

Phu Nhuan Jewelry Joint Stock Company

Separate financial statements

31 December 2014

Phu Nhuan Jewelry Joint Stock Company

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Phu Nhuan Jewelry Joint Stock Company

GENERAL INFORMATION

THE COMPANY

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

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

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

The Company's head office is located at 170E Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. In addition, the Company also has one hundred and seventy four (174) retail shops located in various provinces in Vietnam.

BOARD OF DIRECTORS

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

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

BOARD OF SUPERVISION

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

Mr Pham Van Tan	Head
Ms Nguyen Ngoc Hue	Member
Mr Tran Van Dan	Member

MANAGEMENT

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

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

LEGAL REPRESENTATIVE

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

AUDITORS

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

Phu Nhuan Jewelry Joint Stock Company

REPORT OF MANAGEMENT

Management of Phu Nhuan Jewelry Joint Stock Company ("the Company") is pleased to present its report and the separate financial statements of the Company for the year ended 31 December 2014.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2014 and of the separate results of its operations and its separate cash flows for year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of separate financial statements.

The Company has prepared and issued the separate financial statements to meet with the prevailing statutory requirements and internal management purpose. In addition, the Company is also in the process of preparation of its consolidated financial statements for the year ended 31 December 2014. Users of the accompanying separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014 in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiaries.

For and on behalf of management:



Cao Thi Ngoc Dung
General Director

28 March 2015

Reference: 60984885/16997233

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Phu Nhuan Jewelry Joint Stock Company

We have audited the accompanying separate financial statements of Phu Nhuan Jewelry Joint Stock Company ("the Company") as prepared on 28 March 2014 and set out on pages 5 to 34, which comprise the separate balance sheet as at 31 December 2014, and the separate income statement and separate cash flow statement for the year then ended, and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2014, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of separate financial statements.

Emphasis of matter

As disclosure in Note 2.1 of the separate financial statements, the Company has prepared and issued the separate financial statements to meet with the prevailing statutory requirements and internal management purpose. In addition, the Company is also in the process of preparation of its consolidated financial statements for the year ended 31 December 2014. Users of the accompanying separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014 in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiaries.

Ernst & Young Vietnam Limited



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

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

Ho Chi Minh City, Vietnam

28 March 2015

SEPARATE BALANCE SHEET
as at 31 December 2014

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,816,130,883,550	1,379,015,621,494
110	I. Cash and cash equivalents	4	269,738,984,290	292,923,008,187
111	1. Cash		35,139,719,411	38,116,455,254
112	2. Cash equivalents		234,599,264,879	254,806,552,933
130	II. Current accounts receivable		76,312,622,442	64,341,261,584
131	1. Trade receivables	5	45,069,065,323	41,735,061,334
132	2. Advances to suppliers		16,213,997,161	7,656,012,768
135	3. Other receivables	6	22,781,778,617	22,702,406,141
139	4. Provision for doubtful debts		(7,752,218,659)	(7,752,218,659)
140	III. Inventories		1,420,997,037,680	982,085,265,360
141	1. Inventories	7	1,420,997,037,680	982,085,265,360
150	IV. Other current assets		49,082,239,138	39,666,086,363
151	1. Short-term prepaid expenses		27,110,751,151	19,442,413,859
152	2. Value-added tax deductible		3,659,558,376	6,740,452,800
154	3. Tax and other receivables from the State		4,653,263,806	1,845,657,246
158	4. Other current assets	8	13,658,665,805	11,637,562,458
200	B. NON-CURRENT ASSETS		997,056,885,294	1,182,123,245,334
220	I. Fixed assets		452,200,300,904	435,780,257,899
221	1. Tangible fixed assets	9	160,211,532,448	144,424,011,617
222	Cost		263,929,102,351	229,921,472,525
223	Accumulated depreciation		(103,717,569,903)	(85,497,460,908)
227	2. Intangible fixed assets	10	291,249,678,256	285,527,991,212
228	Cost		293,121,956,571	286,295,740,601
229	Accumulated amortization		(1,872,278,315)	(767,749,389)
230	3. Construction in progress		739,090,200	5,828,255,070
250	II. Long-term investments	11	531,800,510,537	735,830,783,927
251	1. Investments in subsidiaries		20,000,000,000	158,608,529,680
252	2. Investments in associates		91,866,300,000	91,866,300,000
258	3. Other long-term investments		460,716,988,400	513,306,408,400
259	4. Provision for long-term investments		(40,782,777,863)	(27,950,454,153)
260	III. Other long-term assets		13,056,073,853	10,512,203,508
261	1. Long-term prepaid expenses	12	12,134,611,001	9,810,353,184
262	2. Deferred tax assets	23.2	921,462,852	701,850,324
270	TOTAL ASSETS		2,813,187,768,844	2,561,138,866,828


