,301 |
| Non-trade | - | 1,500,000,000 | 5,408,854,000 | 5,300,000,000 |

The trade and non-trade amounts due from related companies were unsecured, interest free and are receivable on demand.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

Other receivables comprised:

| | The Group | | The Company | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2011 | 31/12/2010 | 31/12/2011 | 31/12/2010 |
| | VND | VND | VND | VND |
| Entrusting contract | - | 5,088,237,418 | - | 5,088,237,418 |
| Loans to a subsidiary | - | - | 5,408,854,000 | 3,800,000,000 |
| Loans to an associate | - | 1,500,000,000 | - | 1,500,000,000 |
| Receivables from pawning services | 3,364,400,000 | 1,974,100,000 | 3,364,400,000 | 1,974,100,000 |
| Dividend receivables | 13,858,650,000 | - | 13,858,650,000 | - |
| Others | 5,567,805,759 | 7,496,092,056 | 5,479,936,810 | 3,812,495,952 |
| | 22,790,855,759 | 16,058,429,474 | 28,111,840,810 | 16,174,833,370 |

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

| | The Group | | The Company | |
|---------------------------------------|--------------------|----------------------|--------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | VND | VND | VND | VND |
| Opening balance | 1,611,269,781 | 1,573,294,743 | 1,596,484,931 | 1,573,294,743 |
| Increase in allowance during the year | 600,929,200 | 37,975,038 | - | 23,190,188 |
| Allowance utilised during the year | (1,596,484,931) | - | (1,596,484,931) | - |
| Closing balance | 615,714,050 | 1,611,269,781 | - | 1,596,484,931 |

The carrying amount of receivables represents the maximum credit risk pertaining to receivables.

The Group's exposure to credit risk in relation with receivables is mainly influenced by the individual characteristics of each customer. Most of the Group's sale are cash sale which are not exposed to the credit risk. For the credit sale, in response to the risk, the management of the Group entities has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group entities' standard payment and delivery terms and conditions are offered. Receivables are due from 30 days to 60 days from the date of billing.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

Based on historic default rates, the Group believes that, apart from the amount provided for above, no further allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 31 December 2011. The ageing analysis of the receivables is as follows:

| | 31/12/2011 | |
|-----------------------|------------------|--------------------|
| | The Group VND | The Company VND |
| Not past due | 57,026,418,522 | 60,929,817,531 |
| Past due 0 – 30 days | 3,240,557,471 | 18,500,000 |
| Past due 31 – 90 days | 2,158,243,537 | 27,700,000 |
| | 62,425,219,530 | 60,976,017,531 |

7. Inventories

| | The Group | | The Company | |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| Goods in transit | 5,302,486,721 | 365,167,709 | 1,115,810,406 | 365,167,709 |
| Raw materials | 14,259,449,585 | 8,788,552,862 | 14,259,449,585 | 8,788,552,862 |
| Tools and supplies | 8,424,569,033 | 7,484,186,818 | 8,134,308,015 | 7,474,954,137 |
| Work in progress | 5,240,245,599 | 5,885,590,856 | 5,240,245,599 | 5,885,590,856 |
| Finished goods | 62,759,983,676 | 30,967,036,089 | 62,759,983,676 | 30,967,036,089 |
| Merchandise inventories | 826,969,663,077 | 653,715,317,110 | 805,306,432,556 | 620,760,507,486 |
| Goods on consignment | 45,958,641,939 | 44,503,193,440 | 44,261,649,194 | 44,473,063,531 |
| | 968,915,039,630 | 751,709,044,884 | 941,077,879,031 | 718,714,872,670 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

8. Tangible fixed assets

The Group

| | Buildings VND | Machinery and equipment VND | Office equipment VND | Motor vehicles VND | Total VND |
|--|--------------------------|--|-------------------------------------|-------------------------------|------------------------|
| Cost | | | | | |
| Opening balance | 54,506,823,828 | 83,282,042,611 | 10,919,813,953 | 21,547,018,007 | 170,255,698,399 |
| Additions | 3,469,907,273 | 10,320,084,231 | 3,120,952,425 | 13,749,500 | 16,924,693,429 |
| Transfer from construction in progress | 17,677,999,903 | - | - | - | 17,677,999,903 |
| Disposals | (781,949,655) | (1,188,071,806) | (279,891,948) | (181,815,000) | (2,431,728,409) |
| Written off | (1,134,006,714) | (132,001,782) | - | - | (1,266,008,496) |
| Closing balance | 73,738,774,635 | 92,282,053,254 | 13,760,874,430 | 21,378,952,507 | 201,160,654,826 |
| Accumulated depreciation | | | | | |
| Opening balance | 9,908,845,591 | 44,668,324,529 | 7,778,112,600 | 11,051,578,454 | 73,406,861,174 |
| Charge for the year | 2,999,431,960 | 10,090,521,263 | 1,268,881,440 | 1,702,745,663 | 16,061,580,326 |
| Disposals | (536,824,124) | (920,148,339) | (262,644,156) | (179,452,011) | (1,899,068,630) |
| Written off | (711,608,596) | (123,184,804) | - | - | (834,793,400) |
| Closing balance | 11,659,844,831 | 53,715,512,649 | 8,784,349,884 | 12,574,872,106 | 86,734,579,470 |
| Net book value | | | | | |
| Closing balance | 62,078,929,804 | 38,566,540,605 | 4,976,524,546 | 8,804,080,401 | 114,426,075,356 |
| Opening balance | 44,597,978,237 | 38,613,718,082 | 3,141,701,353 | 10,495,439,553 | 96,848,837,225 |

Included in the cost of tangible fixed assets were assets costing VND29,321 million which were fully depreciated as of 31 December 2011 (31 December 2010: VND27,558 million), but which are still in active use.

