

PHU NHUAN JEWELRY JOINT STOCK COMPANY

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

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PHU NHUAN JEWELRY JOINT STOCK COMPANY

CORPORATE INFORMATION

Enterprise Registration Certificate

No. 0300521758 dated 2 January 2004 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the latest (the 31st) amendment dated 11 January 2021.

Board of Directors

Mrs Cao Thi Ngoc Dung	Chairman
Mr Le Tri Thong	Vice chairman
Mr Le Huu Hanh	Member
Mr Le Quang Phuc	Member
Mrs Huynh Thi Xuan Lien	Member
Mrs Dang Thi Lai	Member
Mrs Tieu Yen Trinh	Member
Mrs Tran Phuong Ngoc Thao	Member
Mr Nguyen Tuan Hai	Independent Member

Audit Committee

Mr Le Quang Phuc	Head
Mr Nguyen Tuan Hai	Member

Board of Supervision

Mr Nguyen Thanh Du	Head
Mrs Nguyen Ngoc Hue	Member
Mr Le Anh Duc	Member

(From 17 April 2021, the General Meeting of Shareholders terminated the Board of Supervision and dismissed all members of the Board of Supervision. Also, the Group established an Audit Committee under the Board of Directors)

Board of Management

Mr Le Tri Thong	General Director (From 10 August 2020 the Board of Directors assigned Mr. Le Tri Thong to manage and operate the Customer & Retail and Supply sectors)
Mrs Dang Thi Lai	Chief Finance and Operation Officer
Mr Phan Nguyen Hoai Anh	Alternate Marketing Director
Mr Nguyen Hoang Chau	Supply Chain Director
Mr Dao Trung Kien	Chief Strategy Officer
Mr Dang Hai Anh	Information Technology Division Director
Mr Nguyen Anh Hung	Human Resource Director
Mr Duong Quang Hai	Chief Accountant

Legal representative

Mr Le Tri Thong	General Director
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Registered office

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

Auditor

PwC (Vietnam) Limited

PHU NHUAN JEWELRY JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Phu Nhuan Jewelry Joint Stock Company ("the Company") is responsible for the interim consolidated financial statements of the Company and its subsidiaries (together, "the Group") which give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2021, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended. In preparing these interim consolidated financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the interim consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the interim financial position of the Group and which enable the interim consolidated financial statements to be prepared which complies with the basis of accounting set out in Note 2 to the interim consolidated financial statements. We are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and error.

APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying interim consolidated financial statements as set out on pages 5 to 40 which give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2021, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements.

On behalf of the Board of Management



Le Tri Thong
General Director

Ho Chi Minh City, SR Vietnam
13 August 2021





REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PHU NHUAN JEWELRY JOINT STOCK COMPANY

We have reviewed the accompanying interim consolidated financial statements of Phu Nhuan Jewelry Joint Stock Company ("the Company") and its subsidiaries (together, "the Group") which were prepared on 30 June 2021 and approved by the Board of Management on 13 August 2021. These interim consolidated financial statements include the interim consolidated balance sheet as at 30 June 2021, the interim consolidated income statement and interim consolidated cash flow statement for the six-month period then ended and explanatory notes to the interim consolidated financial statements including significant accounting policies, as set out on pages 5 to 40.

The Board of Management' Responsibility

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of the interim consolidated financial statements of the Group in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on this interim consolidated financial information based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information does not present fairly, in all material respects, the interim consolidated financial position of the Group as at 30 June 2021, its consolidated financial performance and consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements.

Other Matter

The report on the review of interim consolidated financial information is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Tran Thi Thanh Truc
Audit Practising Licence No.
3047-2019-006-1
Authorised signatory

Report reference number: HCM11128
Ho Chi Minh City, 13 August 2021

INTERIM CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2021 VND	31.12.2020 VND
100	CURRENT ASSETS		7,870,491,749,539	7,143,929,036,497
110	Cash		249,812,159,909	422,234,781,061
111	Cash	3	249,812,159,909	422,234,781,061
130	Short-term receivables		105,113,932,707	98,997,286,429
131	Short-term trade accounts receivable	4	27,155,810,763	67,591,685,619
132	Short-term prepayments to suppliers	5	64,702,563,720	20,218,946,599
136	Other short-term receivables	6(a)	14,256,045,594	12,261,206,010
137	Provision for doubtful debts – short term		(1,202,878,846)	(1,202,878,846)
139	Shortage of assets awaiting resolution		202,391,476	128,327,047
140	Inventory		7,451,118,456,406	6,545,905,987,056
141	Inventory	7	7,451,118,456,406	6,545,905,987,056
150	Other current assets		64,447,200,517	76,790,981,951
151	Short-term prepaid expenses	8(a)	54,521,836,770	66,112,866,470
152	Value Added Tax ("VAT") to be reclaimed		9,911,328,588	10,670,276,957
153	Tax and other receivables from the State		14,035,159	7,838,524
200	NON-CURRENT ASSETS		1,305,162,162,313	1,339,217,061,954
210	Long-term receivable		82,975,928,164	77,310,617,360
216	Other long-term receivables	6(b)	82,975,928,164	77,310,617,360
220	Fixed assets		920,192,115,698	931,617,117,533
221	Tangible fixed assets	9(a)	261,598,792,994	281,244,232,172
222	Historical cost		607,721,554,166	600,464,186,725
223	Accumulated depreciation		(346,122,761,172)	(319,219,954,553)
227	Intangible fixed assets	9(b)	658,593,322,704	650,372,885,361
228	Historical cost		697,774,918,988	683,791,142,309
229	Accumulated amortisation		(39,181,596,284)	(33,418,256,948)
240	Long-term asset in progress		33,450,619,147	33,003,867,003
242	Construction in progress	10	33,450,619,147	33,003,867,003
250	Long-term investments	11	-	-
253	Investment in other entity		395,271,613,400	395,271,613,400
254	Provision for long-term investment		(395,271,613,400)	(395,271,613,400)
260	Other long-term assets		268,543,499,304	297,285,460,058
261	Long-term prepaid expenses	8(b)	186,666,335,287	206,301,766,031
262	Deferred income tax assets	21	81,877,164,017	90,983,694,027
270	TOTAL ASSETS		9,175,653,911,852	8,483,146,098,451


