

PHU NHUAN JEWELRY JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS**

For the year ended 31 December 2015

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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Phu Nhuan Jewelry Joint Stock Company (the "Parent Company") and subsidiaries (the Parent Company and its subsidiaries are collectively referred to as the "Company") presents this report together with the Company's consolidated financial statements for the year ended 31 December 2015.

THE BOARDS OF MANAGEMENT AND DIRECTORS

The members of the Boards of Management and Directors of the Company who held office during the year and to the date of this report are as follows:

Board of Directors

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
Mr. Pham Quoc Cong	Member (appointed on 15 April 2015)

Board of Management

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

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Company and of its consolidated results and consolidated cash flows for the year in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Company and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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STATEMENT OF THE BOARD OF DIRECTORS (Continued)

The Board of Directors confirms that the Company has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Directors,





Cao Thị Ngọc Dung
General Director

1 March 2016

Vertical red stamp on the right margin.

No. 276 /VNIA-HC-BC

INDEPENDENT AUDITORS' REPORT

To: **The shareholders, Boards of Management and Directors of
Phu Nhuan Jewelry Joint Stock Company**

We have audited the consolidated financial statements of Phu Nhuan Jewelry Joint Stock Company and subsidiaries (the "Company"), prepared on 1 March 2016 as set out from page 5 to page 35, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of income, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements give a true and fair view of, in all material respects, the consolidated financial position of the Company as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

INDEPENDENT AUDITORS' REPORT (Continued)

Other Matter

The Company's consolidated financial statements for the year ended 31 December 2014 were reviewed and audited by another audit company whose independent auditors' report dated 30 March 2015 expressed an unqualified opinion.




Vo Thai Hoa
Audit Partner
Audit Practising Registration Certificate
No. 0138-2013-001-1
For and on behalf of
Deloitte Vietnam Company Limited
1 March 2016
Ho Chi Minh City, S.R. Vietnam



Nguyen Trong The
Auditor
Audit Practising Registration Certificate
No. 2649-2013-001-1



CONSOLIDATED BALANCE SHEET

As at 31 December 2015

FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	31/12/2015	31/12/2014
A. CURRENT ASSETS	100		2,265,184,856,056	1,817,347,382,578
I. Cash and cash equivalents	110		37,884,639,212	37,706,071,196
1. Cash	111	5	37,884,639,212	37,706,071,196
II. Short-term financial investments	120	6	65,000,000	65,000,000
1. Held-to-maturity investments	123		65,000,000	65,000,000
III. Short-term receivables	130		47,171,239,844	71,969,484,744
1. Short-term trade receivables	131	7	29,214,405,782	43,282,823,370
2. Short-term advances to suppliers	132		9,292,551,705	16,213,997,161
3. Other short-term receivables	136	8	8,138,613,714	19,358,762,187
4. Short-term doubtful debts	137		(35,327,600)	(7,787,546,259)
5. Deficits in assets awaiting solution	139	9	560,996,243	901,448,285
IV. Inventories	140	10	2,135,224,563,617	1,672,014,861,001
1. Inventories	141		2,135,224,563,617	1,672,014,861,001
V. Other short-term assets	150		44,839,413,383	35,591,965,637
1. Short-term prepayments	151	11	43,731,216,274	27,279,143,455
2. Value added tax deductibles	152		-	3,659,558,376
3. Taxes and other receivables from the State budget	153	12	1,108,197,109	4,653,263,806
B. NON-CURRENT ASSETS	200		710,104,580,011	1,011,324,758,771
I. Long-term receivables	210		21,217,170,462	13,588,573,996
1. Other long-term receivables	216	8	21,217,170,462	13,588,573,996
II. Fixed assets	220		486,102,562,173	451,729,266,255
1. Tangible fixed assets	221	13	193,732,606,001	160,479,587,999
- Cost	222		326,471,653,080	265,520,614,214
- Accumulated depreciation	223		(132,739,047,079)	(105,041,026,215)
2. Intangible assets	227	14	292,369,956,172	291,249,678,256
- Cost	228		295,745,366,571	293,121,956,571
- Accumulated amortization	229		(3,375,410,399)	(1,872,278,315)
III. Long-term assets in progress	240		6,279,408,722	739,090,200
1. Long-term construction in progress	242	15	6,279,408,722	739,090,200
IV. Long-term financial investments	250		166,666,261,924	531,799,217,588
1. Investments in associates	252	16	81,974,511,924	81,456,342,588
2. Equity investments in other entities	253	17	395,271,613,400	460,651,988,400
3. Provision for impairment of long-term financial investments	254	6	(310,579,863,400)	(10,309,113,400)
V. Other long-term assets	260		29,839,176,730	13,468,610,732
1. Long-term prepayments	261	11	27,342,224,660	12,547,147,880
2. Deferred tax assets	262	18	2,496,952,070	921,462,852
TOTAL ASSETS (270=100+200)	270		2,975,289,436,067	2,828,672,141,349

The notes set out on pages 9 to 35 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)


As at 31 December 2015

FORM B 01-DN/HN

Unit: VND

RESOURCES	Codes	31/12/2015	31/12/2014
C. LIABILITIES	300	1,580,939,890,550	1,532,149,329,780
I. Current liabilities	310	1,501,707,663,181	1,394,564,947,680
1. Short-term trade payables	311 19	191,247,911,541	143,580,370,644
2. Short-term advances from customers	312	20,139,296,256	10,577,252,253
3. Taxes and amounts payable to the State budget	313 12	30,738,737,942	45,893,557,644
4. Payables to employees	314	17,885,744,572	27,640,951,586
5. Short-term accrued expenses	315	5,022,483,042	7,218,467,510
6. Other current payables	319 20	29,031,191,004	20,701,786,581
7. Short-term loans	320 21	1,189,260,458,896	1,131,686,128,041
8. Bonus and welfare funds	322	18,381,839,928	7,266,433,421
II. Long-term liabilities	330	79,232,227,369	137,584,382,100
1. Other long-term payables	337 20	403,668,000	455,382,100
2. Long-term loans	338 22	72,388,000,000	137,129,000,000
3. Long-term provisions	342 23	6,440,559,369	-
D. EQUITY	400	1,394,349,545,517	1,296,522,811,569
I. Owners' equity	410 24	1,394,349,545,517	1,296,522,811,569
1. Owners' contributed capital	411	982,745,770,000	755,970,350,000
- Ordinary shares carrying voting rights	411a	982,745,770,000	755,970,350,000
2. Share premium	412	-	105,021,650,000
3. Treasury shares	415	(7,090,000)	(7,090,000)
4. Investment and development fund	418	219,647,610,783	232,805,050,783
5. Retained earnings	421	191,963,254,734	202,732,850,786
- Retained earnings accumulated to the prior year end	421a	39,660,441,986	37,575,928,291
- Retained earnings of the current year	421b	152,302,812,748	165,156,922,495
TOTAL RESOURCES (440=300+400)	440	2,975,289,436,067	2,828,672,141,349


