

Separate Interim Financial Statements

For the three month period ended 30 June 2019

170E Phan Dang Luu Street – Phu Nhuan District – Ho Chi Minh City – Vietnam-T: +84 8 3995 1703 – F: +84 8 3995 1702 – www.pnj.com.vn



Phu Nhuan Jewelry Joint Stock Company

170E Phan Dang Luu Street, Ward 3, Phu Nhuan District

COMPANY

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

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

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

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

THE BOARD OF DIRECTORS

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

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

BOARD OF SUPERVISORS

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

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

BOARD OF MANAGEMENT

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

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

LEGAL REPRESENTATIVE

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


SEPARATE INTERIM BALANCE SHEET
30 June 2019

Unit: VND

	ITEMS	Code	Notes	30/06/2019	31/12/2018
A	CURRENT ASSETS	100		5,054,959,851,641	5,172,072,214,871
I	Cash and cash equivalents	110		84,203,007,646	150,227,254,450
1	Cash	111		84,203,007,646	150,227,254,450
II	Short-term investments	120		-	-
III	Current accounts receivable	130		989,782,270,150	133,581,413,665
1	Trade receivables	131		830,079,413,281	51,684,182,829
2	Advances to suppliers	132		87,880,340,561	42,171,662,231
3	Short-term lending	135		65,500,000,000	6,000,000,000
4	Other receivables	136		6,010,349,107	33,438,622,170
5	Shortage of assets pending resolution	139		312,167,201	286,946,435
IV	Inventories	140		3,937,062,975,153	4,819,866,729,341
1	Inventories	141		3,937,062,975,153	4,819,866,729,341
V	Other current assets	150		43,911,598,692	68,396,817,415
1	Short-term prepaid expenses	151		41,400,068,530	62,020,524,945
2	Tax and other receivables from the State	153		2,511,530,162	6,376,292,470
B	NON-CURRENT ASSETS	200		1,224,453,047,364	1,095,501,183,218
I	Non-current receivables	210		58,781,160,856	55,045,824,370
1	Other non-current receivables	216		58,781,160,856	55,045,824,370
II	Fixed assets	220		724,225,052,737	635,701,823,366
1	Tangible fixed assets	221		150,259,010,280	142,375,118,468
	- Cost	222		259,998,312,427	245,706,665,538
	- Accumulated depreciation (*)	223		(109,739,302,147)	(103,331,547,070)
2	Intangible fixed assets	227		573,966,042,457	493,326,704,898
	- Cost	228		586,424,185,903	499,937,407,873
	- Accumulated depreciation (*)	229		(12,458,143,446)	(6,610,702,975)
IV	Non-current assets in progress	240		113,498,050,298	67,983,789,990
1	Construction in progress	242		113,498,050,298	67,983,789,990
V	Long-term investments	250		140,000,000,000	160,000,000,000
1	Investments in subsidiaries	251		160,000,000,000	160,000,000,000
2	Other long-term investments	253		395,271,613,400	395,271,613,400
3	Provision for long-term investment	254		(415,271,613,400)	(395,271,613,400)
VI	Other long-term assets	260		187,948,783,473	176,769,745,492
1	Long-term prepaid expenses	261		102,596,958,635	91,417,920,654
2	Deferred tax assets	262		85,351,824,838	85,351,824,838
	TOTAL ASSETS	270		6,279,412,899,005	6,267,573,398,089

SEPARATE INTERIM BALANCE SHEET (Continued)
30 June 2019

C	LIABILITIES	300	2,227,526,284,196	2,543,666,800,727
I	Current liabilities	310	2,216,219,282,196	2,531,807,778,727
1	Trade payables	311	232,067,710,844	465,422,796,887
2	Advances from customers	312	56,952,139,883	52,773,513,870
3	Statutory obligations	313	115,177,720,201	140,710,949,415
4	Payables to employees	314	160,926,515,827	188,482,808,253
5	Accrued expenses	315	32,424,531,807	10,106,931,424
6	Other payables	319	58,236,545,503	41,529,698,782
7	Short-term loans	320	1,460,517,973,488	1,570,482,498,026
8	Bonus and welfare fund	322	99,916,144,643	62,298,582,070
II	Non-current liabilities	330	11,307,002,000	11,859,022,000
1	Other long-term liabilities	337	476,006,000	628,026,000
2	Long-term loans	338	7,400,000,000	7,800,000,000
3	Provision for long-term payables	342	3,430,996,000	3,430,996,000
D	EQUITY	400	4,051,886,614,809	3,723,906,597,362
I	Owner's equity	410	4,051,886,614,809	3,723,906,597,362
1	Owner's contributed capital	411	2,226,679,600,000	1,670,029,820,000
2	Share premium	412	925,397,862,458	925,397,862,458
3	Treasury shares	415	(7,090,000)	(7,090,000)
4	Investment and development fund	418	313,083,556,918	265,087,556,918
5	Retained earnings	421	586,732,685,433	863,398,447,986
	Retained earnings accumulated to prior year end	421a	8,315,394,986	84,296,154,226
	Retained earnings of the current period	421b	578,417,290,447	779,102,293,760
	TOTAL RESOURCES	440	6,279,412,899,005	6,267,573,398,089



