



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

Consolidated interim financial statements
for the six-month period ended 30 June 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 was amended several times; the most recent amendment was issued on 16 February 2011.

Board of Management

Ms. Cao Thi Ngoc Dung
Mr. Nguyen Vu Phan
Ms. Nguyen Thi Cuc
Ms. Nguyen Thi Ngo
Mr. Bui Viet

Chairman
Vice Chairman
Member
Member
Member

Board of Directors

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

General Director
Deputy General Director
Deputy General Director
Deputy General Director
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

Telephone +84 (8) 3821 9266
Fax +84 (8) 3821 9267
Internet www.kpmg.com.vn

THE INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders
Phu Nhuan Jewelry Joint Stock Company

Scope of review

We have reviewed the accompanying consolidated interim balance sheet of Phu Nhuan Jewelry Joint Stock Company and its subsidiaries ("the Group") as of 30 June 2011 and the related consolidated statements of income, changes in equity and cash flows for the six-month period then ended and the relevant explanatory notes thereto ("the consolidated interim financial statements") which were authorised for issue by the Company's management on 30 August 2011. These consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with the Vietnamese Standard on Auditing 910 - *Engagements to Review Financial Statements*. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated interim financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the consolidated financial position of the Phu Nhuan Jewelry Joint Stock Company and its subsidiaries as at 30 June 2011, and of their consolidated results of operations and their cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standard 27 - *Interim Financial Reporting*, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements.

KPMG Limited
Vietnam
Investment Certificate No: 011043000345
Audit Report No: 11-01-194



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

Ha Vu Dinh
CPA No. 0414/KTV

Ho Chi Minh City, 30 August 2011

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Consolidated interim balance sheet as at 30 June 2011

	Code	Note	30/6/2011 VND	31/12/2010 VND
ASSETS				
Current assets	100		1,494,113,061,548	1,176,638,742,453
Cash and cash equivalents	110	4	405,681,853,200	337,769,093,757
Cash	111		153,773,013,246	51,495,543,237
Cash equivalents	112		251,908,839,954	286,273,550,520
Accounts receivable	130	5	162,692,528,777	57,575,438,981
Accounts receivable - trade	131		68,651,098,869	28,962,855,812
Prepayments to suppliers	132		69,473,336,154	14,165,423,476
Other receivables	135		26,179,363,535	16,058,429,474
Allowance for doubtful debts	139		(1,611,269,781)	(1,611,269,781)
Inventories	140	6	880,466,963,412	751,709,044,884
Other current assets	150		45,271,716,159	29,585,164,831
Short-term prepayments	151		18,099,785,062	12,765,289,565
Deductible value added tax	152		6,667,475,254	7,933,589,620
Taxes receivable from State				
Treasury	154		645,007,559	576,939,248
Other current assets	158	7	19,859,448,284	8,309,346,398
Long-term assets	200		1,271,480,677,166	1,287,569,967,482
Fixed assets	220		351,936,551,159	331,638,373,756
Tangible fixed assets	221	8	96,023,228,402	96,848,837,225
Cost	222		174,781,135,032	170,255,698,399
Accumulated depreciation	223		(78,757,906,630)	(73,406,861,174)
Intangible fixed assets	227	9	216,652,370,001	193,164,202,785
Cost	228		217,241,848,563	193,653,741,363
Accumulated amortisation	229		(589,478,562)	(489,538,578)
Construction in progress	230	10	39,260,952,756	41,625,333,746
Long-term investments	250	11	725,505,589,291	749,471,560,231
Investments in associates	252		260,537,530,891	261,453,501,831
Other long-term investments	258		475,768,058,400	498,818,058,400
Allowance for diminution in the value of long-term investments	259		(10,800,000,000)	(10,800,000,000)
Other long-term assets	260		194,038,536,716	206,460,033,495
Long-term prepayments	261	13	191,667,442,047	204,184,834,997
Deferred tax assets	262	14	931,743,863	835,847,692
Other long-term assets	244		1,439,350,806	1,439,350,806
TOTAL ASSETS	270		2,765,593,738,714	2,464,208,709,935

The accompanying notes are an integral part of these consolidated interim financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Consolidated interim balance sheet as at 30 June 2011 (continued)