Duong Quang Hai
Preparer


Dang Thi Lai
Chief Accountant



Cao Thi Ngoc Dung
General Director
1 March 2016


CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2015

FORM B 02-DN/HN
Unit: VND

ITEMS	Codes	Notes	2015	2014
1. Gross revenue from goods sold and services rendered	01		7,741,445,592,122	9,297,810,872,565
2. Deductions	02		33,092,915,485	98,592,775,013
3. Net revenue from goods sold and services rendered (10=01-02)	10	27	7,708,352,676,637	9,199,218,097,552
4. Cost of goods sold and services rendered	11	28	6,537,985,006,949	8,309,982,541,638
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,170,367,669,688	889,235,555,914
6. Financial income	21	30	1,327,860,382	18,739,496,430
7. Financial expenses	22	31	430,803,003,461	90,254,654,225
<i>In which: Interest expense</i>	23		81,048,729,469	79,682,197,799
8. Selling expenses	25	32	423,930,312,468	354,954,031,945
9. General and administration expenses	26	33	117,548,223,185	129,618,733,552
10. Operating profit (30=20+(21-22)-(25+26))	30		199,413,990,956	333,147,632,622
11. Other income	31		1,626,760,778	2,661,863,738
12. Other expenses	32		4,235,541,568	1,579,562,479
13. (Loss)/profit from other activities (40=31-32)	40		(2,608,780,790)	1,082,301,259
14. Profit from associates	45	16	518,169,336	803,613,002
15. Accounting profit before tax (50=30+40+45)	50		197,323,379,502	335,033,546,883
16. Current corporate income tax expense	51	34	46,596,055,972	79,455,050,132
17. Deferred corporate income tax	52	18	(1,575,489,218)	(293,307,944)
18. Profit after corporate income tax (60=50-51-52)	60		152,302,812,748	255,871,804,695
<i>Attributable to:</i>				
- Non-controlling interest	61		-	13,376,498,721
- The Parent Company's shareholders	62		152,302,812,748	242,495,305,974
19. Basic earnings per share	70	35	1,347	2,144


Duong Quang Hai
Preparer


Dang Thi Lai
Chief Accountant


Cao Thi Ngoc Dung
General Director
1 March 2016



CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2015

FORM B 03-DN/HN
Unit: VND

ITEMS	Codes	2015	2014
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	197,323,379,502	335,033,546,883
2. Adjustments for:			
Depreciation and amortization	02	30,451,035,779	31,011,683,393
Provisions	03	292,518,531,341	468,396,300
Foreign exchange loss arising from translating foreign currency items	04	286,018,688	-
Loss/(Gain) from investing activities	05	38,178,084,255	(16,087,701,495)
Interest expense	06	81,048,729,469	79,682,197,799
3. Operating profit before movements in working capital	08	639,805,779,034	430,108,122,880
Decrease/(Increase) in account receivables	09	31,791,940,883	(21,705,446,742)
Increase in inventories	10	(463,209,702,616)	(627,182,836,856)
Increase in account payables	11	65,513,478,444	76,335,837,103
Increase in prepaid expenses	12	(31,247,149,599)	(6,200,444,610)
Interest paid	14	(80,553,486,249)	(79,682,197,799)
Corporate income tax paid	15	(67,771,689,466)	(79,187,348,685)
Other cash outflows	17	(20,624,506,660)	(45,574,805,295)
Net cash generated by/(used in) operating activities	20	73,704,663,771	(353,089,120,004)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition of fixed assets and other long-term assets	21	(70,364,650,219)	(34,530,888,745)
2. Proceeds from disposal of fixed assets	22	301,946,364	642,272,726
3. Cash recovered from lending, selling debt instruments of other entities	24	26,152,150,000	9,149,322,084
4. Interest earned	27	230,025,045	21,718,529,735
Net cash used in investing activities	30	(43,680,528,810)	(3,020,764,200)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	4,745,829,672,583	6,042,963,679,870
2. Repayments of borrowings	34	(4,752,996,341,728)	(5,915,061,935,454)
3. Dividends paid	36	(22,678,897,800)	(241,907,534,200)
Net cash used in financing activities	40	(29,845,566,945)	(114,005,789,784)
Net increase/(decrease) in cash (50=20+30+40)	50	178,568,016	(470,115,673,988)
Cash at the beginning of the year	60	37,706,071,196	507,821,745,184
Cash at the end of the year (70=50+60)	70	37,884,639,212	37,706,071,196


Duong Quang Hai
Preparer


Dang Thi Lai
Chief Accountant



Cao Thi Ngoc Dung
General Director
1 March 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN/HN

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

I. GENERAL INFORMATION

Phu Nhuan Jewelry Joint Stock Company (the "Parent Company") was incorporated as a joint stock company under the Business Registration Certificate No. 0300521758 dated 2 January 2004 issued by the Department of Planning and Investment of Ho Chi Minh City, as amended.

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

The number of employees as at 31 December 2015 was 3,274 (as at 31 December 2014: 2,494).

Operating industry and principal activities

The Company's principal activities are to trade gold, silver, jewelry and gemstones, and to import and export jewelry in gold, silver and gemstones.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

The Company's structure

The Parent Company's head office is located at 170 Phan Dang Luu Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam. In addition, the Company also has one hundred and ninety-four (194) retail shops located in various provinces and cities in Vietnam.

As at 31 December 2015, the Company's subsidiaries and associates were:

- CAO Fashion Company Limited – Subsidiary
- PNJ Laboratory Company Limited – Subsidiary
- Dong A Land Joint Stock Company– Associate

As at 31 December 2015, the Company also had forty one (41) branches located in various provinces and cities in Vietnam, in which, the big branches were:

- Branch of Phu Nhuan Jewelry Joint Stock Company- Bien Hoa Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Hue City
- Branch of Phu Nhuan Jewelry Joint Stock Company- Vinh Long Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Nha Trang Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Da Nang Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Ha Noi Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Can Tho Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Tay Nguyen Branch

Disclosure of information comparability in the consolidated financial statements

As stated in Note 3, since 1 January 2015, the Company has adopted Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 ("Circular 200") guiding the accounting regime for enterprises and Circular No. 202/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 ("Circular 202") guiding the preparation and presentation of consolidated financial statements. Circular 200 supersedes the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. Circular 202 supersedes section XIII in Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance guiding the preparation and presentation of consolidated financial statements in accordance with Vietnamese Accounting Standard No. 25 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries". However, the adoption of such circulars does not have significant impact on the comparability of the figures in the Company's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong ("VND"), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Company's financial year begins on 1 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

New guidance on accounting regime for enterprises

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC ("Circular 200") guiding the accounting regime for enterprises and Circular No. 202/2014/TT-BTC (Circular 202) guiding the preparation and presentation of consolidated financial statements. These circulars are effective for financial years beginning on or after 1 January 2015. Circular 200 supersedes the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. Circular 202 will supersede section XIII in Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance guiding the preparation and presentation of consolidated financial statements in accordance with Vietnamese Accounting Standard No. 25 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries". The Board of Directors has adopted Circular 200 in the preparation and presentation of the consolidated financial statements for the year ended 31 December 2015.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these consolidated financial statements, are as follows:

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of Directors' best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and enterprises controlled by the Parent Company (its subsidiaries) up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Parent Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the parent's ownership interests in them. Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates

An associate is an entity over which the Parent Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Parent Company's share of the net assets of the associate. Losses of an associate in excess of the Parent Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognised.

Where a group entity transacts with an associate of the Parent Company, unrealised profits and losses are eliminated to the extent of the Parent Company's interest in the relevant associate.

Financial instruments

Initial recognition

Financial assets: At the date of initial recognition, financial assets are recognised at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Company comprise cash, trade and other receivables, deposits and financial investments.

Financial liabilities: At the date of initial recognition financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Company comprise trade and other payables, accrued expenses and borrowings.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

Cash

Cash comprise cash on hand and demand deposits.

Financial investments

Trading securities

Trading securities are those the Company holds for trading purpose. Trading securities are recognised from the date the Company obtains the ownership of those securities and initially measured at the fair value of payments made at the transaction date plus directly attributable transaction costs.