At 31 December 2011 tangible fixed assets with a carrying value of VND38,310 million (31 December 2010: VND31,255 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 2011 (continued)

The Company

| | Buildings VND | Machinery and equipment VND | Office equipment VND | Motor vehicles VND | Total VND |
|--|--------------------------|--|-------------------------------------|-------------------------------|----------------------|
| Cost | | | | | |
| Opening balance | 31,455,616,718 | 64,296,522,771 | 10,676,580,090 | 8,031,202,332 | 114,459,921,911 |
| Additions | 205,000,000 | 10,298,523,777 | 2,861,033,486 | 13,749,500 | 13,378,306,763 |
| Transfer from construction in progress | 17,677,999,903 | - | - | - | 17,677,999,903 |
| Disposals | (764,409,972) | (467,791,464) | (279,891,948) | (181,815,000) | (1,693,908,384) |
| Written off | - | (132,001,782) | - | - | (132,001,782) |
| Decrease through capital contribution | - | (1,117,892,171) | (1,825,081,890) | - | (2,942,974,061) |
| Closing balance | 48,574,206,649 | 72,877,361,131 | 11,432,639,738 | 7,863,136,832 | 140,747,344,350 |
| Accumulated depreciation | | | | | |
| Opening balance | 4,182,370,524 | 39,164,288,586 | 7,637,253,815 | 4,120,938,589 | 55,104,851,514 |
| Charge for the year | 1,760,005,992 | 8,152,699,153 | 904,886,057 | 712,913,973 | 11,530,505,175 |
| Disposals | (519,284,441) | (374,486,035) | (262,644,156) | (179,452,011) | (1,335,866,643) |
| Written off | - | (123,184,804) | - | - | (123,184,804) |
| Decrease through capital contribution | - | (560,887,143) | (656,438,462) | - | (1,217,325,605) |
| Closing balance | 5,423,092,075 | 46,258,429,757 | 7,623,057,254 | 4,654,400,551 | 63,958,979,637 |
| Net book value | | | | | |
| Closing balance | 43,151,114,574 | 26,618,931,374 | 3,809,582,484 | 3,208,736,281 | 76,788,364,713 |
| Opening balance | 27,273,246,194 | 25,132,234,185 | 3,039,326,275 | 3,910,263,743 | 59,355,070,397 |

Included in the cost of tangible fixed assets were assets costing VND28,676 million which were fully depreciated as of 31 December 2011 (31 December 2010: VND26,851 million), but which are still in active use.

At 31 December 2011 tangible fixed assets with a carrying value of VND19,226 million (31 December 2010: VND11,419 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 2011 (continued)

9. Intangible fixed assets

The Group

| | Land use rights VND | Software VND | Total VND |
|--|--------------------------------|-------------------------|----------------------|
| Cost | | | |
| Opening balance | 192,784,772,638 | 868,968,725 | 193,653,741,363 |
| Additions | 61,100,000,000 | - | 61,100,000,000 |
| Transfer from construction in progress | 25,115,607,200 | - | 25,115,607,200 |
| | <hr/> | | |
| Closing balance | 279,000,379,838 | 868,968,725 | 279,869,348,563 |
| | <hr/> | | |
| Accumulated amortisation | | | |
| Opening balance | - | 489,538,578 | 489,538,578 |
| Charge for the year | - | 179,885,218 | 179,885,218 |
| | <hr/> | | |
| Closing balance | - | 669,423,796 | 669,423,796 |
| | <hr/> | | |
| Net book value | | | |
| Closing balance | 279,000,379,838 | 199,544,929 | 279,199,924,767 |
| Opening balance | 192,784,772,638 | 379,430,147 | 193,164,202,785 |
| | <hr/> | | |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

The Company

| | Land use rights VND | Software VND | Total VND |
|--|--------------------------------|-------------------------|----------------------|
| Cost | | | |
| Opening balance | 192,784,772,638 | 491,971,613 | 193,276,744,251 |
| Additions | 61,100,000,000 | - | 61,100,000,000 |
| Transfer from construction in progress | 25,115,607,200 | - | 25,115,607,200 |
| <hr/> | | | |
| Closing balance | 279,000,379,838 | 491,971,613 | 279,492,351,451 |
| <hr/> | | | |
| Accumulated amortisation | | | |
| Opening balance | - | 369,495,955 | 369,495,955 |
| Charge for the year | - | 99,204,190 | 99,204,190 |
| <hr/> | | | |
| Closing balance | - | 468,700,145 | 468,700,145 |
| <hr/> | | | |
| Net book value | | | |
| Closing balance | 279,000,379,838 | 23,271,468 | 279,023,651,306 |
| Opening balance | 192,784,772,638 | 122,475,658 | 192,907,248,296 |
| <hr/> | | | |

Included in the cost of intangible fixed assets were assets costing VND240 million which were fully depreciated as of 31 December 2011 (31 December 2010: Nil), but which are still in active use.

At 31 December 2011 intangible fixed assets with a carrying value of VND191,907 million (31 December 2010: VND106,543 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 2011 (continued)

10. Construction in progress

| | The Group | | The Company | |
|-------------------------------------|------------------|------------------|------------------|-----------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Opening balance | 41,625,333,746 | 50,077,411,701 | 41,625,333,746 | 9,422,893,409 |
| Additions during the year | 27,119,957,490 | 46,198,863,178 | 27,119,957,490 | 43,724,008,757 |
| Transfer to tangible fixed assets | (17,677,999,903) | (29,076,755,105) | (17,677,999,903) | (9,090,893,409) |
| Transfer to intangible fixed assets | (25,115,607,200) | - | (25,115,607,200) | - |
| Transfer to long-term prepayments | - | (25,574,186,028) | - | (2,430,675,011) |
| Closing balance | 25,951,684,133 | 41,625,333,746 | 25,951,684,133 | 41,625,333,746 |

11. Long-term investments

| | The Company | |
|--|-------------------|-------------------|
| | 31/12/2011 VND | 31/12/2010 VND |
| Long-term equity investments in subsidiaries: | | |
| ▪ Dai Viet Energy Joint Stock Company (“Dai Viet”) (a) | 70,000,000,000 | 70,000,000,000 |
| ▪ CAO Fashion Company Limited (“CAO”) (b) | 10,000,000,000 | 10,000,000,000 |
| ▪ PNJ Laboratory Company Limited (“PNJL”) (c) | 10,000,000,000 | - |
| | 90,000,000,000 | 80,000,000,000 |

- 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.