	Code	Note	30/6/2011 VND	31/12/2010 VND
RESOURCES				
LIABILITIES	300		1,598,250,626,120	1,388,651,100,968
Current liabilities	310		748,494,045,445	1,238,244,894,919
Short-term borrowings	311	15	558,374,498,651	950,160,880,361
Accounts payable - trade	312		113,335,365,003	126,195,900,645
Advance from customers	313		4,941,854,567	7,499,868,870
Taxes payable to State Treasury	314	16	17,704,583,545	18,554,741,321
Payable to employees	315		10,299,123,407	26,829,448,932
Accrued expenses	316	17	5,972,610,248	9,974,319,640
Other payables	319	18	16,184,465,939	85,484,874,814
Bonus and welfare funds	323	19	21,681,544,085	13,544,860,336
Long-term liabilities	330		849,756,580,675	150,406,206,049
Other long-term liabilities	333		65,264,582,436	66,789,066,688
Long-term borrowings	334	20	781,154,153,277	80,143,593,277
Provision for severance allowance	336	21	3,337,844,962	3,473,546,084
EQUITY	400		1,141,414,034,977	1,046,885,979,792
Equity	410		1,141,414,034,977	1,046,885,979,792
Share capital	411	22	599,991,420,000	599,991,420,000
Share premium	412	22	225,008,580,000	225,008,580,000
Treasury shares	414	22	(7,090,000)	(7,090,000)
Investment and development funds	417		72,461,168,576	52,461,168,576
Financial reserves	418		36,031,916,577	25,704,156,577
Retained profits	420		207,928,039,824	143,727,744,639
MINORITY INTEREST	439	23	25,929,077,617	28,671,629,175
TOTAL RESOURCES	440		2,765,593,738,714	2,464,208,709,935

Prepared by:

Dang Thi Lai
Chief Accountant



Approved by:

Cao Thi Ngoc Dung
General Director

30 August 2011

The accompanying notes are an integral part of these consolidated interim financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Consolidated statement of income for the six-month period ended 30 June 2011

	Code	Note	Six months ended	
			30/6/2011 VND	30/6/2010 VND
Total revenue	01	3	8,313,631,621,873	6,224,931,898,245
Less sales deductions	02	3	(33,949,902,491)	(22,953,956,662)
Net sales	10		8,279,681,719,382	6,201,977,941,583
Cost of sales	11	3	(7,914,359,054,812)	(5,921,750,095,791)
Gross profit	20		365,322,664,570	280,227,845,792
Financial income	21	24	31,992,814,388	36,656,169,731
Financial expenses	22	25	(52,572,125,857)	(29,532,046,749)
Selling expenses	24		(130,488,868,257)	(104,458,851,902)
General and administration expenses	25		(44,007,847,706)	(35,650,468,128)
Net operating profit	30		170,246,637,138	147,242,648,744
Results of other activities	40			
Other income	31	26	11,409,350,243	22,093,159,723
Other expenses	32	27	(1,385,359,175)	(10,370,334,206)
Share of profit in associates	40		4,218,737,060	2,382,636,059
Profit before tax	50		184,489,365,266	161,348,110,320
Income tax expense – current	51	28	(36,666,502,517)	(33,420,218,060)
Income tax benefit/(expense) – deferred	52	28	95,896,171	(587,711,808)
Net profit	60		147,918,758,920	127,340,180,452

The accompanying notes are an integral part of these consolidated interim financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Consolidated statement of income for the six-month periods ended 30 June 2011
 (continued)

	Code	Note	Six months ended	
			30/6/2011 VND	30/6/2010 VND
Attributable to:				
Minority interest	61	23	133,788,780	797,460,895
Equity holders of the Company	62		147,784,970,140	126,542,719,557
Earnings per share				
Basic earnings per share	70	29	2,463	3,164

Prepared by:  **Dang Thi Lai**
 Chief Accountant

Approved by:  **Cao Thi Ngoc Dung**
 General Director



30 August 2011

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Consolidated statement of changes in equity for the six-month period ended 30 June 2011

	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)	52,698,926,954	25,704,156,577	52,345,167,808	955,741,161,339
Net profit for the period	-	-	-	-	-	126,542,719,557	126,542,719,557
Appropriations to funds and reserves	-	-	-	-	130,509,333	(416,134,183)	(285,624,850)
Appropriations to non-equity funds	-	-	-	-	-	(100,170,000)	(100,170,000)
Reduction through business disposal	-	-	-	(237,758,378)	(130,509,333)	-	(368,267,711)
Balance as at 1 July 2010	399,999,210,000	425,000,790,000	(7,090,000)	52,461,168,576	25,704,156,577	178,371,583,182	1,081,529,818,335
Bonus shares issued	199,992,210,000	(199,992,210,000)	-	-	-	-	-
Net profit for the period	-	-	-	-	-	85,475,457,457	85,475,457,457
Dividends	-	-	-	-	-	(119,996,866,000)	(119,996,866,000)
Reversal of appropriations to non-equity funds	-	-	-	-	-	340,917,304	340,917,304
Appropriations to non-equity funds	-	-	-	-	-	(463,347,304)	(463,347,304)
Balance as at 31 December 2010	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 consolidated interim financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries

Consolidated statement of changes in equity for the six-month period ended 30 June 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 period	-	-	-	-	-	147,784,970,140	147,784,970,140
Dividends	-	-	-	-	-	(29,999,216,500)	(29,999,216,500)
Appropriations to funds and reserves	-	-	-	20,000,000,000	10,327,760,000	(30,327,760,000)	-
Appropriations to non- equity funds	-	-	-	-	-	(23,257,698,455)	(23,257,698,455)
Balance as at 30 June 2011	599,991,420,000	225,008,580,000	(7,090,000)	72,461,168,576	36,031,916,577	207,928,039,824	1,141,414,034,977

Prepared by:



Dang Thi Lai
Chief Accountant

Approved by:



Cao Thi Ngoc Dung
General Director

30 August 2011

The accompanying notes are an integral part of these consolidated interim financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2011

	Code	Note	Six months ended	
			30/6/2011 VND	30/6/2010 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		184,489,365,266	161,348,110,320
Adjustments for				
Depreciation and amortisation	02		20,352,658,174	23,777,599,351
Allowances and provisions	03		-	43,029,941
Loss/(profit) from fixed assets disposed and written off	05		241,951,911	(3,266,329,598)
Profit from disposal of investments in subsidiary	05		-	(3,229,607,274)
Dividend and interest income	05		(28,571,448,139)	(25,024,902,475)
Gains from investments in securities through trusted fund	05		-	(5,561,922,489)
Share of profits in associates	05		(4,218,737,060)	(2,382,636,059)
Interest expense	06		47,822,633,162	28,220,506,045
Operating profit before changes in working capital	08		220,116,423,314	173,923,847,762
Change in receivables and other current assets	09		(49,343,856,568)	(34,946,025,585)
Change in inventories	10		(128,757,918,528)	(167,406,621,328)
Change in payables and other liabilities	11		(44,874,894,759)	47,785,378,466
			(2,860,246,541)	19,356,579,315
Interest paid	13		(47,571,835,449)	(27,810,003,459)
Income tax paid	14		(43,958,427,440)	(22,948,966,245)
Other payments for operating activities	16		(12,664,805,044)	(12,258,627,861)
Net cash used in operating activities	20		(107,055,314,474)	(43,661,018,250)

The accompanying notes are an integral part of these consolidated interim financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2011
(continued)

	Code	Note	Six months ended	
			30/6/2011 VND	30/6/2010 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(29,001,649,084)	(75,558,230,057)
Prepayments of additions to fixed assets	21		(61,100,000,000)	-
Proceeds from disposals of fixed assets	22		626,254,546	13,330,391,972
Payments for investments in other entities	25		-	(45,631,047,000)
Net cash proceeds from disposals of investments in subsidiary and other long-term investment	26		23,050,000,000	16,390,530,450
Receipts of interest and dividends	27		18,177,460,607	21,983,611,164
Receipts of dividends from associates	28		5,134,708,000	3,719,913,625
Net cash used in investing activities	30		(43,113,225,931)	(65,764,829,846)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	33		4,681,488,484,620	3,199,886,508,120
Payments to settle debts	34		(4,372,264,306,330)	(3,034,047,902,253)
Payments of dividends to minority interest	35		(3,752,970,042)	(2,978,376,340)
Payments of dividends	36		(87,389,908,400)	(20,867,198,500)
Net cash generated from financing activities	40		218,081,299,848	141,993,031,027
Net cash flows during the period	50		67,912,759,443	32,567,182,931
Cash and cash equivalents at the beginning of the period	60	4	337,769,093,757	274,965,948,571
Cash and cash equivalents at the end of the period	70	4	405,681,853,200	307,533,131,502

Prepared by:

Dang Thi Lai
Chief Accountant

Approved by:

Cao Thi Ngoc Dung
General Director

30 August 2011

The accompanying notes are an integral part of these consolidated interim financial statements

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011

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

1. Reporting Entity

Phu Nhuan Jewelry Joint Stock Company ("the Company") is a joint stock company incorporated in Vietnam. The consolidated interim financial statements of the Company for the six-month period ended 30 June 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 Group 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; to produce and trade in fashion products such as suitcases, handbag, wallet, footwear, clothes cosmetic and perfume, watches, sunglasses; trade in souvenir, knit products, arts and crafts products; import and export art and craft products; to trade gasoline, gas cookers, machinery and equipment in oil and gas industry; provide transportation services, trade in oil, lubricant and petrol-chemical products.

As at 30 June 2011 the Group had 2,445 employees (31 December 2010: 2,340 employees).

2. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

(i) General basis of accounting

The consolidated interim financial statements, expressed in Vietnam Dong ("VND"), have been prepared in accordance with Vietnamese Accounting Standard 27 - *Interim Financial Reporting*, the Vietnamese Accounting System and the relevant statutory requirements. These consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended 31 December 2010.

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

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

(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 interim financial statements from the date that control commences until the date that control ceases.

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 interim 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 commences 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 interim 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 is from 1 January to 31 December.

(c) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the period have been translated into VND at rates approximating those ruling at the transaction dates.

All foreign exchange differences are recorded in the consolidated 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 consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

(d) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are gold, silver and precious metals 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.

(e) Investments

Investments except for investment in associates 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 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 has been determined if no allowance had been recognised.

(f) Accounts receivable

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

(g) Inventories

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

The Group applies the perpetual method of accounting for inventory.

(h) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to income in the period 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 consolidated interim financial statements for the six-month period ended
30 June 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
▪ other tangible fixed assets	6 years

(i) Intangible fixed assets

(i) Land use rights

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

(ii) Software

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

(j) Construction in progress

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

(k) Long-term prepayments

(i) Gas cylinders

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

(ii) Prepaid house rentals

Prepaid house rentals are recognised in the consolidated 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 consolidated interim financial statements for the six-month period ended
30 June 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 consolidated statement of income on a straight-line basis over the term of the lease of 40 years.