In subsequent periods, investments in trading securities are measured at cost less provision for impairment of such investments.

Provision for impairment of investments in trading securities is made in accordance with prevailing accounting regulations.

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including term deposits (commercial bills), bonds, preference shares which the issuer shall redeem at a certain date in the future, loans held to maturity to earn periodic interest and other held-to-maturity investments.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Other long-term investments

Other long-term investments are investments in other entities which the Company owns less than 20% voting rights and does not have significant influence, with maturity over 1 year. Other long-term investments are recorded at the starting date of acquisition and the initial value are determined based on the cost and other cost related to the investments. In the next fiscal years, the other long-term investments are determined at cost less the impairment of investments.

Provisions for impairment of investments

Provisions for impairment of investments in subsidiaries, joint ventures and associates are made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the consolidated balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	03 - 25
Machinery and equipment	03 - 15
Motor vehicles	04 - 10
Office equipment	03 - 08

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the consolidated income statement.

Leasing

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Intangible assets and amortisation

Intangible assets represents the value of computer software that is stated at cost less accumulated amortisation and is amortized on the straight-line basis over their estimated useful lives of 3 years.

Land use rights are recorded as an intangible asset in the consolidated balance sheet when the Company received the certificate of land use rights. The history cost of the land use rights comprises all directly attributable costs of bringing the land lot to the condition available for intended use and is not amortized because the land use rights have long usage time.

Construction in progress

Properties in the course of construction for selling, are carried at cost. Cost includes land use rights and construction cost for trade centers and stores in accordance with the Company's accounting policy. Depreciation of these assets is applied on the same basis as other assets, commences when the assets are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

Prepayments

Prepayments include short-term prepayments or long-term prepayments in the consolidated balance sheet and are amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

Long-term prepaid expenses comprise:

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

Straight bond issued

The Company issues straight bonds for long-term loan purposes to finance capital's projects. Carrying value of straight bonds is recorded on net basis, equal to bonds' nominal amount.

Borrowing costs

Interest expense includes interest and other costs incurred related to the loans of the Company and is recorded to the expenses incurred during the year.

Revenue recognition

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each period by reference to the percentage of completion of the transaction at the consolidated balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Company for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each financial year. The increase or decrease in the accrued amount shall be recorded in the income statement.

Foreign currencies

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" and Circular 200/2014/TT-BTC ("Circular 200") guiding accounting regime for enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the consolidated balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement. Unrealised exchange gains as at the consolidated balance sheet date are not treated as part of distributable profit to shareholders.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

5. CASH

	31/12/2015	31/12/2014
	VND	VND
Cash on hand	25,879,052,458	29,251,327,486
Cash in bank	9,926,639,754	6,653,427,710
Cash in transit	2,078,947,000	1,801,316,000
	<u>37,884,639,212</u>	<u>37,706,071,196</u>

As at 31 December 2014, cash equivalents which are gold are reclassified to inventories in accordance with guidance of Circular No. 200/2014/TT-BTC of the Ministry of Finance dated 22 December 2014 with an amount of VND 234,599,264,879.

6. FINANCIAL INVESTMENTS

	31/12/2015			31/12/2014		
	Cost	YND Provision	Fair value	Cost	YND Provision	Fair value
a. Held-to-maturity investments	65,000,000	-	65,000,000	65,000,000	-	65,000,000
Short-term						
- Time deposit	65,000,000	-	65,000,000	65,000,000	-	65,000,000
b. Investments in other entities						
- Investments in other entities	395,271,613,400	(310,579,863,400)	84,691,750,000	460,651,988,400	(10,309,113,400)	450,342,875,000
Dong A Joint Stock Commercial Bank	395,271,613,400	(310,579,863,400)	84,691,750,000	395,271,613,400	(10,309,113,400)	384,962,500,000
("DAB") (*)						
Su Gon M&C Real Estate Joint Stock Company	-	-	-	65,380,375,000	-	65,380,375,000
	<u>395,336,613,400</u>	<u>(310,579,863,400)</u>	<u>84,756,750,000</u>	<u>460,716,988,400</u>	<u>(10,309,113,400)</u>	<u>450,407,875,000</u>

Significant intra-group transactions during the year (Note 38).

(*) On 14 August 2015, the State Bank of Vietnam decided to put Dong A Joint Stock Commercial Bank under special control. However, the Board of Directors believes that the Company made provision for impairment of investments in this bank fully and in accordance with current accounting regulations as at the consolidated balance sheet date.

7. SHORT-TERM TRADE RECEIVABLES

	31/12/2015	31/12/2014
	VND	VND
ToTal Gaz Vietnam Limited	362,078,769	13,274,137,702
FH Trautz GmbH	6,531,852,825	4,084,326,480
Others	22,320,474,188	25,924,359,188
	<u>29,214,405,782</u>	<u>43,282,823,370</u>

8. OTHER RECEIVABLES

	31/12/2015	31/12/2014
	VND	VND
a. Short-term receivables		
- Advances to employees	1,050,979,825	644,633,055
- Others	7,087,633,889	18,714,129,132
	<u>8,138,613,714</u>	<u>19,358,762,187</u>
b. Long-term receivables		
- Long-term deposits to rent the stores	21,217,170,462	13,588,573,996
	<u>21,217,170,462</u>	<u>13,588,573,996</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

9. DEFICITS IN ASSETS AWAITING SOLUTION

	31/12/2015		31/12/2014	
	Quantity	VND Amount	Quantity	VND Amount
Gold (3,75 gram)	161.83	485,490,600	149.99	499,999,998
Others	-	75,505,643	-	401,448,287
	161.83	560,996,243	149.99	901,448,285

10. INVENTORIES

	31/12/2015 VND	31/12/2014 VND
Goods in transit	9,502,592,792	608,973,823
Raw materials	91,664,955,905	100,732,561,181
Tools and supplies	20,813,328,324	19,923,350,233
Works in progress	131,664,308,110	147,201,507,351
Finished goods	134,240,935,308	129,280,128,300
Merchandise	1,736,881,061,410	1,258,766,029,857
Goods on consignment	10,457,381,768	15,502,310,256
	2,135,224,563,617	1,672,014,861,001

As at 31 December 2015, inventories of VND 465,916,000,000 (as at 31 December 2014: VND 570,000,000,000) were used as collateral for short-term loans obtained from commercial banks (Note 21).