SEPARATE BALANCE SHEET (continued)
as at 31 December 2014

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		1,546,477,098,360	1,287,021,992,443
310	I. Current liabilities		1,408,892,716,260	1,157,012,671,294
311	1. Short-term loans	13	1,131,686,128,041	925,178,526,976
312	2. Trade payables	14	141,440,940,445	103,305,627,870
313	3. Advances from customers		10,577,252,253	8,343,390,595
314	4. Statutory obligations	15	45,248,221,899	39,316,224,376
315	5. Payables to employees		26,969,847,063	2,603,495,793
316	6. Accrued expenses		4,188,467,510	3,190,228,746
319	7. Other payables	16	41,515,425,628	39,134,459,991
323	8. Bonus and welfare fund		7,266,433,421	35,940,716,947
330	II. Non-current liabilities		137,584,382,100	130,009,321,149
333	1. Other long-term liabilities		455,382,100	426,284,500
334	2. Long-term loans	17	137,129,000,000	129,583,036,649
400	B. OWNERS' EQUITY		1,266,710,670,484	1,274,116,874,385
410	I. Capital	18	1,266,710,670,484	1,274,116,874,385
411	1. Share capital		755,970,350,000	755,970,350,000
412	2. Share premium		105,021,650,000	105,021,650,000
414	3. Treasury shares		(7,090,000)	(7,090,000)
417	4. Investment and development fund		166,070,897,000	126,070,897,000
418	5. Financial reserve fund		66,734,153,783	57,634,153,783
420	6. Undistributed earnings		172,920,709,701	229,426,913,602
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,813,187,768,844	2,561,138,866,828

OFF BALANCE SHEET ITEM

ITEM	Ending balance	Beginning balance
Foreign currencies:		
- United States dollar (USD)	8,382	58,203
- Gold taels	6,409	6,770
- Australian Dollar (AUD)	30,006	-


Duong Quang Hai
Preparer


Dang Thi Lai
Chief Accountant



Cao Thi Ngoc Dung
General Director


28 March 2015

SEPARATE INCOME STATEMENT
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	19.1	7,294,173,886,089	7,603,580,837,001
02	2. Deductions	19.1	(96,619,065,285)	(58,042,116,925)
10	3. Net revenue from sale of goods and rendering of services	19.1	7,197,554,820,804	7,545,538,720,076
11	4. Cost of goods sold and services rendered	20	(6,407,382,523,035)	(6,945,760,880,825)
20	5. Gross profit from sale of goods and rendering of services		790,172,297,769	599,777,839,251
21	6. Finance income	19.2	48,071,487,482	26,361,074,079
22	7. Finance expenses	21	(95,054,464,191)	(62,133,745,092)
23	- In which: Interest expense		(72,826,281,233)	(76,079,037,263)
24	8. Selling expenses		(310,939,565,559)	(232,532,314,459)
25	9. General and administrative expenses		(105,943,645,106)	(91,803,812,235)
30	10. Operating profit		326,306,110,395	239,669,041,544
31	11. Other income		1,510,091,758	1,485,358,375
32	12. Other expenses		(1,025,601,064)	(1,149,213,953)
40	13. Other profit		484,490,694	336,144,422
50	14. Profit before tax		326,790,601,089	240,005,185,966
51	15. Current corporate income tax expense	23.1	(70,308,883,318)	(57,831,875,517)
52	16. Deferred income tax benefit	23.2	219,612,528	220,310,692
60	17. Net profit after tax		256,701,330,299	182,393,621,141