On 21 December 2011, the Company entered into an agreement with Totalgaz Vietnam Limited to dispose all the Company’s shares in Dai Viet Energy Joint Stock Company for a proceed of VND122,500 million. As at 31 December 2011, the Company received a deposit of VND52,500 million from Totalgaz Vietnam Limited, however, as of the date of issuance of these financial statements, the transaction has not been completed.

- b. This represents 100% of the contributed capital 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.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

- c. This represents 100% of the contributed capital of PNJL, a company incorporated in Vietnam. 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 | |
|---------------------------------|---------------------------|---------------------------|
| | 2011 VND | 2010 VND |
| Opening balance | 80,000,000,000 | 90,990,000,000 |
| New investments during the year | 10,000,000,000 | 6,300,000,000 |
| Disposals during the year | - | (17,290,000,000) |
| Closing balance | 90,000,000,000 | 80,000,000,000 |

| | The Group | | The Company | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| Long-term equity investments in associates: | | | | |
| ▪ Dong A Land Joint Stock Company (“Dong A Land”) (d) | 84,424,982,441 | 89,039,291,026 | 91,866,300,000 | 91,866,300,000 |
| ▪ Sai Gon Fuel Joint Stock Company (“Saigon Fuel”) (e) | 173,890,173,267 | 164,711,172,196 | 138,608,529,680 | 138,608,529,680 |
| ▪ Hong Vina Gas Cylinders Co., Ltd (“Hong Vina”) | - | 7,703,038,609 | - | - |
| | 258,315,155,708 | 261,453,501,831 | 230,474,829,680 | 230,474,829,680 |

- 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.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

Movement of investments in associates during the year were as follows:

| | The Group | | The Company | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Opening balance | 261,453,501,831 | 129,730,479,430 | 230,474,829,680 | 110,884,882,680 |
| Capital contribution | - | 119,589,947,000 | - | 119,589,947,000 |
| Share of profit in associates | 10,666,239,207 | 22,017,335,006 | - | - |
| Dividend received during the year | (5,134,708,000) | (9,884,259,605) | - | - |
| Decreases through business disposal | (8,669,877,330) | - | - | - |
| Closing balance | 258,315,155,708 | 261,453,501,831 | 230,474,829,680 | 230,474,829,680 |

| | The Group | | The Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| Other long-term investments in: | | | | |
| ▪ DongA Bank shares | 356,775,363,400 | 356,775,363,400 | 356,775,363,400 | 356,775,363,400 |
| ▪ 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 |
| ▪ Que Huong Liberty Joint Stock Company shares | 42,499,920,000 | 40,833,320,000 | 42,499,920,000 | 40,833,320,000 |
| ▪ Que Huong Liberty Joint Stock Company convertible bonds | - | 1,666,600,000 | - | 1,666,600,000 |
| ▪ Investment cooperation contract (f) | 10,089,500,000 | 10,089,500,000 | 10,089,500,000 | 10,089,500,000 |
| ▪ Others | 500,000,000 | 1,072,900,000 | - | - |
| | 475,245,158,400 | 498,818,058,400 | 474,745,158,400 | 497,745,158,400 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

- f. This represents amounts advanced according to an investment corporation contract 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 2011, the investors of this project are still in the progress to obtain the approval for the construction from local authority.

As at 31 December 2011, other long-term investments included DongA Bank shares with carrying amount of VND350 billion (31 December 2010: VND257 billion) were pledged with banks as security for loans granted to the Company.

Movements in the allowance for diminution in value of long-term investments during the year were as follows:

| | The Group | | The Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Opening balance | 10,800,000,000 | 10,800,000,000 | 10,800,000,000 | 10,800,000,000 |
| Increase in allowance during the year | 10,324,532,250 | - | 23,378,223,355 | - |
| Closing balance | 21,124,532,250 | 10,800,000,000 | 34,178,223,355 | 10,800,000,000 |

The following investments are intended to be held for trading purpose:

| | 31/12/2011 | |
|-----------------------------------|-------------------------------|-----------------|
| | The Group/Company Quantity | VND |
| Equity instruments | | |
| - Saigon M&C Real Estate JSC | 2,615,215 | 65,380,375,000 |
| - Que Huong Liberty JSC | 916,662 | 42,499,920,000 |
| - Investment corporation contract | | 10,089,500,000 |
| | | 117,969,795,000 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

As at 31 December 2011, the fair value of the investments based on quoted price of the instruments as at 31 December 2011 are as follows:

| | The Group/Company | |
|--|------------------------------------|---------------------------|
| | Carrying amount VND | Fair value VND |
| Equity instruments other than investments in subsidiaries and associates | | |
| - DongA Bank shares | 356,775,363,400 | 346,450,831,150 |
| - Que Huong Liberty JSC shares | 42,499,920,000 | 31,699,920,000 |
| | 399,275,283,400 | 378,150,751,150 |
| | 399,275,283,400 | 378,150,751,150 |

Except as disclosed above, as at 31 December 2011, the Company was unable to obtain market price of the remaining equity instruments other than investments in subsidiaries and associates.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

12. Group entities

The following is a list of subsidiaries and associates as at 31 December 2011:

| Name | Address | 31/12/2011 | | 31/12/2010 | |
|-------------------------------------|--|----------------|-------------------|----------------|-------------------|
| | | % of ownership | % of voting right | % of ownership | % of voting right |
| Subsidiaries | | | | | |
| 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% |
| CAO Fashion Company Limited | 170E Phan Dang Luu Phu Nhuan District Ho Chi Minh City | 100.00% | 100.00% | 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% |
| Associates | | | | | |
| 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% | 30.62% | 30.62% |
| Sai Gon Fuel Joint Stock Company | 1A Pham Ngoc Thach, District No.1, Ho Chi Minh City | 49.99% | 49.99% | 49.99% | 49.99% |
| Hong Vina Gas Cylinders Co., Ltd | 295/71 An Duong Vuong, District No.6, Ho Chi Minh City | - | - | 24.50% | 24.50% |