The notes on pages 9 to 40 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at	
			30.6.2021 VND	31.12.2020 VND
300	LIABILITIES		3,456,792,784,634	3,241,284,233,443
310	Current liabilities		3,447,640,907,634	3,231,907,356,443
311	Short-term trade accounts payable	12	379,184,629,647	481,588,464,720
312	Short-term advances from customers	13	132,713,498,796	157,182,968,364
313	Tax and other payables to the State	14	158,089,534,447	214,710,310,923
314	Payable to employees	15	291,888,685,020	290,765,645,610
315	Short-term accrued expenses	16	116,139,908,395	55,520,256,916
319	Other short-term payables	17	104,392,816,660	76,978,636,900
320	Short-term borrowings	18	2,125,777,008,055	1,839,275,064,065
322	Bonus and welfare fund	19	139,454,826,614	115,886,008,945
330	Non-current liabilities		9,151,877,000	9,376,877,000
337	Other long-term payables		301,168,000	526,168,000
342	Provision for long-term liability	20	8,850,709,000	8,850,709,000
400	OWNERS' EQUITY		5,718,861,127,218	5,241,861,865,008
410	Capital and reserves		5,718,861,127,218	5,241,861,865,008
411	Owners' capital	22, 23	2,276,123,620,000	2,276,123,620,000
411a	- Ordinary shares with voting rights		2,276,123,620,000	2,276,123,620,000
412	Share premium	23	991,261,882,458	991,261,882,458
415	Treasury shares	23	(4,908,890,000)	(3,384,090,000)
418	Investment and development fund	23	800,503,556,918	372,779,556,918
421	Undistributed earnings	23	1,655,880,957,842	1,805,080,895,632
421a	- Undistributed post-tax profits of previous years		920,611,645,232	670,845,205,971
421b	- Post-tax profit of the current period/year		735,269,312,610	934,235,689,661
440	TOTAL RESOURCES		9,175,653,911,852	8,483,146,098,451



Nguyen Thanh Dat
Preparer



Duong Quang Hai
Chief Accountant



Le Thi Thong
General Director
13 August 2021



INTERIM CONSOLIDATED INCOME STATEMENT

Code	Note	For the six-month period ended 30 June	
		2021 VND	2020 VND
01	Revenue from sales of goods and rendering of services	11,748,391,455,227	7,816,898,167,326
02	Less deduction	(111,211,490,318)	(71,205,550,094)
10	Net revenue from sales of goods and rendering of services	27 11,637,179,964,909	7,745,692,617,232
11	Cost of goods sold and services rendered	28 (9,476,991,330,953)	(6,222,638,833,076)
20	Gross profit from sales of goods and rendering of services	2,160,188,633,956	1,523,053,784,156
21	Financial income	9,727,511,371	785,898,719
22	Financial expenses	29 (48,361,383,226)	(87,352,022,038)
23	- Including: Interest expense	(43,805,212,394)	(84,630,678,592)
25	Selling expenses	30 (923,414,930,999)	(657,342,239,265)
26	General and administration expenses	31 (278,192,529,394)	(224,418,944,437)
30	Net operating profit	919,947,301,708	554,726,477,135
31	Other income	5,789,229,048	1,047,164,990
32	Other expenses	(4,237,050,236)	(1,381,973,831)
40	Net other income/(expenses)	1,552,178,812	(334,808,841)
50	Net accounting profit before tax	921,499,480,520	554,391,668,294
51	Business income tax ("BIT") - current	32 (177,123,637,900)	(115,120,179,510)
52	BIT - deferred	32 (9,106,530,010)	651,166,157
60	Net profit after tax	735,269,312,610	439,922,654,941
Attributable to:			
61	Profit after tax of the parent company	735,269,312,610	439,922,654,941
70	Basic earnings per share	25(a) 3,069	1,755
71	Diluted earnings per share	25(b) 3,069	1,755



 Nguyen Thanh Dat
 Preparer



 Duong Quang Hai
 Chief Accountant





 Le Tri Thong
 General Director
 13 August 2021

INTERIM CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	For the six-month period ended 30 June	
		2021 VND	2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		921,499,480,520	554,391,668,294
	Adjustments for:		
02	Depreciation and amortisation	37,309,189,162	35,277,242,986
04	Unrealised foreign exchange gains	(3,263,059,545)	-
05	Profits from investing activities	(3,116,841,795)	(305,437,784)
06	Interest expense	43,805,212,394	84,630,678,592
08	Operating profit before changes in working capital	996,233,980,736	673,994,152,088
09	Increase in receivables	(11,029,205,348)	(7,635,364,636)
10	(Increase)/decrease in inventories	(905,212,469,350)	600,443,656,179
11	Decrease in payables	(81,542,726,214)	(656,013,807,357)
12	Decrease in prepaid expenses	31,226,460,444	176,188,744
14	Interest paid	(43,815,578,370)	(84,358,690,954)
15	BIT paid	(212,822,562,708)	(140,810,336,527)
17	Other payments on operating activities	(29,897,182,331)	(9,571,309,237)
20	Net cash (outflows)/inflows from operating activities	(256,859,283,141)	376,224,488,300
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(36,199,814,323)	(52,285,106,122)
22	Proceeds from disposals of fixed assets	12,810,913,520	86,321,724
27	Interest received	174,803,127	286,939,375
30	Net cash outflows from investing activities	(23,214,097,676)	(51,911,845,023)
CASH FLOWS FROM FINANCING ACTIVITIES			
32	Payments for share repurchases	(1,524,800,000)	(1,283,000,000)
33	Proceeds from borrowings	3,452,140,913,841	3,850,627,953,151
34	Repayments of borrowings	(3,165,638,969,851)	(3,817,812,697,393)
36	Dividends paid	(177,326,384,325)	(221,082,134,413)
40	Net cash inflows/(outflows) from financing activities	107,650,759,665	(189,549,878,655)
50	Net (decrease)/increase in cash in the period	(172,422,621,152)	134,762,764,622
60	Cash at beginning of period	422,234,781,061	95,224,439,008
70	Cash at end of period	249,812,159,909	229,987,203,630



Nguyen Thanh Dat
Preparer



Duong Quang Hai
Chief Accountant





Le Tri Thong
General Director
13 August 2021

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

1 GENERAL INFORMATION

Phu Nhuan Jewelry Joint Stock Company ("the Company") is a joint stock company established in SR Vietnam in accordance with the Enterprise Registration Certificate No. 0300521758 which was initially issued by the Department of Planning and Investment of Ho Chi Minh City on 2 January 2004 and the 31th latest amendment dated 11 January 2021.

On 23 March 2009, the Company's shares were officially listed in the Ho Chi Minh City Stock Exchange ("HOSE") in accordance with the Decision No. 129/UBCK-ĐKNY issued by the General Director of HOSE on 26 December 2008.

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

The normal business cycle of the Company and its subsidiaries ("the Group") is 12 months.