Nguyen Thanh Dat
Preparer

18 July 2019



Duong Quang Hai
Chief Accountant





Le Tri Thong
General Director

Phu Nhuan Jewelry Joint Stock Company

Form B02a-DN

SEPARATE INTERIM INCOME STATEMENT
For Quarter 2 and six months period ended on 30 June 2019

ITEMS	Code	Notes	Q2.2019	Q2.2018	ACCUMULATED 2019	ACCUMULATED 2018
1 Gross revenue from sale of goods and services rendered	01		2,209,006,634,024	3,226,965,211,725	6,630,606,843,026	7,379,152,613,177
2 Deductions	02		20,346,553,932	20,629,995,018	57,438,785,568	47,629,704,868
3 Net revenue from sale of goods and services rendered	10		2,188,660,080,092	3,206,335,216,707	6,573,168,057,458	7,331,522,908,309
4 Costs of goods sold and services rendered	11		1,602,256,442,079	2,641,784,642,868	4,992,846,233,736	6,006,330,309,498
5 Gross profit from sale of goods and services rendered	20		586,403,638,013	564,550,573,839	1,580,321,823,722	1,325,192,598,811
6 Financial incomes	21		47,708,386	184,791,151	1,037,986,134	6,175,607,580
7 Financial expenses	22		41,436,012,645	13,896,606,442	65,693,631,025	28,045,139,624
<i>In which: interest expense</i>	23		20,768,824,222	11,388,579,441	44,754,007,658	25,106,751,237
8 Selling expenses	25		254,799,985,788	261,812,379,539	592,597,321,789	538,242,047,957
9 General and administrative expenses	26		100,034,221,266	71,131,585,276	198,364,292,892	129,914,350,624
10 Operating profit	30		190,181,126,700	217,894,793,733	724,704,564,150	635,166,668,186
11 Other income	31		179,227,764	1,263,332,256	2,858,620,244	2,320,905,096
12 Other expense	32		371,937,867	476,223,461	3,270,008,451	606,642,365
13 Other profit	40		(192,710,103)	787,108,795	(411,388,207)	1,714,262,731
14 Accounting profit before tax	50		189,988,416,597	218,681,902,528	724,293,175,943	636,880,930,917
15 Current corporate income tax	51		38,287,546,413	43,902,269,005	145,875,885,496	127,709,954,037
17 Net profit after corporate income tax	60		151,700,870,184	174,779,633,523	578,417,290,447	509,170,976,880



[Signature]

Nguyen Thanh Dat
Preparer


Duong Quang Hai
Chief Accountant

Le Thi Thong
General Director

18 July 2019


SEPARATE INTERIM CASH FLOWS STATEMENT
For Quarter 2 period ended on 30 June 2019

	ITEMS	Codes	CURRENT YEAR	PREVIOUS YEAR
I	Cash flows from operating activities			
1	Profit before tax	01	724,293,175,943	636,880,930,917
2	Adjustment for			
	- Depreciation and amortization	02	12,255,195,548	17,684,792,897
	- Profit (loss) from differences in foreign exchange rate	04	-	963,264,840
	- Profit (loss) from investing activities	05	18,962,013,866	(6,191,719,350)
	- Interest expense	06	44,754,007,658	25,106,751,237
3	Operating profit before changes in working capital	08	800,264,393,015	674,444,020,541
	- Increase/Decrease in receivables	09	(856,071,430,663)	(94,321,637,762)
	- Increase/Decrease in inventories	10	882,803,754,188	(458,705,553,912)
	- Increase/Decrease in payables	11	(224,794,441,169)	52,933,698,833
	- Increase/Decrease in prepaid expenses	12	9,441,418,434	(11,690,976,728)
	- Interest paid	14	(44,681,670,091)	(24,658,201,528)
	- Corporate income tax paid	15	(160,231,126,947)	(127,789,953,956)
	- Other receipts from operating activities	16		
	- Other payments from operating activities	17	(10,772,444,771)	(15,387,720,398)
	Net cash flows (used in) from operating activities	20	395,958,451,996	(5,176,324,910)
II	Cash flows from investing activities			
	Acquisition and construction of fixed assets	21	(132,358,831,568)	(262,441,452,804)
	Proceeds from sale, disposals of fixed assets	22	504,565,816	275,222,208
	Expenditures on loans and purchase of debt instruments from other entities	23	(59,500,000,000)	-
	Proceeds from lending or selling of debt instruments from other entities	24	-	160,000,000,000
	Expenditures on equity investments in other entities:	25	-	(20,000,000,000)
	Interest earned and dividends received	27	1,037,986,134	5,916,495,142
	Net cash flows (used in) from investing activities	30	(190,316,279,618)	(116,249,735,454)
III	Cash flows from financing activities			
	Proceeds from borrowings	33	2,323,430,380,335	2,091,575,550,296
	Repayments of principals	34	(2,433,737,453,247)	(1,944,833,133,282)
	Dividend paid	36	(161,359,346,270)	(107,507,784,180)
	Net cash flows (used in) from financing activities	40	(271,666,419,182)	39,234,632,834
	Net decrease in cash and cash equivalents	50	(66,024,246,804)	(82,191,427,530)
	Cash and cash equivalents at beginning of period	60	150,227,254,450	167,814,376,098
	Effect of exchange rate fluctuations	61	-	48,942,894
	Cash and cash equivalents at ending of period	70	84,203,007,646	85,671,891,462


