



PHU NHUAN JEWELRY JOINT STOCK COMPANY

# Consolidated interim Financial Statements

For the three- month period ended 30 June 2020

# Phu Nhuan Jewelry Joint Stock Company

## Consolidated Financial Statements Q2.2020 30 June 2020

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CONSOLIDATED BALANCE SHEET  
30 June 2020

**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 2009 pursuant to Decision No.129/DKNY issued by the General Director of HOSE on 26 December 2008.

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

**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:

Mrs. Cao Thi Ngoc Dung	Chairwoman	
Mr. Le Tri Thong	Vice Chairman	
Mrs. Huynh Thi Xuan Lien	Member	
Mr. Le Huu Hanh	Member	
Mr. Le Quang Phuc	Member	
Mrs. Dang Thi Lai	Member	
Mrs. Pham Vu Thanh Giang	Member	Resigned on 10 June 2020
Mrs. Pham Thi My Hanh	Member	Resigned on 10 June 2020
Mr. Robert Alan Willett	Member	Resigned on 10 June 2020
Mrs. Tieu Yen Trinh	Member	Additionally elected on 10 June 2020
Mrs. Tran Phuong Ngoc Thao	Member	Additionally elected on 10 June 2020
Mr. Nguyen Tuan Hai	Member	Additionally elected on 10 June 2020

**BOARD OF SUPERVISORS**

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

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

**BOARD OF MANAGEMENT**

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

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

**LEGAL REPRESENTATIVE**

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


CONSOLIDATED BALANCE SHEET  
30 June 2020


	ITEM	Code	Note	30/06/2020	31/12/2019
<b>A</b>	<b>CURRENT ASSETS</b>	<b>100</b>		<b>6,858,204,123,453</b>	<b>7,333,364,485,251</b>
<b>I</b>	<b>Cash and cash equivalents</b>	<b>110</b>		<b>229,987,203,630</b>	<b>95,224,439,008</b>
1	Cash	111		229,987,203,630	95,224,439,008
<b>III</b>	<b>Current accounts receivable</b>	<b>130</b>		<b>124,646,558,120</b>	<b>129,688,313,476</b>
1	Trade receivables	131		40,889,152,802	48,292,876,716
2	Advances to suppliers	132		68,147,854,530	74,867,455,343
6	Other receivables	136		14,069,859,353	5,287,941,028
8	Shortage of assets awaiting resolution	139		1,539,691,435	1,240,040,389
<b>IV</b>	<b>Inventories</b>	<b>140</b>		<b>6,429,976,715,037</b>	<b>7,030,420,371,216</b>
1	Inventories	141		6,429,976,715,037	7,030,420,371,216
<b>V</b>	<b>Other current assets</b>	<b>150</b>		<b>73,593,646,666</b>	<b>78,031,361,551</b>
1	Short-term prepaid expenses	151		65,553,686,604	71,633,378,895
2	Value added tax to be reclaimed	152		7,970,904,559	6,306,692,920
3	Tax and other receivables from the State Budget	153		69,055,503	91,289,736
<b>B</b>	<b>NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,299,227,844,894</b>	<b>1,269,599,936,565</b>
<b>I</b>	<b>Non-current receivables</b>	<b>210</b>		<b>76,854,821,913</b>	<b>70,721,623,109</b>
6	Other non-current receivables	216		76,854,821,913	70,721,623,109
<b>II</b>	<b>Fixed assets</b>	<b>220</b>		<b>938,076,521,741</b>	<b>923,870,354,474</b>
1	Tangible fixed assets	221		283,914,685,867	263,827,234,353
	- Cost	222		580,935,131,908	534,818,699,342
	- Accumulated depreciation (*)	223		(297,020,446,041)	(270,991,464,989)
3	Intangible fixed assets	227		654,161,835,874	660,043,120,121
	- Cost	228		681,029,430,507	679,619,883,005
	- Accumulated depreciation (*)	229		(26,867,594,633)	(19,576,762,884)
<b>IV</b>	<b>Non-current assets in progress</b>	<b>240</b>		<b>31,191,270,988</b>	<b>28,457,398,434</b>
2	Construction in progress	242		31,191,270,988	28,457,398,434
2	Investments in other entities	253		395,271,613,400	395,271,613,400
3	Provision for long-term investments	254		(395,271,613,400)	(395,271,613,400)
<b>VI</b>	<b>Other long-term assets</b>	<b>260</b>		<b>253,105,230,252</b>	<b>246,550,560,548</b>
1	Long-term prepaid expenses	261		164,222,484,028	158,318,980,481
2	Deferred income tax assets	262		88,882,746,224	88,231,580,067
	<b>TOTAL ASSETS</b>	<b>270</b>		<b>8,157,431,968,347</b>	<b>8,602,964,421,816</b>




