

Consolidated Interim Financial Statements Q2.2019
30 June 2019

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CONSOLIDATED INTERIM BALANCE SHEET
30 June 2019

COMPANY

Phu Nhuan Jewelry Joint Stock Company (the "Company") was incorporated in Vietnam, under the Business Registration Certificate No. 0300521758 issued by the Department of Planning and Investment of Ho Chi Minh City on 2 January 2004, and amended Business Registration Certificates.

The Company has been listed on the Ho Chi Minh Stock Exchange ("HOSE") with PNJ code since 23 March 2019 pursuant to Decision No.129/DKNY issued by the General Director of HOSE on 26 December 2008.

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

The Company's head office is located at 170E Phan Dang Luu Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam.

THE BOARD OF DIRECTORS

Members of the Board of Directors of the Company during the period and as of the date of this report are as follow:

Ms. Cao Thi Ngoc Dung	Chairwoman	
Mr. Le Tri Thong	Vice Chairman	
Mrs. Pham Thi My Hanh	Member	
Mrs. Pham Vu Thanh Giang	Member	
Mrs. Huynh Thi Xuan Lien	Member	
Mr. Le Huu Hanh	Member	
Mr. Le Quang Phuc	Member	
Mr. Robert Alan Willett	Member	
Mrs. Dang Thi Lai	Member	Appointed on 20 April 2019

BOARD OF SUPERVISORS

Members of the Board of Supervisors of the Company during the period and as of the date of this report are as follow:

Mr. Nguyen Thanh Du	Head of Board of Supervisors
Ms. Nguyen Ngoc Hue	Member
Mr. Le Anh Duc	Member

BOARD OF MANAGEMENT

Members of the Board of Management of the Company during the period and as of the date of this report are as follow:

Mr. Le Tri Thong	General Director
Mrs. Dang Thi Lai	Chief of Finance – Operation Officer
Ms. Tran Thi Thu Ha	Director of Retail Division
Mr. Phan Nguyen Hoai Anh	Acting Director of Marketing Division
Mr. Nguyen Hoang Chau	Director of Supply Division
Mr. Dao Trung Kien	Chief Strategy Officer
Mr. Nguyen Ngoc Tran	Director of Information Technology Division
Mr. Nguyen Anh Hung	Director of Human Resources
Mr. Duong Quang Hai	Chief Accountant

LEGAL REPRESENTATIVE

The legal representative of the Group during the period and at the date of this report is Mr. Le Tri Thong.

CONSOLIDATED INTERIM BALANCE SHEET
30 June 2019

	ITEMS	Code	Notes	30/06/2019	31/12/2018
A	CURRENT ASSETS	100		5,334,241,444,101	5,405,256,600,641
I	Cash and cash equivalents	110		121,615,518,832	206,721,179,629
1	Cash	111		121,615,518,832	206,721,179,629
III	Current accounts receivable	130		220,781,075,435	155,196,257,825
1	Trade receivables	131		93,607,825,028	57,664,060,443
2	Advances to suppliers	132		113,793,516,156	57,981,679,202
3	Other receivables	136		12,171,646,528	39,159,008,338
4	Shortage of assets pending resolution	139		1,208,087,723	391,509,842
IV	Inventories	140		4,931,535,481,045	4,968,145,942,990
1	Inventories	141		4,931,535,481,045	4,968,145,942,990
V	Other current assets	150		60,309,368,789	75,193,220,197
1	Short-term prepaid expenses	151		52,797,830,421	68,191,416,708
2	Value added tax deductibles	152		3,502,561,606	625,511,019
3	Tax and other receivables from the State	153		4,008,976,762	6,376,292,470
B	NON-CURRENT ASSETS	200		1,193,267,841,816	1,032,638,955,963
I	Non-current receivables	210		61,170,071,942	57,498,444,869
1	Other non-current receivables	216		61,170,071,942	57,498,444,869
II	Fixed assets	220		810,221,547,394	719,287,274,744
1	Tangible fixed assets	221		234,654,045,036	225,960,569,846
	- Cost	222		482,613,637,347	454,178,423,940
	- Accumulated depreciation (*)	223		(247,959,592,311)	(228,217,854,094)
2	Intangible fixed assets	227		575,567,502,358	493,326,704,898
	- Cost	228		588,089,021,903	499,937,407,873
	- Accumulated depreciation (*)	229		(12,521,519,545)	(6,610,702,975)
IV	Non-current assets in progress	240		113,703,064,788	70,822,681,154
1	Construction in progress	242		113,703,064,788	70,822,681,154
V	Long-term investments	250		-	-
1	Other long-term investments	253		395,271,613,400	395,271,613,400
2	Provision for long-term investment	254		(395,271,613,400)	(395,271,613,400)
VI	Other long-term assets	260		208,173,157,692	185,030,555,196
1	Long-term prepaid expenses	261		122,821,332,854	99,678,730,358
2	Deferred tax assets	262		85,351,824,838	85,351,824,838
	TOTAL ASSETS	270		6,527,509,285,917	6,437,895,556,604