During the year, the Group disposed a associate – Hong Vina Gas Cylinders Co., Ltd as at 14 December 2011, the details of the transaction were as follows:

| | VND |
|-----------------------------------|----------------|
| Net investment at disposal date | 8,669,877,330 |
| Proceeds from disposal | 10,725,400,000 |
| | <hr/> |
| Net gain on disposal of associate | 2,055,522,670 |
| | <hr/> <hr/> |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

13. Long-term prepayments

The Group

| | Gas cylinders VND | House rental VND | Prepaid land cost VND | Others VND | Total VND |
|------------------------------|------------------------------|-----------------------------|--------------------------------------|-----------------------|----------------------|
| Opening balance | 162,533,954,793 | 3,443,567,100 | 29,946,297,001 | 8,261,016,103 | 204,184,834,997 |
| Additions | 6,723,769,421 | 1,874,102,000 | 382,751,570 | 1,529,790,046 | 10,510,413,037 |
| Amortisation for the year | (19,465,212,418) | (2,360,731,666) | (658,348,574) | (3,582,456,286) | (26,066,748,944) |
| Closing balance | 149,792,511,796 | 2,956,937,434 | 29,670,699,997 | 6,208,349,863 | 188,628,499,090 |

At 31 December 2011 long-term prepayments of the Group with a carrying value of VND22,706 million (31 December 2010: VND22,787 million) were pledged with bank as security for loan granted to a subsidiary.

The Company

| | House rental VND | Prepaid land cost VND | Others VND | Total VND |
|------------------------------|-----------------------------|--------------------------------------|-----------------------|----------------------|
| Opening balance | 3,443,567,100 | 7,158,840,000 | 7,928,249,011 | 18,530,656,111 |
| Additions | 1,874,102,000 | - | 597,159,850 | 2,471,261,850 |
| Amortisation for the year | (2,360,731,666) | (194,400,000) | (2,997,460,861) | (5,552,592,527) |
| Closing balance | 2,956,937,434 | 6,964,440,000 | 5,527,948,000 | 15,449,325,434 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

14. Deferred tax assets

| | The Group | | The Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31/12/2011 | 31/12/2010 | 31/12/2011 | 31/12/2010 |
| | VND | VND | VND | VND |
| Provision for severance allowance | 941,363,000 | 941,363,000 | 941,363,000 | 941,363,000 |
| Unrealised profits on intra Group sale | 109,629,523 | 26,325,031 | - | - |
| Unrealised foreign exchange gain | (131,840,339) | (131,840,339) | (131,840,339) | (131,840,339) |
| Deferred tax assets | 919,152,184 | 835,847,692 | 809,522,661 | 809,522,661 |

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

15. Short-term borrowings

| | The Group | | The Company | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 31/12/2011 | 31/12/2010 | 31/12/2011 | 31/12/2010 |
| | VND | VND | VND | VND |
| Short-term borrowings | | | | |
| ▪ Dominated in USD | 160,239,248,000 | 114,289,500,000 | 160,239,248,000 | 114,289,500,000 |
| ▪ Dominated in VND | 223,596,000,000 | 129,758,888,666 | 197,286,000,000 | 116,758,888,666 |
| ▪ Dominated in Gold | 86,278,231,372 | 685,633,629,039 | 86,278,231,372 | 685,633,629,039 |
| | 470,113,479,372 | 929,682,017,705 | 443,803,479,372 | 916,682,017,705 |
| Current portion of long-term borrowings (Note 20) | 134,243,356,496 | 20,478,862,656 | 129,836,493,840 | 16,072,000,000 |
| | 604,356,835,868 | 950,160,880,361 | 573,639,973,212 | 932,754,017,705 |

At 31 December 2011 the Company's short-term loans included VND306,531 million (31 December 2010: VND478,140 million) which are unsecured and VND38,146 million (31 December 2010: VND438,542 million) secured by the Company's Dong A Bank shares with carrying amount of VND41 billion (31 December 2010: VND257 billion) and VND99,126 million secured by tangible fixed assets with net book value as at 31 December 2011 of VND884 million (31 December 2010: Nil).

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

As 31 December 2011, the subsidiaries' bank loans included VND26,310 million (31 December 2010: VND13,000 million) which are guaranteed by the Company.

The borrowings from banks and individuals in USD, VND and gold bore interest at rates ranging from 4.8% to 8.0% (2010: from 5.80% to 7.00%), 3.0% to 20.3% (2010: 8.40% to 18.60%) and 2.4% to 3.0% (2010: 2.40% to 7.90%) per annum during the year, respectively.

16. Taxes payable to State Treasury

| | The Group | | The Company | |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| Value added tax | 17,490,372,400 | 2,376,746,232 | 17,073,286,877 | 2,140,676,808 |
| Corporate income tax | 11,560,020,640 | 15,950,917,478 | 11,560,020,640 | 15,950,917,478 |
| Other taxes | 510,770,510 | 227,077,611 | 457,709,163 | 209,247,260 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 29,561,163,550 | 18,554,741,321 | 29,091,016,680 | 18,300,841,546 |

17. Accrued expenses

| | The Group | | The Company | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| Interest expenses | 2,219,585,148 | 2,085,914,946 | 2,219,585,148 | 2,085,914,946 |
| Advertising and promotion expenses | 5,441,527,292 | 7,259,713,748 | 5,441,527,292 | 7,259,713,748 |
| House rental | 233,035,000 | 628,690,946 | - | 628,690,946 |
| Others | 537,598,669 | - | 537,598,669 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 8,431,746,109 | 9,974,319,640 | 8,198,711,109 | 9,974,319,640 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

