

**PHU NHUAN JEWELRY JOINT STOCK COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS**

**For the 6-month period ended 30 June 2017**



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### **STATEMENT OF THE BOARD OF DIRECTORS**

The Board of Directors of Phu Nhuan Jewelry Joint Stock Company (the "Parent Company") and subsidiaries (the Parent Company and its subsidiaries are collectively referred to as the "Company") presents this report together with the Company's interim consolidated financial statements for the 6-month period ended 30 June 2017.

### **BOARDS OF MANAGEMENT, DIRECTORS AND SUPERVISORS**

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

#### **Board of Management**

Ms. Cao Thi Ngoc Dung	Chairwoman
Mr. Lê Trí Thông	Vice Chairman (appointed on 03 May 2017)
Mr. Nguyen Vu Phan	Member (appointed on 03 May 2017)
Ms. Nguyen Thi Cuc	Member
Mr. Nguyen Tuan Quynh	Member (resigned on 27 April 2017)
Ms. Nguyen Thi Bich Ha	Member (resigned on 27 April 2017)
Ms. Pham Vu Thanh Giang	Member
Mr. Le Huu Hanh	Member
Mr. Le Quang Phuc	Member
Ms. Pham Thi My Hanh	Member

#### **Board of Directors**

Ms. Cao Thi Ngoc Dung	General Director
Mr. Le Huu Hanh	Deputy General Director
Ms. Nguyen Thi Cuc	Deputy General Director (resigned on 01 June 2017)
Ms. Pham Thi My Hanh	Deputy General Director (resigned on 01 June 2017)

#### **Board of Supervisors**

Mr. Nguyen Thanh Du	Head of Board of Supervisors
Ms. Nguyen Ngoc Hue	Member
Mr. Le Anh Duc	Member (appointed on 27 April 2017)
Mr. Tran Van Dan	Member (resigned on 27 April 2017)

### **BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY**

The Board of Directors of the Company is responsible for preparing the interim consolidated financial statements, which give a true and fair view of the consolidated financial position of the Company as at 30 June 2017, and its consolidated financial performance and its consolidated cash flows for the 6-month period then ended then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these interim consolidated financial statements, The Board of Directors is required to:


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

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

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**STATEMENT OF THE BOARD OF DIRECTORS (Continued)**

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

For and on behalf of the Board of Directors, 



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**Cao Thi Ngoc Dung**  
**General Director**  
7 August 2017

No. 103 /VN1A-HC-BC

## REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**To: The shareholders, Boards of Management and Directors 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"), prepared on 7 August 2017 as set out from page 4 to page 24, which comprise the interim consolidated balance sheet as at 30 June 2017, the interim consolidated income statement and interim consolidated cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Board of Directors' Responsibility for the interim consolidated financial statements**

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

### **Auditors' Responsibility**

Our responsibility is to express a conclusion on the accompanying interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim consolidated financial statements 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 statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 30 June 2017, and of its consolidated financial performance and its consolidated cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.



**Ngô Thái Hòa**  
**Audit Partner**

Audit Practising Registration Certificate  
No. 0138-2013-001-1

**Branch of Deloitte Vietnam Company Limited**  
7 August 2017  
Ho Chi Minh City, S.R. Vietnam

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**INTERIM CONSOLIDATED BALANCE SHEET**

As at 30 June 2017

Unit: VND

<b>ASSETS</b>	<b>Codes</b>	<b>Notes</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>3,055,471,974,810</b>	<b>3,102,579,808,767</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>39,646,956,214</b>	<b>155,348,026,509</b>
1. Cash	111		39,646,956,214	70,848,026,509
2. Cash equivalents	112		-	84,500,000,000
<b>II. Short-term financial investments</b>	<b>120</b>	<b>5</b>	<b>65,000,000</b>	<b>65,000,000</b>
1. Held-to-maturity investments	123		65,000,000	65,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>77,491,735,468</b>	<b>62,721,123,570</b>
1. Short-term trade receivables	131	6	40,416,124,223	34,105,257,366
2. Short-term advances to suppliers	132		27,362,848,778	18,769,437,915
3. Other short-term receivables	136	7	8,143,277,894	8,813,861,809
4. Provision for short-term doubtful debts	137		-	(35,327,600)
5. Deficits in assets awaiting solution	139	8	1,569,484,573	1,067,894,080
<b>IV. Inventories</b>	<b>140</b>	<b>9</b>	<b>2,883,130,982,100</b>	<b>2,838,689,610,580</b>
1. Inventories	141		2,883,130,982,100	2,838,689,610,580
<b>V. Other short-term assets</b>	<b>150</b>		<b>55,137,301,028</b>	<b>45,756,048,108</b>
1. Short-term prepayments	151	10	54,912,490,366	45,053,483,750
2. Value added tax deductibles	152		89,917,879	9,315,542
3. Taxes and other receivables from the State budget	153	11	134,892,783	693,248,816
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>505,534,701,476</b>	<b>485,407,101,396</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>34,332,674,805</b>	<b>26,443,208,792</b>
1. Other long-term receivables	216	7	34,332,674,805	26,443,208,792
<b>II. Fixed assets</b>	<b>220</b>		<b>406,404,351,639</b>	<b>415,801,415,193</b>
1. Tangible fixed assets	221	12	200,985,627,953	207,197,873,311
- Cost	222		382,843,302,493	370,598,131,345
- Accumulated depreciation	223		(181,857,674,540)	(163,400,258,034)
2. Intangible assets	227	13	205,418,723,686	208,603,541,882
- Cost	228		210,841,998,873	213,344,195,473
- Accumulated amortization	229		(5,423,275,187)	(4,740,653,591)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>24,563,078,966</b>	<b>7,532,817,898</b>
1. Long-term construction in progress	242	14	24,563,078,966	7,532,817,898
<b>IV. Long-term financial investments</b>	<b>250</b>		<b>-</b>	<b>-</b>
1. Equity investments in other entities	253	5	395,271,613,400	395,271,613,400
2. Provision for impairment of long-term financial investments	254	5	(395,271,613,400)	(395,271,613,400)
<b>V. Other long-term assets</b>	<b>260</b>		<b>40,234,596,066</b>	<b>35,629,659,513</b>
1. Long-term prepayments	261	10	37,311,512,092	32,706,575,539
2. Deferred tax assets	262	15	2,923,083,974	2,923,083,974
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>3,561,006,676,286</b>	<b>3,587,986,910,163</b>