 Duong Quang Hai
Preparer


 Dang Thi Lai
Chief Accountant


 Cao Thi Ngoc Dung
General Director


28 March 2015

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		326,790,601,089	240,005,185,966
	<i>Adjustments for:</i>			
02	Depreciation and amortization	9, 10	20,878,766,466	17,256,761,738
03	Provisions (reversal of provisions)		12,832,323,710	(15,390,245,680)
05	Profits from investing activities		(40,108,279,979)	(16,278,876,767)
06	Interest expense	21	72,826,281,233	76,079,037,263
08	Operating profit before changes in working capital		393,219,692,519	301,671,862,520
09	Increase in receivables		(13,719,176,341)	(12,762,570,378)
10	Increase in inventories		(438,911,772,320)	(199,108,697,580)
11	Increase in payables		74,505,345,991	44,701,094,324
12	Increase in prepaid expenses		(9,992,595,109)	(9,624,872,134)
13	Interest paid		(77,014,748,743)	(74,694,615,693)
14	Corporate income tax paid	23.1	(70,249,936,772)	(38,157,531,593)
15	Other cash inflows from operating activities		-	30,001,580,000
16	Other cash outflows from operating activities		(47,174,283,526)	(24,326,682,734)
20	Net cash flows (used in) from operating activities		(189,337,474,301)	17,699,566,732
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(38,054,500,322)	(26,163,899,180)
22	Proceeds from disposals of fixed assets		-	154,972,727
25	Payments for investments in other entities		-	(65,000,000)
26	Proceeds from sale of investments		220,269,982,000	-
27	Interest and dividends received		11,791,938,510	16,447,365,287
30	Net cash flows from (used in) investing activities		194,007,420,188	(9,626,561,166)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
32	Issuance of shares		-	35,992,000,000
33	Drawdown of borrowings		4,288,198,884,470	3,459,737,224,815
34	Repayment of borrowings		(4,074,145,320,054)	(3,583,561,782,190)
36	Dividends paid	18.2	(241,907,534,200)	(93,597,185,500)
40	Net cash flows used in financing activities		(27,853,969,784)	(181,429,742,875)

SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net decrease in cash and cash equivalents		(23,184,023,897)	(173,356,737,309)
60	Cash and cash equivalents at beginning of year		292,923,008,187	466,279,745,496
70	Cash and cash equivalents at end of year	4	269,738,984,290	292,923,008,187



Duong Quang Hai
Preparer



Dang Thi Lai
Chief Accountant




Cao Thi Ngoc Dung
General Director

28 March 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2014

1. CORPORATE INFORMATION

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

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

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

The Company's head office is located at 170E Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. In addition, the Company also has one hundred and seventy four (174) retail shops located in various provinces in Vietnam.

The number of the Company's employees as at 31 December 2014 was 2,494 (31 December 2013: 2,207).

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The separate financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System, Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

The Company has prepared and issued the separate financial statements to meet with the prevailing statutory requirements and internal management purpose. In addition, the Company is also in the process of preparation of its consolidated financial statements for the year ended 31 December 2014. Users of the accompanying separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014 in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiaries.

2.2 *Applied accounting documentation system*

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

2. BASIS OF PREPARATION (continued)

2.3 *Fiscal year*

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

2.4 *Accounting currency*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

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

3.2 *Receivables*

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

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

3.3 *Inventories*

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

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

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

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

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

Provision for obsolete inventories

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Fixed assets

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

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

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

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

Land use rights

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

3.5 Depreciation and amortization

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

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

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

3.6 Borrowing costs

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

3.7 Prepaid expenses

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 *Investments in subsidiaries*

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

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

3.9 *Investments in associates*

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

3.10 *Investments in securities and other investments*

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

3.11 *Provision for investments*

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

3.12 *Payables and accruals*

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

3.13 *Foreign currency transactions*

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

3.14 *Treasury shares*

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Appropriation of net profits*

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

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

▶ Financial reserve fund

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

▶ Investment and development fund

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

▶ Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the separate balance sheet.

3.16 *Revenue recognition*

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

Sale of goods

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

Rendering of services

Revenue is recognised when the service has been rendered.

Interest

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

Dividends

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation

Current income tax

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

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

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

Deferred income tax

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

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

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

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

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Financial instruments

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of the Circular No. 210 /2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the separate financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

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

Financial liabilities

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

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

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

Financial instruments – subsequent re-measurement

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

Offsetting of financial instruments

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

4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	28,757,507,093	26,507,607,552
Cash at banks	4,660,869,318	9,103,947,702
Cash in transit	1,721,343,000	2,504,900,000
Cash equivalents	234,599,264,879	254,806,552,933
TOTAL	269,738,984,290	292,923,008,187

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

5. TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due from third parties	44,496,565,694	36,436,685,771
Due from a related party (Note 24)	572,499,629	5,298,375,563
TOTAL	<u>45,069,065,323</u>	<u>41,735,061,334</u>

6. OTHER RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due from third parties	17,801,978,617	20,702,406,141
Due from a related party (Note 24)	4,979,800,000	2,000,000,000
TOTAL	<u>22,781,778,617</u>	<u>22,702,406,141</u>
Provision for doubtful debts	(7,752,218,659)	(7,752,218,659)
NET	<u>15,029,559,958</u>	<u>14,950,187,482</u>