CONSOLIDATED INTERIM BALANCE SHEET

30 June 2019

C	LIABILITIES	300	2,434,975,251,465	2,692,822,128,700
I	Current liabilities	310	2,423,437,465,465	2,677,317,785,700
1	Trade payables	311	306,699,640,324	342,676,925,196
2	Advances from customers	312	81,603,564,435	82,798,544,221
3	Statutory obligations	313	132,280,576,545	153,579,308,096
4	Payables to employees	314	199,871,808,348	228,337,052,181
5	Accrued expenses	315	40,345,318,145	10,833,940,595
6	Other payables	319	114,553,967,182	237,629,562,960
7	Short-term loans	320	1,447,517,973,488	1,558,482,498,026
8	Bonus and welfare fund	322	100,564,616,998	62,979,954,425
II	Non-current liabilities	330	11,537,786,000	15,504,343,000
1	Other long-term liabilities	337	476,006,000	628,026,000
2	Long-term loans	338	7,400,000,000	7,800,000,000
3	Provision for long-term payables	342	3,661,780,000	7,076,317,000
D	EQUITY	400	4,092,534,034,452	3,745,073,427,904
I	Owner's equity	410	4,092,534,034,452	3,745,073,427,904
1	Owner's contributed capital	411	2,226,679,600,000	1,670,029,820,000
2	Share premium	412	925,397,862,458	925,397,862,458
3	Treasury shares	415	(7,090,000)	(7,090,000)
4	Investment and development fund	418	313,083,556,918	265,087,556,918
5	Retained earnings	421	627,380,105,076	884,565,278,528
	Retained earnings accumulated to prior year e	421a	29,482,225,528	98,780,546,381
	Retained earnings of the current period	421b	597,897,879,548	785,784,732,147
	TOTAL RESOURCES	440	6,527,509,285,917	6,437,895,556,604



Nguyen Thanh Dat
Preparer

19 July 2019



Duong Quang Hai
Chief Accountant



Le Tri Thong
General Director

Phu Nhuan Jewelry Joint Stock Company

Form B02-DN/HN

CONSOLIDATED INTERIM INCOME STATEMENT
For Quarter 2 period ended on 30 June 2019

ITEMS	Code	Notes	Q2.2019	Q2.2018	ACCUMULATED 2019	ACCUMULATED 2018
Gross revenue from sale of goods and services rendered	01		2,983,350,469,961	3,238,175,968,274	7,803,948,750,343	7,404,764,251,653
Deductions	02		21,521,889,924	20,736,205,018	58,628,580,610	47,871,374,868
Net revenue from sale of goods and services rendered	10		2,961,828,580,037	3,217,439,763,256	7,745,320,169,733	7,356,892,876,785
Costs of goods sold and services rendered	11		2,326,094,975,065	2,634,537,690,306	6,060,232,792,320	6,003,968,291,312
Gross profit from sale of goods and services rendered	20		635,733,604,972	582,902,072,950	1,685,087,377,413	1,352,924,585,473
Financial incomes	21		28,063,167	188,751,093	1,062,765,652	6,182,926,390
Financial expenses	22		22,265,531,891	13,733,866,715	46,581,719,141	27,717,358,799
<i>In which: interest expense</i>	23		21,364,384,129	11,225,839,714	45,374,540,773	24,778,970,412
Selling expenses	25		286,944,355,915	268,913,495,241	654,128,331,826	550,508,946,512
General and administrative expenses	26		116,157,993,501	73,696,045,394	231,776,575,552	134,302,229,445
Operating profit	30		210,393,786,832	226,747,416,693	753,663,516,546	646,578,977,107
Other income	31		254,365,224	1,263,333,256	2,585,082,778	2,320,906,096
Other expense	32		581,168,885	476,223,461	2,943,571,721	610,842,365
Other profit	40		(326,803,661)	787,109,795	(358,488,943)	1,710,063,731
Accounting profit before tax	50		210,066,983,171	227,534,526,488	753,305,027,603	648,289,040,838
Current corporate income tax	51		40,915,418,903	47,098,259,383	155,407,148,055	131,592,513,299
Net profit after corporate income tax	60		169,151,564,268	180,436,267,105	597,897,879,548	516,696,527,539
Earning per share	70		760	1,035	2,685	2,963



Nguyen Thanh Dat
Preparer

19 July 2019




Le Thi Thong
General Director

CONSOLIDATED INTERIM CASH FLOW STATEMENT
For six months period ended on 30 June 2019