(iv) Others

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

(l) Trade and other payables

Trade and other payables are stated at their cost.

(m) Provisions

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

(n) Bonus and welfare funds

Allocation is made to bonus and welfare funds from retained profits based on shareholders' decision at their annual general meeting. These funds are used exclusively to pay bonus and welfare to the Group's staff. Payments from bonus and welfare funds are not charged to consolidated statement of income.

(o) Other long-term liabilities

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

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

(p) Taxation

Income tax on the profit or loss for the period 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 period, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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

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

(q) Share capital

(i) Ordinary shares

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

(ii) Treasury shares

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

(r) Equity funds and reserves

Allocation is made to equity funds and reserves from retained profits based on the shareholders' decision at their annual general meeting.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

(s) Revenue

(i) Goods sold

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

(t) Operating lease payments

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

(u) Borrowing costs

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

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

(v) Earnings per share

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

(w) Segment reporting

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

(x) Off balance sheet items

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

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2011 (continued)

3. Segment reporting

(a) Business segments

The Group comprises the following main business segments:

	Jewelry		Gas and gas cylinders		Laboratory		Fisheries		Elimination		Consolidated	
	Six months ended 30/6/2011 VND	30/6/2010 VND	Six months ended 30/6/2011 VND	30/6/2010 VND	Six months ended 30/6/2011 VND	30/6/2010 VND	Six months ended 30/6/2011 VND	30/6/2010 VND	Six months ended 30/6/2011 VND	Six months ended 30/6/2010 VND	30/6/2011 VND	Six months ended 30/6/2010 VND
Segment sales	8,003,286,494,722	5,858,528,922,375	323,261,222,008	270,720,465,827	2,535,845,333	-	109,656,282,076	(15,451,940,190)	(13,973,772,033)	8,313,631,621,873	6,224,931,898,245	
Less segment sale deductions	(33,916,781,991)	(22,910,703,789)	(33,120,500)	-	-	-	(43,252,873)	-	-	(33,949,902,491)	(22,953,956,662)	
Segment cost of sales	(7,637,745,009,566)	(5,598,806,426,740)	(290,384,450,805)	(243,769,647,711)	(1,201,844,120)	-	(93,450,853,197)	14,972,249,679	14,276,831,857	(7,914,359,054,812)	(5,921,750,095,791)	
Segment gross profit	331,624,703,165	236,811,791,846	32,843,650,703	26,950,818,116	1,334,001,213	-	16,162,176,006	(479,690,511)	303,059,824	365,322,664,570	280,227,845,792	
Segment result	195,593,179,862	140,641,344,338	4,731,704,416	(2,814,295,045)	908,640,082	-	1,977,634,815	(383,584,685)	313,841,654	200,849,939,675	140,118,525,762	
Unallocated revenue	-	-	-	-	-	-	-	-	-	31,992,814,388	36,656,169,731	
Unallocated expenses	-	-	-	-	-	-	-	-	-	(52,572,125,857)	(29,532,046,749)	
Capital expenditure	28,518,644,708	50,893,671,023	294,669,073	23,319,976,633	188,335,303	-	556,266,440	-	-	29,001,649,084	74,769,914,096	
Depreciation	5,662,584,924	5,685,926,281	2,033,394,480	1,386,679,397	4,990,036	-	2,166,956,163	-	-	7,700,969,440	9,239,561,841	
Amortisation	2,345,998,481	1,919,823,251	11,446,394,587	12,204,648,315	-	-	413,565,944	(1,140,704,334)	-	12,651,688,734	14,538,037,510	



Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended 30 June 2011 (continued)

	Jewelry		Gas and gas cylinders		Laboratory		Consolidated	
	30/6/2011 VND	31/12/2010 VND	30/6/2011 VND	31/12/2010 VND	30/6/2011 VND	31/12/2010 VND	30/6/2011 VND	31/12/2010 VND
Segment assets	1,752,382,823,278	1,424,621,498,549	286,912,197,294	290,115,651,155	793,128,851	-	2,040,088,149,423	1,714,737,149,704
Unallocated segment assets	716,303,167,139	740,695,621,622	9,202,422,152	8,775,938,609	-	-	725,505,589,291	749,471,560,231
							2,765,593,738,714	2,464,208,709,935
Segment liabilities	(1,417,514,388,318)	(1,203,182,553,392)	(180,127,601,285)	(185,468,547,576)	(608,636,517)	-	(1,598,250,626,120)	(1,388,651,100,968)

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

4. Cash and cash equivalents

	30/6/2011 VND	31/12/2010 VND
Cash on hand	17,834,530,092	24,607,085,313
Cash in banks	135,645,540,154	26,657,052,846
Cash in transit	292,943,000	231,405,078
Cash equivalents	251,908,839,954	286,273,550,520
	405,681,853,200	337,769,093,757

As at 30 June 2011, cash and cash equivalents of the Group included amounts denominated in currencies other than VND amounting to VND117,573 million (31 December 2010: VND358 million).