Details of movements of provision for doubtful debts

	VND	
	<i>Current year</i>	<i>Previous year</i>
Provision for doubtful debts at beginning and end of year	<u>7,752,218,659</u>	<u>7,752,218,659</u>

7. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Merchandise goods	1,197,591,299,927	828,306,153,061
Finished goods	129,280,128,300	34,000,318,883
Goods on consignment	38,475,458,376	41,403,171,808
Work in process	25,709,641,474	23,435,085,328
Tools and supplies	19,832,568,407	15,098,468,068
Raw materials	9,498,967,373	35,458,279,520
Goods in transit	608,973,823	4,383,788,692
TOTAL	<u>1,420,997,037,680</u>	<u>982,085,265,360</u>

Inventories of VND 570,000,000,000 were pledged as collateral for short-term loans obtained from commercial banks (Note 13).

8. OTHER CURRENT ASSETS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term rental deposits	13,014,032,750	10,998,437,326
Advances to employees	644,633,055	639,125,132
TOTAL	<u>13,658,665,805</u>	<u>11,637,562,458</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total	VND
Cost:						
Beginning balance	116,702,723,057	90,295,618,175	7,515,438,696	15,407,692,597		229,921,472,525
Additions	3,855,569,925	28,312,584,378	3,578,453,727	570,841,192		36,317,449,222
Disposal	-	(2,001,493,323)	-	(308,326,073)		(2,309,819,396)
Ending balance	120,558,292,982	116,606,709,230	11,093,892,423	15,670,207,716		263,929,102,351
<i>In which:</i>						
Fully depreciated	101,262,000	40,096,488,007	3,037,674,490	2,364,791,157		45,600,215,654
Accumulated depreciation:						
Beginning balance	(11,071,848,261)	(59,646,188,124)	(5,668,365,729)	(9,111,058,794)		(85,497,460,908)
Depreciation for the year	(5,226,710,053)	(10,812,555,771)	(706,647,061)	(3,028,324,655)		(19,774,237,540)
Disposal	-	1,245,802,472	-	308,326,073		1,554,128,545
Ending balance	(16,298,558,314)	(69,212,941,423)	(6,375,012,790)	(11,831,057,376)		(103,717,569,903)
Net carrying amount:						
Beginning balance	105,630,874,796	30,649,430,051	1,847,072,967	6,296,633,803		144,424,011,617
Ending balance	104,259,734,668	47,393,767,807	4,718,879,633	3,839,150,340		160,211,532,448

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

10. INTANGIBLE FIXED ASSETS

	<i>Indefinite land use rights</i>	<i>Computer software</i>	VND <i>Total</i>
Cost:			
Beginning balance	285,183,268,988	1,112,471,613	286,295,740,601
Additions	-	6,826,215,970	6,826,215,970
Ending balance	<u>285,183,268,988</u>	<u>7,938,687,583</u>	<u>293,121,956,571</u>
Accumulated amortization:			
Beginning balance	-	(767,749,389)	(767,749,389)
Amortization for the year	-	(1,104,528,926)	(1,104,528,926)
Ending balance	-	<u>(1,872,278,315)</u>	<u>(1,872,278,315)</u>
Net carrying amount:			
Beginning balance	<u>285,183,268,988</u>	<u>344,722,224</u>	<u>285,527,991,212</u>
Ending balance	<u>285,183,268,988</u>	<u>6,066,409,268</u>	<u>291,249,678,256</u>

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

11. LONG-TERM INVESTMENTS

11.1 Investments in subsidiaries

<i>Name</i>	<u><i>Ending balance</i></u>		<u><i>Beginning balance</i></u>	
	<i>Cost of investment</i>	<i>% of interest</i>	<i>Cost of investment</i>	<i>% of interest</i>
	VND		VND	
CAO Fashion Company Limited	10,000,000,000	100	10,000,000,000	100
PNJ Laboratory Company Limited	10,000,000,000	100	10,000,000,000	100
Saigon Fuel Joint Stock Company	-	-	138,608,529,680	50.02
TOTAL	<u>20,000,000,000</u>		<u>158,608,529,680</u>	

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

11. LONG-TERM INVESTMENTS (continued)

11.2 Investments in associates

Name	Ending balance		Beginning balance	
	Cost of investment	% of interest	Cost of investment	% of interest
	VND		VND	
Dong A Land Joint Stock Company	91,866,300,000	30.62	91,866,300,000	30.62
Provision for long-term investments	(30,473,664,463)		(17,150,454,153)	
NET	61,392,635,537		74,715,845,847	