CONSOLIDATED BALANCE SHEET  
30 June 2020

<b>C</b>	<b>LIABILITIES</b>	<b>300</b>	<b>3,456,258,678,059</b>	<b>4,025,698,610,469</b>
<b>I</b>	<b>Current liabilities</b>	<b>310</b>	<b>3,452,120,892,059</b>	<b>4,017,860,824,469</b>
1	Short-term trade account payables	311	161,591,304,554	690,808,185,195
2	Short-term advances from customers	312	67,496,474,898	95,353,052,369
3	Tax and other receivables from the State Budget	313	147,907,765,303	192,682,671,178
4	Payables to employees	314	160,306,714,166	222,296,091,737
5	Short-term accrued expenses	315	20,443,833,075	45,877,630,688
9	Other short-term payables	319	106,149,400,236	69,257,739,996
10	Short-term borrowings	320	2,647,417,877,980	2,610,902,622,222
12	Bonus and welfare fund	322	140,807,521,847	90,682,831,084
<b>II</b>	<b>Non-current liabilities</b>	<b>330</b>	<b>4,137,786,000</b>	<b>7,837,786,000</b>
7	Other long-term liabilities	337	476,006,000	476,006,000
8	Long-term borrowings	338	-	3,700,000,000
12	Provision for long-term payables	342	3,661,780,000	3,661,780,000
<b>D</b>	<b>EQUITY</b>	<b>400</b>	<b>4,701,173,290,288</b>	<b>4,577,265,811,347</b>
<b>I</b>	<b>Owner's equity</b>	<b>410</b>	<b>4,701,173,290,288</b>	<b>4,577,265,811,347</b>
1	Owner's contributed capital	411	2,252,935,850,000	2,252,935,850,000
2	Share premium	412	968,074,112,458	968,074,112,458
5	Treasury shares	415	(3,384,090,000)	(2,101,090,000)
8	Investment and development fund	418	372,779,556,918	313,083,556,918
11	Undistributed earnings	421	1,110,767,860,912	1,045,273,381,971
	Undistributed earnings of previous years	421a	670,845,205,971	29,482,225,528
	Undistributed earnings of the current year	421b	439,922,654,941	1,015,791,156,443
	<b>TOTAL RESOURCES</b>	<b>440</b>	<b>8,157,431,968,347</b>	<b>8,602,964,421,816</b>