STT	ITEMS	Codes	CURRENT YEAR	PREVIOUS YEAR
I	Cash flows from operating activities			
1	Profit before tax	01	753,305,027,603	420,754,514,350
2	Adjustment for		-	
	- Depreciation and amortization	02	25,652,554,778	9,947,182,144
	- Profit (loss) from investing activities	05	(1,039,705,920)	(5,894,368,533)
	- Interest expense	06	45,808,726,620	13,553,130,698
3	Operating profit before changes in working capital	08	823,726,603,081	438,360,458,659
	- Increase/Decrease in receivables	09	(109,709,935,532)	(12,071,458,695)
	- Increase/Decrease in inventories	10	36,610,461,945	(206,016,316,402)
	- Increase/Decrease in payables (Exclude interest paid, corporate income tax paid)	11	(185,892,247,338)	40,949,743,548
	- Increase/Decrease in prepaid expenses	12	(5,594,673,604)	(4,082,007,882)
	- Interest paid	14	(44,681,670,091)	(13,621,293,461)
	- Corporate income tax paid	15	(169,297,358,474)	(87,145,313,529)
	- Other receipts from operating activities	16	-	-
	- Other payments from operating activities	17	(10,772,444,771)	(1,082,640,170)
	Net cash flows (used in) from operating activities	20	334,388,735,216	155,291,172,068
II	Cash flows from investing activities			
1	Acquisition and construction of fixed assets	21	(148,372,248,567)	(216,476,458,811)
2	Proceeds from sale, disposals of fixed assets	22	504,565,816	100,000,000
3	Cash recovered from lending, selling debt instrument	24	-	160,000,000,000
4	Interest earned and dividends received	27	1,039,705,920	5,894,368,533
	Net cash flows (used in) from investing activities	30	(146,827,976,831)	(50,482,090,278)
III	Cash flows from financing activities			
1	Proceeds from borrowings	33	2,322,430,380,335	1,147,089,495,620
2	Repayments of borrowings	34	(2,433,737,453,247)	(1,261,451,068,707)
3	Dividend paid	36	(161,359,346,270)	(83,756,116,880)
	Net cash flows (used in) from financing activities	40	(272,666,419,182)	(198,117,689,967)
	Net decrease in cash and cash equivalents	50	(85,105,660,797)	(93,308,608,177)
	Cash and cash equivalents at beginning of period	60	206,721,179,629	175,208,552,187
	Cash and cash equivalents at ending of period	70	121,615,518,832	81,899,944,010



Nguyen Thanh Dat
Preparer



Duong Quang Hai
Chief Accountant




Le Tri Thong
General Director

19 July 2019

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For Quarter 2 period ended on 30 June 2019

I. CORPORATE INFORMATION

Phu Nhuan Jewelry Joint Stock Company (the "Company") was incorporated in Vietnam, under the Business Registration Certificate No. 0300521758 issued by the Department of Planning and Investment of Ho Chi Minh City on 2 January 2004, and adjusted Business Registration Certificate.

The Company has been listed on the Ho Chi Minh Stock Exchange since 23 March 2019 pursuant to Decision No.129/DKNY issued by the General Director of HOSE on 26 December 2008.

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

The Company's head office is located at 170E Phan Dang Luu Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam. In addition, the Company also has 354 stores in different provinces and cities in Vietnam.

The number of employees as of 30 June 2019 was 6,300 (as at 31 December 2018: 6,018).

Corporate structure: The Company has 4 subsidiaries, as follows:

1. CAO Fine Jewelry Company Limited (CAF) owned 100% by PNJ, 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 head office is located at 170E, Phan Dang Luu Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam

2. PNJ Laboratory Company Limited (PNJL) owned 100% by PNJ, 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 head office is located at 168A, Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam.

3. PNJ Production and Trading Jewelry Company Limited (PNJP) owned 100% by PNJ, the Business Registration Certificate No.0315018466 issued by the Department of Planning and Investment of Ho Chi Minh City on 28 April 2018. PNJP's head office is located at No.23 Street 14, Ward 5, Go Vap District, HCMC.

4. Customer Era Company Limited (CECL) owned 100% by PNJ, the Business Registration Certificate No.0315018547 issued by the Department of Planning and Investment of Ho Chi Minh City on 28 April 2018. CECL's head office is located at 170E, Phan Dang Luu Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam.

II. BASIS OF PREPARATION

2.1 Applied Accounting standards and system

The consolidated financial statements of the Company and its subsidiaries ("the Group") are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards (VAS):

- ▶ 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);

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For Quarter 2 period ended on 30 June 2019

- ▶ 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)

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

2.2 Fiscal year

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

2.2 Accounting currency

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the period of 2Q2019 ended 30 June 2019.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the Company and its subsidiaries used for consolidation are prepared for the same fiscal year and use consistent accounting policies.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full.

Minority interests represent the portion of profit or loss and net assets of subsidiaries not held by the Group and are presented separately in the consolidated income statement and within the equity portion of the shareholders of the parent company on the consolidated balance sheet.