**INTERIM CONSOLIDATED BALANCE SHEET (Continued)**

As at 30 June 2017

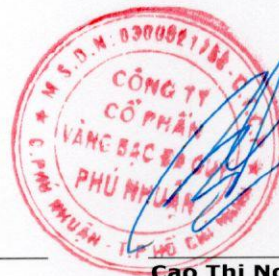
Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>1,825,564,647,086</b>	<b>2,087,660,199,499</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,773,662,445,842</b>	<b>2,021,660,998,255</b>
1. Short-term trade payables	311	16	196,666,565,994	325,730,741,078
2. Short-term advances from customers	312		22,232,965,302	56,039,039,794
3. Taxes and amounts payable to the State budget	313	11	86,567,578,826	87,438,899,372
4. Payables to employees	314		45,943,510,645	27,859,516,199
5. Short-term accrued expenses	315	17	58,213,809,237	6,354,714,739
6. Other current payables	319	18	37,082,626,232	27,608,104,037
7. Short-term loans	320	19	1,270,387,148,867	1,448,954,945,047
8. Bonus and welfare funds	322		56,568,240,739	41,675,037,989
<b>II. Long-term liabilities</b>	<b>330</b>		<b>51,902,201,244</b>	<b>65,999,201,244</b>
1. Other long-term payables	337	18	628,026,000	628,026,000
2. Long-term loans	338	20	44,897,000,000	58,994,000,000
3. Long-term provisions	342	21	6,377,175,244	6,377,175,244
<b>D. EQUITY</b>	<b>400</b>		<b>1,735,442,029,200</b>	<b>1,500,326,710,664</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>22</b>	<b>1,735,442,029,200</b>	<b>1,500,326,710,664</b>
1. Owners' contributed capital	411		982,745,770,000	982,745,770,000
- Ordinary shares carrying voting rights	411a		982,745,770,000	982,745,770,000
2. Treasury shares	415		(7,090,000)	(7,090,000)
3. Investment and development fund	418		220,087,556,918	144,087,556,918
4. Retained earnings	421		532,615,792,282	373,500,473,746
- Retained earnings accumulated to the prior year end	421a		154,931,379,346	-
- Retained earnings of the current period/year	421b		377,684,412,936	373,500,473,746
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>3,561,006,676,286</b>	<b>3,587,986,910,163</b>

  
 Nguyen Thanh Dat  
 Preparer

  
 Duong Quang Hai  
 Chief Accountant

  
 Cao Thi Ngoc Dung  
 General Director  
 7 August 2017



**INTERIM CONSOLIDATED INCOME STATEMENT**

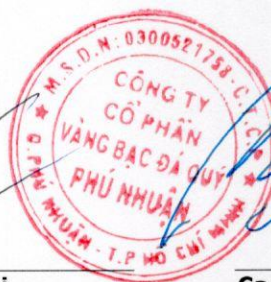
For the 6-month period ended 30 June 2017

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01		5,507,084,651,810	3,961,065,706,770
2. Deductions	02		31,074,017,531	22,859,299,218
3. Net revenue from goods sold and services rendered (10=01-02)	10	25	5,476,010,634,279	3,938,206,407,552
4. Cost of goods sold and services rendered	11	26	4,525,037,640,464	3,225,623,323,075
5. Gross profit from goods sold and services rendered (20=10-11)	20		950,972,993,815	712,583,084,477
6. Financial income	21	28	3,775,894,563	1,105,897,732
7. Financial expenses	22	29	36,177,387,210	124,250,886,900
<i>In which: Interest expense</i>	23		34,894,455,589	38,237,408,560
8. Selling expenses	25	30	369,305,330,869	263,427,519,872
9. General and administration expenses	26	31	81,925,970,685	61,764,205,963
10. Operating profit (30=20+(21-22)-(25+26))	30		467,340,199,614	264,246,369,474
11. Other income	31	32	5,837,441,141	44,489,211,739
12. Other expenses	32	32	501,801,506	1,608,488,130
13. Profit from other activities (40=31-32)	40		5,335,639,635	42,880,723,609
14. Loss from associates	45		-	(913,939,310)
15. Accounting profit before tax (50=30+40+45)	50		472,675,839,249	306,213,153,773
16. Current corporate income tax expense	51	33	94,991,426,313	61,680,297,887
17. Profit after corporate income tax (60=50-51)	60		377,684,412,936	244,532,855,886
<i>Attributable to:</i>				
- The Parent Company's shareholders	62		377,684,412,936	244,532,855,886
18. Basic earnings per share	70	34	3,552	2,036