18. Other payables

| | The Group | | The Company | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| Trade union fees | 3,278,805,829 | 2,241,645,600 | 3,194,185,759 | 1,848,551,703 |
| Social insurance | 306,393,209 | 174,599,314 | 248,815,577 | 107,893,103 |
| Health insurance | 502,848,211 | 338,235,803 | 486,735,078 | 337,917,867 |
| Dividends | 60,254,310,200 | 61,341,637,152 | 60,152,565,200 | 60,340,136,450 |
| Unearned revenue | - | - | - | 4,734,330,673 |
| Board of Management and Board of Directors funds | 2,126,094,704 | 3,613,115,644 | 2,126,094,704 | 3,613,115,644 |
| Loans from a subsidiary | - | - | 7,900,000,000 | - |
| Deposit receipt from sales of Dai Viet shares | 52,500,000,000 | - | 52,500,000,000 | - |
| Others | 14,791,977,251 | 17,775,641,301 | 13,920,586,644 | 16,496,013,045 |
| | 133,760,429,404 | 85,484,874,814 | 140,528,982,962 | 87,477,958,485 |

Loans from a subsidiary were unsecured, interest free and are payable on demand.

19. Bonus and welfare fund

| | The Group | | The Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Opening balance | 13,544,860,336 | 35,696,465,944 | 13,285,599,240 | 34,647,061,417 |
| Addition | 20,655,521,000 | 909,528,000 | 20,655,521,000 | - |
| Reclassification from other non-equity fund | - | 281,291,306 | - | - |
| Utilised during year | (17,222,261,148) | (23,312,694,402) | (16,976,032,259) | (21,361,462,177) |
| Decrease through business disposal | - | (29,730,512) | - | - |
| Closing balance | 16,978,120,188 | 13,544,860,336 | 16,965,087,981 | 13,285,599,240 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

20. Long-term borrowings

| | The Group | | The Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31/12/2011 VND | 31/12/2010 VND | 31/12/2011 VND | 31/12/2010 VND |
| From DongA Bank | | | | |
| ▪ Facility 1 (a) | 282,000,000 | 690,000,000 | 282,000,000 | 690,000,000 |
| ▪ Facility 2 (b) | 11,009,000,000 | 14,693,000,000 | 11,009,000,000 | 14,693,000,000 |
| ▪ Facility 3 (c) | 163,059,000,000 | - | 163,059,000,000 | - |
| From Asia Commercial Bank | | | | |
| ▪ Facility 4 | - | 9,900,000,000 | - | 9,900,000,000 |
| ▪ Facility 5 (d) | 229,955,000,000 | - | 229,955,000,000 | - |
| ▪ Facility 6 (e) | 104,525,000,000 | - | 104,525,000,000 | - |
| ▪ Facility 7 (f) | 659,535,290 | - | 659,535,290 | - |
| ▪ Facility 8 (g) | 20,932,575,933 | 25,339,455,933 | - | - |
| From Saigon Thuong Tin Commercial Bank | | | | |
| ▪ Facility 9 | - | 50,000,000,000 | - | 50,000,000,000 |
| ▪ Facility 10 (h) | 334,480,000,000 | - | 334,480,000,000 | - |
| | 864,902,111,223 | 100,622,455,933 | 843,969,535,290 | 75,283,000,000 |
| Repayable within twelve months | (134,243,356,496) | (20,478,862,656) | (129,836,493,840) | (16,072,000,000) |
| Repayable after twelve months | 730,658,754,727 | 80,143,593,277 | 714,133,041,450 | 59,211,000,000 |

- a. Facility 1 is dominated in VND and secured by tangible fixed assets with net book value as at 31 December 2011 of VND1,250 million (31 December 2010: VND1,580 million) and bears interest at rates ranging from 15.6% to 17.6% (2010: 6.50% to 11.6%) per annum during the year. The loan under this facility is 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 2 is dominated in VND and secured by a land use right with net book value as at 31 December 2011 of VND9,595 million (31 December 2010: VND9,595 million) and bears interest at rates ranging from 15.6% to 17.6% (2010: 8.0% to 11.6%) 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 3 is dominated in gold and secured by land use rights and building and structures with net book value as at 31 December 2011 of VND63,593 million and VND16,316 million, respectively. The loan bears interest at rate of 4% per annum during the year and is repayable on 29 April 2013.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

- d. Facility 5 is dominated in gold and secured by the Company's shares in DongA Bank with the carrying amount as at 31 December 2011 of VND309 billion. The loan bore interest at rate of 4.2% per annum during the year. The loan is repayable one time on the loan due date on 29 April 2013, or repayable in a number of instalments during the loan period, which is decided by the Company.
- e. Facility 6 is dominated in gold and unsecured and bores interest at rate of 4.2% per annum during the year. The loan is repayable one time on the loan due date on 29 April 2013, or repayable in a number of instalments during the loan period, which is decided by the Company.
- f. Facility 7 is dominated in USD and secured by tangible fixed assets with net book value as at 31 December 2011 of VND884 million and bores interest at rate of 7% per annum during the year. The loan under this facility is repayable in 24 equal monthly instalments of USD1,745 each beginning in July 2011 and a final instalment comprising the remaining balance in July 2013.
- g. Facility 8 relates to a subsidiary's loan which is guaranteed by the Company and secured by the subsidiary's prepaid land cost and its associated tangible fixed assets with carrying value as at 31 December 2011 of VND22,706 million and VND19,084 million (31 December 2010: VND22,787 million and VND19,836 million), respectively. The loan under this facility bore interest at rates ranging from 18.7% to 21.5% (2010: 10.5% to 19.14%) per annum during the year. Principal outstanding as at 31 December 2011 is repayable in 57 equal monthly instalments of VND367 million each and a final instalment comprising the remaining balance in September 2016.
- h. Facility 10 is dominated in gold and secured by land use rights and building and structures with net book value as at 31 December 2011 of VND118,719 milion and VND776 million, respectively and bores interest at rate of 4.2% per annum during the year. The loan is repayable in 2 yearly instalments with the first instalment be not less than 3.000 gold tael or cash equivalent to 3,000 gold tael in April 2012 and the remaining balance in April 2013.