As at 30 June 2021, the Company had 3 subsidiaries (as at 31 December 2020: 4 subsidiaries), details are as follows:

	Place of incorporation and operation	30.6.2021		31.12.2020		The principal activities
		% of ownership %	% of voting right %	% of ownership %	% of voting right %	
CAO Fashion Company Limited	Ho Chi Minh City	100	100	100	100	Trading of jewelry products
PNJ Laboratory Company Limited	Ho Chi Minh City	100	100	100	100	Jewelry inspection and consultancy services
PNJ Jewelry Production and Trading Company Limited	Ho Chi Minh City	100	100	100	100	Jewelry manufacturing and trading
Customer Era Company Limited (*)	Ho Chi Minh City	0	0	100	100	Retailing

(*) Pursuant to Decision No. 24/2021/NQ-HĐQT-CTY dated 12 January 2021, Customer Era Company Limited was merged into CAO Fashion Company Limited for the 6-month period ended 30 June 2021.

As at 30 June 2021, the Group had 56 branches (as at 31 December 2020: 56 branches) located in various provinces and cities in Vietnam.

As at 30 June 2021, the Group had 6,233 employees (as at 31 December 2020: 6,191 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of interim consolidated financial statements**

The interim consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements. The interim consolidated financial statements have been prepared under the historical cost convention.

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

The interim consolidated financial statements in the Vietnamese language are the official statutory interim consolidated financial statements of the Group. The interim consolidated financial statements in the English language have been translated from the Vietnamese version.

2.2 Fiscal year

The Group's fiscal year is from 1 January to 31 December. The interim consolidated financial statements are prepared for the period from 1 January to 30 June.

2.3 Currency

The interim consolidated financial statements are measured and presented in Vietnamese Dong ("VND"). The Company and its subsidiaries determine their accounting currencies based on the currencies which are mainly used in sales of goods and rendering of services, which have a significant impact on selling prices of goods and services, which are normally used to list selling prices and receive payments; which are mainly used in purchases of goods or services, which have a significant impact on costs of labor, materials and other production or operating costs and normally used as payments for those costs.

Additionally, the Company and its subsidiaries also use these currencies to raise financial resources (such as via issuance of shares or bonds) and/or regularly collect these currencies from business operations and savings.

2.4 Exchange rates

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the interim consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the interim consolidated balance sheet date are respectively translated at the buying and selling exchange rates at the interim consolidated balance sheet date of the commercial bank where the Group regularly trades. Foreign currencies deposited in banks at the interim consolidated balance sheet date are translated at the buying exchange rate of the commercial bank where the Group opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the interim consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Basis of consolidation****Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

In a multi-phase acquisition, when determining goodwill or bargain purchase, the consideration is the sum of the total consideration on the date of acquiring control and previous considerations remeasured to fair value on the date of control acquisition.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The separate interim financial statements of the Group's subsidiaries are prepared for the same accounting period. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between periods.

2.6 Cash

Cash comprise cash on hand, cash at bank and cash in transit.

2.7 Receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties), or based on the estimated loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the interim consolidated balance sheet based on the remaining period from the interim consolidated balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method for inventories.

Provision is made, where necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period are recognised as an increase or decrease of cost of goods sold in the period.

2.9 Investment in equity of other entity

Investments in other entities is investment in equity instruments of other entity without controlling rights or co-controlling rights, or without significant influence over the investee. This investment is initially recorded at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

Provision for investments in other entities is made when there is a diminution in value of the investments at the period end. Regarding investments in listed shares or those whose fair value can be determined reliably, the provision for diminution in value is made when cost is higher than market value. For other investments, provision for diminution in value is made when the investees make losses. Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2.10 Fixed assets*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to suitable condition for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the interim consolidated income statement when incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Fixed assets (continued)***Depreciation and amortisation*

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives. The estimated useful lives of of each asset class are as follows:

Buildings and structures	5 - 25 years
Machinery and equipment	3 - 15 years
Motor vehicles	5 - 10 years
Office equipment	3 - 10 years
Software	3 - 5 years

Land use rights with indefinite term are recorded in historical cost and are not amortised.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the interim consolidated income statement.

Construction in progress

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost and are comprised of such necessary costs to newly construct, to repair and maintain, to upgrade, to renew or equip the projects with technologies as construction costs; costs of tools and equipment; project management expenditure; construction consulting expenditure; and capitalised borrowing costs for qualifying assets in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.11 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the interim consolidated income statement on a straight-line basis over the term of the lease.

2.12 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the interim consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over estimated useful lives.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.13 Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Other payables are non-trade payables, and payables not relating to purchases of goods and services.

Payables are classified into long-term and short-term payables on the interim consolidated balance sheet based on the remaining period from the interim consolidated balance sheet date to the maturity date.

2.14 Borrowing costs

Borrowings include borrowings from banks and individuals.

Borrowings are classified into long-term and short-term borrowings on the interim consolidated balance sheet based on remaining period from the balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on the assets. The capitalisation rate is the weighted average of the interest rates applicable to the Company's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the interim consolidated income statement when incurred.

2.15 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Provisions (continued)**

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting period are recorded as an increase or decrease in operating expenses.

2.17 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting period, on the basis that a half of an average monthly salary per each working year. The average monthly salary used for calculating the severance allowance is the employee contract's average salary for the year prior to the interim consolidated balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in according with current regulations.

2.18 Owners' capital

Contributed capital of the shareholders is recorded according to the actual amount contributed and is recorded according to the par value of the shares.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but these are not cancelled and may be re-issued in accordance with the Law on securities.

Undistributed earnings record the Group's results profit after BIT at the reporting date.

2.19 Appropriation of net profit

Profit after BIT could be distribute to Shareholders after approval at General Meeting of Shareholders, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations. Dividends of the Group are recognised as a liability in the Group's interim consolidated financial statements in the period in which the dividends are approved by the General Meeting of Shareholders.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Appropriation of net profit (continued)**

The Group's funds are as below:

(a) Investment and development fund

Investment and development fund is appropriated from profit after BIT of the Group and subject to Shareholders' approval at the General Meeting of Shareholders. The fund is set aside for the use in the Group's expansion of its operation or in-depth investments.

(b) Bonus and welfare fund

Bonus and welfare fund is appropriated from the Group's profit after BIT and subject to Shareholders' approval at the General Meeting of Shareholders. This fund is presented as a liability on the interim consolidated balance sheet. The fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits.

2.20 Revenue recognition**(a) Revenue from sales of goods**

Revenue from sale of goods is recognised in the interim consolidated income statement when all five (5) following conditions are satisfied:

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

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in according with principle of "substance over form" principle and allocated to each sales obligation. In cases where the Group gives promotional goods to customers associated with their purchases, the Group allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the interim consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Revenue recognition (continued)****(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the interim consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the interim consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income is recognised on an earned basis.