**Nguyen Thanh Dat**  
Preparer

**Duong Quang Hai**  
Chief Accountant



**Cao Thi Ngoc Dung**  
General Director  
7 August 2017

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**INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
For the 6-month period ended 30 June 2017

ITEMS	Codes	Unit: VND	
		Current period	Prior period
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>	<b>472,675,839,249</b>	<b>306,213,153,773</b>
<b>2. Adjustments for:</b>			
Depreciation and amortization	02	19,203,736,220	16,540,953,146
Provisions	03	(35,327,600)	84,691,750,000
Foreign exchange loss arising from translating foreign currency items	04	246,237,678	(208,462,157)
Gain from investing activities	05	(6,112,985,226)	(44,647,739,799)
Interest expense	06	34,894,455,589	38,237,408,560
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>520,871,955,910</b>	<b>400,827,063,523</b>
Increase in account receivables	09	(22,338,650,543)	(12,710,141,227)
Increase in inventories	10	(44,441,371,520)	(187,902,556,192)
(Decrease)/Increase in account payables	11	(107,066,657,676)	33,179,802,763
(Increase)/Decrease in prepaid expenses	12	(14,463,943,169)	5,502,664,065
Interest paid	14	(35,857,587,904)	(34,538,028,237)
Corporate income tax paid	15	(91,019,404,473)	(41,028,708,514)
Other cash inflows	16	-	8,320,510,061
Other cash outflows	17	(30,106,797,250)	-
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>175,577,543,375</b>	<b>171,650,606,242</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition of fixed assets and other long-term assets	21	(29,343,684,216)	(21,630,589,516)
2. Proceeds from disposal of fixed assets	22	7,804,000,000	150,000,000,000
3. Cash paid for time deposits	24	-	(190,000,000,000)
4. Cash recovered from time deposits	26	-	140,000,000,000
5. Interest earned	27	815,735,708	456,516,056
<b>Net cash (used in)/generated by investing activities</b>	<b>30</b>	<b>(20,723,948,508)</b>	<b>78,825,926,540</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	1,683,143,428,384	1,372,047,879,893
2. Repayment of borrowings	34	(1,875,677,809,107)	(1,497,270,547,636)
3. Dividends paid	36	(78,054,099,950)	(49,136,934,000)
<b>Net cash used in financing activities</b>	<b>40</b>	<b>(270,588,480,673)</b>	<b>(174,359,601,743)</b>
<b>Net (decrease)/increase in cash (50=20+30+40)</b>	<b>50</b>	<b>(115,734,885,806)</b>	<b>76,116,931,039</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>155,348,026,509</b>	<b>37,884,639,212</b>
Effect of changes in foreign exchange rates	61	33,815,511	25,169,437
<b>Cash and cash equivalents at the end of the period (70=50+60+61)</b>	<b>70</b>	<b>39,646,956,214</b>	<b>114,026,739,688</b>

**Nguyen Thanh Dat**  
Preparer

**Duong Quang Hai**  
Chief Accountant



**Cao Thi Ngoc Dung**  
General Director  
7 August 2017

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**1. GENERAL INFORMATION**

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

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

The number of employees at parent Company as at 30 June 2017 was 4,431 (as at 31 December 2016 was 3,951).

**Operating industry and principal activities**

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

**Normal production and business cycle**

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

**The Parent Company's structure**

The Parent 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 Parent Company also has two hundred and twenty nine (229) retail shops (in which 6 retail shops have 2 locations) located in various provinces and cities in Vietnam.

As at 30 June 2017, the Parent Company's subsidiaries were:

- CAO Fashion Company Limited ("CFC"), a one-member limited liability company, was established under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0309279212 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 August 2009. CFC's registered head office is located at 170E Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. CFC's principal activities are to produce and trade fashion products, silver and gold jewelry, and arts and crafts products, and to import and export art and craft products. The charter capital of CFC is of VND 10,000,000,000. The voting power of Parent Company as at 30 June 2017 is 100% (as at 31 December 2016: same).
- PNJ Laboratory Company Limited ("PLC"), a one-member limited liability company, was established under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No.0310521330 issued by the Department of Planning and Investment of Ho Chi Minh City on 16 December 2010. PLC's registered head office is located at 205 Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. PLC's principal activities are to provide jewelry inspection and consultancy services. The voting power of Parent Company as at 30 June 2017 is 100% (as at 31 December 2016: same).

As at 30 June 2017, the Parent Company also had forty nine (49) branches located in various provinces and cities in Vietnam, in which, the big branches were:

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



**Disclosure of information comparability in the interim consolidated financial statements**

The comparative figures of the interim consolidated balance sheet are the figures of the Company's audited interim consolidated financial statements for the year ended 31 December 2016. The comparative figures of the interim consolidated income statement and interim consolidated cash flow statement are the figures of the reviewed interim consolidated financial statements for the 6-month period ended 30 June 2016.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

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

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

**Financial year**

The Company's financial year begins on 1 January and ends on 31 December. The review interim consolidated financial statements are prepared for the period from 1 January to 30 June annually.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

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

**Basis of consolidation**

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

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

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

Intragroup transactions and balances are eliminated in full on consolidation.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**Financial investments*****Held-to-maturity investments***

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including term deposits held to maturity to earn periodic interest.