As at 31 December 2011, the long-term and short-term borrowings with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

| The Group | Carrying amount VND | Contractual cash flows VND | Within 1 year VND | 1 – 2 years VND | 2 – 5 years VND |
|-----------------------|--------------------------------|---------------------------------------|------------------------------|----------------------------|----------------------------|
| Short-term borrowings | 470,113,479,372 | 477,116,403,083 | 477,116,403,083 | - | - |
| Long-term borrowings | 864,902,111,223 | 920,235,968,246 | 171,429,438,267 | 729,097,244,553 | 19,709,285,426 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

| The Company | Carrying amount VND | Contractual cash flows VND | Within 1 year VND | 1 – 2 years VND | 2 – 5 years VND |
|-----------------------|--------------------------------|---------------------------------------|------------------------------|----------------------------|----------------------------|
| Short-term borrowings | 443,803,479,372 | 450,001,291,987 | 450,001,291,987 | - | - |
| Long-term borrowings | 843,969,535,290 | 889,259,357,458 | 162,953,579,685 | 721,997,261,106 | 4,308,516,667 |

The Group entities manage its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in short-term investments and maintaining several bank facilities. Aside of bank facilities disclosed elsewhere in these financial statements, the Group and the Company maintains VND819,592 million and VND815,902 million unused loan facilities, respectively.

The Company has not determined the fair value of these borrowings for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market is not available for these financial liabilities; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market is not available. Fair values of the borrowings may be different from their carrying value.

As at 31 December 2011, VND1,247,237 million and VND1,199,995 million of the long-term and short-term borrowings obtained by the Group and the Company, respectively, were at variable interest rate. No policy was in place pertaining to the mitigation of any potential volatility of the interest rate. A change of 100 basis points in interest rates would have decreased the net profit of the Group and the Company by VND13,687 million and VND13,530 million, respectively.

21. Provision for severance allowance

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

| | The Group/ Company VND |
|--------------------------------|---------------------------------------|
| Opening balance | 3,473,546,084 |
| Provision made during the year | 1,187,681,034 |
| Provision used during the year | (239,644,761) |
| Closing balance | 4,421,582,357 |

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.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

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 2011, the Group contributed VND1,140 million (2010: VND774 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 VND1,009 million (2010: VND695 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the statement of income.

22. Share capital

The Company's authorised and issued share capital are:

| | 31/12/2011 | | 31/12/2010 | |
|--|------------------|-----------------|------------------|-----------------|
| | Number of shares | VND | Number of shares | VND |
| Authorised share capital | 59,999,142 | 599,991,420,000 | 59,999,142 | 599,991,420,000 |
| Issued share capital | | | | |
| Ordinary shares | 59,999,142 | 599,991,420,000 | 59,999,142 | 599,991,420,000 |
| Treasury shares | | | | |
| Ordinary shares | (709) | (7,090,000) | (709) | (7,090,000) |
| Shares currently in circulation | | | | |
| Ordinary shares | 59,998,433 | 599,984,330,000 | 59,998,433 | 599,984,330,000 |

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.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

23. Minority interest

| | The Group | |
|---|------------------|------------------|
| | 2011 | 2010 |
| | VND | VND |
| Opening balance | 28,671,629,175 | 46,801,141,694 |
| Share capital contributed by minority interest | 599,500,000 | - |
| Net profit/(loss) for the year attributable to minority interests | 401,324,979 | (676,831,791) |
| Allocation to funds charged to minority interest | (95,400,000) | (401,303,150) |
| Dividends payable to minority interests | (2,940,050,000) | (3,168,600,000) |
| Decrease through business disposal | - | (13,882,777,578) |
| | <hr/> | <hr/> |
| Closing balance | 26,637,004,154 | 28,671,629,175 |
| | <hr/> | <hr/> |

24. Total revenue

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax.

Net sales comprised

| | The Group | | The Company | |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | VND | VND | VND | VND |
| Total revenue | | | | |
| ▪ Gold and jewelry | 17,376,881,158,771 | 13,114,780,878,367 | 17,329,548,057,884 | 13,076,168,261,555 |
| ▪ Accessories | 6,702,380,646 | 4,999,858,816 | 5,487,053,940 | 1,622,073,282 |
| ▪ Gas and gas cylinders | 648,879,459,187 | 568,865,576,963 | - | - |
| ▪ Laboratory | 5,592,460,251 | - | - | - |
| ▪ Fisheries | - | 109,656,282,076 | - | - |
| Less sales deductions | | | | |
| ▪ Sales discounts | (45,125,502) | (11,314,783) | - | - |
| ▪ Sales allowances | - | (39,499,800) | - | (39,187,000) |
| ▪ Sales returns | (3,663,788,710) | (3,569,447,560) | (3,650,279,611) | (3,460,139,270) |
| ▪ Indirect tax | (70,506,072,871) | (42,301,668,383) | (67,723,902,249) | (39,827,178,347) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net sales | 17,963,840,471,772 | 13,752,380,665,696 | 17,263,660,929,964 | 13,034,463,830,220 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

25. Cost of sales

| | The Group | | The Company | |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Total cost of sales | | | | |
| ▪ Gold and jewelry | 16,645,023,237,523 | 12,594,943,633,238 | 16,626,198,508,406 | 12,581,150,667,513 |
| ▪ Accessories | 4,297,621,399 | 3,639,682,558 | 3,566,659,415 | 1,079,612,897 |
| ▪ Gas and gas cylinders | 573,461,320,575 | 518,494,131,667 | - | - |
| ▪ Laboratory | 2,738,693,331 | - | - | - |
| ▪ Fisheries | - | 93,450,853,197 | - | - |
| | 17,225,520,872,828 | 13,210,528,300,660 | 16,629,765,167,821 | 12,582,230,280,410 |