III. CHANGES OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and notes.

In addition to continue to apply Vietnam Accounting Standard No. 10 - Effects of changes in foreign exchange rates ("VAS 10") as in the previous year. The Group implemented Circular No. 179/2012 / TT-BTC regulations on recognition, assessment, treatment differences in the exchange rate set by the Ministry of Finance now issued October 24, 2012 ("Circular 179").

According to Circular 179, at the end of the year, the assets and liabilities denominated in foreign currencies are converted into VND at the bid rate of the commercial banks where the Group opened the account

3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, cash in transit, short-term, highly liquid investments with an original maturity of less than three months that are

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For Quarter 2 period ended on 30 June 2019

readily convertible into known amounts of cash and that are not subject to an insignificant risk of change in value.

3.3 *Receivables*

Receivables are presented in the consolidated 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 at the end of fiscal year. Increases and decreases to the provision balance are recorded as general and administrative expense in reporting period.

3.4 *Inventories*

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

Net reliable value represents the estimated selling price of inventories 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 labor 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 Group, based on appropriate evidence of impairment available at the end of fiscal year.

3.5 *Fixed assets*

Tangible and intangible fixed assets are stated at cost less accumulated depreciation or 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 consolidated income statement as incurred.

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

Land use rights

Land use right is recorded as an intangible fixed asset on the consolidated balance sheet when the Company obtained the land use right certificates. The costs of land use right

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For Quarter 2 period ended on 30 June 2019

comprise all directly attributable costs of bringing the land lot to the condition available for intended use.

The Group does not amortize the value of land use rights.

3.6 Depreciation and amortization

Depreciation of tangible fixed assets and amortization of intangible fixed assets are calculated on a straight-line method 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 lives 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.

3.7 Borrowing costs

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

3.8 Prepayment expenses

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

The following types of expenses are recorded as long-term prepaid expense and are amortized to the consolidated 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 consolidated income statement over 2 to 3 years.

3.9 Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment and is amortized over a 10-year year. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For Quarter 2 period ended on 30 June 2019

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3.10. *Investments in securities and other investments*

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

3.11 *Payables and accruals*

Payables and accrued expenses are recognized for future amounts paid in respect of goods and services received regardless of whether the Group has received the supplier's invoice.

3.12 *Payable Provisions*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event it is probable that an outflow resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation.

3.13 *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 Group's own equity instruments.

3.14 *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 Group's Charter and Vietnam's regulatory requirements.

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

▶ Investment and development funds

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

▶ Bonus and welfare funds

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 consolidated balance sheet.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For Quarter 2 period ended on 30 June 2019

3.15 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group 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 recognized:

Sale of goods

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

Services rendered

Revenue is recognized when the service has been rendered.

Interest

Revenue is recognized as the interest accrues (taking into account the profits that the asset brings) unless collectability is in doubt.

Dividends

Income is recognized when the Group's entitlement as an investor to receive the dividend is established.

3.18 Taxation

Other taxes are applied in accordance with applicable tax laws in Vietnam.

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, based on the tax rates and tax laws that are enacted as at the balance sheet date.

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 interim financial reporting purposes.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For Quarter 2 period ended on 30 June 2019

IV. EVENTS AND SIGNIFICANT TRANSACTIONS

1. CASH AND CASH EQUIVALENTS

	30/06/2019	31/12/2018
Cash on hand	46,717,908,411	96,206,858,391
Cash at banks	65,322,934,387	102,660,788,350
Cash in transit	9,574,676,034	7,853,532,888
TOTAL	121,615,518,832	206,721,179,629

2. FINANCIAL INVESTMENT

Long-term investments

_Dong A Bank JSC (EAB)	395,271,613,400	395,271,613,400
_Provision for long-term investments (EAB) (*)	(395,271,613,400)	(395,271,613,400)
TOTAL	-	-

(*) As at 31 March 2019, Dong A Joint Stock Commercial Bank was still under special control by State Bank of Vietnam and shares are not transferable.

The "Group" holds 38,496,250 EAB shares corresponding EAB ownership ratio (ratio of voting rights) is 7.69%

3. SHORT-TERM TRADE RECEIVABLES

	30/06/2019	31/12/2018
FH Trautz GmbH	6,608,412,405	5,954,125,254
Công ty DC&D	8,400,696,376	3,820,943,012
AEON Binh Duong	1,822,161,273	2,235,409,000
Diamond Le Duan	2,786,147,392	2,646,242,511
Crescent Mall Q7	530,073,495	3,856,285,842
AEON Tan Phu	2,545,798,507	2,179,563,041
Pinaco JSC	-	11,728,226,112
Others	70,914,535,580	25,243,265,671
TOTAL	93,607,825,028	57,664,060,443