5. Accounts receivable

Accounts receivable included the following amounts due from related parties:

	30/6/2011 VND	31/12/2010 VND
Amounts due from other related companies		
Non-trade	-	1,500,000,000
	-	1,500,000,000

Prepayment to suppliers included amounts prepaid to related parties of VND6,602 million (31 December 2010: Nil).

Other receivables comprised:

	30/6/2011 VND	31/12/2010 VND
Entrusting contract	5,088,237,418	5,088,237,418
Dividend receivables	10,393,987,532	-
Receivables from pawning services	4,018,500,000	1,974,100,000
Loans to an associate	-	1,500,000,000
Others	6,678,638,584	7,496,092,056
	26,179,363,534	16,058,429,474

Entrusting contract represented cash balances in the Company's accounts at entrusted party and investments in shares of other entities by entrusted party on the Group's behalf and are stated at cost. No impairment was recognised as at 30 June 2011 as the closing balance only included cash at entrusting party accounts.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

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

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Opening balance	1,611,269,781	1,573,294,743
Increase in allowance during the period	-	23,190,188
Closing balance	1,611,269,781	1,596,484,931

6. Inventories

	30/6/2011 VND	31/12/2010 VND
Goods in transit	26,419,178,253	365,167,709
Raw materials	10,650,017,875	8,788,552,862
Tools and supplies	10,139,543,111	7,484,186,818
Work in progress	6,702,390,562	5,885,590,856
Finished goods	39,383,907,013	30,967,036,089
Merchandise inventories	739,654,505,789	653,715,317,110
Goods on consignment	47,517,420,809	44,503,193,440
	880,466,963,412	751,709,044,884

7. Other current assets

Other current assets comprised:

	30/6/2011 VND	31/12/2010 VND
Advances to employees	5,285,050,958	1,200,086,181
Short-term deposits for rentals	14,574,397,326	7,109,088,905
Others	-	171,312
	19,859,448,284	8,309,346,398

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended 30 June 2011 (continued)

8. Tangible fixed assets

Cost	Buildings VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Other tangible fixed assets VND	Total VND
Opening balance	54,506,823,828	83,282,042,611	10,919,813,953	21,547,018,007	-	170,255,698,399
Additions	260,313,273	6,226,657,412	1,089,777,450	-	166,818,939	7,743,567,074
Disposals	(764,409,972)	(132,001,782)	(279,891,948)	(170,000,000)	-	(1,346,303,702)
Written off	(1,151,546,397)	(720,280,342)	-	-	-	(1,871,826,739)
Closing balance	52,851,180,732	88,656,417,899	11,729,699,455	21,377,018,007	166,818,939	174,781,135,032
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 period	1,383,382,470	4,875,660,197	582,259,783	857,350,060	2,316,930	7,700,969,440
Disposals	(519,284,441)	(123,184,804)	(262,644,156)	(170,000,000)	-	(1,075,113,401)
Written off	(729,148,279)	(545,662,304)	-	-	-	(1,274,810,583)
Closing balance	10,043,795,341	48,875,137,618	8,097,728,227	11,738,928,514	2,316,930	78,757,906,630
Net book value						
Closing balance	42,807,385,391	39,781,280,281	3,631,971,228	9,638,089,493	164,502,009	96,023,228,402
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 VND27,983 million which were fully depreciated as of 30 June 2011 (31 December 2010: VND27,558 million), but which are still in active use.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

At 30 June 2011 tangible fixed assets with a carrying value of VND29,343 million (31 December 2010: VND31,225 million) were pledged with banks as security for loans granted to the Group.

9. Intangible fixed assets

	Land use right VND	Software VND	Total VND
Cost			
Opening balance	192,784,772,638	868,968,725	193,653,741,363
Transfer from construction in progress	23,588,107,200	-	23,588,107,200
Closing balance	216,372,879,838	868,968,725	217,241,848,563
Accumulated amortisation			
Opening balance	-	489,538,578	489,538,578
Charge for the period	-	99,939,984	99,939,984
Closing balance	-	589,478,562	589,478,562
Net book value			
Closing balance	216,372,879,838	279,490,163	216,652,370,001
Opening balance	192,784,772,638	379,430,147	193,164,202,785

At 30 June 2011 intangible fixed assets of the Group with a carrying value of VND9,595 million (31 December 2010: VND106,543 million) were pledged with banks as security for loans granted to the Group.