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

11.3 Other long-term investments

Name	Ending balance		Beginning balance	
	Number of shares	Cost of investment	Number of shares	Cost of investment
	VND		VND	
Dong A Joint Stock Commercial Bank (DAB) (i)	38,496,250	395,271,613,400	38,496,250	395,271,613,400
Saigon M&C Real Estate Joint Stock Company	2,615,215	65,380,375,000	2,615,215	65,380,375,000
Que huong Liberty Joint Stock Company	-	-	916,662	42,499,920,000
Hoang Minh Giam project	-	-		10,089,500,000
Others		65,000,000		65,000,000
TOTAL		460,716,988,400		513,306,408,400
Provision for long-term investments		(10,309,113,400)		(10,800,000,000)
NET		450,407,875,000		502,506,408,400

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

11. LONG-TERM INVESTMENTS (continued)

11.4 Provision for long-term investments

	VND	
	Current year	Previous year
At beginning of year	27,950,454,153	43,340,699,833
Add: Provision created during the year	23,632,323,710	5,120,000,000
Less: Reversal provision during the year	<u>(10,800,000,000)</u>	<u>(20,510,245,680)</u>
At end of year	<u>40,782,777,863</u>	<u>27,950,454,153</u>
<i>In which:</i>		
Provision for investments in associates	30,473,664,463	17,150,454,153
Provision for other long-term investments	10,309,113,400	10,800,000,000

12. LONG-TERM PREPAID EXPENSES

	VND	
	Ending balance	Beginning balance
Office and retail shop renovation costs	4,896,818,658	4,890,649,035
Tools and supplies	4,039,577,270	2,998,868,972
Retail shop rental	<u>3,198,215,073</u>	<u>1,920,835,177</u>
TOTAL	<u>12,134,611,001</u>	<u>9,810,353,184</u>

13. SHORT-TERM LOANS

	VND	
	Ending balance	Beginning balance
Short-term loans from banks	804,324,426,041	682,286,949,816
Short-term loans from individuals	317,316,702,000	234,315,577,160
Current portion of long-term loans (Note 17)	<u>10,045,000,000</u>	<u>8,576,000,000</u>
TOTAL	<u>1,131,686,128,041</u>	<u>925,178,526,976</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014**13. SHORT-TERM LOANS (continued)**

Details of short-term loans with floating rates obtained from commercial banks to finance its working capital requirements are as follows:

<i>Banks</i>	<i>Ending balance</i> VND	<i>Maturity date</i>	<i>Interest</i> % p.a.	<i>Collateral</i>
Asia Commercial Joint Stock Bank - Main Transaction office	208,300,000,000	From 9 January 2015 to 26 March 2015	From 6 to 6.5	DAB shares
Vietnam Joint Stock Commercial Bank for Industry and Trade - Ho Chi Minh Branch	138,453,326,647	From 6 January 2015 to 30 March 2015	From 2.8 to 5.9	Inventories
Joint Stock Company Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch	122,893,085,681	From 3 January 2015 to 23 March 2015	From 2.8 to 5.9	Unsecured
Southeast Asia Commercial Joint Stock Bank	90,000,000,000	From 11 March 2015 to 29 March 2015	6.5	Unsecured
Petrolimex Group Commercial Joint Stock Bank - Ho Chi Minh Branch	70,000,000,000	From 27 February 2015 to 9 March 2015	6.0	Unsecured
CTBC Bank Company Limited – Ho Chi Minh Branch	63,000,000,000	From 10 January 2015 to 30 January 2015	From 5.2 to 5.5	Unsecured
Shinhan Bank Vietnam Limited – Ho Chi Minh Branch	60,000,000,000	From 10 January 2015 to 30 January 2015	From 5.0 to 5.5	Unsecured
Military Commercial Joint Stock Bank – Ho Chi Minh Branch	20,393,013,713	From 25 January 2015 to 28 February 2015	4.7	Unsecured
Ho Chi Minh City Housing Development Commercial Joint Stock Bank – Ho Chi Minh branch	15,900,000,000	9 January 2015	5.7	Inventories
Vietnam Prosperity Joint Stock Commercial Bank – Ho Chi Minh Branch	15,385,000,000	19 February 2015	4.5	Inventories
TOTAL	<u>804,324,426,041</u>			

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

	<i>Ending balance</i> VND	<i>Maturity date</i>	<i>Interest</i> % p.a.	<i>Collateral</i>
Individuals	<u>317,316,702,000</u>	2 July 2015	From 1 to 5	Unsecured

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

14. TRADE PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due to third parties	139,962,565,448	100,685,433,870
Due to related parties (Note 24)	1,478,374,997	2,620,194,000
TOTAL	<u>141,440,940,445</u>	<u>103,305,627,870</u>