11. PRREPAYMENTS

	31/12/2015 VND	31/12/2014 VND
a. Short-term prepayments		
- Stores rental	4,854,961,022	3,361,387,270
- Tools and supplies	32,298,885,139	15,041,864,775
- Others	6,577,370,113	8,875,891,410
	43,731,216,274	27,279,143,455
b. Long-term prepayments		
- Office and Stores renovation cost	14,769,074,483	4,158,587,626
- Stores rental	3,341,918,467	3,198,215,073
- Tools and supplies	9,231,231,710	5,190,345,181
	27,342,224,660	12,547,147,880

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

12. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	01/01/2015	Receivable/Payable during the year	Received/Paid during the year	31/12/2015
	VND	VND	VND	VND
a. Receivables				
- Value added tax	4,525,720,813	(42,238,028,172)	38,595,803,733	883,496,374
- Import-export tax	53,542,993	(5,228,858,091)	5,363,199,865	187,884,767
- Others	74,000,000	(3,000,094,965)	2,962,910,933	36,815,968
	<u>4,653,263,806</u>	<u>(50,466,981,228)</u>	<u>46,921,914,531</u>	<u>1,108,197,109</u>
b. Payables				
- Value added tax	12,952,051,210	125,536,247,521	(119,661,326,281)	18,826,972,450
- Corporate income tax	32,257,181,576	46,551,388,848	(67,771,689,466)	11,036,880,958
- Personal income tax	684,324,858	8,542,584,405	(8,352,024,729)	874,884,534
- Others	-	523,721,605	(523,721,605)	-
	<u>45,893,557,644</u>	<u>181,153,942,379</u>	<u>(196,308,762,081)</u>	<u>30,738,737,942</u>

13. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Total
	VND	VND	VND	VND	VND
COST					
As at 01/01/2015	120,558,292,982	116,999,453,354	17,525,413,917	10,437,453,961	265,520,614,214
Additions	4,888,027,522	34,843,593,288	17,925,929,887	4,543,371,000	62,200,921,697
Disposals	-	-	(704,949,195)	(544,933,636)	(1,249,882,831)
As at 31/12/2015	<u>125,446,320,504</u>	<u>151,843,046,642</u>	<u>34,746,394,609</u>	<u>14,435,891,325</u>	<u>326,471,653,080</u>
ACCUMULATED DEPRECIATION					
As at 01/01/2015	16,299,405,457	70,228,330,298	13,423,856,718	5,089,433,742	105,041,026,215
Charge for the year	5,306,503,177	15,318,148,789	7,299,515,685	1,023,736,044	28,947,903,695
Disposals	-	-	(704,949,195)	(544,933,636)	(1,249,882,831)
As at 31/12/2015	<u>21,605,908,634</u>	<u>85,546,479,087</u>	<u>20,018,423,208</u>	<u>5,568,236,150</u>	<u>132,739,047,079</u>
NET BOOK VALUE					
As at 31/12/2015	<u>103,840,411,870</u>	<u>66,296,567,555</u>	<u>14,727,971,401</u>	<u>8,867,655,175</u>	<u>193,732,606,001</u>
As at 01/01/2015	<u>104,258,887,525</u>	<u>46,771,123,056</u>	<u>4,101,557,199</u>	<u>5,348,020,219</u>	<u>160,479,587,999</u>

The cost of tangible fixed assets as at 31 December 2015 comprises fully depreciated fixed assets which are still in use with the total amount of VND 61,407,021,450 (as at 31 December 2014: VND 45,923,225,781).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

14. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Total VND
COST			
As at 01/01/2015	285,183,268,988	7,938,687,583	293,121,956,571
Additions	2,623,410,000	-	2,623,410,000
As at 31/12/2015	<u>287,806,678,988</u>	<u>7,938,687,583</u>	<u>295,745,366,571</u>
ACCUMULATED AMORTIZATION			
As at 01/01/2015	-	1,872,278,315	1,872,278,315
Charge for the year	-	1,503,132,084	1,503,132,084
As at 31/12/2015	-	<u>3,375,410,399</u>	<u>3,375,410,399</u>
NET BOOK VALUE			
As at 31/12/2015	<u>287,806,678,988</u>	<u>4,563,277,184</u>	<u>292,369,956,172</u>
As at 01/01/2015	<u>285,183,268,988</u>	<u>6,066,409,268</u>	<u>291,249,678,256</u>

As presented in Note 21 and 22, the value of land use rights used as collateral for the loans in commercial banks as at 31 December 2015 is VND 106,543,452,000 (as at 31 December 2014: VND 106,543,452,000).

The cost of intangible assets as at 31 December 2015 comprises fully depreciated fixed assets which are still in use with the total amount of VND 1,112,471,613 (as at 31 December 2014: Nil).

15. CONSTRUCTION IN PROGRESS

	31/12/2015 VND	31/12/2014 VND
Store at Sunrise city mall	5,540,318,522	-
Construction expense of stores	739,090,200	739,090,200
	<u>6,279,408,722</u>	<u>739,090,200</u>

16. INVESTMENTS IN ASSOCIATES

	31/12/2015 VND	31/12/2014 VND
Investments in associates	91,866,300,000	91,866,300,000
Share of post-acquisition loss	(9,891,788,076)	(10,409,957,412)
	<u>81,974,511,924</u>	<u>81,456,342,588</u>

Dong A Land Joint Stock Company ("DAL") was established in Ho Chi Minh City with the charter capital of VND 300,000,000,000 according to the Business Registration Certificate No. 4103001739 issued by the Department of Planning and Investment of Ho Chi Minh City dated 24 July 2003. Total equity of the Company is VND 91,866,300,000, equivalent to 30.62% of total capital. The principal activities of DAL are providing design services, project management, building service, providing advisory services and real estate agents, business and home decoration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

Summary of financial information about associates is as follow:

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
Total assets	1,191,136,152,238	1,128,023,303,265
Total liabilities	915,363,429,773	856,081,601,592
Net assets	<u>275,772,722,465</u>	<u>271,941,701,673</u>
Parent Company's share of associates' net assets	<u>84,441,607,619</u>	<u>83,268,549,052</u>
	2015	2014
	<u>VND</u>	<u>VND</u>
Net revenue	42,611,150,530	104,623,587,893
Net profit	1,692,141,742	2,624,470,941
Parent Company's share of associates' net profit	518,169,336	803,613,002

17. EQUITY INVESTMENTS IN OTHER ENTITIES

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
Dong A Joint Stock Commercial Bank ("DAB")	395,271,613,400	395,271,613,400
Sai Gon M&C Real Estate Joint Stock Company	-	65,380,375,000
	<u>395,271,613,400</u>	<u>460,651,988,400</u>

Detailed information about these companies as at 31 December 2015 was as follow:

Company name	Place of Incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity
Dong A Joint Stock Commercial Bank ("DAB")	Ho Chi Minh City	7.0	7.0	Business operations related to financial activities, banking

18. DEFERRED TAX

The deferred tax assets recorded by the Company and changes of these items in this year and prior years are as follow:

	Accruals and other provisions <u>VND</u>
As at 1 January 2014	628,154,908
Credit to the income statement	<u>293,307,944</u>
As at 31 December 2014	921,462,852
Credit to the income statement	<u>1,575,489,218</u>
As at 31 December 2015	<u>2,496,952,070</u>

PHU NHUAN JEWELRY JOINT STOCK COMPANY

 170 Phan Dang Luu Street, Ward 3, Phu Nhuan District
 Ho Chi Minh City, S.R. Vietnam

Consolidated financial statements
 For the year ended 31 December 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

19. SHORT-TERM TRADE PAYABLES

	31/12/2015		31/12/2014	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Forte Jewellery (HK) Limited Company	13,580,648,775	13,580,648,775	18,437,084,070	18,437,084,070
Sherenuj Fareast Limited Company	12,596,607,000	12,596,607,000	-	-
Other suppliers	165,070,655,766	165,070,655,766	125,143,286,574	125,143,286,574
	191,247,911,541	191,247,911,541	143,580,370,644	143,580,370,644

20. OTHER PAYABLES

	31/12/2015 VND	31/12/2014 VND
a. Current payables	29,031,191,004	20,701,786,581
- Surpluses in assets awaiting solution	666,637,223	-
- Trade union fee	2,679,311,205	4,912,336,783
- Social insurance	8,131,384	-
- Health insurance	309,565	198,471,280
- Unemployment insurance	615,766	272,373,838
- Payables to Board of Management fund	803,029,644	804,402,000
- Payables to Board of Directors fund	6,071,220,092	6,653,120,092
- Payables to Trade union fund	4,241,530,139	4,276,739,004
- Dividends payable	8,318,214,645	18,824,540
- Others	6,242,191,341	3,565,519,044
b. Long-term payables	403,668,000	455,382,100
- Others	403,668,000	455,382,100
	29,434,859,004	21,157,168,681