10. Construction in progress

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Opening balance	41,625,333,746	50,077,411,701
Additions during the period	21,223,726,210	39,032,194,475
Transfer to tangible fixed assets	-	(9,090,893,409)
Transfer to intangible fixed assets	(23,588,107,200)	(23,143,511,017)
Closing balance	39,260,952,756	56,875,201,750

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

11. Long-term investments

	30/6/2011 VND	31/12/2010 VND
Long-term equity investments in associates:		
▪ Dong A Land Joint Stock Company (“Dong A Land”) (a)	85,876,271,337	89,039,291,026
▪ Sai Gon Fuel Joint Stock Company (“Saigon Fuel”) (b)	166,481,737,402	164,711,172,196
▪ Hong Vina Gas Cylinders Co., Ltd (“Hong Vina”) (c)	8,179,522,152	7,703,038,609
	260,537,530,891	261,453,501,831
Other long-term investments in:		
▪ DongA Bank shares	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
▪ Kinh Do Land Corporation shares	-	23,000,000,000
▪ Que Huong Liberty Joint Stock Company shares	40,833,320,000	40,833,320,000
▪ Que Huong Liberty Joint Stock Company convertible bonds (d)	1,666,600,000	1,666,600,000
▪ Investment cooperation contract (e)	10,089,500,000	10,089,500,000
▪ Others	1,022,900,000	1,072,900,000
	475,768,058,400	498,818,058,400
Allowance for diminution in value of long-term investments	(10,800,000,000)	(10,800,000,000)
	725,505,589,291	749,471,560,231

a. 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.

b. 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 consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

- c. This represents 35% of the shares of Hong Vina, a company incorporated in Vietnam, held by Dai Viet Energy Joint Stock Company which is a 70% owned subsidiary of the Company. The principal activities of Hong Vina, are to produce and trade gas cylinders; pressure cylinders and the accessories and spare parts of these products; provide gas cylinders repair and maintenance services.
- d. This represents 8,333 convertible bonds issued by Que Huong Liberty Joint Stock Company. These bonds have par value of VND100,000, interest free and will be converted into shares on 26 December 2012 at the conversion rate of 1:10.
- e. This represents amounts advanced according to an investment corporation contracts – Develop 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 30 June 2011, the investors of this project are still in the progress to obtain the authorisation for the construction from local authority.

Movements of investments in associates during the period were as follows:

	Six months ended	
	30/6/2011	30/6/2010
	VND	VND
Opening balance	261,453,501,831	129,730,479,430
New investments during the period	-	34,374,947,000
Share of profit in associates	4,218,737,060	3,023,052,020
Dividend received during the period	(5,134,708,000)	(3,719,913,625)
	<hr/>	<hr/>
Closing balance	260,537,530,891	163,408,564,825

As at 30 June 2011, other long-term investments included DongA Bank shares with carrying amount of VND265 billion (31 December 2010: VND257 billion) pledged with a bank as security for loans granted to the Company.

There was no movement in the allowance for diminution in value of long-term investments during the period.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

12. Group entities

The following is a list of subsidiaries and associates as at 30 June 2011:

Name	Address	30/6/2011		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 Street, 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	24.5%	24.5%	24.5%	24.5%

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
 Notes to the consolidated interim financial statements for the six-month period ended
 30 June 2011 (continued)

13. Long-term prepayments

	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	-	34,355,800	-	-	34,355,800
Amortisation for the period	(9,954,725,851)	(1,192,961,010)	(368,656,878)	(1,035,405,011)	(12,551,748,750)
Closing balance	152,579,228,942	2,284,961,890	29,577,640,123	7,225,611,092	191,667,442,047

At 30 June 2011 long-term prepayments of the Group with a carrying value of VND22,516 million (31 December 2010: VND22,787 million) were pledged with bank as security for loan granted to a subsidiary.

14. Deferred tax assets

	30/6/2011 VND	31/12/2010 VND
Provision for severance allowance	941,363,000	941,363,000
Unrealised profits on intra group sale	122,221,202	26,325,031
Unrealised foreign exchange gains	(131,840,339)	(131,840,339)
Deferred tax assets	931,743,863	835,847,692

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

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

15. Short-term borrowings

	30/6/2011 VND	31/12/2010 VND
Short-term borrowings		
▪ Dominated in USD	114,416,400,000	114,289,500,000
▪ Dominated in VND	420,360,519,742	129,758,888,666
▪ Dominated in Gold	13,118,716,253	685,633,629,039
	<hr/>	<hr/>
	547,895,635,995	929,682,017,705
Current portion of long-term borrowings (Note 20)	10,478,862,656	20,478,862,656
	<hr/>	<hr/>
	558,374,498,651	950,160,880,361

At 30 June 2011 the Company's short-term loans included VND453,600 million (31 December 2010: VND478,140 million) which are unsecured and VND71,396 million (31 December 2010: VND438,542 million) secured by the Company's DongA Bank shares with carrying amount of VND41 billion (31 December 2010: VND257 billion).

As 30 June 2011, the subsidiaries' bank loans included VND22,900 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 7.0% (six months period ended 30/6/2010: 7.00%), 3.2% to 21.0% (six months period ended 30/6/2010: 10.5% to 14.0%) and 2.5% to 5.5% (six months period ended 30/6/2010: 2.5% to 7.9%) per annum during the period, respectively.