15. STATUTORY OBLIGATIONS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Corporate income tax (Note 23.1)	31,887,913,338	31,828,966,792
Value-added tax	12,841,954,658	7,117,187,599
Others	518,353,903	370,069,985
TOTAL	<u>45,248,221,899</u>	<u>39,316,224,376</u>

16. OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due to third parties	26,485,425,628	29,634,459,991
Due to a related party (Note 24)	15,030,000,000	9,500,000,000
TOTAL	<u>41,515,425,628</u>	<u>39,134,459,991</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

17. LONG-TERM LOANS

	<i>Ending balance</i>	<i>Beginning balance</i>
Loans from banks	<u>147,174,000,000</u>	<u>138,159,036,649</u>
<i>In which</i>		
<i>Current portion of long-term loans (Note 13)</i>	<i>10,045,000,000</i>	<i>8,576,000,000</i>
<i>Non-current portion</i>	<i>137,129,000,000</i>	<i>129,583,036,649</i>

Details of the long-term loans with floating rates obtained from commercial banks to finance its working capital requirements are as follows:

<i>Banks</i>	<i>Ending balance</i>	<i>Maturity date</i>	<i>Interest</i>	<i>Collateral</i>
	<i>VND</i>		<i>% p.a.</i>	
Dong A Commercial Joint Stock Bank - Head office	78,128,000,000	29 April 2016	6	Land use right of land lot located at 577 Nguyen Kiem, Ward 9, Phu Nhuan District, Ho Chi Minh City; house located at 52A- 52B Nguyen Van Troi Ward 15, Phu Nhuan District, Ho Chi Minh City and building and structures located at Le Thanh Ton Street , Ben Thanh Ward , District 1, Ho Chi Minh City
Asia Commercial Joint Stock Bank - Main Transaction Office	59,001,000,000	31 December 2020	6.5	Land use right of land lot located at 16 - 17, Duong Quang Ham street, Binh Thanh District, Ho Chi Minh City
TOTAL	<u>137,129,000,000</u>			

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

18. OWNERS' EQUITY

18.1 Movements in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings	Total	VND
Previous year:								
Beginning balance	719,978,350,000	105,021,650,000	(7,090,000)	96,070,897,000	45,376,732,783	210,902,740,961	1,178,343,280,744	
Capital increase	35,992,000,000	-	-	-	-	-	35,992,000,000	
Net profit for the year	-	-	-	-	-	182,393,621,141	182,393,621,141	
Dividends declared	-	-	-	-	-	(93,597,185,500)	(93,597,185,500)	
Profit appropriation	-	-	-	30,000,000,000	11,257,421,000	(41,257,421,000)	-	
Transfer to bonus and welfare fund	-	-	-	-	-	(29,014,842,000)	(29,014,842,000)	
Ending balance	755,970,350,000	105,021,650,000	(7,090,000)	126,070,897,000	57,634,153,783	229,426,913,602	1,274,116,874,385	
Current year:								
Beginning balance	755,970,350,000	105,021,650,000	(7,090,000)	126,070,897,000	57,634,153,783	229,426,913,602	1,274,116,874,385	
Net profit for the year	-	-	-	-	-	256,701,330,299	256,701,330,299	
Dividends declared	-	-	-	-	-	(241,907,534,200)	(241,907,534,200)	
Profit appropriation	-	-	-	40,000,000,000	9,100,000,000	(49,100,000,000)	-	
Transfer to bonus and welfare fund	-	-	-	-	-	(22,200,000,000)	(22,200,000,000)	
Ending balance	755,970,350,000	105,021,650,000	(7,090,000)	166,070,897,000	66,734,153,783	172,920,709,701	1,266,710,670,484	

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

18. OWNERS' EQUITY (continued)

18.2 Capital transactions with owners and distribution of dividends

	Ending balance	VND Beginning balance
Contributed share capital		
Beginning balance	755,970,350,000	719,978,350,000
Increase	-	35,992,000,000
Ending balance	<u>755,970,350,000</u>	<u>755,970,350,000</u>
Dividends paid	241,907,534,200	93,597,185,500
Dividends declared	241,907,534,200	93,597,185,500

18.3 Shares – ordinary shares

	Ending balance	Beginning balance
	Number of shares	Number of shares
Shares authorised to be issued	75,597,035	75,597,035
Shares issued and fully paid		
<i>Ordinary shares</i>	75,597,035	75,597,035
Treasury shares		
<i>Ordinary shares</i>	(709)	(709)
Shares in circulation		
<i>Ordinary shares</i>	75,596,326	75,596,326