21. SHORT-TERM LOANS

	01/01/2015		In the year		31/12/2015	
	VND	VND Amount able to be paid off	VND	VND	VND	VND Amount able to be paid off
	Amount	Amount	Increase	Decrease	Amount	Amount
Asia Commercial Joint Stock Bank	208,300,000,000	208,300,000,000	210,000,000,000	(418,300,000,000)	-	-
Vietnam Joint Stock Commercial Bank for Industry and Trade	138,437,320,647	138,437,320,647	392,148,577,691	(499,613,904,338)	31,800,000,000	31,800,000,000
Joint Stock Company Bank for Foreign Trade	122,893,085,681	122,893,085,681	745,451,352,067	(886,396,789,833)	278,947,647,853	278,947,647,853
Southeast Asia Commercial Joint Stock Bank	90,000,000,000	90,000,000,000	490,000,000,000	(440,000,000,000)	100,000,000,000	100,000,000,000
Petrolres Group Commercial Joint Stock Bank	70,000,000,000	70,000,000,000	480,000,000,000	(470,000,000,000)	-	-
CTDC Bank Company Limited - Ho Chi Minh Branch	63,000,000,000	63,000,000,000	197,668,000,000	(193,000,000,000)	63,669,000,000	63,669,000,000
Shoibank Vietnam Limited	60,000,000,000	60,000,000,000	240,000,000,000	(240,000,000,000)	60,000,000,000	60,000,000,000
Military Commercial Joint Stock Bank	30,293,013,713	30,293,013,713	326,569,133,731	(286,694,637,938)	66,267,589,526	66,267,589,526
Ho Chi Minh City Housing Development Commercial Joint Stock Bank	15,900,000,000	15,900,000,000	341,460,000,000	(337,360,000,000)	-	-
Vietnam Prosperity Joint Stock Commercial Bank	15,385,000,000	15,385,000,000	80,000,000,000	(95,385,000,000)	-	-
Vietnam International Commercial Joint Stock Bank	-	-	86,133,607,619	(86,133,607,619)	-	-
Vietnam Asian Commercial Joint Stock Bank	-	-	100,000,000,000	(100,000,000,000)	-	-
ANZ Bank (Vietnam) Limited	-	-	165,579,800,000	(165,579,800,000)	-	-
Great Commercial Joint Stock Bank	-	-	300,000,000,000	-	300,000,000,000	300,000,000,000
Other individuals	317,316,702,000	317,316,702,000	431,804,201,513	(483,548,602,000)	265,572,301,513	265,572,301,513
Current portion of bond liabilities (see Note 22)	10,645,000,000	10,645,000,000	22,516,000,000	(13,737,000,000)	20,304,000,000	20,304,000,000
	1,131,686,128,041	1,131,686,128,041	4,485,445,672,982	(4,431,771,341,728)	1,189,268,458,876	1,189,268,458,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

Details of short-term loans at commercial banks with floating interest rates to accommodate the Company's working capital are presented as follows:

Bank name	31/12/2015 VND	Maturity date	Interest % p.a	Collateral
Vietnam Joint Stock Commercial Bank for Industry and Trade	31,000,000,000	From 4 February 2016 to 5 February 2016	5.0	Inventories
Joint Stock Company Bank for Foreign trade	279,947,647,855	From 7 March 2016 to 28 June 2016	5.5	Unsecured Loan
Southeast Asia Commercial Joint Stock Bank	100,000,000,000	From 8 March 2016 to 25 March 2016	7.0	Inventories, Land use rights and land-based assets at 123 Hung Vuong, Hai Chau II Ward, Hai Chau District, Da Nang
CTBC Bank Company Limited - Ho Chi Minh Branch	65,669,000,000	From 19 April 2016 to 24 May 2016	6.0 - 6.4	Inventories with the value up to USD 2,000,000
Shinhan Bank Vietnam Limited	60,000,000,000	From 20 January 2016 to 2 March 2016	5.3 - 5.6	Inventories
Military Commercial Joint Stock Bank	60,267,509,526	From 9 January 2016 to 29 February 2016	5.0	Unsecured Loan
Orient Commercial Joint Stock Bank	300,000,000,000	12 November 2016	8.5	The Company's Stock (*)
Other individuals	265,572,301,515	From 31 December 2015 to 30 December 2016	3.0-9.0	Unsecured Loan
Current portion of long-term loans	26,804,000,000			
	<u>1,189,260,458,896</u>			

(*) At 9 November 2015, the Company entered into the contract with Orient Commercial Joint Stock Bank ("OCB") relating to the issue of 300,000 bonds at par value (1,000,000/bond) to restructure the short-term loan and invest in the expansion of the Company's stores with 14,530,017 the Company's stocks as collateral. The period of the bond is 01 year from 12 November 2015 to 12 November 2016 with fixed interest rate at 8.5% per annum. The shares are pledged by the Company including 9,498,714 PNJ shares of Ms. Cao Thi Ngoc Dung - General Director, 623,996 PNJ shares of Ms. Nguyen Thi Cuc - Deputy General Director, 748,800 PNJ shares of Mr. Le Huu Hanh - Deputy General Director, 1,610,106 PNJ shares of PNJ Trade Union and 2,048,401 PNJ shares of Ms. Pham Thuy Lan Anh - Shareholder.

22. LONG-TERM LOANS

	01/01/2015		In the year		31/12/2015	
	VND	VND	VND	VND	VND	VND
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
Dong A Joint Stock Commercial Bank	78,128,000,000	78,128,000,000	34,710,000,000	(86,468,000,000)	26,370,000,000	26,370,000,000
Asia Commercial Joint Stock Bank	59,001,000,000	59,001,000,000	215,774,000,000	(228,757,000,000)	46,018,000,000	46,018,000,000
Other individuals	-	-	6,000,000,000	(6,000,000,000)	-	-
	<u>137,129,000,000</u>	<u>137,129,000,000</u>	<u>256,484,000,000</u>	<u>(321,225,000,000)</u>	<u>72,388,000,000</u>	<u>72,388,000,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

Terms and conditions of the loans and other long-term debt balance are detailed as follows:

	31/12/2015	Interest %	Maturity date	Collateral
Dong A Joint Stock Commercial Bank	41,660,000,000	6%	2020	Land use rights and land-based assets at 52A+52B Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City (HCMC); 159A Phan Dang Lau, Phu Nhuan District, HCMC; 577 Nguyen Kiem, Phu Nhuan District, HCMC; 174 Le Thanh Ton, District 1, HCMC
Asia Commercial Joint Stock Bank	57,532,000,000	8.2%	2,017	Land use rights at 16-18 and 24/2 Thu Khoa Huan Street, District 1, Ho Chi Minh City

In which:

Current portion of long-term liabilities	(26,804,000,000)
	<u>72,388,000,000</u>

Long-term liabilities are redeemable as the following schedule:

	31/12/2015 VND	31/12/2014 VND
On demand or within one year	26,804,000,000	10,045,000,000
In the second year	28,194,000,000	78,128,000,000
In the third to fifth year inclusive	44,194,000,000	59,001,000,000
	<u>99,192,000,000</u>	<u>147,174,000,000</u>
Less: Amount due for settlement within 12 months (shown under Note 21)	26,804,000,000	10,045,000,000
Amount due for settlement after 12 months	<u>72,388,000,000</u>	<u>137,129,000,000</u>