Nguyen Thanh Dat
Preparer
18 July 2019


Duong Quang Hai
Chief Accountant




Le Tri Thong
General Director

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

I. CORPORATE INFORMATION

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

Operating industry and principal activities

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

Normal production and business cycle

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

The Company's structure

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

The number of employees as at 30 June 2019 was 4,486 (as at 31 December 2018: 4,458).

As at 30 June 2019, the Company's subsidiaries were:

- CAO Fashion Company Limited (CAF)	- Subsidiary
- PNJ Laboratory Company Limited (PNJL)	- Subsidiary
- Customer Era Company Limited (CECL)	- Subsidiary
- PNJ Jewelry Production and Trading Company Limited (PNJP)	- Subsidiary

As at 30 June 2019, the Company has fifty-two (52) branches and three hundred twenty six (326) retail shops located in various provinces and cities in Vietnam, in which, the big branches were:

- Branch of Phu Nhuan Jewelry Joint Stock Company- Ha Noi Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Da Nang Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Can Tho Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Tay Nguyen Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Bien Hoa Branch

II. ACCOUNTING CONVENTION AND FISCAL YEAR

Accounting convention

The accompanying separate 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 separate financial statements are presented to reflect the balance sheet as at 30 June 2019, the income statement and separate cash flow statements for the reporting period. Therefore, the Company does not consolidate the investments in subsidiaries in this separate financial statements.

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

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

Fiscal year

The Company's fiscal year begins on 01 January and ends on 31 December.

III. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing certain articles of Circular No.200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. The Board of Management has adopted Circular 53 in the preparation and presentation of the Company's financial statements according to current regulations.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires 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 separate financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

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.

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 investments are recognised at acquisition date and initially stated at cost and any directly attributable costs. Interests in held-to-maturity investments after acquisition is recognised in the income statement based on accrual basis. Other interests received before acquisition date are deducted from the cost of the investments.

Held-to-maturity investments are carried at cost less provision for impairment.

Provisions for impairment of held-to-maturity investments are made in accordance with prevailing accounting regulations

Investments in subsidiaries, joint ventures, associates

Investment in subsidiaries

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

A subsidiary is an entity over which the Company has control. 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.

Investment in associates

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

Interests in subsidiaries, joint ventures and associates are initially recognised at cost. The Company's share of the net profit of the investee after acquisition is recognised in the income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Investments in subsidiaries, joint ventures and associates are carried in the balance sheet at cost less provision for impairment of such investments (if any).

Equity investments in other entities

Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

Allowances for long-term investments

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

Receivables

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

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.

Tangible fixed assets and depreciation

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)

For Quarter 2 period ended on 30 June 2019

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.

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

Gain or loss 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 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 represent computer software that is stated at cost less accumulated amortisation and is amortized on the straight-line basis in three years.

Land use rights are recorded as an intangible asset on the balance sheet when the Company received the certificate of land use rights. Historical cost of land use rights includes all costs directly related to transfer of assets into ready for use status and are not amortized because 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 centres and stores in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have reported as short-term or long-term prepayments in the balance sheet and are amortized over the period for which the amount are paid or the period in which economic benefits are generated in relation to these expenses.

The following types of expenses are recorded as long term prepayments:

- Prepaid rental includes land and shop rental prepaid for many years under operating lease contracts which are 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 income statement over 2 to 3 years.

Borrowing costs

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

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 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 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.

Severance allowance payable

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

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

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 balance sheet date.