26. Financial income

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Interest income | 2,809,196,252 | 1,536,282,927 | 2,410,901,449 | 857,388,947 |
| Gains from investments in securities through trusted fund | 307,107,617 | 15,125,454,250 | 307,107,617 | 15,125,454,250 |
| Dividends | 53,116,224,050 | 39,967,538,600 | 65,250,932,050 | 55,105,360,225 |
| Gains from gold trading | - | 415,202,987 | - | 415,202,987 |
| Foreign exchange gains | 6,095,535,024 | 3,529,097,846 | 6,001,543,727 | 2,096,050,670 |
| Gain on disposal of subsidiary and associate | 2,055,522,670 | 3,229,607,274 | - | 3,458,000,000 |
| Others | 371,342,461 | 847,137,296 | 371,342,461 | 847,137,296 |
| | 64,754,928,074 | 64,650,321,180 | 74,341,827,304 | 77,904,594,375 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

27. Financial expenses

| | The Group | | The Company | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Interest expenses | 103,995,485,100 | 58,801,093,754 | 95,273,068,280 | 53,623,329,476 |
| Losses from investments in securities | - | 127,822,500 | - | 127,822,500 |
| Foreign exchange losses | 10,111,164,168 | 748,882,172 | 10,111,164,168 | 1,071,270,845 |
| Provision diminution in value of long-term investments | 10,324,532,250 | - | 23,378,223,355 | - |
| Others | 1,103,673,033 | 712,503,045 | - | 587,984,410 |
| | 125,534,692,551 | 60,390,301,471 | 128,762,455,803 | 55,410,407,231 |

28. Other income

| | The Group | | The Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Gain on transfer of assets to subsidiaries | - | - | 4,734,330,673 | 2,281,408,704 |
| Deposits on cylinders released during the year | 11,130,325,670 | 11,133,754,723 | - | - |
| Proceeds from disposals of tangible fixed assets | 959,942,727 | 603,456,906 | 211,411,818 | 603,456,906 |
| Proceeds from disposals of intangible fixed assets | - | 12,967,911,689 | - | 12,967,911,689 |
| Compensation received from other parties | 5,675,983,474 | - | 5,675,983,474 | - |
| Others | 1,458,677,848 | 6,006,402,832 | 1,444,834,600 | 5,716,473,217 |
| | 19,224,929,719 | 30,711,526,150 | 12,066,560,565 | 21,569,250,516 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

29. Other expenses

| | The Group | | The Company | |
|---|----------------------|-----------------------|---------------------|-----------------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Net book value of tangible fixed assets disposed | 532,659,779 | 1,471,437,464 | 358,041,741 | 1,471,437,464 |
| Net book value of tangible fixed assets written-off | 431,215,096 | - | 8,816,978 | - |
| Net book value of intangible fixed assets disposed | - | 9,555,765,000 | - | 9,555,765,000 |
| Others | 643,976,905 | 875,637,687 | 610,086,897 | 728,937,626 |
| | 1,607,851,780 | 11,902,840,151 | 976,945,616 | 11,756,140,090 |

30. Income tax

(a) Recognised in the statement of income

| | The Group | | The Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Current tax expense | | | | |
| Current year | 60,608,358,407 | 51,832,333,498 | 60,228,892,442 | 51,363,036,090 |
| Under provision in prior years | 134,232,189 | 114,376,217 | 134,232,189 | - |
| | 60,742,590,596 | 51,946,709,715 | 60,363,124,631 | 51,363,036,090 |
| Deferred tax (benefit)/expense (Reversal)/origination of temporary differences | (83,304,492) | 604,159,979 | - | - |
| Income tax expense | 60,659,286,104 | 52,550,869,694 | 60,363,124,631 | 51,363,036,090 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

(b) Reconciliation of effective tax rate

| | The Group | | The Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Profit before tax | 318,165,893,441 | 263,892,214,917 | 302,072,874,291 | 257,918,248,683 |
| Tax at the Company's tax rate | 79,541,473,360 | 65,973,053,729 | 75,518,218,573 | 64,479,562,170 |
| Effect of different tax rates in subsidiaries | - | (132,325,926) | - | - |
| Non-deductible expenses | 1,103,152,567 | 704,622,648 | 1,023,406,882 | 659,813,976 |
| Tax exempt income | (16,459,496,482) | (15,496,218,401) | (16,312,733,013) | (13,776,340,056) |
| Deferred tax not recognised | (3,263,422,776) | 1,109,446,954 | - | - |
| Effect of tax incentives | - | (97,756,463) | - | - |
| Deferred tax assets written off | - | 375,670,936 | - | - |
| Tax losses utilised | (396,652,754) | - | - | - |
| Under-provision in prior years | 134,232,189 | 114,376,217 | 134,232,189 | - |
| | <u>60,659,286,104</u> | <u>52,550,869,694</u> | <u>60,363,124,631</u> | <u>51,363,036,090</u> |

(c) Applicable tax rates

The Company and its subsidiaries have obligations to pay the government income tax at the rate of 25% of taxable profits.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

31. Basic earnings per share

The calculation of basic earnings per share at 31 December 2011 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 | |
|--|------------------|-----------------|--------------------|-----------------|
| | 2011 | 2010 | 2011 | 2010 |
| | VND | VND | VND | VND |
| Net profit for the year | 257,105,282,358 | 212,018,177,014 | 241,709,749,660 | 206,555,212,593 |
| Net profit attributable to ordinary shareholders | 257,105,282,358 | 212,018,177,014 | 241,709,749,660 | 206,555,212,593 |

(b) Weighted average number of ordinary shares

| | The Company | |
|---|--------------------|-------------|
| | 2011 | 2010 |
| Issued ordinary shares at the beginning of the year | 59,999,142 | 39,999,921 |
| Effect of bonus shares issued | - | 19,999,221 |
| Effect of own shares held | (709) | (709) |
| Weighted average number of ordinary shares for the year ended 31 December | 59,998,433 | 59,998,433 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