23. LONG-TERM PROVISIONS

Long-term provision was the severance allowance for employees accrued at the end of each reporting period for all employees who have worked at the Company before 31 December 2008.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

24. OWNERS' EQUITY

Movement in shareholder' equity

	Owners' contributed capital VND	Share premium	Treasury shares VND	Investment and development fund VND	Retained earnings VND	Total VND
Balance as at 01/01/2014	755,970,350,000	105,021,650,000	(7,090,000)	183,705,050,783	273,530,620,443	1,318,220,581,226
Profit for the year	-	-	-	-	242,495,305,974	242,495,305,974
Dividends declared	-	-	-	-	(151,192,652,000)	(151,192,652,000)
Advanced 1st time dividends	-	-	-	-	(90,714,882,200)	(90,714,882,200)
Profit appropriation	-	-	-	49,100,000,000	(49,100,000,000)	-
Transfer to bonus and welfare funds	-	-	-	-	(22,285,541,431)	(22,285,541,431)
Balance as at 01/01/2015	755,970,350,000	105,021,650,000	(7,090,000)	232,805,050,783	202,732,850,786	1,296,522,811,569
Capital increase	226,775,420,000	(105,021,650,000)	-	(46,157,440,000)	(75,596,330,000)	-
Profit for the year	-	-	-	-	152,302,812,748	152,302,812,748
Dividend declared	-	-	-	-	(22,678,897,800)	(22,678,897,800)
Profit appropriation	-	-	-	33,000,000,000	(33,000,000,000)	-
Transfer to bonus and welfare funds	-	-	-	-	(26,797,181,000)	(26,797,181,000)
Other profit appropriation	-	-	-	-	(5,000,000,000)	(5,000,000,000)
Balance as at 31/12/2015	982,745,770,000	-	(7,090,000)	219,647,610,783	191,963,254,734	1,394,349,545,517

According to the Resolution of the Annual General Meeting of Shareholders No. 544/2015/NQ-ĐHĐCĐ-CTY dated 15 April 2015, the Shareholders approved the plan to distribute 2014 profit as below:

- 2014 dividends of VND 188,990,819,000 including VND 90,714,882,200 advanced in 2014, VND 75,596,330,000 paid by bonus shares and VND 22,678,897,800 paid in cash. The declared dividends were paid in cash with an amount of VND 22,678,897,800 during the year.

- Distribution to Investment and development fund, bonus and welfare funds, and other funds with the amounts of VND 33,000,000,000; VND 26,797,181,000, VND 5,000,000 respectively.

- The Shareholders also approved the issuance plan of 22,677,542 additional shares, in which 7,559,633 shares equivalent to VND 75,596,330,000 were used to pay dividends in 2014 and 15,119,265 shares equivalent to VND 151,192,650,000 were from owner's equity.

As at 31 December 2015, the Company completed increasing the owners' equity. The increase in capital was approved by Ho Chi Minh City Stock Exchange under Decision No. 288/QĐ-SGDHCM dated 17 July 2015.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

Shares - Ordinary shares

	31/12/2015	31/12/2014
	Number of shares	Number of shares
Shares issued and fully paid	98,274,577	75,597,035
<i>Ordinary shares</i>	98,274,577	75,597,035
Treasury shares	(709)	(709)
<i>Ordinary shares</i>	(709)	(709)
Shares in circulation	98,273,868	75,596,326
<i>Ordinary shares</i>	<u>98,273,868</u>	<u>75,596,326</u>

An ordinary share has par value of VND 10,000.

Owners' contributed capital

As at 31 December 2015, the owners' contributed capital was fully contributed by the shareholders as follows:

	Per Business Registration Certificate		Contributed capital	
	VND	%	31/12/2015 USD	31/12/2014 VND equivalent
Cao Thi Ngoc Dung	99,667,140,000	10.14%	99,667,140,000	76,667,040,000
Nguyen Thi Cuc	9,424,960,000	0.96%	9,424,960,000	7,249,980,000
Nguyen Vu Phan	8,969,960,000	0.91%	8,969,960,000	6,899,980,000
Other shareholders	864,683,710,000	87.99%	864,683,710,000	665,153,350,000
	<u>982,745,770,000</u>	<u>100%</u>	<u>982,745,770,000</u>	<u>755,970,350,000</u>

25. OFF BALANCE SHEET ITEMS

Foreign currencies:

	Unit	31/12/2015	31/12/2014
United States Dollar	USD	68,831	8,382
Australia Dollar	AUD	519	30,006
Singapore Dollar	SGD	174	-

Consignment goods for sale, goods held under trust, pledged, mortgaged goods

Phu Nhuan Jewelry Joint Stock Company is receiving the pledged, mortgaged gold jewelry and precious stones at 31 December 2015 with the value of VND 3,302,900,000 (as at 31 December 2014: VND 2,554,300,000).

Bad debts written off

During the year, the Board of Directors has evaluated the recoverability and written off bad debts following:

	2015 VND
Ho Van My	
Bui Minh Ky	4,247,179,715
Others	662,043,053
	<u>4,909,222,768</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

26. BUSINESS AND GEOGRAPHICAL SEGMENTS

The principal activity of the Company is to trade gold, silver, jewelry and gemstones. Additionally, the other activities mainly are trading accessories, jewellery inspection services. Revenue from the other operating activities merely accounts for an immaterial rate in the total revenue. For the year ended 31 December 2015, it is 1% (2014: 26%). Revenue and cost of sales from operating activities are presented in Note 27 and Note 28 of the Notes to the consolidated financial statements. In respect of geographical segments, the Company merely operates within Vietnam (export activities take up about 0.03% of total revenue). Accordingly, the Board of Directors assessed and believed that no segment reporting in the consolidated financial statements for the year ended 31 December 2015 was in accordance with Vietnamese Accounting Standard No. 28 - "Segment Reporting" and the Company's current operating situation.

27. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	2015	2014
	VND	VND
Sales of goods, silver and jewelry	7,823,457,981,256	7,293,513,471,782
Sales of fuel	-	1,968,961,904,427
Rendering services	23,491,258,304	20,613,001,351
Sales of accessories	19,285,807,269	14,722,495,005
Value added tax applying direct method	(124,789,454,707)	(82,202,300,786)
	<u>7,741,445,592,122</u>	<u>9,215,608,571,779</u>
Sales returned	(33,092,915,485)	(16,390,474,227)
	<u>7,708,352,676,637</u>	<u>9,199,218,097,552</u>

28. COST OF GOODS SOLD AND SERVICES RENDERED

	2015	2014
	VND	VND
Cost of goods, silver and jewelry	6,520,722,575,159	6,406,635,018,755
Cost of fuel	-	1,889,614,030,755
Cost of services rendered	4,027,952,554	3,393,999,670
Cost of accessories	13,234,479,236	10,339,492,458
	<u>6,537,985,006,949</u>	<u>8,309,982,541,638</u>

29. PRODUCTION AND OPERATING COST BY NATURE

	2015	2014
	VND	VND
Raw materials	5,944,441,220,235	8,318,149,954,817
Labour cost	374,547,137,576	196,647,826,741
Depreciation and amortisation	30,451,035,779	31,011,683,393
Outside services expenses	54,414,467,861	45,085,470,406
Other monetary expenses	103,729,636,789	7,691,926,404
Other monetary expenses	208,487,688,397	95,544,835,189
	<u>6,716,071,186,637</u>	<u>8,694,131,696,950</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