Taxation

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

Current income tax

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

Deferred income tax

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

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

1. CASH AND CASH EQUIVALENTS

	30/06/2019	31/12/2018
Cash on hand	44,002,081,777	87,332,446,810
Cash at banks	30,669,398,835	55,074,940,752
Cash in transit	9,531,527,034	7,819,866,888
TOTAL	84,203,007,646	150,227,254,450

2. FINANCIAL INVESTMENTS

b. Non-current

Investment in subsidiaries	140,000,000,000	160,000,000,000
_CAO Fashion Company Limited	30,000,000,000	30,000,000,000
_PNJ Laboratory Company Limited	10,000,000,000	10,000,000,000
_Customer Era Company Limited	20,000,000,000	20,000,000,000
_Allowance for investment in Customer Era Company Limited	(20,000,000,000)	-
_PNJ Jewelry Production and Trading Co.,Ltd	100,000,000,000	100,000,000,000
Other non-current investments	-	-
_Dong A Joint Stock (EAB)	395,271,613,400	395,271,613,400
_Provision for long-term investments (EAB) (*)	(395,271,613,400)	(395,271,613,400)
TOTAL	140,000,000,000	160,000,000,000

CAO Fashion Company Limited ("CAF"), a one-member limited liability company which was invested 100% by PNJ and 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. CAF's registered head office is located at 170E Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. CAF's principal activities are to trade fashion products, silver and gold jewelry, and arts and crafts products.

PNJ Laboratory Company Limited ("PNJL"), a one-member limited liability company which was invested 100% by PNJ and 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 168A Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. PNJL's principal activities are to provide jewelry inspection and consultancy services of diamond, gemstone, semi gemstone, etc...

PNJ Jewelry Production And Trading Company Limited ("PNJP"), a one-member limited liability company which was invested 100% by PNJ and established under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0315018466 issued by the Department of

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

Planning and Investment of Ho Chi Minh City on 28 April 2018. PNJP's registered head office is located at 23 Street 14, Ward 5, Go Vap District, Ho Chi Minh City, Vietnam.

Customer Era Company Limited (CECL), a one-member limited liability company which was invested 100% by PNJ and established under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0315018547 issued by the Department of Planning and Investment of Ho Chi Minh City on 28 April 2018. CECL's registered head office is located at 170E Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam.

(*) As at 30 June 2019, Dong A Joint Stock Commercial Bank was still under special control by State Bank of Vietnam and shares are not transferable.

Significant transactions of the Company with related parties in the reporting period include:

	<i>Purchase of goods in Q2.2019</i>	<i>Sell of goods in Q2.2019</i>
1. CAO		
_Sell of goods		3,151,988,054
2. PNJL		
_Services rendered	586,887,000	
_Interest payable	205,720,548	
3. PNJP		
_Sell of goods		22,902,457,278
_Rent services		1,281,818,181
_Purchase of goods	326,404,548,973	
4. CECL		
_Rent services		300,000,000

The outstanding balances due from and due to related parties as at 30 June 2019 as follows:

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)

For Quarter 2 period ended on 30 June 2019

Related parties	Relationship	Nature of transaction	Receivable (Payable)
1. RECEIVABLES			830,904,749,521
<i>Receivables</i>			763,750,474,591
PNJP	Subsidiaries	Sell	699,201,145,426
CAO	Subsidiaries	Sell	59,197,351,813
CECL	Subsidiaries	Sell	5,351,977,352
<i>Other receivables</i>			67,154,274,930
CECL	Subsidiaries	<i>Advance payment</i>	1,654,274,930
CECL	Subsidiaries	<i>Lending</i>	65,500,000,000
2. PAYABLES			(14,095,415,475)
<i>Trade payables</i>			(568,522,324)
PNJL	Subsidiaries	<i>Testing services</i>	(568,522,324)
<i>Other payables</i>			(13,526,893,151)
PNJL	Subsidiaries	<i>Borrowing</i>	(13,000,000,000)
		<i>Interest</i>	(526,893,151)

3. SHORT-TERM TRADE RECEIVABLES

	30/06/2019	31/12/2018
CAO Fashion Company Limited	59,197,351,813	5,652,125,793
PNJ Jewelry Production and Trading Co.,Ltd	699,201,145,426	-
Customer Era Company Limited	5,351,977,352	-
AEON Tan Phu	899,813,531	2,974,350,770
AEON Binh Tan	1,231,786,875	2,616,293,246
AEON Binh Duong	1,822,161,273	2,235,409,000
Diamond Le Duan	2,786,147,392	2,646,242,511
Lotte Go Vap	622,226,915	1,594,711,004
Crescent Mall D7	530,073,495	3,856,285,842
AEON Tan Phu	2,545,798,507	2,179,563,041
Sense Can Tho	722,157,771	1,422,638,571
Lotte Go Vap	622,226,915	1,349,376,545
AEON Long Bien	899,813,531	-
Sense Ca Mau	524,512,892	612,923,227
Pinaco JSC	-	11,728,226,112
Others	53,122,219,593	12,816,037,167
TOTAL	830,079,413,281	51,684,182,829