**Other long-term investments**

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

**Provisions for impairment of investments**

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

**Receivables**

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

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

**Inventories**

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

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

**Tangible fixed assets and depreciation**

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

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

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

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

**Leasing**

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

**Intangible assets and amortization**

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

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

**Construction in progress**

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

**Prepayments**

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

Long-term prepaid expenses comprise:

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

**Borrowing costs**

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

**Revenue recognition**

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied: (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

(a) the amount of revenue can be measured reliably;

(b) it is probable that the economic benefits associated with the transaction will flow to the Company;

(c) the percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and

(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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### **Severance allowance payable**

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

### **Foreign currencies**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the interim consolidated income statement.

### **Payable provisions**

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

### **Taxation**

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

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

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

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

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

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

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



**PHU NHUAN JEWELRY JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09a-DN**

**4. CASH AND CASH EQUIVALENTS**

	Closing balance VND	Opening balance VND
Cash on hand	28,003,981,136	46,916,373,423
Cash in bank	9,128,939,358	19,475,220,750
Cash in transit	2,514,035,720	4,456,432,336
Cash equivalents	-	84,500,000,000
	<b><u>39,646,956,214</u></b>	<b><u>155,348,026,509</u></b>

**5. FINANCIAL INVESTMENTS**

	Closing balance			Opening balance		
	Cost VND	Provision VND	Fair value VND	Cost VND	Provision VND	Fair value VND
a. Held-to-maturity investments						
- Time deposit	65,000,000	-	65,000,000	65,000,000	-	65,000,000
An Binh Comercial Joint Stock Company ("AB Bank")	65,000,000	-	65,000,000	65,000,000	-	65,000,000
b. Investments in other entities						
- Investments in other entities	395,271,613,400	(395,271,613,400)	-	395,271,613,400	(395,271,613,400)	-
Dong A Joint Stock Commercial Bank ("DAB")	395,271,613,400	(395,271,613,400)	-	395,271,613,400	(395,271,613,400)	-
	<b><u>395,336,613,400</u></b>	<b><u>(395,271,613,400)</u></b>	<b><u>65,000,000</u></b>	<b><u>395,336,613,400</u></b>	<b><u>(395,271,613,400)</u></b>	<b><u>65,000,000</u></b>

As at 30 June 2017, Dong A Joint Stock Commercial Bank was still under special control by the State Bank of Vietnam. However the Board of Directors believes that the Company made provision for impairment of the investment in this bank fully and in accordance with current accounting regulations as at the interim consolidated balance sheet date.

Detailed information about this company as at 30 June 2017 was as follows:

Company name	Place of Incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity
Dong A Joint Stock Commercial Bank ("DAB")	Ho Chi Minh City	7.69	7.69	Business operations related to financial activities, banking

**6. SHORT-TERM TRADE RECEIVABLES**

	Closing balance VND	Opening balance VND
CoCa-Cola Beverage Viet Nam Limited Company	7,610,529,890	-
FH Trautz GmbH	5,156,382,295	8,044,011,168
DC&D Company	5,522,812,004	3,448,548,729
Others	22,126,400,034	22,612,697,469
	<b><u>40,416,124,223</u></b>	<b><u>34,105,257,366</u></b>

**7. OTHER RECEIVABLES**

	Closing balance VND	Opening balance VND
a. Short-term receivables		
- Advances to employees	2,530,798,376	705,372,244
- Others	5,612,479,518	8,108,489,565
	<b><u>8,143,277,894</u></b>	<b><u>8,813,861,809</u></b>
b. Long-term receivables		
- Deposits for renting the stores	34,332,674,805	26,443,208,792
	<b><u>34,332,674,805</u></b>	<b><u>26,443,208,792</u></b>

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**8. DEFICITS IN ASSETS AWAITING SOLUTION**

	Closing balance		Opening balance	
	Quantity	Amount VND	Quantity	Amount VND
Gold (3,75 gram)	425	1,423,938,217	230	770,583,999
Others		145,546,356		297,310,081
	<b>425</b>	<b>1,569,484,573</b>	<b>230</b>	<b>1,067,894,080</b>

**9. INVENTORIES**

	Closing balance VND	Opening balance VND
Goods in transit	30,526,741,453	86,017,812,275
Raw materials	129,644,639,622	147,661,925,780
Tools and supplies	33,302,820,283	25,257,327,045
Works in progress	157,257,513,676	284,243,247,575
Finished goods	214,559,106,706	233,956,735,746
Merchandise	2,267,284,701,588	1,998,687,743,477
Goods on consignment	50,555,458,772	62,864,818,682
	<b>2,883,130,982,100</b>	<b>2,838,689,610,580</b>

As at 30 June 2017, inventories of VND 1,165,916,000,000 (as at 31 December 2016, inventories of VND 1,690,467,990,000) were used as collateral for short-term loans obtained from commercial banks (Note 19).