According to the cooperation agreement, the Shopping Mall will collect the proceeds from the sale of goods and repay to PNJ periodically.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For Quarter 2 period ended on 30 June 2019

4. OTHER RECEIVABLES

	30/06/2019	31/12/2018
a. Current		
_Advance to employees	5,657,453,262	29,038,158,837
_Others	6,514,193,266	10,120,849,501
TOTAL	12,171,646,528	39,159,008,338
a. Non-current		
_Deposit for long-term renting stores	61,170,071,942	57,498,444,869
TOTAL	61,170,071,942	57,498,444,869

5. INVENTORIES

	30/06/2019	31/12/2018
Goods in transit	15,779,262,328	174,543,310,840
Raw materials	239,277,366,924	87,899,638,302
Tools and supplies	45,200,230,099	44,576,286,366
Work in Process	104,820,884,662	1,011,126,019,888
Finished goods	2,816,970,462,837	397,322,929,019
Merchandise goods	1,709,487,274,195	3,165,377,043,067
Goods on consignment	-	87,300,715,508
TOTAL	4,931,535,481,045	4,968,145,942,990

Inventories valued at VND 1,506,916,000,000 were used as collateral for short-term loans at commercial banks (Note number 9).

6. REPAYMENTS**CURRENT**

	30/06/2019	31/12/2018
Tools and supplies	10,401,199,421	36,385,614,710
Stores rental	21,084,844,992	17,859,143,517
Uniform expense	6,428,415,039	6,453,705,433
Office and store renovation expenses	3,568,131,028	3,273,294,102
Others	11,315,239,941	4,219,658,946
TOTAL	52,797,830,421	68,191,416,708

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For Quarter 2 period ended on 30 June 2019**NON – CURRENT**

	30/06/2019	31/12/2018
Tools and supplies	64,600,183,767	55,351,914,816
Stores rental	6,137,423,464	2,772,280,000
Office and store renovation expenses	42,897,088,297	38,119,567,939
Others	9,186,637,326	3,434,967,603
TOTAL	<u>122,821,332,854</u>	<u>99,678,730,358</u>

Phu Nhuan Jewelry Joint Stock Company

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For Quarter 2 period ended on 30 June 2019

7. FIXED ASSETS

7.1 TANGIBLE FIXED ASSETS

ITEMS	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
Cost:					
31/12/2018	138,832,225,224	222,217,340,475	29,574,730,396	63,554,127,854	454,178,423,949
Additions	14,709,243,422	11,084,976,291	3,189,230,900	3,211,196,834	32,194,647,447
Disposal	-	(3,401,674,717)	-	(357,759,332)	(3,759,434,049)
30/06/2019	153,541,468,646	229,900,642,049	32,763,961,296	66,407,565,356	482,613,637,347
In which,					
Assets are fully depreciated	523,216,400	74,343,135,019	1,852,235,826	11,453,776,449	88,172,363,694
Accumulated depreciation:					
31/12/2018	(37,446,777,758)	(140,666,697,668)	(10,529,670,803)	(39,574,707,865)	(228,217,854,094)
Depreciation for the year	(3,797,853,527)	(13,721,703,431)	(1,873,254,181)	(3,846,836,904)	(23,239,648,043)
Disposal	-	3,288,826,042	-	209,083,784	3,497,909,826
30/06/2019	(41,244,631,285)	(151,099,575,057)	(12,402,924,984)	(43,212,460,985)	(247,959,592,311)
Net carrying amount					
31/12/2018	101,385,447,466	81,550,642,807	19,045,059,593	23,979,419,989	225,960,569,855
30/06/2019	112,296,837,361	78,801,066,992	20,361,036,312	23,195,104,371	234,654,045,036

Buildings and machineries are used as collaterals to obtain loans from commercial banks (Note number 9).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For Quarter 2 ended on 30 June 2019

7.2 INTANGIBLE FIXED ASSETS

ITEMS	<i>Indefinite land and use rights</i>	<i>Computer software</i>	<i>Total</i>
Cost:			
31/12/2018	459,177,157,290	40,760,250,583	499,937,407,873
Additions	-	88,151,614,030	88,151,614,030
Disposal	-	-	-
30/06/2019	459,177,157,290	128,911,864,613	588,089,021,903
In which,			
Assets are fully depreciated		252,034,613	252,034,613
Accumulated depreciation:			
31/12/2018	-	(6,610,702,975)	(6,610,702,975)
Depreciation for the year	-	(5,910,816,570)	(5,910,816,570)
Disposal	-	-	-
30/06/2019	-	(12,521,519,545)	(12,521,519,545)
Net carrying amount			
31/12/2018	459,177,157,290	34,149,547,608	493,326,704,898
30/06/2019	459,177,157,290	116,390,345,068	575,567,502,358