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

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

4. OTHER RECEIVABLES

	30/06/2019	31/12/2018
a. Current		
_Advances to employees	1,978,960,431	26,866,696,937
_Customer Era Company Limited	1,654,274,930	140,000,000
_Others	2,377,113,746	6,431,925,233
TOTAL	6,010,349,107	33,438,622,170
b. Non-current		
_Long-term deposit for renting stores	58,781,160,856	55,045,824,370
TOTAL	58,781,160,856	55,045,824,370

5. INVENTORIES

	30/06/2019	31/12/2018
Goods in transit	15,779,262,328	174,502,741,962
Raw materials	51,986,654,306	58,338,102,385
Tools and supplies	35,603,681,188	22,774,331,939
Work in Process	185,139,348	999,333,993,178
Finished goods	2,366,365,544,762	395,779,862,102
Merchandise goods	1,467,142,693,221	3,081,836,982,267
Goods on consignment	-	87,300,715,508
TOTAL	3,937,062,975,153	4,819,866,729,341

Inventories of VND 1,506,916,000,000 was used as collaterals for short-term loans obtained from commercial banks (Note 11).

6. REPAYMENTS

CURRENT

	30/06/2019	31/12/2018
Tools and supplies	7,639,413,801	32,410,766,345
Stores rental	19,602,484,992	16,376,783,517
Uniform expense	6,428,415,039	6,118,768,634
Office and store renovation expenses	3,213,802,038	3,097,620,758
Others	4,515,952,660	4,016,585,691
TOTAL	41,400,068,530	62,020,524,945

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

NON - CURRENT

	30/06/2019	31/12/2018
Tools and supplies	55,955,154,154	47,268,008,367
Stores rental	6,137,423,464	2,772,280,000
Office and store renovation expenses	37,818,233,326	37,942,664,684
Others	2,686,147,691	3,434,967,603
TOTAL	102,596,958,635	91,417,920,654

7. TAXES AND OTHER RECEIVABLES FROM PAYABLES TO THE STATE BUDGET

QUARTER 2/2019

	Opening period	Receivable/Payable in the period	Received/Paid in the period	Closing period
a. Receivables				
Valued added tax from import	155,172,196	18,055,689,255	16,082,927,808	2,127,933,643
Deductible value added tax	-	-	-	-
Import - Export tax	357,366,669	1,473,407,610	1,448,177,760	382,596,519
Others	-	1,000,000		1,000,000
TOTAL	512,538,865	19,530,096,865	17,531,105,568	2,511,530,162
b. Payable				
Valued added tax	48,381,244,937	65,388,798,704	88,543,325,142	25,226,718,499
Corporate income tax	121,211,236,720	38,294,990,413	76,868,395,869	82,637,831,264
Personal income tax	1,924,821,760	7,081,244,772	6,285,079,312	2,720,987,220
Others	4,592,183,218	-	-	4,592,183,218
TOTAL	176,109,486,635	110,765,033,889	171,696,800,323	115,177,720,201

2019

	Opening period	Receivable/Payable in the period	Received/Paid in the period	Closing period
a.Receivables				
Valued added tax from import	6,192,638,101	35,916,453,383	39,981,157,841	2,127,933,643
Deductible value added tax	-	-	-	-
Import - Export tax	183,654,369	2,201,770,423	2,002,828,273	382,596,519
Others	-	1,000,000	-	1,000,000
TOTAL	6,376,292,470	38,119,223,806	41,983,986,114	2,511,530,162
b.Payable				
Valued added tax	35,907,344,209	170,780,243,408	181,460,869,118	25,226,718,499
Corporate income tax	96,993,072,715	145,883,329,496	160,238,570,947	82,637,831,264
Personal income tax	3,218,349,273	33,055,861,764	33,553,223,817	2,720,987,220
Others	4,592,183,218	-	-	4,592,183,218
TOTAL	140,710,949,415	349,719,434,668	375,252,663,882	115,177,720,201

Phu Nhuan Jewelry Joint Stock Company

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

8. ACCRUED EXPENSES

	30/06/2019	31/12/2018
Interest expenses	3,280,080,579	3,207,743,012
Advertising expenses	26,925,920,492	3,891,017,573
Others	2,218,530,736	3,008,170,839
TOTAL	<u>32,424,531,807</u>	<u>10,106,931,424</u>