**10. PRREPAYMENTS**

	Closing balance VND	Opening balance VND
a. Short-term prepayments		
- Stores rental	7,297,980,641	4,941,083,841
- Tools and supplies	35,237,621,579	27,294,680,295
- Marketing expenses	3,419,327,022	3,157,643,786
- Others	8,957,561,124	9,660,075,828
	<b>54,912,490,366</b>	<b>45,053,483,750</b>
b. Long-term prepayments		
- Office and stores renovation expenses	19,982,517,833	15,730,798,463
- Stores rental	312,591,473	898,700,471
- Tools and supplies	14,471,495,606	14,116,115,437
- Marketing expenses	1,544,355,345	1,433,045,277
- Others	1,000,551,835	527,915,891
	<b>37,311,512,092</b>	<b>32,706,575,539</b>

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

	Opening balance VND	Receivable/Payable during the period VND	Received/Paid during the period VND	Closing balance VND
a. Receivables				
Value added tax	627,332,217	(30,631,969,780)	30,062,228,635	57,591,072
Import-export tax	9,843,113	(834,223,892)	829,254,182	4,873,403
Others	56,073,486	(142,300,000)	158,654,822	72,428,308
	<b>693,248,816</b>	<b>(31,608,493,672)</b>	<b>31,050,137,639</b>	<b>134,892,783</b>
b. Payables				
Value added tax	18,226,534,806	106,580,941,203	(106,709,757,498)	18,097,718,511
Corporate income tax	58,348,994,700	94,991,426,313	(91,019,404,473)	62,321,016,540
Personal income tax	2,972,776,424	6,587,274,152	(8,091,109,496)	1,468,941,080
Others	7,890,593,442	286,653,600	(3,497,344,347)	4,679,902,695
	<b>87,438,899,372</b>	<b>208,446,295,268</b>	<b>(209,317,615,814)</b>	<b>86,567,578,826</b>

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**PHU NHUAN JEWELRY JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09a-DN**

**15. DEFERRED TAX ASSETS**

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

	Accruals and other provisions VND
Prior year's opening balance	3,098,940,957
Credit to the consolidated income statement	(175,856,983)
<b>Current period's opening balance</b>	<b>2,923,083,974</b>
Credit to the interim consolidated income statement	-
<b>Current period's closing balance</b>	<b><u>2,923,083,974</u></b>

**16. SHORT-TERM TRADE PAYABLES**

	Closing balance		Opening balance	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
Forte Jewellery (HK) Limited Company	49,842,217,873	49,842,217,873	91,846,814,195	91,846,814,195
Shrenuj Fareast Limited Company	46,010,970,581	46,010,970,581	54,758,478,557	54,758,478,557
Other suppliers	100,813,377,540	100,813,377,540	179,125,448,326	179,125,448,326
	<b><u>196,666,565,994</u></b>	<b><u>196,666,565,994</u></b>	<b><u>325,730,741,078</u></b>	<b><u>325,730,741,078</u></b>

**17. SHORT TERM ACCRUED EXPENSE**

	Closing balance VND	Opening balance VND
Advertising expense	36,338,810,355	950,892,732
Liquidation expenses for buy back goods and defective goods inactive stock	18,613,554,046	-
Interest expenses	2,559,111,936	3,522,244,251
Stores rental	702,332,900	1,621,370,756
Others	-	260,207,000
	<b><u>58,213,809,237</u></b>	<b><u>6,354,714,739</u></b>

**18. OTHER PAYABLES**

	Closing balance VND	Opening balance VND
<b>a. Current payables</b>	<b>37,082,626,232</b>	<b>27,608,104,037</b>
- Surpluses in assets awaiting solution	2,486,102,260	533,501,183
- Trade union fee	1,153,640,436	962,909,881
- Social insurance	3,426,805,525	7,942,084
- Health insurance	368,480,642	-
- Unemployment insurance	246,064,180	342,266
- Payables to Board of Management and Board of Directors bonus	12,200,000,000	-
- Payables to Board of Management fund	3,208,939,568	494,729,568
- Payables to Board of Directors fund	1,419,901,517	3,571,168,667
- Payables to Trade union fund	5,984,504,755	5,902,835,563
- PIT payable on behalf of shareholders	4,531,133,392	4,555,873,392
- Dividends payable	1,915,044,995	1,350,050,545
- Others	142,008,962	10,228,750,888
<b>b. Long-term payables</b>	<b>628,026,000</b>	<b>628,026,000</b>
- Others	628,026,000	628,026,000
	<b><u>37,710,652,232</u></b>	<b><u>28,236,130,037</u></b>



**PHU NHUAN JEWELRY JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09a-DN**

**20. LONG-TERM LOANS**

	Opening balance		In the period		Closing balance	
	Amount VND	Amount able to be paid off VND	Increase VND	Decrease VND	Amount VND	Amount able to be paid off VND
Dong A Joint Stock Commercial Bank	26,370,000,000	26,370,000,000	-	(9,730,000,000)	16,640,000,000	16,640,000,000
Asia Commercial Joint Stock Bank	46,018,000,000	46,018,000,000	-	(5,757,000,000)	40,261,000,000	40,261,000,000
Vietnam Bank For Agriculture And Rual Development	18,500,000,000	18,500,000,000	-	-	18,500,000,000	18,500,000,000
	<b>90,888,000,000</b>	<b>90,888,000,000</b>	<b>-</b>	<b>(15,487,000,000)</b>	<b>75,401,000,000</b>	<b>75,401,000,000</b>

Terms and conditions of the loans are detailed as follows:

Bank	Closing balance VND	Interest rate %/ year	Maturity date	Collateral
Dong A Joint Stock Commercial Bank	16,640,000,000	6	2018	Land use rights and assets attached with land at 52A+52B Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City (HCMC); 159A Phan Dang Luu Street, Phu Nhuan District, HCMC; 577 Nguyen Kiem Street, Phu Nhuan District, HCMC; 174 Le Thanh Ton Street, District 1, HCMC
Asia Commercial Joint Stock Bank	40,261,000,000	8.2	2020	Land use rights at 7 An Duong Vuong Street, Ward 8, District 5, Ho Chi Minh City and 6A Tran Nhan Tong Street, Bui Thi Xuan Ward, Hai Ba Trung District, Ha Noi
Vietnam Bank For Agriculture And Rual Development	18,500,000,000	7	2021	02 Shop-house No.PG1-05 and PG1-05A at No.209 30/4 Street, Xuan Khanh Ward, Ninh Kieu District, Can Tho City
	<b>75,401,000,000</b>			

Long-term liabilities are redeemable as the following schedule:

	Closing balance VND	Opening balance VND
On demand or within one year	30,504,000,000	31,894,000,000
In the second year	16,564,000,000	24,904,000,000
In the third to fifth year inclusive	28,333,000,000	34,090,000,000
	<b>75,401,000,000</b>	<b>90,888,000,000</b>
Less: Amount due for settlement within 12 months (shown under Note 19)	30,504,000,000	31,894,000,000
<b>Amount due for settlement after 12 months</b>	<b>44,897,000,000</b>	<b>58,994,000,000</b>

**21. LONG-TERM PROVISIONS**

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09a-DN/HN

2. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital VND	Treasury shares VND	Investment and development fund VND	Retained earnings VND	Total VND
<b>For the 6 month period ended 30 June 2016</b>					
Balance as at 31/12/2015	982,745,770,000	(7,090,000)	219,647,610,783	191,963,254,734	1,394,349,545,517
Profit for the period	-	-	-	244,532,855,886	244,532,855,886
Dividend declared	-	-	-	(147,410,802,000)	(147,410,802,000)
Board of Management and Board of Supervisors funds	-	-	-	(2,000,000,000)	(2,000,000,000)
Transfer to bonus and welfare funds	-	-	-	(15,230,000,000)	(15,230,000,000)
Board of Directors funds	-	-	-	(2,500,000,000)	(2,500,000,000)
<b>As at 30/6/2016</b>	<b>982,745,770,000</b>	<b>(7,090,000)</b>	<b>219,647,610,783</b>	<b>269,355,308,620</b>	<b>1,471,741,599,403</b>
<b>For the 6 month period ended 30 June 2017</b>					
Balance as at 31/12/2016	982,745,770,000	(7,090,000)	144,087,556,918	373,500,473,746	1,500,326,710,664
Profit for the year	-	-	-	377,684,412,936	377,684,412,936
Dividend declared	-	-	-	(78,619,094,400)	(78,619,094,400)
Investment and development fund	-	-	76,000,000,000	(76,000,000,000)	-
Board of Management, Board of Directors and Board of Supervisors funds	-	-	-	(6,750,000,000)	(6,750,000,000)
Transfer to bonus and welfare funds	-	-	-	(45,000,000,000)	(45,000,000,000)
Board of Management and Board of Directors bonus	-	-	-	(12,200,000,000)	(12,200,000,000)
<b>Balance as at 30/6/2017</b>	<b>982,745,770,000</b>	<b>(7,090,000)</b>	<b>220,087,556,918</b>	<b>532,615,792,282</b>	<b>1,735,442,029,200</b>

According to the Resolution of annual general shareholders' meeting No. 604/2017/NQ-ĐHĐCĐ-CTY on 27 April 2017, the shareholders approved the plan for profit distribution in 2016 as follows:

- The second time of dividend distribution in 2016 with the amount of VND 78,619,094,000. During the period, the Company paid dividends with the amount of VND 78,054,099,950.
- Appropriation to Board of Management, Board of Directors and Board of Supervisors funds; Bonus and welfare funds; investment and development fund and Boards of Management and Directors funds with the amounts of VND 6,750,000,000; VND 45,000,000,000; VND 76,000,000,000; and VND 12,200,000,000 respectively.

**Shares - Ordinary shares**

	<u>Closing balance</u> Number of shares	<u>Opening balance</u> Number of shares
Shares issued to the public	98,274,577	98,274,577
<i>Ordinary shares</i>	98,274,577	98,274,577
Treasury shares	(709)	(709)
<i>Ordinary shares</i>	(709)	(709)
Shares in circulation	98,273,868	98,273,868
<i>Ordinary shares</i>	<u>98,273,868</u>	<u>98,273,868</u>

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

**Owners' contributed capital**

As at 30 June 2017, the owners' contributed capital was fully contributed by the shareholders as follows:

	<u>Closing balance</u>		<u>Opening balance</u>	
	VND	%	VND	%
Cao Thi Ngoc Dung	99,667,140,000	10.14%	99,667,140,000	10.14%
Aims Asset Management Sdn Bhn (i)	15,000,000,000	1.53%	55,320,900,000	5.63%
Route One Funds	52,260,100,000	5.32%	52,260,100,000	5.32%
Other shareholders	815,818,530,000	83.02%	827,757,730,000	84.23%
	<u>982,745,770,000</u>	<u>100%</u>	<u>982,745,770,000</u>	<u>100%</u>

(i) Aims Asset Board of Directors Sdn Bhn has divested its owning proportion from 5,532,090 shares equivalent to 5.63% of total shares to 1,500,000 shares equivalent to 1.53% of total shares in circulation, hence, it has not been a major shareholder of Company since 04 May 2017. Shares were transferred to other foreign investors.