8. CONSTRUCTION IN PROCESS

	30/06/2019	31/12/2018
Shop House Vincom -Thanh HOa	9,468,078,966	9,468,078,966
ERP Project	-	56,023,422,424
Land use rights at Di An - Binh Duong	26,137,767,250	-
577 Nguyen Kiem	2,012,000,000	2,012,000,000
268 Hung Vuong, Da Nang	75,880,204,082	-
Others	205,014,490	3,319,179,764
TOTAL	113,703,064,788	70,822,681,154

9. LOANS AND FINANCIAL LEASING

	30/06/2019	31/12/2018
a.Current		
Loans from comercial bank	1,323,275,397,204	1,435,473,895,742
Loans from individuals	120,542,576,284	119,308,602,284
Current portion of long-term liabilities	3,700,000,000	3,700,000,000
TOTAL	1,447,517,973,488	1,558,482,498,026
b.Non-current		
Loans from comercial bank	7,400,000,000	7,400,000,000
Loans from individuals	-	400,000,000
TOTAL	7,400,000,000	7,800,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For Quarter 2 ended on 30 June 2019

Details of short-term loans:

BANK	AMOUNT	MATURITY	INTEREST RATE	COLLATERAL
SHORT-TERM LOANS IN VND	1.323.275.397.204			
CTBC Bank Co.,Ltd - HCMC Branch	61.133.561.626	From 19/09/2019 to 26/10/2019	6,3%	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade	343.673.738.715	From 23/11/2019 to 27/12/2019	7,0%	Inventories
Shinhan Bank Vietnam Limited	79.990.000.000	From 11/07/2019 to 19/12/2019	6,0%	Unsecured
JSC Bank for Foreign Trade of Vietnam	270.649.027.351	From 29/04/2019 to 21/06/2019	6,3%	House: 46 Ngo Quyen street, 359 Phan Chu Trinh street, 461 Phan Chu Trinh-Tam Ky city
Bank for Investment and Development of Vietnam JSC - Hoc Mon Branch	153.000.000.000	From 08/07/2019 to 21/12/2019	6,75%	Inventories
Military Commercial Joint Stock Bank	33.818.456.657	From 06/10/2019 to 28/10/2019	6,3%	Unsecured
Southeast Asia Commercial Joint Stock Bank	181.500.000.000	From 08/07/2019 to 28/09/2019	6,5%	House at: 123 Hung Vuong, Da Nang and inventories
Petrolimex Commercial Joint Stock Bank	199.510.612.855	From 12/07/2019 to 22/08/2019	7,0%	Unsecured
INDIVIDUAL LOANS	120.542.576.284		7,6%	Unsecured
CURRENT PORTION OF LONG-TERM LIABILITIES	3.700.000.000			
SHORT-TERM LOANS IN VND	1.447.517.973.488			

Details of long-term loans:

BANK	AMOUNT	MATURITY DATE	INTEREST RATE	COLLATERAL
LONG-TERM LOANS IN VND	11,100,000,000			
Vietnam bank for Agriculture and Rural Development	11,100,000,000	22/01/2021	9.5%	House at PG1-05 Vincom Can Tho
<i>In which: Current portion of long-term liabilities</i>	<i>3,700,000,000</i>			
Vietnam bank for Agriculture and Rural Development - Branch 4	3,700,000,000			
TOTAL LONG-TERM LOANS	7,400,000,000			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For Quarter 2 ended on 30 June 2019**10. SHORT – TERM TRADE PAYABLES**

	30/06/2019	31/12/2018
Forte Jewellery (HK)	-	43,363,695,805
Quang Vinh Nguyen Import - Export Co.,Ltd	2,019,547,777	4,441,946,777
Shrenuj Fareast Company	34,848,575,011	123,175,663,382
PT KINARA GILANG	7,232,410,949	-
PT LOTUS LINGGA PRATAMA	12,983,588,211	-
METALOR TECHNOLOGIES	9,377,590,880	-
Dong A Bank	2,633,976,167	-
Thanh Thuy Co.,Ltd	2,439,078,800	-
TIANJIN MINGHANG BEAUTY	2,307,238,000	-
CTY TNHH XNK LÂM TRẦN	2,905,419,000	-
CTY TNHH WATCH ME	3,617,318,221	-
KIM HONG JEWELER	8,578,450,940	-
NGOC THANH PRIVATE COMPANY	5,006,676,403	-
SAI GON PRECIOUS METAL JSC	2,304,950,000	-
HOANG CONG DU	4,299,220,385	-
Others	206,145,599,580	171,695,619,232
TOTAL	306,699,640,324	342,676,925,196