30. FINANCIAL INCOME

	2015	2014
	<u>VND</u>	<u>VND</u>
Dividends received	-	8,422,164,000
Interest income	230,025,045	9,907,458,935
Realized foreign exchange gain	1,081,780,830	409,104,517
Others	16,054,507	768,978
	<u>1,327,860,382</u>	<u>18,739,496,430</u>

31. FINANCIAL EXPENSE

	2015	2014
	<u>VND</u>	<u>VND</u>
Interest expense	81,048,729,469	79,682,197,799
Provision for impairment of investments	300,270,750,000	7,949,553,178
Loss from disposal of investments	39,228,225,000	-
Foreign exchange loss	9,253,442,646	964,406,647
Others	1,001,856,346	1,658,496,601
	<u>430,803,003,461</u>	<u>90,254,654,225</u>

32. SELLING EXPENSE

	2015	2014
	<u>VND</u>	<u>VND</u>
Management materials	21,656,836,175	10,290,686,002
Management staff	180,521,472,970	141,725,007,574
Office supplies	28,524,688,354	19,952,029,634
Depreciation and amortisation	4,039,449,304	3,174,188,316
Out-sourced services	93,457,335,542	92,462,542,845
Other monetary expenses	95,730,530,123	87,349,577,574
	<u>423,930,312,468</u>	<u>354,954,031,945</u>

33. GENERAL AND ADMINATION EXPENSE

	2015	2014
	<u>VND</u>	<u>VND</u>
Management materials	134,424,660	120,760,100
Management staff	66,302,994,075	68,719,031,778
Office supplies	5,294,172,298	4,970,040,568
Depreciation and amortisation	10,300,718,453	5,967,671,880
Taxes , fees and charges	260,977,200	167,344,953
Out-sourced services	5,627,138,663	4,073,426,517
Other monetary expenses	29,627,797,836	45,600,457,756
	<u>117,548,223,185</u>	<u>129,618,733,552</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

34. CURRENT CORPORATE INCOME TAX EXPENSE

	2015	2014
	VND	VND
Corporate income tax expense		
Corporate income tax based on taxable profit in the current period	46,596,055,972	79,455,050,132
	<u>46,596,055,972</u>	<u>79,455,050,132</u>
Deferred corporate income tax expense		
Deferred corporate income tax expense incurred from taxable temporary differences	(1,575,489,218)	(293,307,944)
	<u>(1,575,489,218)</u>	<u>(293,307,944)</u>

The Company is obliged to pay corporate income tax at the rate of 22% of its assessable income.

35. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the data as below and the certain reclassification has been made to the prior year's figures in accordance with the guidance of Circular 200 to enhance their comparability with the current year's presentation:

	2015	2014
	VND	VND
Earnings for the purposes of calculating basic earnings per share	152,302,812,748	242,495,305,974
Estimated management bonus and welfare fund; funds for Board of Management	(19,970,696,275)	(31,797,181,000)
Earnings for the purpose of calculating basic earnings per share	<u>132,332,116,473</u>	<u>210,698,124,974</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	98,273,868	98,273,868
Basis earnings per share	<u>1,347</u>	<u>2,144</u>

In 2015, the Company has issued 22,677,542 shares, increased owners' capital from retained earnings led to a retrospective adjustment to the weighted average number of ordinary shares of the year ended 31 December 2014 as following:

	Weighted average number of ordinary
Under the financial statements for the year ended 31 Decemebr 2014	75,596,326
Change of increasing shares from retained earnings of previous year	22,677,542
Adjusted amount	98,273,868

36. OPERATING LEASE COMMITMENTS

	2015	2014
	VND	VND
Minimum lease payments under operating leases recognised in the consolidated income statement for the year	68,388,253,744	37,340,047,682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

At the consolidated balance sheet date, the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
Within one year	61,519,354,281	50,895,130,269
In the second to fifth year inclusive	162,681,151,732	120,774,255,680
After five years	84,933,286,000	61,506,640,000
	<u>309,133,792,013</u>	<u>233,176,025,949</u>

Operating lease mainly includes rental related to 194 stores which are currently operating in Vietnam.

37. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as disclosed in Note 21 and 22, offset by cash) and shareholders' equity (comprising owners' contributed capital, reserves and retained earnings).

Gearing ratio

The gearing ratio of the Company as at the consolidated balance sheet date was as follows:

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
Borrowings	1,261,648,458,896	1,268,815,128,041
Less: Cash	(37,884,639,212)	(37,706,071,196)
Net debt	<u>1,223,763,819,684</u>	<u>1,231,109,056,845</u>
Equity	<u>1,394,349,545,517</u>	<u>1,296,522,811,569</u>
Net debt to equity ratio	<u>0.88</u>	<u>0.95</u>

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

Categories of financial instruments

	Carrying amounts	
	31/12/2015	31/12/2014
	VND	VND
Financial assets		
Cash	37,884,639,212	37,706,071,196
Trade and other receivables	37,317,691,896	54,854,039,298
Short-term financial investments	65,000,000	65,000,000
Long-term financial investments	84,691,750,000	450,342,875,000
Deposits	21,217,170,462	13,588,573,996
	181,176,251,570	556,556,559,490
Financial liabilities		
Borrowings	1,261,648,458,896	1,268,815,128,041
Trade and other payables	212,364,555,900	164,718,714,785
Accrued expenses	5,022,483,042	7,218,467,510
	1,479,035,497,838	1,440,752,310,336

The Company has not assessed fair value of its financial assets and liabilities as at the consolidated balance sheet date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company does not hedge these risk exposures due to the lack of active market for the trading activities of financial instruments.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Assets		Liabilities	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
United States Dollar (USD)	11,531,962,091	10,281,528,188	27,715,094,254	124,890,783,407
Australia Dollar (AUD)	17,660	543,430,896	1,469,232,815	543,153,309
Hong Kong Dollar (HKD)	-	2,825,400	-	-
Euro (EUR)	817,969,786	1,200,157,800	258,738,849	34,954,365,219
Singapore Dollar (SGD)	2,900,352	-	-	-

Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollar and Euro.

The sensitivity rate used when analyzing foreign currency sensitivity is 5% which is assessed to have significant effect on monetary items denominated in foreign currency at the year end by the Board of Directors.

For a 5% increase/decrease in the USD and EUR against VND, the profit before tax for the year ended 31 December 2015 would have decreased/increased by the amounts of VND 781,617,144 (2014: VND 7,418,017,982) respectively.

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analysing market competition to enjoy favourable interest rates from appropriate lenders.

Interest rate sensitivity

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented in the following table. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Company's profit before tax for the year ended 31 December 2015 would have decreased/increased by VND 19,352,969,178 (2014: VND 25,376,302,560).