19. REVENUE

19.1 Revenue from sale of goods and rendering of services

	Current year	VND Previous year
Gross revenue	7,294,173,886,089	7,603,580,837,001
<i>Of which:</i>		
<i>Sale of gold, silver and jewelry</i>	7,270,771,044,287	7,582,960,165,207
<i>Sale of accessories</i>	14,722,495,005	10,455,218,391
<i>Rendering of services</i>	8,680,346,797	10,165,453,403
Less:	(96,619,065,285)	(58,042,116,925)
<i>Sale returns</i>	(15,774,625,318)	(10,229,646,146)
<i>Value added tax applying direct method</i>	(80,844,439,967)	(47,812,470,779)
Net revenue	<u>7,197,554,820,804</u>	<u>7,545,538,720,076</u>
<i>Of which:</i>		
<i>Sale of gold, silver and jewelry</i>	7,174,151,979,002	7,524,918,048,282
<i>Sale of accessories</i>	14,722,495,005	10,455,218,391
<i>Rendering of services</i>	8,680,346,797	10,165,453,403

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

19. REVENUE (continued)

19.2 Finance income

	VND	
	Current year	Previous year
Gain from disposals of its investments	35,869,675,477	-
Dividends earned	11,592,320,800	16,106,954,250
Foreign exchange gain	409,104,517	9,913,708,792
Interest income	199,617,710	340,411,037
Others	768,978	-
TOTAL	<u>48,071,487,482</u>	<u>26,361,074,079</u>

20. COSTS OF GOODS SOLD AND SERVICES RENDERED

	VND	
	Current year	Previous year
Cost of gold, silver and jewelry and services rendered	6,397,043,030,577	6,937,444,440,826
Cost of accessories	10,339,492,458	8,316,439,999
TOTAL	<u>6,407,382,523,035</u>	<u>6,945,760,880,825</u>

21. FINANCE EXPENSES

	VND	
	Current year	Previous year
Interest expense	72,826,281,233	76,079,037,263
Provision (reversal of provision) for long-term investments	12,832,323,710	(14,475,980,366)
Loss from disposal of its investment	6,772,956,000	-
Foreign exchange losses	964,406,647	530,688,195
Others	1,658,496,601	-
TOTAL	<u>95,054,464,191</u>	<u>62,133,745,092</u>

22. PRODUCTION AND OPERATING COSTS

	VND	
	Current year	Previous year
Raw materials	6,407,382,523,035	6,847,101,594,683
Labour costs	160,267,074,251	173,036,339,335
Tools and supplies	22,017,220,890	21,868,541,966
Depreciation and amortization (Notes 9 and 10)	20,878,766,466	17,256,761,738
Expenses for external services	124,581,559,240	30,494,045,800
TOTAL	<u>6,735,127,143,882</u>	<u>7,089,757,283,522</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

23. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 22% of taxable profits.

The tax returns filed by Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the separate financial statements could change at a later date upon final determination by the tax authorities.

23.1 Current CIT

The current tax payable is based on taxable profit for the year. The taxable profit of the Company for the year differs from the profit as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at balance sheet date.

A reconciliation between the profit before tax and taxable profit is presented below:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Profit before tax	326,790,601,089	240,005,185,966
<i>Adjustments:</i>		
Non-deductible expenses	3,389,314,209	3,077,002,388
Change in accrued expenses	998,238,764	1,142,984,543
Unrealised foreign exchange	-	121,085,676
Dividends earned	(11,592,320,800)	(16,106,954,250)
Estimated current taxable profit	319,585,833,262	228,239,304,323
Estimated current CIT	70,308,883,318	57,059,826,081
Adjustment for under accrual of tax from prior years	-	772,049,436
CIT payable at beginning of year	31,828,966,792	12,154,622,868
CIT paid during the year	(70,249,936,772)	(38,157,531,593)
CIT payable at end of year	31,887,913,338	31,828,966,792

23.2 Deferred CIT

The following are the deferred tax assets recognized by the Company, and the movements thereon, during the current and prior reporting year.