11. TAXES AND OTHER RECEIVABLES FROM PAYABLES TO THE STATE BUDGET**2Q2019**

	Opening period	Receivable/Payable in the period	Received/Paid in the period	Closing period
a.Receivables				
Valued added tax from import	155,172,196	18,055,689,255	16,082,927,808	2,127,933,643
Deductible value added tax	2,192,126,318	3,531,228,400	2,220,793,112	3,502,561,606
Import - Export tax	1,826,944,615	1,567,047,100	1,513,948,596	1,880,043,119
Others	-	1,000,000	-	1,000,000
TOTAL	4,174,243,129	23,154,964,755	19,817,669,516	7,511,538,368
b.Payable				
Valued added tax	54,337,281,665	70,453,059,913	92,225,149,723	32,565,191,855
Corporate income tax	128,099,426,788	40,938,062,903	78,854,499,930	90,182,989,761
Personal income tax	8,223,877,514	9,227,385,607	13,609,107,089	3,842,156,032
Others	5,930,863,426	166,508,596	407,133,125	5,690,238,897
TOTAL	196,591,449,393	120,785,017,019	185,095,889,867	132,280,576,545

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For Quarter 2 ended on 30 June 2019**12. OTHER PAYABLES**

	30/06/2019	31/12/2018
a.Current		
_Trade Union fees	16,148,328,740	14,296,566,119
_Bonus of the Board of Management and the Board of Directors	16,007,175,752	9,792,723,602
_Payable to Board of Directors and Board of Management Fund	6,834,449,568	119,439,568
_Payable to Board of Management Fund	1,048,908,517	1,105,901,517
_Payable to Trade Union Fund	3,727,321,510	3,742,056,787
_PIT payable on behalf of shareholders	4,531,133,392	4,531,133,392
_Dividend payable	6,660,761,835	4,744,192,345
_Tuan Ngan Jewelry Private Company	23,622,469,009	2,162,198,919
_Saigon Precious Metal JSC	19,916,922,194	6,344,026,859
_Sakura Co.,Ltd	1,983,969,723	-
_Others	14,072,526,942	190,791,323,852
TOTAL	<u>114,553,967,182</u>	<u>237,629,562,960</u>
b.Non-current		
_Deposit for store rental	476,006,000	628,026,000
TOTAL	<u>476,006,000</u>	<u>628,026,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For Quarter 2 ended on 30 June 2019

13. OWNER'S EQUITY

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Opening balance of the previous period	1,081,020,340,000	876,761,282,458	(7,090,000)	220,087,556,918	850,740,825,086	3,028,602,914,462
Capital increase	589,009,480,000	48,636,580,000	-	-	(540,372,900,000)	97,273,160,000
Profit for the year	-	-	-	-	959,923,347,147	959,923,347,147
Dividend declared	-	-	-	-	(270,239,940,000)	(270,239,940,000)
Profit appropriation	-	-	-	45,000,000,000	(115,486,053,705)	(70,486,053,705)
<i>_ Investment and development fund</i>	-	-	-	45,000,000,000	(45,000,000,000)	-
<i>_ Transfer to bonus and welfare fund</i>	-	-	-	-	(36,664,053,705)	(36,664,053,705)
<i>_ Board of Directors fund</i>	-	-	-	-	(33,822,000,000)	(33,822,000,000)
Closing balance of the previous period	1,670,029,820,000	925,397,862,458	(7,090,000)	265,087,556,918	884,565,278,528	3,745,073,427,904
Capital increase (*)	556,649,780,000	-	-	-	(556,649,780,000)	-
Net profit for the period	-	-	-	-	597,897,879,548	597,897,879,548
Dividend declared (**)	-	-	-	-	(167,002,273,000)	(167,002,273,000)
Profit appropriation	-	-	-	47,996,000,000	(131,431,000,000)	(83,435,000,000)
<i>_ Investment and development fund</i>	-	-	-	47,996,000,000	(47,996,000,000)	-
<i>_ Transfer to bonus and welfare fund</i>	-	-	-	-	(47,996,000,000)	(47,996,000,000)
<i>_ Board of Directors and Board of Management fund</i>	-	-	-	-	(35,439,000,000)	(35,439,000,000)
Closing balance of the period	2,226,679,600,000	925,397,862,458	(7,090,000)	313,083,556,918	627,380,105,076	4,092,534,034,452

(*) Increase charter capital from owner equity under Resolution No. 353/2019 / QD-HDQT-CTY dated 19/06/2019

(**) On January 14, 2019, PNJ paid 2th cash dividend for 2018 (8%/share)

(**) On June 4, 2019, PNJ paid 3rd cash dividend for 2018 (2%/share)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For Quarter 2 ended on 30 June 2019

14. REVENUE**14.1 Revenue from goods sold and services rendered**

	Q2.2019	Q2.2018
Gross revenue, in which	2.983.350.469.961	3.238.175.968.274
<i>Sale of gold, silver and jewelry</i>	2.957.334.618.438	3.222.486.810.421
<i>Sale of other goods</i>	12.823.452.157	4.776.221.260
<i>Rendering services</i>	13.192.399.366	10.912.936.593
Goods returned	21.521.889.924	20.736.205.018
Net revenue, in which	2.961.828.580.037	3.217.439.763.256
<i>Sale of gold, silver and jewelry</i>	2.935.812.728.514	3.201.750.605.403
<i>Sale of other goods</i>	12.823.452.157	4.776.221.260
<i>Rendering services</i>	13.192.399.366	10.912.936.593