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

31/12/2015	Less than 1 year VND	From 1- 5 years VND	Total VND
Cash	37,884,639,212	-	37,884,639,212
Trade and other receivables	37,317,691,896	-	37,317,691,896
Short-term financial investments	65,000,000	-	65,000,000
Long-term financial investments	-	84,691,750,000	84,691,750,000
Deposits	-	21,217,170,462	21,217,170,462
	75,267,331,108	105,908,920,462	181,176,251,570
Borrowings	1,189,260,458,896	72,388,000,000	1,261,648,458,896
Trade and other payables	211,960,887,900	403,668,000	212,364,555,900
Accrued expenses	5,022,483,042	-	5,022,483,042
	1,406,243,829,838	72,791,668,000	1,479,035,497,838
Net liquidity gap	(1,330,976,498,730)	33,117,252,462	(1,297,859,246,268)
31/12/2014	Less than 1 year VND	From 1- 5 years VND	Total VND
Cash	37,706,071,196	-	37,706,071,196
Trade and other receivables	54,854,039,298	-	54,854,039,298
Short-term financial investments	65,000,000	-	65,000,000
Long-term financial investments	-	450,342,875,000	450,342,875,000
Deposits	-	13,588,573,996	13,588,573,996
	92,625,110,494	463,931,448,996	556,556,559,490
Borrowings	1,131,686,128,041	137,129,000,000	1,268,815,128,041
Trade and other payables	164,263,332,685	455,382,100	164,718,714,785
Accrued expenses	7,218,467,510	-	7,218,467,510
	1,303,167,928,236	137,584,382,100	1,440,752,310,336
Net liquidity gap	(1,210,542,817,742)	326,347,066,896	(884,195,750,846)

The Board of Directors assessed the liquidity risk at low level because the Company has a quantity of inventories of gold and jewelry with a high value and high liquidity. The Board of Directors believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

38. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Related parties</u>	<u>Relationship</u>
Dong A Land Joint Stock Company	Associate
Dong A Joint Stock Commercial Bank	Related party

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

During the year, the Company entered into the following significant transactions with its related parties:

	2015	2014
	<u>VND</u>	<u>VND</u>
Purchase of goods and services		
Dong A Joint Stock Commercial Bank	423,080,075	436,992,956
Dong A Land Joint Stock Company	<u>3,499,947,727</u>	<u>5,313,662,665</u>
Dividends received		
Dong A Joint Stock Commercial Bank	<u>-</u>	<u>7,699,250,000</u>
Purchase of land use rights		
Dong A Joint Stock Commercial Bank	<u>6,500,000,000</u>	<u>-</u>

Significant related party balances as at the consolidated balance sheet date were as follows:

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
Short-term trade payable		
Dong A Land Joint Stock Company	<u>-</u>	<u>204,864,518</u>
Long-term loan		
Dong A Joint Stock Commercial Bank	<u>41,660,000,000</u>	<u>78,128,000,000</u>

Remuneration paid to the Company's Board of Directors and Board of Management during the year was as follows:

	2015	2014
	<u>VND</u>	<u>VND</u>
Salaries and bonus	<u>7,314,937,003</u>	<u>8,445,600,000</u>

39. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Interest paid includes an amount of VND 3,751,936,495, representing the interest expense incurred in 2014 and excludes VND 4,247,179,715, representing the interest expense incurred during the year that has not yet been paid. Consequently, increase in accounts payable have been adjusted by the same amount.

Cash outflows for dividends during the year include VND 22,678,897,800, representing the dividends incurred in 2014 and exclude VND 75,596,330,000, representing dividends incurred in the year used to increase the capital.

40. COMPARATIVE FIGURES

As stated in Note 3, since 1 January 2015, the Company has adopted Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 ("Circular 200") guiding the accounting regime for enterprises and Circular No. 202/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 ("Circular 202") guiding the preparation and presentation of consolidated financial statements. Accordingly, certain figures of the consolidated balance sheet, the consolidated income statement and consolidated cash flow statement of the previous year are reclassified to be adopted to be comparability of the figures of the current year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

CONSOLIDATED BALANCE SHEET

ASSETS	Codes	Reported amount as at 31/12/2014	Reclassification under Circular 200	Amount after reclassification as at 31/12/2014
A - CURRENT ASSETS	100	2,166,580,633,869	-	2,166,580,633,869
I. Cash and cash equivalents	110	234,599,264,879	(234,599,264,879)	-
1. Cash equivalents	112	234,599,264,879	(234,599,264,879)	-
II. Short-term financial investment	120	-	65,000,000	65,000,000
1. Held-to-maturity investments	123	-	65,000,000	65,000,000
III. Short-term receivables	130	19,615,577,417	644,633,055	20,260,210,472
1. Other receivables (*)	136	19,615,577,417	(256,815,230)	19,358,762,187
2. Deficits in assets awaiting solution	139	-	901,448,285	901,448,285
IV. Inventories	140	1,437,415,596,122	234,599,264,879	1,672,014,861,001
1. Inventories	141	1,437,415,596,122	234,599,264,879	1,672,014,861,001
V. Other short-term assets	150	14,233,207,051	(14,233,207,051)	-
1. Other short term assets (*)	155	14,233,207,051	(14,233,207,051)	-
B - NON-CURRENT ASSETS	200	-	13,588,573,996	13,588,573,996
I. Long-term receivables	210	-	13,588,573,996	13,588,573,996
1. Other long-term receivables	216	-	13,588,573,996	13,588,573,996
II. Long-term financial investments	250	460,716,988,400	(65,000,000)	460,651,988,400
1. Equity investments in other entities	253	460,716,988,400	(65,000,000)	460,651,988,400
RESOURCES				
C - LIABILITIES	300	1,269,998,653,409	-	1,268,815,128,041
I. Current liabilities	310	1,131,686,128,041	-	1,131,686,128,041
1. Short-term loans and liabilities (*)	311	1,131,686,128,041	(1,131,686,128,041)	-
2. Short-term loans	320	-	1,131,686,128,041	1,131,686,128,041
II. Long-term liabilities	330	138,312,525,368	-	137,129,000,000
1. Long-term loans and liabilities (*)	337	137,129,000,000	(137,129,000,000)	-
2. Long-term loans (*)	338	-	137,129,000,000	137,129,000,000
D - EQUITY	400	232,805,050,783	-	232,805,050,783
I. Owners' equity	410	232,805,050,783	-	232,805,050,783
1. Financial reserve fund	415	66,734,153,783	(66,734,153,783)	-
2. Investment and development fund	418	166,070,897,000	66,734,153,783	232,805,050,783

(*) These items were disclosed in the consolidated financial statements for the year ended 31 December 2014 under different codes from those in the consolidated financial statements for the year ended 31 December 2015.

CONSOLIDATED INCOME STATEMENT

ITEMS	Codes	Reported amount year ended 2014	Reclassification under Circular 200	Amount after reclassification for 2014
Other income	31	2,668,838,792	(6,975,054)	2,661,863,738
Other expenses	32	1,586,537,533	(6,975,054)	1,579,562,479
Basic earnings per share	70	3,208	(1,064)	2,144



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN
 These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

	Codes	Reported amount for 2014	Reclassification under Circular 200	Amount after reclassification for 2014
I. CASH FLOWS FROM OPERATING ACTIVITIES				
Increase in receivables	09	7,375,121,156	(29,080,567,898)	(21,705,446,742)
Increase in inventories	10	(200,616,510,016)	(426,566,326,840)	(627,182,836,856)
Other cash outflows	17	(16,901,659,736)	(28,673,145,559)	(45,574,805,295)
<i>Net cash used in operating activities</i>	20	<i>(89,466,539,837)</i>	<i>(263,622,580,167)</i>	<i>(353,089,120,004)</i>
Net decrease in cash	50	(35,309,851,585)	(434,805,822,403)	(470,115,673,988)
Cash at the beginning of the year	60	507,821,745,184	-	507,821,745,184
Cash at the end of the year	70	472,511,893,599	(434,805,822,403)	37,706,071,196



Duong Quang Hai
Preparer



Dang Thi Lai
Chief Accountant



Cao Thi Ngoc Dung
General Director
1 March 2016