**23. OFF BALANCE SHEET ITEMS**

**Foreign currencies:**

	<b>Unit</b>	<u>Closing balance</u>	<u>Opening balance</u>
United States Dollar	USD	84,623	137,582
Euro	EUR	513	-
Australia Dollar	AUD	486	495.00
Singapore Dollar	SGD	<u>174</u>	<u>518</u>

**Pledged, mortgaged goods**

Phu Nhuan Jewelry Joint Stock Company is receiving the pledged, mortgaged gold jewelry and precious stones at 30 June 2017 with the value of VND 2,889,500,000 (as at 31 December 2016: VND 3,301,900,000).

**24. BUSINESS AND GEOGRAPHICAL SEGMENTS**

The principal activity of the Company is to trade gold, silver, jewelry and gemstones. Additionally, other activities mainly are trading accessories, jewellery inspection services. Revenue from other operating activities merely accounts for an immaterial rate in the total revenue. In current period, it is lower than 1% (prior period: lower than 1%). Revenue and cost of sales from operating activities are presented in Note 25 and Note 26 of the Notes to the interim consolidated financial statements. In respect of geographical segments, the Company merely operates within Vietnam (export activities take up 0.9% of total revenue). Accordingly, the Board of Directors assessed and believed that no segment reporting prepared in the financial statements for the period ended 30 June 2017 was in accordance with Vietnamese Accounting Standard No. 28 - "Segment Reporting" and the Company's current operating situation.



**PHU NHUAN JEWELRY JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09a-DN/HN**

**25. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED**

	Current period VND	Prior period VND
Sales from gold, silver and jewelry	5,600,423,996,247	4,022,598,809,540
Rendering services	4,315,269,972	5,693,043,137
Sales from accessories	11,712,086,838	9,715,675,561
Value added tax applying direct method	(109,366,701,247)	(76,941,821,468)
	<b><u>5,507,084,651,810</u></b>	<b><u>3,961,065,706,770</u></b>
Goods returned	(31,074,017,531)	(22,859,299,218)
	<b><u>5,476,010,634,279</u></b>	<b><u>3,938,206,407,552</u></b>

**26. COST OF GOODS SOLD AND SERVICES RENDERED**

	Current period VND	Prior period VND
Cost of gold, silver and jewelry	4,514,585,931,213	3,216,669,466,261
Cost of services rendered	2,808,453,196	2,233,174,913
Cost of accessories	7,643,256,055	6,720,681,901
	<b><u>4,525,037,640,464</u></b>	<b><u>3,225,623,323,075</u></b>

**27. PRODUCTION AND OPERATING COST BY NATURE**

	Current period VND	Prior period VND
Raw materials	4,511,384,104,219	3,375,998,082,624
Labour	294,716,023,092	213,410,808,526
Depreciation and amortization	19,203,736,220	16,540,953,146
Outside services	81,221,870,618	63,708,286,565
Other monetary expenses	161,129,177,334	111,392,375,559
	<b><u>5,067,654,911,483</u></b>	<b><u>3,781,050,506,420</u></b>

**28. FINANCIAL INCOME**

	Current period VND	Prior period VND
Interest income	815,735,708	640,443,160
Realized foreign exchange gain	1,650,945,699	461,684,716
Others	1,309,213,156	3,769,856
	<b><u>3,775,894,563</u></b>	<b><u>1,105,897,732</u></b>

**29. FINANCIAL EXPENSES**

	Current period VND	Prior period VND
Interest expense	34,894,455,589	38,237,408,560
Provision for impairment of financial investments	-	84,691,750,000
Foreign exchange loss	563,248,892	194,417,882
Others	719,682,729	1,127,310,458
	<b><u>36,177,387,210</u></b>	<b><u>124,250,886,900</u></b>

**30. SELLING EXPENSES**

	Current period VND	Prior period VND
Management materials	8,641,051,437	8,352,571,832
Management staff	155,129,133,656	112,906,022,392
Office equipment	18,834,083,701	17,228,845,794
Depreciation and amortization	2,907,892,898	2,513,696,533
Out-sourced services	74,426,855,848	59,081,743,257
Other monetary expenses	109,366,313,329	63,344,640,064
	<b><u>369,305,330,869</u></b>	<b><u>263,427,519,872</u></b>



**PHU NHUAN JEWELRY JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09a-DN/HN**

**31. GENERAL AND ADMINISTRATION EXPENSES**

	Current period VND	Prior period VND
Management materials	90,817,342	20,137,500
Management staff	54,246,025,434	37,012,030,988
Office equipment	2,852,371,142	2,484,261,162
Depreciation and amortization	4,968,580,040	4,715,381,186
Taxes, fees and charges	236,015,160	117,500,000
Out-sourced services	3,604,608,383	2,355,817,080
Other monetary expenses	15,927,553,184	15,059,078,047
	<b><u>81,925,970,685</u></b>	<b><u>61,764,205,963</u></b>

**32. PROFIT FROM OTHER ACTIVITIES**

	Current period VND	Prior period VND
Proceeds from disposals of fixed assets	5,302,133,400	43,641,947,529
Other income	535,307,741	847,264,210
	<u>5,837,441,141</u>	<u>44,489,211,739</u>
Expense for disposals of tools and supplies	57,544,214	1,435,582,842
Other expenses	444,257,292	172,905,288
	<u>501,801,506</u>	<u>1,608,488,130</u>
<b>Profit from other activities</b>	<b><u>5,335,639,635</u></b>	<b><u>42,880,723,609</u></b>

**33. CURRENT CORPORATE INCOME TAX EXPENSE**

	Current period VND	Prior period VND
<b>Corporate income tax expense</b>		
Corporate income tax based on taxable income in the current period	94,991,426,313	61,680,297,887
	<u>94,991,426,313</u>	<u>61,680,297,887</u>

The Company is obliged to pay corporate income tax at the rate of 20% (prior period: 20%) of its taxable income.