  
Nguyen Thanh Dat  
Preparer  
20 July 2020

  
Duong Quang Hai  
Chief Accountant

  
Le Tri Thong  
General Director



# Phu Nhuan Jewelry Joint Stock Company

CONSOLIDATED INCOME STATEMENT  
For Quarter 2 period ended on 30 June 2020

Form B02-DN/HN

Unit: VND

ITEMS	Code	Note	Q2.2020	Q2.2019	YTD 2020	YTD 2019
Gross revenue from sale of goods and services rendered	01		2,769,528,845,620	2,983,350,469,961	7,816,898,167,326	7,803,948,750,343
Deductions	02		24,726,646,013	21,521,889,924	71,205,550,094	58,628,580,610
Net revenue from sale of goods and services rendered	10		2,744,802,199,607	2,961,828,580,037	7,745,692,617,232	7,745,320,169,733
Costs of goods sold and services rendered	11		2,271,304,837,096	2,326,094,975,065	6,222,638,833,076	6,060,232,792,320
<b>Gross profit from sale of goods and services rendered</b>	<b>20</b>		<b>473,497,362,511</b>	<b>635,733,604,972</b>	<b>1,523,053,784,156</b>	<b>1,685,087,377,413</b>
Financial incomes	21		(3,213,345,233)	28,063,167	785,898,719	1,062,765,652
Financial expenses	22		41,805,650,739	22,265,531,891	87,352,022,038	46,581,719,141
<i>In which: interest expense</i>	23		44,251,598,481	21,364,384,129	84,630,678,592	45,374,540,773
Selling expenses	25		289,339,969,961	286,944,355,915	657,342,239,265	654,128,331,826
General and administrative expenses	26		96,342,283,167	116,157,993,501	224,418,944,437	231,776,575,552
<b>Operating profit</b>	<b>30</b>		<b>42,796,113,411</b>	<b>210,393,786,832</b>	<b>554,726,477,135</b>	<b>753,663,516,546</b>
Other income	31		614,534,228	254,365,224	1,047,164,990	2,585,082,778
Other expense	32		719,774,676	581,168,885	1,381,973,831	2,943,571,721
Net other profit	40		(105,240,448)	(326,803,661)	(334,808,841)	(358,488,943)
<b>Accounting profit before tax</b>	<b>50</b>		<b>42,690,872,963</b>	<b>210,066,983,171</b>	<b>554,391,668,294</b>	<b>753,305,027,603</b>
Business income tax-current	51		10,959,902,195	40,915,418,903	115,120,179,510	155,407,148,055
Business income tax-deferred	52		70,485,610	-	(651,166,157)	-
<b>Net profit after corporate income tax</b>	<b>60</b>		<b>31,660,485,158</b>	<b>169,151,564,268</b>	<b>439,922,654,941</b>	<b>597,897,879,548</b>
Earning per share	70		141	760	1,953	2,498



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Nguyen Thanh Dat  
Preparer  
20 July 2020


Duong Quang Hai  
Chief Accountant


Le Thi Thong  
General Director



CONSOLIDATED CASH FLOW  
For 6 ended on 30 June 2020

No.	ITEMS	Code	CURRENT YEAR	PREVIOUS YEAR
<b>I</b>	<b>Cash flows from operating activities</b>			
1	Profit before tax	01	554,391,668,294	753,305,027,603
2	Adjustment for			-
	- Depreciation and amortization	02	33,319,812,801	29,150,464,613
	- Provisions	03	-	(3,414,537,000)
	- Profit (loss) from investing activities	05	(547,701,300)	(119,439,185)
	- Interest expense	06	84,630,678,592	45,374,540,773
3	Operating profit before changes in working capital	08	671,794,458,387	824,296,056,804
	- Increase/Decrease in receivables	09	(2,733,420,854)	(66,242,922,593)
	- Increase/Decrease in inventories	10	600,443,656,179	34,098,931,783
	- Increase/Decrease in payables (Exclude interest expenses paid, corporate income tax paid)	11	(668,751,435,649)	(223,337,642,703)
	- Increase/Decrease in prepaid expenses	12	474,977,413	(7,749,016,209)
	- Interest paid	14	(84,892,148,487)	(44,241,484,244)
	- Corporate income tax paid	15	(140,494,463,630)	(169,519,692,054)
	- Other proceeds from operating activities	16	-	
	- Other payments from operating activities	17	(7,623,095,873)	(10,411,337,427)
	<b>Net cash flows (used in) from operating activities</b>	20	<b>368,218,527,486</b>	<b>336,892,893,357</b>
<b>II</b>	<b>Cash flows from investing activities</b>			-
1	Acquisition and construction of fixed assets	21	(50,429,504,712)	(145,929,289,514)
2	Proceeds from sale, disposals of fixed assets	22	-	261,524,223
7	Interest earned and dividends received	27	547,701,300	119,439,185
	<b>Net cash flows (used in) from investing activities</b>	30	<b>(49,881,803,412)</b>	<b>(145,548,326,106)</b>
<b>III</b>	<b>Cash flows from financing activities</b>			-
2	Prepayment to shareholders	32	(1,283,000,000)	-
3	Proceeds from borrowings	33	3,147,540,750,041	2,296,134,520,335
4	Repayments of borrowings	34	(3,114,725,494,283)	(2,407,499,044,873)
6	Dividend paid	36	(215,106,215,210)	(165,085,703,510)
	<b>Net cash flows (used in) from financing activities</b>	40	<b>(183,573,959,452)</b>	<b>(276,450,228,048)</b>
	Net decrease in cash and cash equivalents	50	134,762,764,622	(85,105,660,797)
	<b>Cash and cash equivalents at beginning of period</b>	60	<b>95,224,439,008</b>	<b>206,721,179,629</b>
	<b>Cash and cash equivalents at ending of period</b>	70	<b>229,987,203,630</b>	<b>121,615,518,832</b>