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

9. FIXED ASSETS

TANGIBLE FIXED ASSETS

ITEMS	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
I. COST					
31/12/2018	138,832,225,224	35,647,280,865	27,943,022,451	46,809,344,324	249,231,872,864
Additions	7,305,485,967	4,882,467,390	2,227,730,900	(1,196,803,406)	13,218,880,851
Disposal	-	2,452,441,288	-	-	2,452,441,288
30/06/2019	146,137,711,191	38,077,306,967	30,170,753,351	45,612,540,918	259,998,312,427
In which,					
Assets are fully depreciated	1,571,799,136	12,983,726,118	1,852,235,826	9,513,441,942	25,921,203,022
II. ACCUMULATED DEPRECIATION					
31/12/2018	38,953,867,400	24,035,632,447	10,896,741,490	33,314,568,196	107,200,809,533
Depreciation for the year	1,589,903,686	1,444,838,083	915,387,229	966,536,338	4,916,665,336
Disposal	-	2,378,172,722	-	-	2,378,172,722
30/06/2019	40,543,771,086	23,102,297,808	11,812,128,719	34,281,104,534	109,739,302,147
III. NET CARRYING AMOUNT					
31/12/2018	99,878,357,824	11,611,648,418	17,046,280,961	13,494,776,128	142,031,063,331
30/06/2019	105,593,940,105	14,975,009,159	18,358,624,632	11,331,436,384	150,259,010,280

Buildings and machineries pledged to obtain loans from commercial banks (Note 11).

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

INTANGIBLE FIXED ASSETS

ITEMS	<i>Indefinite land and use rights</i>	Brand	<i>Computer software</i>	<i>Total</i>
I. COST				
31/12/2018	459,177,157,290	96,000,000	40,664,250,583	499,937,407,873
Additions	-	-	86,486,778,030	86,486,778,030
30/06/2019	459,177,157,290	96,000,000	127,151,028,613	586,424,185,903
<i>Assets are fully depreciated</i>	-	96,000,000	156,034,613	252,034,613
II. ACCUMULATED DEPRECIATION				
31/12/2018	-	96,000,000	9,438,423,216	9,534,423,216
Additions	-	-	2,923,720,230	2,923,720,230
30/06/2019	-	96,000,000	12,362,143,446	12,458,143,446
III. NET CARRYING AMOUNT				
31/12/2018	459,177,157,290	-	31,225,827,367	490,402,984,657
30/06/2019	459,177,157,290	-	114,788,885,167	573,966,042,457

10. CONSTRUCTION IN PROCESS

	30/06/2019	31/12/2018
Shop House Vincom -Thanh HOa	9,468,078,966	9,468,078,966
ERP Project	-	56,023,422,424
House at Hai Ba Trung - HCMC	-	480,288,600
Land use rights at Di An - Binh Duong	26,137,767,250	-
577 Nguyen Kiem	2,012,000,000	2,012,000,000
268 Hung Vuong, Da Nang	75,880,204,082	-
TOTAL	113,498,050,298	67,983,789,990

11. SHORT – TERM LOANS

	30/06/2019	31/12/2018
a.Current		
Loans from comercial bank	1,323,275,397,204	1,435,473,895,742
Loans from individuals	133,542,576,284	131,308,602,284
Current portion of long-term liabilities	3,700,000,000	3,700,000,000
TOTAL	1,460,517,973,488	1,570,482,498,026
b.Non-current		
Loans from comercial bank	7,400,000,000	7,400,000,000
Loans from individuals	-	400,000,000
TOTAL	7,400,000,000	7,800,000,000

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)

For Quarter 2 period ended on 30 June 2019

Details of short-term loans:

BANK	AMOUNT	MATURITY	INTEREST RATE	COLLATERAL
SHORT-TERM LOANS IN VND	1,323,275,397,204			
CTBC Bank Co.,Ltd - HCMC Branch	61,133,561,626	From 19/09/2019 to 26/10/2019	6.3%	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade	343,673,738,715	From 23/11/2019 to 27/12/2019	7.0%	Inventories
Shinhan Bank Vietnam Limited	79,990,000,000	From 11/07/2019 to 19/12/2019	6.0%	Unsecured
JSC Bank for Foreign Trade of Vietnam	270,649,027,351	From 29/04/2019 to 21/06/2019	6.3%	House: 46 Ngo Quyen street, 359 Phan Chu Trinh street, 461 Phan Chu Trinh-Tam Ky city
Bank for Investment and Development of Vietnam JSC - Hoc Mon Branch	153,000,000,000	From 08/07/2019 to 21/12/2019	6.75%	Inventories
Military Commercial Joint Stock Bank	33,818,456,657	From 06/10/2019 to 28/10/2019	6.3%	Unsecured
Southeast Asia Commercial Joint Stock Bank	181,500,000,000	From 08/07/2019 to 28/09/2019	6.5%	House at: 123 Hung Vuong, Da Nang and inventories
Petrolimex Commercial Joint Stock Bank	199,510,612,855	From 12/07/2019 to 22/08/2019	7.0%	Unsecured
INDIVIDUAL LOANS	133,542,576,284		7.6%	Unsecured
CURRENT PORTION OF LONG-TERM LIABILITIES	3,700,000,000			
SHORT-TERM LOANS IN VND	1,460,517,973,488			