(d) Dividend income

Income from dividend is recognised when the Group has established the receiving right from investees.

2.21 Sales deduction

Sales deduction include sales returns. Sales deduction incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that period.

Sales deduction for products, goods or services which are sold in the period but are incurred after the balance sheet date but before the issuance of the interim consolidated financial statements are recorded as deduction of revenue of the period.

2.22 Cost of goods sold and services rendered

Cost of goods sold and services rendered are cost of finished goods, merchandises, materials sold or services rendered during the period, and recorded on the basis of matching with revenue and on a prudent basis.

2.23 Financial expenses

Finance expenses are expenses incurred in the year for financial activities including expenses or losses relating to financial investment activities; expenses of borrowing; and losses from foreign exchange differences

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 Selling expenses**

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services.

2.25 General and administration expenses

General and administration expenses represent expenses that are incurred for administrative purposes.

2.26 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current period tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the interim consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the interim consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.27 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including the Board of Directors, Board of Management of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering its relationships with each related party, the Group considers the substance of the relationship, not merely the legal form.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.28 Accounting estimates**

The preparation of interim consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements requires the Board of Management 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 interim consolidated financial statements and the reported amounts of revenues and expenses during the accounting period. Although these estimates are based on the Board of Management's best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving significant estimates and assumptions in interim consolidated financial statements are as follows:

- Estimated useful life of fixed assets (Note 2.10);
- Provision for long-term investment (Note 11); and
- Recognition of deferred tax assets (Note 21).

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

2.29 Segment reporting

A segment is a component which can be consolidated by the Group engaged in providing products or services (business segment); or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment or the Group's geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's interim consolidated financial statements in order to help users of financial statements understand and evaluate the Group's operations in a comprehensive way.

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3 CASH

	30.6.2021 VND	31.12.2020 VND
Cash on hand	78,771,628,093	113,043,139,318
Cash at bank	165,882,170,450	286,111,163,400
Cash in transit	5,158,361,366	23,080,478,343
	<u>249,812,159,909</u>	<u>422,234,781,061</u>

4 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.6.2021 VND	31.12.2020 VND
DC&D Co.	4,236,818,429	6,758,326,847
FH Trautz GmBh	3,469,456,221	6,165,618,167
Aeon Vietnam Co., Ltd. - Hai Phong Branch	3,216,606,839	1,388,702,288
Hung Vuong Parkson	1,678,706,615	2,820,641,540
Aeon Vietnam Co., Ltd. - Binh Duong Branch	764,011,289	5,965,409,829
Aeon Vietnam Co., Ltd.	379,590,608	4,699,946,682
Aeon Co., Ltd. - Binh Tan Branch	-	449,348,957
Others	13,410,620,762	39,343,691,309
	<u>27,155,810,763</u>	<u>67,591,685,619</u>

As at 30 June 2021 and 31 December 2020, there was no balance of short-term trade accounts receivable that was past due or not past due but doubtful.

5 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	30.6.2021 VND	31.12.2020 VND
PT Kinara Gilang Semesta	11,387,398,116	-
A.J Jewelry International Ltd.	8,660,937,921	-
Gia Khang Construction Real Estate Corporation	749,423,193	3,035,860,000
Hong Chi Vietnam Co., Ltd.	-	669,139,800
Mirum Joint Stock Company	-	667,445,000
Retail Design Vietnam Joint Stock Company	-	366,371,940
Others	43,904,804,490	15,480,129,859
	<u>64,702,563,720</u>	<u>20,218,946,599</u>

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6 OTHER RECEIVABLES

(a) Short-term

	30.6.2021 VND	31.12.2020 VND
Advances to employees	4,012,650,709	6,347,378,451
Others	10,243,394,885	5,913,827,559
	<u>14,256,045,594</u>	<u>12,261,206,010</u>

As at 30 June 2021 and 31 December 2020, there was no balance of other short-term receivables that was past due or not past due but doubtful.

(b) Long-term

	30.6.2021 VND	31.12.2020 VND
Rent deposits	<u>82,975,928,164</u>	<u>77,310,617,360</u>

7 INVENTORIES

	30.6.2021 VND	31.12.2020 VND
Raw materials	517,738,668,023	390,491,615,025
Tools and supplies	36,257,002,881	28,975,937,334
Work in progress	168,368,095,252	148,684,491,248
Finished goods	356,537,910,838	379,933,495,924
Merchandise	6,372,216,779,412	5,597,820,447,525
	<u>7,451,118,456,406</u>	<u>6,545,905,987,056</u>

As at 30 June 2021, the Group's total inventories of VND2,962,916,000,000 (as at 31 December 2020: VND2,996,916,000,000) were pledged as collaterals for short-term borrowings from commercial banks (Note 18).

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8 PREPAID EXPENSES

(a) Short-term

	30.6.2021 VND	31.12.2020 VND
Operating lease	27,955,404,754	30,263,584,357
IT expenses	10,002,221,620	12,490,883,142
Tools and supplies	7,263,589,457	10,320,459,979
Repairs and maintenance	2,591,819,155	5,572,063,499
Others	6,708,801,784	7,465,875,493
	<u>54,521,836,770</u>	<u>66,112,866,470</u>

(b) Long-term

	30.6.2021 VND	31.12.2020 VND
Tools and supplies	94,321,601,431	91,055,979,728
Offices and stores renovation	74,543,423,807	80,669,317,259
Stores rental	12,657,385,237	13,759,093,930
Repairs and maintenance	2,198,669,067	18,248,358,470
Others	2,945,255,745	2,569,016,644
	<u>186,666,335,287</u>	<u>206,301,766,031</u>

Movements in prepaid expenses during the period/year were as follows:

	For the six-month period ended 30.6.2021 VND	For the year ended 31.12.2020 VND
Beginning of period/year	272,414,632,501	229,952,359,376
Increase	153,496,646,761	575,275,386,825
Allocation	(184,723,107,205)	(532,813,113,700)
End of period/year	<u>241,188,172,057</u>	<u>272,414,632,501</u>