  
Nguyen Thanh Dat  
Preparer

  
Duong Quang Hai  
Chief Accountant

  
Le Tri Thong  
General Director



20 July 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020

## I. CORPORATE INFORMATION

**Business activities**

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

The Company has 376 stores in different provinces and cities in Vietnam.

The number of employees as of 30 June 2020 was 6,114 (as at 31 December 2019: 6,570).

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

**1. CAO Fine Jewelry Company Limited (CAO)** owned 100% by PNJ, the Business Registration Certificate No.0309279212 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 August 2009. CFC's head office is located at 170E, Phan Dang Luu Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam.

**2. PNJ Laboratory Company Limited (PNJL)** owned 100% by PNJ, the Business Registration Certificate No.0310521330 issued by the Department of Planning and Investment of Ho Chi Minh City on 16 December 2010. PLC's head office is located at 168A, Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam.

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

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

## II. BASIS OF PREPARATION

**2.1 Applied accounting standards and system**

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

**2.2 Applied accounting documentation system**

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

**2.3 Fiscal year**

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

**2.4 Accounting currency**

The consolidated financial statements are prepared in VND.

**2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the period of Q2.2020 ended 30 June 2020.

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020

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

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

### III. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 *Changes in accounting policies and notes.*

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

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

#### 3.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at banks, cash in transit, short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are not subject to an insignificant risk of change in value.

#### 3.3 *Receivables*

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered at the end of fiscal year. Increases and decreases to the provision balance are recorded as general and administrative expense in reporting period.

#### 3.4 *Inventories*

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

Net reliable value represents the estimated selling price of inventories in the normal course of business less the estimated costs of completion and the selling expenses.

The perpetual method is used to record inventories, which are valued as follows:

Merchandises, consumables, and raw materials	- cost of purchase on a weighted average basis.
Finished goods and work-in process	- cost of direct materials and labor plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

#### *Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of merchandise goods, raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the end of fiscal year.

#### 3.5 *Fixed assets*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020

Tangible and intangible fixed assets are stated at cost less accumulated depreciation or amortization.

The cost of a fixed asset comprises its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use.

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

*Land use rights*

Land use right is recorded as an intangible fixed asset on the consolidated balance sheet when the Company obtained the land use right certificates. The costs of land use right comprise all directly attributable costs of bringing the land lot to the condition available for intended use.

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

**3.6 Depreciation and amortization**

Depreciation of tangible fixed assets and amortization of intangible fixed assets are calculated on a straight-line method over the estimated useful life of each asset as follows:

Buildings and structures	3 - 25 years
Machinery and equipment	3 - 15 years
Motor vehicles	4 - 10 years
Office equipment	3 - 8 years
Computer software	3 years

The useful lives of the fixed assets and depreciation and amortization rates are reviewed periodically to ensure that the method and the period of the depreciation and amortisation are consistent with the expected pattern of economic benefits that will be derived from the use of fixed assets.

**3.7 Borrowing costs**

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

**3.8 Prepayment expenses**

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

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

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

**3.9 Investments in associates**

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020

subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

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

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

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

**3.10 Investments in securities and other investments**

Investments in securities and other investments are stated at their acquisition costs. Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under the Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009.

**3.11 Payables and accruals**

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

**3.12 Provisions**

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

**3.13 Treasury shares**

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Group's own equity instruments.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020

**3.14 Appropriation of net profits**

Net profit after tax is available for appropriation to shareholders after approval in the shareholders' meeting, and after making appropriation to reserve funds in accordance with the Group's Charter and Vietnam's regulatory requirements.