Details of long-term loans:

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

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

12. SHORT – TERM TRADE PAYABLES

	30/06/2019	31/12/2018
Forte Jewellery (HK)	-	43,363,695,805
Hung Kim Loan Co.,Ltd	1,520,440,500	2,900,591,500
Quang Vinh Nguyen Import - Export Co.,Ltd	2,019,547,777	4,441,946,777
Shrenuj Fareast Company	34,848,575,011	123,175,663,382
PT KINARA GILANG	7,232,410,949	11,598,611,114
PNJ Jewelry Production and Trading Co.,Ltd	-	139,782,706,112
PNJ Laboratory Company Limited	568,522,324	-
PT LOTUS LINGGA PRATAMA	12,983,588,211	-
METALOR TECHNOLOGIES	9,377,590,880	-
Dong A Bank	2,633,976,167	-
Thanh Thuy Co.,Ltd	2,439,078,800	2,597,710,300
TIANJIN MINGHANG BEAUTY	2,307,238,000	-
Others	156,136,742,225	137,561,871,897
TOTAL	232,067,710,844	465,422,796,887

13. OTHER PAYABLES

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS (Continued)
For Quarter 2 period ended on 30 June 2019

	30/06/2019	31/12/2018
a.Current		
_Trade Union fees	11,212,551,485	6,042,948,273
_Bonus of the Board of Management and the Board of Directors	16,007,175,752	9,792,723,602
_Payable to Board of Directors and Board of Management Fund	6,834,449,568	119,439,568
_Payable to Board of Management Fund	1,048,908,517	1,105,901,517
_Payable to Trade Union Fund	3,727,321,510	3,742,056,787
_PIT payable on behalf of shareholders	4,531,133,392	4,531,133,392
_Dividend payable	6,660,761,835	4,744,192,345
_PNJ Laboratory Company Limited	526,893,151	-
_Others	7,687,350,293	11,451,303,298
TOTAL	58,236,545,503	41,529,698,782
b.Non-current		
_Deposit for store rental	476,006,000	628,026,000
TOTAL	476,006,000	628,026,000

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

14. OWNER'S EQUITY

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Opening balance of the previous period	1,081,020,340,000	876,761,282,458	(7,090,000)	220,087,556,918	847,832,379,226	3,025,694,468,602
Capital increase	589,009,480,000	48,636,580,000	-	-	(540,372,900,000)	97,273,160,000
Profit for the year	-	-	-	-	941,240,908,760	941,240,908,760
Dividend declared	-	-	-	-	(270,239,940,000)	(270,239,940,000)
Profit appropriation	-	-	-	45,000,000,000	(115,062,000,000)	(70,062,000,000)
<i>_Investment and development fund</i>	-	-	-	45,000,000,000	(45,000,000,000)	-
<i>_Transfer to bonus and welfare fund</i>	-	-	-	-	(36,240,000,000)	(36,240,000,000)
<i>_Board of Directors fund</i>	-	-	-	-	(33,822,000,000)	(33,822,000,000)
Closing balance of the previous period	1,670,029,820,000	925,397,862,458	(7,090,000)	265,087,556,918	863,398,447,986	3,723,906,597,362
Capital increase (*)	556,649,780,000	-	-	-	(556,649,780,000)	-
Net profit for the period	-	-	-	-	578,417,290,447	578,417,290,447
Dividend declared (**)	-	-	-	-	(167,002,273,000)	(167,002,273,000)
Profit appropriation	-	-	-	47,996,000,000	(131,431,000,000)	(83,435,000,000)
<i>_Investment and development fund</i>	-	-	-	47,996,000,000	(47,996,000,000)	-
<i>_Transfer to bonus and welfare fund</i>	-	-	-	-	(47,996,000,000)	(47,996,000,000)
<i>_Board of Directors and Board of Management fund</i>	-	-	-	-	(35,439,000,000)	(35,439,000,000)
Closing balance of the period	2,226,679,600,000	925,397,862,458	(7,090,000)	313,083,556,918	586,732,685,433	4,051,886,614,809

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

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

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

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

15. REVENUE**15.1 Revenue from goods sold and services rendered**

	Q2.2019	Q2.2018
Gross revenue, in which	2,209,006,634,024	3,226,965,211,725
Sale of gold, silver and jewelry	2,205,498,791,602	3,218,554,891,143
Sale of other goods	-	4,771,289,260
Rendering services	3,507,842,422	3,639,031,322
Goods returned	(20,346,553,932)	(20,629,995,018)
Net revenue, in which	2,188,660,080,092	3,206,335,216,707
Sale of gold, silver and jewelry	2,185,152,237,670	3,197,924,896,125
Sale of other goods	-	4,771,289,260
Rendering services	3,507,842,422	3,639,031,322