14.2 Financial income

	Q2.2019	Q2.2018
Interest income	2,054,358	27,592,863
Foreign exchange gain	26,008,809	161,158,230
Total	28,063,167	188,751,093

15 COST OF GOODS SOLD AND SERVICES RENDERED

	Q2.2019	Q2.2018
Cost of gold, silver and jewelry	2,316,023,191,694	2,629,228,390,573
Cost of watches, accessories	7,956,982,411	3,315,022,177
Cost of rendering services	2,114,800,960	1,994,277,556
Total	2,326,094,975,065	2,634,537,690,306

16. FINANCIAL EXPENSES

	Q2.2019	Q2.2018
Financial expense	21,339,799,466	11,225,839,714
Other financial expense	412,511,635	40,412,773
Foreign exchange loss	513,220,790	2,467,614,228
Total	22,265,531,891	13,733,866,715

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For Quarter 2 ended on 30 June 2019

17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Q2.2019	Q2.2018
Staff cost	247,855,422,967	169,625,606,840
Materials, packaging	6,321,826,143	6,548,151,715
Tools and supplies	24,899,808,034	20,965,246,765
Depreciation	8,554,263,436	3,862,702,316
Outside services	74,155,598,559	58,941,979,478
Others	41,315,430,277	82,665,853,521
	<u>403,102,349,416</u>	<u>342,609,540,635</u>

18. CORPORATE INCOME TAX

The Group has the obligation to pay corporate income tax ("CIT") at the rate of 20% 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 consolidated interim financial statements could change at a later date upon final determination by the tax authorities.

Current CIT

	Q2.2019	Q2.2018
Profit before tax	210,066,983,171	227,534,526,488
Taxable profit	204,577,094,515	235,491,296,915
Corporate income tax rate	20%	20%
Current CIT	<u>40,915,418,903</u>	<u>47,098,259,383</u>

19. OPERATING LEASE COMMITMENTS

The Group leases outlets under operating lease arrangements, Future rental amounts due under such operating leases after June 30th 2019 were as follows:

	Q2.2019	Q2.2018
Within next year	198,778,292,197	130,534,615,514
From 1 to 5 years	538,472,761,344	263,950,730,202
Over 5 year	338,545,752,620	114,761,292,610
Total	<u>1,075,796,806,161</u>	<u>509,246,638,326</u>

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For Quarter 2 ended on 30 June 2019

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.

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 Group's exposure to market risk for changes in interest rate relates primarily to the Group's loans with floating interest rates.

The Group 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.

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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

Risks due to changes in exchange rates of the Group is insignificant.

Equity price risk

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

Commodity price risk

The Group exposes to commodity price risk in relation to purchase of certain commodities. The Group 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 Group does not employ any derivative financial instruments to hedge its commodity price risk.

Credit risk

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

Trade receivables

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

Outstanding customer receivables are regularly monitored. In terms of account receivables of oversea customers, the Group is guaranteed by a third bank. For large clients, the Group considers the decline in credit quality of each customer at reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For Quarter 2 ended on 30 June 2019

Bank deposits

The Group's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed in accordance with the Group's policy. The Group evaluates the concentration of credit risk in respect to bank deposit as low.

Liquidity risk

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

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

Collateral

The Group has pledged its fixed assets, inventories in order to fulfil the collateral requirements for loans obtained from commercial banks.

The Group did not hold any collateral at 31 December 2018 and 30 June 2019.

21. FACTORS IMPACT ON BUSINESS PERFORMANCE IN Q2.2019

Total revenue achieved VND 2,983 billion, decreased by 8% compared to the same period of 2018. The factors of revenue decline are:

PNJ has focused resources to implement ERP.

Revenue of wholesales business dropped by 23% .

Demand for jewelries has seen a signal of slow down.

Total operating cost was VND 403 billion, up 18% compared to the same period due to the development strategy of the retail jewelry and watch system.

Total interest paid was VND 21.3 billion, increased by VND 10.1 billion, equivalent to 90% compared to the same period due to the increase in working capital to support manufacturing.

PNJ's consolidated business operation in H1.2019:

Net revenue: VND 7,745 billion, up 5% compared to the previous year, achieving 42% of the year plan.

Profit before tax: VND 753 billion, up 16% compared to the previous year, achieving 51% of the year plan.



Nguyen Thanh Dat
Preparer

19 July 2019



Duong Quang Hai
Chief Accountant



Le Tri Thong
General Director