16. Taxes payable to State Treasury

	30/6/2011 VND	31/12/2010 VND
Value added tax	8,588,796,779	2,376,746,232
Income tax	8,693,195,531	15,950,917,478
Other taxes	422,591,235	227,077,611
	<hr/>	<hr/>
	17,704,583,545	18,554,741,321

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

17. Accrued expenses

	30/6/2011 VND	31/12/2010 VND
Interest expenses	2,336,712,659	2,085,914,946
Promotion, discount expenses	1,959,638,808	7,259,713,748
Professional fee	506,078,182	-
House rental	924,022,855	628,690,946
Others	246,157,744	-
	5,972,610,248	9,974,319,640

18. Other payables

	30/6/2011 VND	31/12/2010 VND
Trade union fees	3,004,352,370	2,241,645,600
Social insurance	1,475,177,544	174,599,314
Health insurance	674,091,750	338,235,803
Dividends	3,138,025,210	61,341,637,152
Board of Management and Board of Directors funds	2,816,694,704	3,613,115,644
Others	5,076,124,361	17,775,641,301
	16,184,465,939	85,484,874,814

19. Bonus and welfare fund

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Opening balance	13,544,860,336	35,696,465,944
Appropriations from retained profits	20,801,488,793	591,528,000
Reclassification from non-equity funds	-	424,391,306
Utilised during the period	(12,664,805,044)	(12,258,627,861)
Decrease through business disposal	-	(29,730,512)
	21,681,544,085	24,424,026,877

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

20. Long-term borrowings

	30/6/2011 VND	31/12/2010 VND
From DongA Bank		
▪ Facility 1 (a)	486,000,000	690,000,000
▪ Facility 2 (b)	12,851,000,000	14,693,000,000
▪ Facility 3 (c)	146,250,000,000	-
From Asia Commercial Bank		
▪ Facility 4 (d)	23,136,015,933	25,339,455,933
▪ Facility 5 (e)	8,910,000,000	9,900,000,000
▪ Facility 6 (f)	206,250,000,000	-
▪ Facility 7 (g)	93,750,000,000	-
From Saigon Thuong Tin Commercial Bank		
▪ Facility 8	-	50,000,000,000
▪ Facility 9 (h)	300,000,000,000	-
	<hr/> 791,633,015,933	<hr/> 100,622,455,933
Repayable within twelve months	(10,478,862,656)	(20,478,862,656)
	<hr/> 781,154,153,277	<hr/> 80,143,593,277

- a. Facility 1 is secured by tangible fixed assets with net book value as at 30 June 2011 of VND1,442 million (31 December 2010: VND1,580 million) and bears interest at rates ranging from 12% to 13.6% (six months period ended 30/6/2010: 6.50% to 8%) per annum during the period. The loans under this facility are repayable in 35 equal monthly instalments of VND34 million each beginning in October 2009 and a final instalment comprising the remaining balance in September 2012.
- b. Facility 2 is secured by land use right with net book value as at 30 June 2011 of VND9,595 million (31 December 2010: VND9,595 million) and bears interest at rates ranging from 12% to 13.6% (six months period ended 30/6/2010: 8%) per annum during the period. The loans under this facility are 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 secured by gold jewelry in inventory with the value not less than VND200 billion at any time. The loan bears interest at rate of 4% per annum during the period. The loan is repayable on 29 April 2013.

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

- d. Facility 4 relates to a subsidiary's loan which is guaranteed by the Company and secured by prepaid land cost and its associated tangible fixed assets with carrying value as at 30 June 2011 of VND22,516 million and VND19,095 million (31 December 2010: VND22,787 million and VND19,836 million), respectively. The loan under this facility bore interest at rate ranging from 15.66% to 19.14% (six months period ended 30/6/2010: 15.8% to 16.5%) per annum during the period. Principal outstanding as at 30 June 2011 is repayable in 63 equal monthly instalments of VND367 million each and a final instalment comprising the remaining balance in September 2016.
- e. Facility 5 is secured by building and structures with net book value as at 30 June 2011 of VND8,806 million (31 December 2010: VND8,958 million) and bores interest at rate of 18% per annum during the period (six months period ended 30/6/2010: Nil). The loans under this facility are repayable in 60 equal monthly instalments of VND165 million each beginning in January 2011 and a final instalment comprising the remaining balance in December 2015.
- f. Facility 6 is secured by the Company's shares in DongA Bank with the carrying amount of VND224 billion. The loan bore interest at rate of 4.2% per annum during the period. 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.
- g. Facility 7 is unsecured and bores interest at rate of 4.2% per annum during the period. 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.
- h. Facility 9 is unsecured and bores interest at rate of 4.2% per annum during the period. 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.

21. Provision for severance allowance

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

	Six months ended 30/6/2011 VND
Opening balance	3,473,546,084
Provision used during the period	(135,701,122)
	<hr/>
Closing balance	3,337,844,962
	<hr/>

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 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 consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an 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 30 June 2010 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 six-month period ended 30 June 2011, the Group contributed VND413 million (six-month period ended 30/6/2010: VND404 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the consolidated statement of income.