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9 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2021	157,111,229,899	290,239,737,420	36,475,119,707	116,638,099,699	600,464,186,725
New purchases	941,473,880	5,255,442,799	4,377,263,800	2,451,531,700	13,025,712,179
Disposals	(2,242,990,000)	(295,333,719)	(1,853,331,999)	(1,376,689,020)	(5,768,344,738)
As at 30 June 2021	155,809,713,779	295,199,846,500	38,999,051,508	117,712,942,379	607,721,554,166
Accumulated depreciation					
As at 1 January 2021	51,408,217,316	185,012,990,430	23,433,425,214	59,365,321,593	319,219,954,553
Charge for the period	4,158,133,351	16,289,314,477	2,129,529,871	7,897,814,376	30,474,792,075
Disposals	(134,461,703)	(208,422,448)	(1,853,331,999)	(1,375,769,306)	(3,571,985,456)
As at 30 June 2021	55,431,888,964	201,093,882,459	23,709,623,086	65,887,366,663	346,122,761,172
Net book value					
As at 1 January 2021	105,703,012,583	105,226,746,990	13,041,694,493	57,272,778,106	281,244,232,172
As at 30 June 2021	100,377,824,815	94,105,964,041	15,289,428,422	51,825,575,716	261,598,792,994

As at 30 June 2021, tangible fixed assets of the Group with the carrying amount of VND30,647,060,382 (as at 31 December 2020: VND47,726,768,029) were pledged as collaterals for short-term borrowings from commercial banks (Note 18).

As at 30 June 2021, the historical cost of fully depreciated fixed assets but still in use was VND142,142,931,881 (as at 31 December 2020: VND136,624,948,646).

9 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2021	542,729,276,942	141,061,865,367	683,791,142,309
New purchases	22,727,350,000	-	22,727,350,000
Sale in the period	(7,672,515,570)	-	(7,672,515,570)
Disposal	-	(1,071,057,751)	(1,071,057,751)
As at 30 June 2021	557,784,111,372	139,990,807,616	697,774,918,988
Accumulated amortisation			
As at 1 January 2021	-	33,418,256,948	33,418,256,948
Charge for the period	-	6,834,397,087	6,834,397,087
Disposal	-	(1,071,057,751)	(1,071,057,751)
As at 30 June 2021	-	39,181,596,284	39,181,596,284
Net book value			
As at 1 January 2021	542,729,276,942	107,643,608,419	650,372,885,361
As at 30 June 2021	557,784,111,372	100,809,211,332	658,593,322,704

As at 30 June 2021, the historical costs of land use rights of the Group amounting to VND49,837,617,572 (as at 31 December 2020: VND49,837,617,572) were pledged as collaterals for short-term borrowings from commercial banks (Note 18).

As at 30 June 2021, the historical cost of fully amortised software but still in use was VND6,982,250,583 (as at 31 December 2020: VND6,982,250,583).

10 CONSTRUCTION IN PROGRESS

	30.6.2021 VND	31.12.2020 VND
Land use right in Di An - Binh Duong	26,137,767,250	26,137,767,250
Long Hau fire system	2,774,172,400	2,574,172,400
Human resource management software	1,990,919,100	1,990,919,100
Others	2,547,760,397	2,301,008,253
	33,450,619,147	33,003,867,003

10 CONSTRUCTION IN PROGRESS (continued)

Movements in the construction in progress during the period/year are as follows:

	For the six-month period ended 30.6.2021 VND	For the year ended 31.12.2020 VND
Beginning of period/year	33,003,867,003	28,457,398,434
Addition	528,352,000	6,483,065,709
Transfer to tangible fixed assets	-	(1,143,927,180)
Others	(81,599,856)	(792,669,960)
End of period/year	<u>33,450,619,147</u>	<u>33,003,867,003</u>

11 LONG-TERM INVESTMENT**Investment in other entity**

	30.6.2021		As at 31.12.2020	
	Cost VND	Provision VND	Cost VND	Provision VND
Dong A Commercial Joint Stock Bank (*)	<u>395,271,613,400</u>	<u>(395,271,613,400)</u>	<u>395,271,613,400</u>	<u>(395,271,613,400)</u>

(*) As at 30 June 2021 and 31 December 2020, Dong A Joint Stock Commercial Bank was still under special control of the State Bank of Vietnam and its shares have not been eligible transferable. Therefore, the Board of Management has decided to recognise full provision for diminution in value of this investment as at the interim consolidated balance sheet date.

As at 30 June 2021 and 31 December 2020, the Company has not determined the fair value of this investment to disclose on the interim consolidated financial statements because the shares of this company have not been listed in the stock exchange.

12 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2021 VND	31.12.2020 VND
Finesse Impex Limited	201,484,872,897	185,106,975,192
Forte Jewellery (HK) Co., Ltd.	103,850,239,647	126,662,589,601
Quang Vinh Nguyen Co., Ltd.	912,591,777	912,591,777
Fu Sheng Company Limited	-	1,667,935,368
Others	72,936,925,326	167,238,372,782
	<u>379,184,629,647</u>	<u>481,588,464,720</u>

As at 30 June 2021 and 31 December 2020, there was no balance of short-term trade accounts payable that was past due.

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13 SHORT-TERM ADVANCES FROM CUSTOMERS

	30.6.2021 VND	31.12.2020 VND
Vinh Tuong Industrial Corporation	4,486,142,810	-
DHG Pharmaceutical Joint Stock Company	-	42,864,000,000
Others	128,227,355,986	114,318,968,364
	<u>132,713,498,796</u>	<u>157,182,968,364</u>

14 TAXES AND OTHER PAYABLES TO THE STATE

	30.6.2021 VND	31.12.2020 VND
Value added tax ("VAT")	29,484,151,530	47,328,341,499
BIT	118,979,695,718	154,678,620,526
Personal income tax ("PIT")	5,056,056,666	8,133,718,365
Others	4,569,630,533	4,569,630,533
	<u>158,089,534,447</u>	<u>214,710,310,923</u>

Movements in taxes and other payables to the State during the period are as follows:

	As at 1.1.2021 VND	Payable during the period VND	Paid during the period VND	As at 30.6.2021 VND
VAT	47,328,341,499	246,627,321,321	(264,471,511,290)	29,484,151,530
BIT	154,678,620,526	177,123,637,900	(212,822,562,708)	118,979,695,718
PIT	8,133,718,365	63,365,903,191	(66,443,564,890)	5,056,056,666
Others	4,569,630,533	1,716,593,059	(1,716,593,059)	4,569,630,533
	<u>214,710,310,923</u>	<u>488,833,455,471</u>	<u>(545,454,231,947)</u>	<u>158,089,534,447</u>

15 PAYABLE TO EMPLOYEES

The balances represent accruals for the 13th month salary and performance bonus payable to employees.