**34. BASIC EARNINGS PER SHARE**

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Parent Company is based on the following data:

	Current period VND	Prior period VND
Earnings for the purposes of calculating basic earnings per share	377,684,412,936	244,532,855,886
Estimated bonus and welfare fund; funds for Board of Management and Board of Directors	(28,600,000,000)	(44,400,751,192)
<b>Earnings for the purpose of calculating basic earnings per share</b>	<b><u>349,084,412,936</u></b>	<b><u>200,132,104,694</u></b>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	98,273,868	98,273,868
<b>Basis earnings per share</b>	<b><u>3,552</u></b>	<b><u>2,036</u></b>

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**35. OPERATING LEASE COMMITMENTS**

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

	Current period VND	Prior period VND
Minimum lease payments under operating leases recognised in the consolidated income statement	<u>65,785,700,069</u>	<u>51,528,951,225</u>

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

	Closing balance VND	Opening balance VND
Within one year	89,565,114,603	73,251,900,689
In the second to fifth year inclusive	209,846,308,433	181,246,335,494
After five years	108,165,220,098	96,004,469,000
	<u>407,576,643,134</u>	<u>350,502,705,183</u>

**36. RELATED PARTY TRANSACTIONS AND BALANCES**

**List of related parties:**

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

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

	Current period VND	Prior period VND
<b>Financial expense</b>		
Dong A Joint Stock Commercial Bank	<u>217,141,667</u>	<u>1,168,226,666</u>

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

	Closing balance VND	Opening balance VND
<b>Long-term loan</b>		
Dong A Joint Stock Commercial Bank	<u>16,640,000,000</u>	<u>26,370,000,000</u>

Remuneration paid to the Company's Boards of Management Directors during the period was as follows:

	Current period VND	Prior period VND
Salaries and bonus	<u>16,199,948,554</u>	<u>3,032,738,037</u>

**37. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

**Supplemental non-cash disclosures**

Interest paid during the period included an amount of VND 3,522,244,251, representing the interest expense incurred at the beginning of the period and excluded VND 2,559,111,936, representing the interest expense incurred during the period that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

Dividend received during the period included an amount of VND 1,350,050,545, representing the dividend payable incurred at the beginning of the period and excluded VND 1,915,044,995, representing the dividend expense incurred during the period that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.



**38. SUBSEQUENT EVENTS**

According to Resolution No. 183/2017/NQ-DHDCD-CTY dated 23 February 2017 of the Annual General Meeting of Shareholders of Phu Nhuan Jewelry Joint Stock Company, the Company's shareholders approved the offering of 9,827,457 additional shares and was approved by the State Securities Commission in Official Letter No. 3915/UBCK-QLCB on 13 June 2017.

On 19 July 2017, the Company completed issuance of 9,827,457 shares under par value of VND 10,000 per share to investors at an average price of VND 100,880 per share. Accordingly, the total amount that the Company has been collected is VND 975,035,852,458 and the Company recorded in the chartered capital and share premium with the amounts of VND 98,274,570,000 and VND 876,761,282,458, respectively. Currently, the Company is completing procedures to list additional shares.

Some indicators in the financial statements may change when the Company completes the increase of capital:

<b>Interim consolidated Balance sheet</b>					
Codes	Before		After		Changes VND
	increasing capital VND		increasing capital VND		
Cash	111	39,646,956,214	1,014,682,808,672	(975,035,852,458)	
Owners' contributed capital	411	982,745,770,000	1,081,020,340,000	(98,274,570,000)	
Share premium	412	-	876,761,282,458	(876,761,282,458)	

<b>Interim consolidated Income Statement</b>					
Codes	Before		After		Changes VND
	increasing capital VND		increasing capital VND		
Basic earnings per share	70	3,552	3,401	(151)	

The owners' contributed capital was fully contributed by the shareholders at 19 July 2017 and 1 January 2017 as follows:

	19/7/2017		01/01/2017	
	VND	%	VND	%
Cao Thi Ngoc Dung	99,667,140,000	9.22%	99,667,140,000	9.22%
Aims Asset Management Sdn Bhn (i)	15,000,000,000	1.39%	55,320,900,000	5.63%
Route One Funds	52,260,100,000	4.84%	52,260,100,000	5.32%
Other shareholders	914,093,100,000	84.56%	775,497,630,000	71.74%
	<b>1,081,020,340,000</b>	<b>100%</b>	<b>982,745,770,000</b>	<b>100%</b>

  
**Nguyen Thanh Dat**  
 Preparer

  
**Duong Quang Hai**  
 Chief Accountant

  
**Cao Thi Ngoc Dung**  
 General Director  
 7 August 2017