22. Share capital

The Company's authorised and issued share capital are:

	30/6/2011		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 consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

23. Minority interest

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Opening balance	28,671,629,175	46,801,141,694
Shares capital contributed by minority interest	107,500,000	-
Net profit for the period attributable to minority interests	133,788,780	797,460,895
Allocation to funds charged to minority interest	(43,790,338)	(348,833,150)
Dividends payable to minority interests	(2,940,050,000)	(3,138,488,000)
Decrease through business disposal	-	(13,882,777,578)
Closing balance	25,929,077,617	30,228,503,861

24. Financial income

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Interest income	457,860,389	763,853,875
Dividends	28,113,587,750	24,261,048,600
Gains from investments in securities through trusted fund	-	5,561,922,489
Gains on disposal of subsidiary	-	3,229,607,274
Foreign exchange gains	3,421,366,249	2,424,534,506
Others	-	415,202,987
	31,992,814,388	36,656,169,731

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

25. Financial expenses

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Interest expense	47,822,633,162	28,220,506,045
Foreign exchange losses	4,090,425,276	361,380,654
Losses from investment in securities	564,871,111	-
Others	94,196,308	950,160,050
	52,572,125,857	29,532,046,749

26. Other income

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Deposits on cylinders released during the year	5,403,237,252	5,026,106,827
Proceeds from disposals of tangible fixed assets	626,254,546	13,307,991,972
Compensation received from other parties	4,984,345,320	3,486,789,277
Others	395,513,125	272,271,647
	11,409,350,243	22,093,159,723

27. Other expenses

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Net book value of tangible fixed assets disposed	868,206,457	10,064,062,374
Others	517,152,718	306,271,832
	1,385,359,175	10,370,334,206

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

28. Income tax

(a) Recognised in the consolidated statement of income

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Current tax expense		
Current period	36,494,185,554	33,305,841,843
Under provision for prior periods	172,316,963	114,376,217
	36,666,502,517	33,420,218,060
Deferred tax (benefit)/expense		
Origination of temporary differences	(95,896,171)	587,711,808
	36,570,606,346	34,007,929,868

(b) Reconciliation of effective tax rate

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Profit before tax	184,489,365,266	161,348,110,320
Tax at the Company's tax rate	46,122,341,317	40,337,027,580
Effect of different tax rates in subsidiaries	-	(132,325,926)
Non-deductible expenses	166,065,176	331,688,372
Tax exempt income	(9,890,117,110)	(6,763,926,973)
Effect of tax incentives	-	(97,756,463)
Deferred tax assets written off	-	218,847,061
Under provision in prior periods	172,316,963	114,376,217
	36,570,606,346	34,007,929,868

(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 consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

29. Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2011 were based on the profit attributable to ordinary shareholders of VND147,784,970,140 (six-month period ended 30 June 2010: VND126,542,719,557) and a weighted average number of ordinary shares outstanding of 59,998,433 (six-month period ended 30 June 2010: 39,999,212), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Net profit for the period	147,784,970,140	126,542,719,557
Net profit attributable to ordinary shareholders	147,784,970,140	126,542,719,557

(ii) Weighted average number of ordinary shares

	Six months ended	
	30/6/2011	30/6/2010
Issued ordinary shares at the beginning of the period	59,999,142	39,999,921
Effect of own shares held	(709)	(709)
Weighted average number of ordinary shares	59,998,433	39,999,212

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

30. Significant transactions with related parties

In addition to related party balances disclosed in other notes to these consolidated interim financial statements, the Group has the following transactions with related parties:

	Transaction value	
	Six months ended	
	30/6/2011	30/6/2010
	VND	VND
Related companies		
Dong A Land		
Loans to associate	-	8,000,000,000
Purchases of services	10,332,844,130	1,746,082,412
Advances	7,325,000,000	2,800,000,000
HongVina		
Purchases of goods and services	4,265,361,448	14,574,871,443
Members of Board of Directors and Board of Management		
Remuneration	2,838,355,000	2,743,935,000

31. Commitments

(a) Capital expenditure

As at 30 June 2011 the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	30/6/2011	31/12/2010
	VND	VND
Approved and contracted	76,520,399,786	79,721,269,600

Phu Nhuan Jewelry Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2011 (continued)

(b) Leases

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

	30/6/2011 VND	31/12/2010 VND
Within one year	27,367,587,688	24,947,346,415
Within two to five years	47,646,526,446	49,444,851,589
More than five years	38,361,845,314	30,491,461,834
	113,375,959,448	104,883,659,838

32. Post balance sheet event

Dividends declared after the period end

Subsequent to the period end a dividend of VND59.9 billion has been declared. This dividend declared has not been accrued in these consolidated interim financial statements.

33. Production and business costs by element

	Six months ended	
	30/6/2011 VND	30/6/2010 VND
Raw material costs included in production costs	7,878,757,249,198	5,702,166,274,473
Labour costs and staff costs	93,565,398,672	63,305,680,886
Depreciation and amortisation	20,352,658,140	23,777,599,351
Outside services	24,375,652,731	41,542,436,766
Other expenses	74,171,229,900	50,565,942,860

Prepared by:

Dang Thi Lai
Chief Accountant



Approved by:

Cao Thi Ngoc Dung
General Director

30 August 2011