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16 SHORT-TERM ACCRUED EXPENSES

	30.6.2021 VND	31.12.2020 VND
Advertising and marketing	94,418,005,673	40,969,790,347
Interest expense	3,421,736,000	3,432,101,976
Other	18,300,166,722	11,118,364,593
	<u>116,139,908,395</u>	<u>55,520,256,916</u>

17 OTHER SHORT-TERM PAYABLES

	30.6.2021 VND	31.12.2020 VND
Materials payable to outside processing service	37,087,780,924	5,035,237,406
Dividends payable (Note 24)	15,734,559,767	11,167,693,692
Allowance for the Board of Management and Board of Directors	13,681,255,422	21,039,066,145
Union trade	6,279,330,710	5,302,327,162
PIT paid on behalf of the Shareholders	4,531,133,392	4,531,133,392
Others	27,078,756,445	29,903,179,103
	<u>104,392,816,660</u>	<u>76,978,636,900</u>

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18 SHORT TERM BORROWINGS

	As at 1.1.2021 VND	Increase VND	Decrease VND	As at 30.6.2021 VND
Bank loans (*)				
Vietnam Joint Stock Commercial Bank for Industry and Trade	439,980,551,393	823,777,012,327	(892,974,075,153)	370,783,488,567
Joint Stock Company Bank for Foreign trade of Vietnam	115,747,972,000	732,214,725,436	(301,182,211,100)	546,780,486,336
Joint Stock Commercial Bank for Investment and Development of Vietnam	315,230,965,374	759,092,097,756	(654,323,063,130)	420,000,000,000
Petrolimex Group Commercial Joint Stock Bank	-	135,000,000,000	(19,000,000,000)	116,000,000,000
Southeast Asia Joint Stock Commercial Bank	234,871,440,600	300,800,000,000	(334,671,440,600)	201,000,000,000
Military Commercial Joint Stock Bank	47,338,228,281	30,000,000,000	(77,338,228,281)	-
Shinhan Bank Vietnam Limited	65,000,000,000	56,000,000,000	(65,000,000,000)	56,000,000,000
CTBC Bank Company Limited - Ho Chi Minh Branch	72,337,384,646	73,994,126,361	(94,451,748,818)	51,879,762,189
China Construction Bank Corporation - Ho Chi Minh Branch	44,800,000,000	-	(44,800,000,000)	-
HSBC Bank (Vietnam) Ltd.	165,436,846,311	263,186,979,241	(242,311,232,125)	186,312,593,427
Vietnam Bank for Agriculture and Rural Development	3,700,000,000	-	-	3,700,000,000
Vietnam International Commercial Joint Stock Bank	144,405,989,760	-	(144,405,989,760)	-
Ho Chi Minh City Development Joint Stock Commercial Bank	68,348,957,900	78,692,432,640	(147,041,390,540)	-
Individual loans (**)	122,076,727,800	199,383,540,080	(148,139,590,344)	173,320,677,536
	<u>1,839,275,064,065</u>	<u>3,452,140,913,841</u>	<u>(3,165,638,969,851)</u>	<u>2,125,777,008,055</u>

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18 SHORT TERM BORROWINGS (continued)

(*) Details of short-term bank loans are as follows:

Bank	As at 30.6.2021 VND	Term	Interest (% per annum)	Collateral
Vietnam Joint Stock Commercial Bank for Industry and Trade	370,783,488,567	From 25 September 2021 to 25 December 2021	4.3% - 4.5%	Inventories
Joint Stock Company Bank for Foreign trade of Vietnam	546,780,486,336	From 1 August 2021 to 15 December 2021	4.5% - 4.6%	Land use right, buildings and inventories
Joint Stock Commercial Bank for Investment and Development of Vietnam	420,000,000,000	From 7 September 2021 to 22 November 2021	4.8% - 5.05%	Inventories
Petrolimex Group Commercial Joint Stock Bank	116,000,000,000	From 11 August 2021 to 25 August 2021	5.2%	Unsecured
Southeast Asia Joint Stock Commercial Bank	201,000,000,000	From 14 July 2021 to 30 September 2021	5% - 5.2%	Land use right, buildings and inventories
Shinhan Bank Vietnam Limited	56,000,000,000	From 5 September 2021 to 16 September 2021	4.6%	Unsecured
CTBC Bank Company Limited - Ho Chi Minh Branch	51,879,762,189	From 27 July 2021 to 17 December 2021	4.5%	Inventories
HSBC Bank (Vietnam) Ltd.	186,312,593,427	To 9 October 2021	4.4% - 4.6%	Land use right, buildings and inventories
Vietnam Bank for Agriculture and Rural Development	3,700,000,000	To 22 November 2021	9.5%	Land use right and buildings
	<u>1,952,456,330,519</u>			

(**) Individual loans represent unsecured loans from the Group's employees with original maturity of 12 months and bear interest at the interest rate of 3% - 7.6% per annum.

The land use rights at No. 52A-52B Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City; No. 195A Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City; No. 577 Nguyen Kiem Street, Phu Nhuan District, Ho Chi Minh City and No. 174 Le Thanh Ton Street, District 1, Ho Chi Minh City with total carrying amount of VND63,592,666,838 were held by East Asia Commercial Joint Stock Bank as collaterals for borrowings from that bank at the interim consolidated balance sheet date.

19 BONUS AND WELFARE FUND

	For the six-month period ended 30.6.2021 VND	For the year ended 31.12.2020 VND
Beginning of period/year	115,886,008,945	90,682,831,084
Appropriation during the period/year (Note 23)	53,466,000,000	59,696,000,000
Utilisation during the period/year	(29,897,182,331)	(34,492,822,139)
End of period/year	<u>139,454,826,614</u>	<u>115,886,008,945</u>

20 PROVISION FOR LONG-TERM LIABILITY

The balances represent provision for severance allowance to employees determined according to the method presented in Note 2.17.

21 DEFERRED INCOME TAX ASSETS

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The offset amounts were as follows:

	30.6.2021 VND	31.12.2020 VND
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	81,287,927,854	82,009,418,884
Deferred tax assets to be recovered within 12 months	589,236,163	8,974,275,143
	<u>81,877,164,017</u>	<u>90,983,694,027</u>

The gross movements in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	For the six-month period ended 30.6.2021 VND	For the year ended 31.12.2020 VND
Beginning of period/year	90,983,694,027	88,231,580,067
Interim consolidated income statement credit (Note 32)	(9,106,530,010)	2,752,113,960
End of period/year	<u>81,877,164,017</u>	<u>90,983,694,027</u>

21 DEFERRED INCOME TAX ASSETS (continued)

Details of deferred tax assets:

	30.6.2021 VND	31.12.2020 VND
Deductible temporary differences	81,877,164,017	90,983,694,027

The deferred income tax assets are mainly derived from accruals, provision for long-term investment and provision for severance allowances.