32. 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 Transaction value | | The Company Transaction value | |
|--|--------------------------------|----------------|----------------------------------|----------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Related companies | | | | |
| CAO | | | | |
| Sales of goods | - | - | 25,485,296,645 | 24,511,276,378 |
| Purchase of goods | - | - | 9,455,811,551 | 8,159,576,539 |
| Loans to subsidiary | - | - | 5,908,854,000 | 7,635,097,937 |
| Contributed capital | - | - | - | 6,300,000,000 |
| Dai Viet | | | | |
| Dividends received | - | - | 7,000,000,000 | 4,900,000,000 |
| Loans to subsidiary | - | - | 10,000,000,000 | 2,572,761,734 |
| Borrowings from subsidiary | - | - | 1,100,000,000 | 10,500,000,000 |
| PNJ Laboratory | | | | |
| Sales of goods | - | - | 185,819,939 | - |
| Borrowings from subsidiary | - | - | 7,900,000,000 | - |
| Contributed capital | - | - | 10,000,000,000 | - |
| Saigon Fisheries | | | | |
| Dividends received | - | - | - | 1,383,200,000 |
| Dong A Land | | | | |
| Purchase of services | 20,410,987,266 | 9,620,570,626 | 20,098,941,693 | 9,620,570,626 |
| Loans to associate | 5,125,511,786 | 11,500,000,000 | 5,125,511,786 | 11,500,000,000 |
| Contributed capital | - | 21,800,000,000 | - | 21,800,000,000 |
| Dividends received | - | 1,869,324,625 | - | 1,869,324,625 |
| Saigon Fuel | | | | |
| Dividends received | 5,134,708,000 | 6,985,297,000 | 5,134,708,000 | 6,985,297,000 |
| Hong Vina | | | | |
| Purchases of goods and services | 8,659,535,124 | 34,913,894,618 | - | - |
| Dividend received | - | 1,029,637,260 | - | - |
| Members of Board of Directors and Board of Management | | | | |
| Remuneration | 7,653,580,277 | 5,868,989,648 | 5,645,495,000 | 5,394,051,648 |

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

33. Commitments

(a) Capital expenditure

As at 31 December 2011 the Group and the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

| | The Group | | The Company | |
|-------------------------|-------------------|-------------------|--------------------|-------------------|
| | 31/12/2011 | 31/12/2010 | 31/12/2011 | 31/12/2010 |
| | VND | VND | VND | VND |
| Approved and contracted | 76,205,322,557 | 79,721,269,600 | 76,205,322,557 | 79,089,169,600 |

(b) Leases

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

| | The Group | | The Company | |
|--------------------------|-------------------|-------------------|--------------------|-------------------|
| | 31/12/2011 | 31/12/2010 | 31/12/2011 | 31/12/2010 |
| | VND | VND | VND | VND |
| Within one year | 25,981,565,059 | 24,947,346,415 | 21,192,355,804 | 18,800,260,260 |
| Within two to five years | 52,621,350,748 | 49,444,851,589 | 45,621,374,261 | 40,071,721,654 |
| More than five years | 37,835,623,916 | 30,491,461,834 | 37,835,623,916 | 30,491,461,834 |
| | 116,438,539,723 | 104,883,659,838 | 104,649,353,981 | 89,363,443,748 |

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Notes to the financial statements for the year ended 31 December 2011 (continued)

34. Net liabilities in foreign currencies

At 31 December 2011, the Group and the Company had the following net exposed liability position:

| | The Group | | The Company | |
|-----------------------------|---------------------|-------------|---------------------|-------------|
| | Tael of gold | USD | Tael of gold | USD |
| Cash | - | 34,522 | - | 34,421 |
| Cash equivalent | 8,711 | - | 8,711 | - |
| Accounts receivable – trade | - | 527,811 | - | 527,811 |
| Accounts payable – trade | - | (1,167,575) | - | (1,167,575) |
| Short-term borrowings | (5,009) | (7,638,940) | (5,009) | (7,638,940) |
| Long-term borrowings | (16,900) | (10,450) | (16,900) | (10,450) |
| | (13,198) | (8,254,632) | (13,198) | (8,254,733) |

The Group and the Company's exposure to currency risk is managed by keeping the exposure to an acceptable level by entering into forward exchange contracts and by buying or selling foreign currency at spot rates when necessary to address short-term over-exposures. In addition, for the Company's exposure to risk of change in the gold price, the Company keeps the exposure to an acceptable level by maintaining a balance of gold in both assets and liabilities at all time.

The followings are the significant exchange rates applied by the Group and the Company:

| | Exchange rate as at | |
|----------------|----------------------------|-------------------|
| | 31/12/2011 | 31/12/2010 |
| USD 1 | 20,828 | 18,932 |
| Tael of gold 1 | 41,800,000 | 36,080,000 |

Below is an analysis of the possible impact on the net profit of the Group and the Company as at 31 December 2011 after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 31 December 2011:

| | Decrease of net profit as at | |
|----------------------------------|-------------------------------------|--------------------|
| | 31/12/2011 | |
| | The Group | The Company |
| USD (8% strengthening) | (7,397,457,953) | (7,397,584,171) |
| Tael of gold (16% strengthening) | (66,200,256,894) | (66,200,256,894) |
| | (73,597,714,847) | (73,597,841,065) |

The opposite movement of the currencies would have the equal but opposite effect to the net profit of the Group and the Company as at 31 December 2011.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the financial statements for the year ended 31 December 2011 (continued)

35. Production and business costs by element

| | The Group | | The Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2011 VND | 2010 VND | 2011 VND | 2010 VND |
| Raw material costs included in production costs | 17,136,011,147,989 | 12,729,172,792,277 | 16,542,994,136,313 | 12,592,049,049,660 |
| Labour costs and staff costs | 224,896,006,746 | 179,172,151,417 | 194,891,256,502 | 148,214,888,494 |
| Depreciation and amortisation | 42,308,214,488 | 43,922,848,994 | 17,182,301,892 | 15,208,211,655 |
| Outside services | 74,492,679,948 | 58,350,572,937 | 53,340,442,159 | 38,333,219,889 |
| Other expenses | 135,470,081,827 | 126,717,266,911 | 109,848,905,257 | 96,458,351,913 |

Prepared by:



Dang Thi Lai
Chief Accountant

Approved by:



Cao Thi Ngoc Dung
General Director

26 March 2012