15.2 Financial income

	Q2.2019	Q2.2018
Interest income	21,699,577	23,632,921
Foreign exchange gain	26,008,809	161,158,230
Total	47,708,386	184,791,151

16. COST OF GOODS SOLD AND SERVICES RENDERED

	Q2.2019	Q2.2018
Cost of goods sold	1,602,240,768,552	2,638,474,552,691
Cost of others	15,673,527	3,310,090,177
Total	1,602,256,442,079	2,641,784,642,868

17. FINANCIAL EXPENSES

	Q2.2019	Q2.2018
Interest expense	20,768,824,222	11,388,579,441
Other financial expense	20,412,511,635	40,412,773
Foreign exchange loss	254,676,788	2,467,614,228
Total	41,436,012,645	13,896,606,442

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

18. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Q2.2019	Q2.2018
Staff cost	215,538,537,755	165,742,820,464
Materials, packaging	5,517,653,184	6,518,470,198
Tools and supplies	23,831,240,376	20,220,541,544
Depreciation	7,799,273,489	3,695,892,983
Outside services	65,675,378,847	54,929,194,437
Others	36,472,123,403	81,837,045,189
	<u>354,834,207,054</u>	<u>332,943,964,815</u>

19. CORPORATE INCOME TAX

The Group has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits.

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

Current CIT

The current tax payable is based on taxable profit for the period. The taxable profit of the Company for the period differs from the profit as reported in the separate interim income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible.

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

	Q2.2019	Q2.2018
Profit before tax	189,988,416,597	218,681,902,528
<i>Adjustments:</i>		-
<i>_Non - deductible expenses</i>	1,449,315,468	829,442,497
Current taxable profit	191,437,732,065	219,511,345,025
Corporate income tax rate	20%	20%
Current CIT	38,287,546,413	43,902,269,005

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

20. OFF – BALANCE SHEET ACCOUNTS

Operating Lease: The Company leases outlets under operating lease arrangements. Future rental amounts due under such operating leases after 30 June 2019 were as follows:

a)	30/06/2019	31/12/2018
Within next year	172,303,640,317	122,400,427,718
From 1 to 5 years	464,020,877,684	237,752,970,202
Over 5 year	311,876,472,620	98,455,332,610
Total	948,200,990,621	458,608,730,530
b) Foreign exchange:		
	30/06/2019	31/12/2018
US Dollar (USD)	56,409	77,195
Australian (AUD)	452	460
Euro (EUR)	1,721	1,726
Gold bar (tenth of a tael)	25,890	8,900

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Market risk

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

The sensitivity analyses in the following sections relate to the position as at 30 June 2019 and 31 December 2018.

Interest rate risk

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

For Quarter 2 ended on 30 June 2019

Foreign currency risk

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

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

Equity price risk

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

Commodity price risk

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

Credit risk

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

Trade receivables

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

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

Bank deposits

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

Liquidity risk

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

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

Collateral

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

The Company has pledged its fixed assets, inventories in order to fulfil the collateral requirements for loans obtained from commercial banks (Notes 11).

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

22. FACTORS IMPACT ON BUSINESS PERFORMANCE IN Q2.2019

Total net revenue achieved VND 2,188 billion, decreased by 32% compared to the same period of 2018 and achieving 17% of the year plan. The factors of revenue decline are:

- In the beginning of 2019, PNJ established a subsidiary (PNJ Jewelry Production and Trading Co.,Ltd) being responsible for wholesale business. Wholesale revenues in Q2.2018 reached VND 919 billion.
- In April 2018, B2B and export still had some contracts which belong to PNJ. Revenue reached VND 54 billion.
- If excluding wholesale, B2B and export, revenue in Q2.2019 decreased by 2% compared to the same period of 2018, due to:
 - + PNJ has focused resources to implement ERP.
 - + Demand for jewelry has seen a signal of slow down.
 - + Long holidays partially caused negative impact on revenue in Q2.

Total operating cost was VND 355 billion, up 6.6% compared to the same period due to the development strategy of the retail distribution network (increased by 37 stores compared to Q2.2018) and an increase in CPI.

Total interest paid was VND 20.7 billion, increased by VND 9.3 billion, equivalent to 45% compared to the same period.

Profit before tax rose by VND 190 billion, decreased by 13% compared to the same period, achieving 14% of the year plan.

PNJ's business performance in H1.2019:

- Net revenue: VND 6,573 billion, achieving 51% of the year plan.
- Profit before tax: VND 724 billion, achieving 52% of the year plan.



Nguyen Thanh Dat
Preparer

18 July 2019



Duong Quang Hai
Chief Accountant



Le Tri Thong
General Director