The Group applied tax rate of 20% for determining deferred tax assets.

Deferred income tax assets are recognized to the extent that taxable income will be available in the future to offset any temporary differences that have arisen.

22 OWNERS' CAPITAL

(a) Number of ordinary shares

	30.6.2021	31.12.2020
Number of shares registered	227,612,362	227,612,362
Number of shares issued	227,612,362	227,612,362
Number of shares repurchased	(245,799)	(169,559)
Number of existing shares in circulation	227,366,563	227,442,803

(b) Details of owners' shareholding

	30.6.2021		31.12.2020	
	Ordinary shares	%	Ordinary shares	%
Mrs. Cao Thi Ngoc Dung	113,840,180,000	5.01	205,840,180,000	9.05
Mrs. Truong Ngoc Phuong (*)	227,402,730,000	9.99	208,209,430,000	9.15
VinaCapital Fund Management Joint Stock Company (**)	152,631,130,000	6.71	156,537,510,000	6.88
Ms Tran Phuong Ngoc Ha	92,000,000,000	4.05	-	-
Other Shareholders	1,690,249,580,000	74.35	1,705,536,500,000	74.99
Treasury shares	(2,457,990,000)	(0.11)	(1,695,590,000)	(0.07)
Number of shares	2,273,665,630,000	100	2,274,428,030,000	100

22 OWNERS' CAPITAL (continued)

(b) Details of owners' shareholding (continued)

(*) As at 30 June 2021 and 31 December 2020, Ms. Truong Ngoc Phuong is the representative of a group of foreign investors.

(**) As at 30 June 2021 and 31 December 2020, VinaCapital Fund Management Joint Stock Company is the representative for a group of investors.

(c) Movement of share capital

	Number of shares	Ordinary shares VND
As at 1 January 2020	225,188,176	2,251,881,760,000
New shares issued	2,318,777	23,187,770,000
Treasury share	(64,150)	(641,500,000)
	<hr/>	<hr/>
As at 31 December 2020	227,442,803	2,274,428,030,000
Treasury share	(76,240)	(762,400,000)
	<hr/>	<hr/>
As at 30 June 2021	<u>227,366,563</u>	<u>2,273,665,630,000</u>

Par value per share: VND10,000 per share.

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23 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2020	2,252,935,850,000	968,074,112,458	(2,101,090,000)	313,083,556,918	1,045,273,381,971	4,577,265,811,347
Issuance of ordinary shares under Employee Stock Ownership Plan to Employees	23,187,770,000	23,187,770,000	-	-	-	46,375,540,000
Net profit for the year	-	-	-	-	1,069,310,105,281	1,069,310,105,281
Dividends appropriation	-	-	-	-	(360,262,591,600)	(360,262,591,600)
Share repurchased	-	-	(1,283,000,000)	-	-	(1,283,000,000)
Appropriation to investment and development fund	-	-	-	59,696,000,000	(59,696,000,000)	-
Appropriation to bonus and welfare fund (Note 19)	-	-	-	-	(59,696,000,000)	(59,696,000,000)
Appropriation to allowance for the Board of Directors and the Board of Management	-	-	-	-	(29,848,000,000)	(29,848,000,000)
As at 31 December 2020	2,276,123,620,000	991,261,882,458	(3,384,090,000)	372,779,556,918	1,605,080,895,632	5,241,861,865,008
Net profit for the period	-	-	-	-	735,269,312,610	735,269,312,610
Dividends appropriation (Note 24) (*)	-	-	-	-	(181,893,250,400)	(181,893,250,400)
Share repurchased	-	-	(1,524,800,000)	-	-	(1,524,800,000)
Appropriation to bonus and welfare fund (Note 19) (**)	-	-	-	-	(53,466,000,000)	(53,466,000,000)
Appropriation to investment and development fund (**)	-	-	-	427,724,000,000	(427,724,000,000)	-
Appropriation to allowance for the Board of Directors and the Board of Management (**)	-	-	-	-	(21,386,000,000)	(21,386,000,000)
As at 30 June 2021	2,276,123,620,000	991,261,882,458	(4,908,890,000)	800,503,556,918	1,655,880,957,842	5,718,861,127,218

23 MOVEMENTS IN OWNERS' EQUITY (continued)

(*) In the period, the Group has advanced the 2020 dividends of VND181,893,250,400 to its Shareholders in accordance with the Resolution of the Board of Directors No. 113/2021//NQ-HDQT-CTY dated 24 February 2021.

(**) According to Resolution of the Shareholders General Meeting No. 217/2021//NQ-DHDCD-CTY dated 17 April 2021, the Shareholders have approved the appropriation of net profit for the year ended 31 December 2020 as follows:

- Dividends payable in cash: VND453,387,000,000;
- Investment and development fund: VND427,724,000,000;
- Bonus and welfare fund: VND53,466,000,000; and
- Allowance for the Board of Directors and Board of Management: VND21,386,000,000.

24 DIVIDENDS

	For the six-month period ended 30.6.2021 VND	For the year ended 31.12.2020 VND
Beginning of period/year	11,167,693,692	6,004,841,375
Dividends payable during the period/year (Note 23)	181,893,250,400	360,262,591,600
Dividends paid in cash	(177,326,384,325)	(355,099,739,283)
End of period/year	<u>15,734,559,767</u>	<u>11,167,693,692</u>

25 EARNINGS PER SHARE**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund and allowance for the Board of Directors and the Board of Management by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares repurchased by the Company and held as treasury shares:

25 EARNINGS PER SHARE (continued)

(a) Basic earnings per share (continued)

	<u>For the six-month period ended 30 June</u>	
	2021 VND	2020 VND
Net profit attributable to Shareholders (VND)	735,269,312,610	439,922,654,941
Less amount allocated to bonus and welfare fund, allowance for the Board of Directors and the Board of Management (VND)	(37,426,000,000)	(44,772,000,000)
	<u>697,843,312,610</u>	<u>395,150,654,941</u>
Weighted average number of ordinary shares in issue (shares)	<u>227,377,515</u>	<u>225,186,061</u>
Basic earnings per share (VND)	<u>3,069</u>	<u>1,755</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund and allowance for the Board of Directors and the Board of Management by the weighted average number of ordinary shares outstanding during the period and the ordinary shares expected to be issued.

The Company has no diluted earnings per share during the period and at the reporting date. Therefore, the diluted earnings per share is equal to the basic earnings per share.