	VND			
	<i>Separate balance sheet</i>		<i>Separate income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Deferred tax asset				
Accrued expenses	921,462,852	701,850,324	219,612,528	190,039,273
Unrealised foreign exchange gains	-	-	-	30,271,419
TOTAL	921,462,852	701,850,324		
Net deferred income tax benefit			219,612,528	220,310,692

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

24. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the year were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>VND Amount</i>
Dong A Joint Stock Commercial Bank	Related party	Dividends received	7,699,250,000
CAO Fashion Company Limited	Subsidiary	Sale of goods	17,700,241,109
		Purchase of goods	6,702,223,600
		Lending	3,800,000,000
Dong A Land Joint Stock Company	Associate	Services rendered	6,092,656,665
PNJ Laboratory Company Limited	Subsidiary	Services rendered	398,264,997

Remuneration to members of the Board of Directors, Board of Supervision and Management:

	<i>Current year</i>	<i>Previous year</i>
Salaries and bonus	<u>8,445,600,000</u>	<u>7,352,559,205</u>

The outstanding balances due from and due to related parties as at 31 December 2014 as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>VND Receivable (Payable)</i>
Trade receivable			
CAO Fashion Company Limited	Subsidiary	Sale of goods	<u>572,499,629</u>
Other receivable			
CAO Fashion Company Limited	Subsidiary	Lending	2,979,800,000
		Dividends received	2,000,000,000
			<u>4,979,800,000</u>
Trade payable			
PNJ Laboratory Company Limited	Subsidiary	Services rendered	<u>(1,478,374,997)</u>
Other payable			
PNJ Laboratory Company Limited	Subsidiary	Borrowing	<u>(15,030,000,000)</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

25. OPERATING LEASE COMMITMENTS

The Company leases outlets under operating lease arrangements. Future rental amounts due under such operating leases after 31 December 2014 were as follows:

	<i>Ending balance</i>	<i>Beginning balance</i>
		<i>VND</i>
Within 1 year	14,095,981,829	12,631,761,029
From 1 to 5 years	34,668,159,280	30,708,159,280
Over 5 years	36,271,432,000	3,271,432,000
TOTAL	85,035,573,109	46,611,352,309

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Market risk

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

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

Interest rate risk

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate sensitivity

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

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

	<i>Increase/decrease in basis points</i>	<i>VND Effect on profit before tax</i>
Current year		
VND	+200	(2,742,580,000)
VND	-200	2,742,580,000
Previous year		
VND	+200	(2,591,660,733)
VND	-200	2,591,660,733

Foreign currency risk

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

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

No analysis on foreign currency sensitivity was performed for the year ended 31 December 2014 since the Company's exposure to foreign currency changes for all other currencies is not material.

Equity price risk

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

As at 31 December 2014, the exposure to listed and unlisted equity securities at fair value was VND 450,342,875,000 (31 December 2013: VND 492,351,908,400). A decrease of 10% in the value of the listed and unlisted securities could have an impact of approximately VND 45,034,287,500 (31 December 2013: VND 49,235,190,840) on the Company's profit before tax. An increase of 10% in the value of the listed and unlisted securities would increase Company's profit before tax by VND 45,034,287,500 (31 December 2013: VND 49,235,190,840).

Commodity price risk

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

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

Trade receivables

Customer credit risk is managed by the Company based on its established policy, procedures and control. The Company's exposure to credit risk in relation with receivables is mainly influenced by the individual characteristics of each customer. The Company mostly has cash sale which are not exposed to the credit risk.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Bank deposits

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the separate balance sheet at each reporting dates are the carrying amounts as illustrated in Note 4. The Company evaluates the concentration of credit risk in respect to bank deposit as low.

Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintaining a level of cash, cash equivalents and bank loans deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	<i>Less than 1 year</i>	<i>From 2 to 5 years</i>	<i>VND</i> <i>Total</i>
Ending balance			
Loans	1,131,686,128,041	137,129,000,000	1,268,815,128,041
Trade payables	141,440,940,445	-	141,440,940,445
Other payables and accrued expenses	45,703,893,138	-	45,703,893,138
TOTAL	1,318,830,961,624	137,129,000,000	1,455,959,961,624
Beginning balance			
Loans	925,178,526,976	129,583,036,649	1,054,761,563,625
Trade payables	103,305,627,870	-	103,305,627,870
Other payables and accrued expenses	42,324,688,737	-	42,324,688,737
TOTAL	1,070,808,843,583	129,583,036,649	1,200,391,880,232

Collateral

The Company has pledged its fixed assets, inventories and DAB shares in order to fulfil the collateral requirements for loans obtained from commercial banks (*Notes 13 and 17*).

The Company did not hold any collateral at 31 December 2014 and 31 December 2013.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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


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

28. EVENTS AFTER THE BALANCE SHEET DATE

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



Duong Quang Hai
Preparer


Dang Thi Lai
Chief Accountant
Cao Thi Ngoc Dung
General Director

28 March 2015