26 OFF BALANCE SHEET ITEMS

(a) Included in cash were balances held in foreign currencies of:

	30.6.2021	31.12.2020
United States Dollar – USD	72,858	1,464,450
British Pound - GBP	1,625	1,625
Hong Kong Dollar – HKD	970	-
Euro – EUR	3,689	3,724
Australia Dollar – AUD	978	1,002
Singapore Dollar – SGD	174	-
	<u> </u>	<u> </u>

26 OFF BALANCE SHEET ITEMS (continued)

- (b) The future minimum lease payments under non-cancellable operating leases were VND1,462,773,591,795 and VND1,316,720,121,669 for six-months period ended 30 June 2021 and for the year ended 31 December 2020, respectively (Note 35).

27 NET REVENUE FROM SALES OF GOODS AND RENDERING SERVICES

	For the six-month period ended 30 June	
	2021 VND	2020 VND
Revenue		
Revenue from sales of gold, silver and jewelry	11,669,285,759,418	7,750,359,090,111
Revenue from sales of accessories	51,704,356,015	48,750,284,023
Revenue from rendering of services	27,401,339,794	17,788,793,192
	<u>11,748,391,455,227</u>	<u>7,816,898,167,326</u>
Sales deduction		
Sales returns	(111,211,490,318)	(71,205,550,094)
	<u>(111,211,490,318)</u>	<u>(71,205,550,094)</u>
Net revenue		
Net revenue from sales of gold, silver and jewelry	11,558,074,269,100	7,679,153,540,017
Net revenue from sales of accessories	51,704,356,015	48,750,284,023
Net revenue from rendering of services	27,401,339,794	17,788,793,192
	<u>11,637,179,964,909</u>	<u>7,745,692,617,232</u>

28 COST OF GOODS SOLD AND SERVICES RENDERED

	For the six-month period ended 30 June	
	2021 VND	2020 VND
Cost of gold, silver and jewelry sold	9,442,153,779,161	6,182,543,023,635
Cost of accessories sold	28,336,101,091	35,601,804,619
Cost of services rendered	6,501,450,701	4,494,004,822
	<u>9,476,991,330,953</u>	<u>6,222,638,833,076</u>

29 FINANCIAL EXPENSES

	<u>For the six-month period ended 30 June</u>	
	2021	2020
	VND	VND
Interest expense	43,805,212,394	84,630,678,592
Realised foreign exchange losses	1,853,264,804	1,568,720,186
Others	2,702,906,028	1,152,623,260
	<u>48,361,383,226</u>	<u>87,352,022,038</u>

30 SELLING EXPENSES

	<u>For the six-month period ended 30 June</u>	
	2021	2020
	VND	VND
Staff costs	480,993,499,339	316,678,926,152
Rental	137,124,242,054	122,369,264,468
Advertising and marketing	117,439,419,933	48,484,066,449
Tools and supplies	53,410,482,146	56,276,667,803
Depreciation and amortisation	8,895,152,451	7,257,513,977
Outside services	66,467,096,158	64,401,888,593
Others	59,085,038,918	41,873,911,823
	<u>923,414,930,999</u>	<u>657,342,239,265</u>

31 GENERAL AND ADMINISTRATION EXPENSES

	<u>For the six-month period ended 30 June</u>	
	2021	2020
	VND	VND
Staff costs	199,871,868,207	159,045,648,640
Depreciation and amortisation	14,492,677,897	15,329,572,421
Tools and supplies	9,291,289,218	6,311,288,770
Fee charges	1,115,341,530	581,811,526
Outside services	29,483,347,362	30,199,084,932
Others	23,938,005,180	12,951,538,148
	<u>278,192,529,394</u>	<u>224,418,944,437</u>

32 BIT

The BIT on the Group's accounting profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	<u>For the six-month period ended 30 June</u>	
	2021 VND	2020 VND
Net accounting profit before tax	921,499,480,520	554,391,668,294
Including:		
- Accounting profit before tax	929,175,474,912	592,555,852,235
- Accounting loss before tax	(7,675,994,392)	(38,164,183,941)
Tax calculated at a rate of 20%	185,835,094,982	118,511,170,447
Effect of:		
Under provision in previous year	589,736,767	-
Expenses not deductible for tax purposes	710,901,864	311,500,769
Others	(905,565,703)	(4,353,657,863)
BIT charge (*)	<u>186,230,167,910</u>	<u>114,469,013,353</u>
(Credited)/charged to interim consolidated income statement:		
BIT – current	177,123,637,900	115,120,179,510
BIT – deferred (Note 21)	9,106,530,010	(651,166,157)
	<u>186,230,167,910</u>	<u>114,469,013,353</u>

(*) The BIT charge for the period is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

33 COST OF OPERATION BY FACTOR

Costs of operation by factor represent all costs incurred during the period from the Group's operating activities, excluding cost of merchandises for trading activities. The details are as follows:

	<u>For the six-month period ended 30 June</u>	
	2021 VND	2020 VND
Raw materials	4,449,172,582,789	4,938,058,090,456
Staff costs	798,621,525,071	591,040,022,671
Tools and supplies	72,045,245,607	71,591,674,501
Depreciation and amortisation	37,309,189,162	35,277,242,986
Outside services	366,482,599,819	257,444,623,140
Others	85,172,793,207	78,377,770,897
	<u>5,808,803,935,655</u>	<u>5,971,789,424,651</u>

34 RELATED PARTY DISCLOSURES**Related party transactions**

During the period, the following major transaction was carried out with related parties:

	<u>For the six-month period ended 30 June</u>	
	2021 VND	2020 VND
<i>Compensation of key management</i>		
Gross salaries and other benefits	<u>24,754,877,726</u>	<u>21,012,576,438</u>

35 COMMITMENTS UNDER OPERATING LEASES

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

	30.6.2021 VND	31.12.2020 VND
Within one year	255,066,730,102	230,896,342,548
Between one and five years	807,518,655,717	727,906,892,402
Over five years	400,188,205,976	357,916,886,719
Total minimum payments	<u>1,462,773,591,795</u>	<u>1,316,720,121,669</u>

36 SEGMENT REPORTING*Geographical segment*

The Group has performed all manufacturing and trading activities of gold, silver, jewelry, gemstones and services in Vietnam only. Therefore, the Group does not present the Geographical segment.

Business activity segment

Manufacturing and trading gold, silver, jewelry and gemstones is the principal activities of the Group to generate revenue and earn profit for the Group, whereas, other income accounts for a small portion in total revenue of the Group, therefore, the Board of Management assumed that the Group is in one business activity segment only.

37 COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the current period's presentation.

The interim consolidated financial statements were approved by the Board of Management on 13 August 2021.



Nguyen Thanh Dat
Preparer



Duong Quang Hai
Chief Accountant



Le Tri Thong
General Director