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

▶ Investment and development funds

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

▶ Bonus and welfare funds

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

**3.15 Earnings per share**

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

**3.16 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognized:

*Sale of goods*

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

*Services rendered*

Revenue is recognized when the service has been rendered.

*Interest*

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

*Dividends*

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

**3.18 Taxation**

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

*Current income tax*

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

*Deferred income tax*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020

**IV. EVENTS AND SIGNIFICANT TRANSACTIONS**

**1. CASH AND CASH EQUIVALENTS**

	<i>30/06/2020</i>	<i>31/12/2019</i>
Cash on hand	124,257,624,257	54,073,143,734
Cash at banks	97,363,909,344	26,186,708,725
Cash in transit	8,365,670,029	14,964,586,549
<b>TOTAL</b>	<b><u>229,987,203,630</u></b>	<b><u>95,224,439,008</u></b>

**2. FINANCIAL INVESTMENT**

	<i>30/06/2020</i>	<i>31/12/2019</i>
<b>Longterm investment</b>	<b>-</b>	<b>-</b>
_Dong A Bank JSC (EAB)	395,271,613,400	395,271,613,400
_Provision for long-term investments (EAB) (*)	(395,271,613,400)	(395,271,613,400)
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>-</u></b>

(\*) As at 30 June 2020, Dong A Joint Stock Commercial Bank was still under special control by State Bank of Vietnam and shares are not transferable.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020**3. SHORT-TERM TRADE RECEIVABLES**

	<b>30/06/2020</b>	<b>31/12/2019</b>
FH Trautz GmbH	3,409,486,178	6,700,060,929
DC&D Company	5,857,143,766	2,524,617,369
Unilever Vietnam	1,461,494,150	-
Nestle Vietnam Ltd.Co	1,324,689,493	-
Aia Insurance Ltd.Co	1,659,339,334	-
AEON Binh Duong	3,192,806,253	3,965,324,714
AEON Binh Tan	2,737,714,420	3,024,215,639
Aeon Long Bien	104,613,000	228,491,800
Aeon Mall Ha Dong	728,330,880	817,004,030
Aeon Tan Phu	2,915,011,323	3,365,675,996
Aeon Ha Noi	473,724,570	1,592,902,110
Center Nha Trang	221,298,413	658,184,212
Crescent Mall Q7	876,687,818	1,368,947,140
Diamond Le Duan	285,996,040	587,433,754
TTTM Nowzone	542,508,156	1,351,641,724
Parkson Hung Vuong	744,443,770	1,596,853,465
Sense Ca Mau	425,493,341	690,186,622
Sense City Can Tho	716,512,798	1,507,484,910
Sense Ben Tre	531,061,549	769,540,851
Others	12,680,797,550	17,544,311,451
<b>TOTAL</b>	<b>40,889,152,802</b>	<b>48,292,876,716</b>

**4. OTHER RECEIVABLES**

	<b>30/06/2020</b>	<b>31/12/2019</b>
<b>a. Current</b>		
_Advance to employees	10,186,059,877	4,511,880,018
_Others	3,883,799,476	776,061,010
<b>TOTAL</b>	<b>14,069,859,353</b>	<b>5,287,941,028</b>
<b>a. Non-current</b>		
_Deposit for long-term renting stores	76,854,821,913	70,721,623,109
<b>TOTAL</b>	<b>76,854,821,913</b>	<b>70,721,623,109</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020

**5. INVENTORIES**

	<i>30/06/2020</i>	<i>31/12/2019</i>
Goods in transit	-	
Raw materials	348,438,037,436	392,983,496,033
Tools and supplies	35,636,708,006	36,238,354,990
Work in Process	109,245,921,372	345,059,347,568
Finished goods	4,108,255,008,027	4,324,394,069,610
Merchandise goods	1,828,401,040,196	1,931,745,103,015
<b>TOTAL</b>	<b><u>6,429,976,715,037</u></b>	<b><u>7,030,420,371,216</u></b>

Inventories valued at VND 1,885,916,000,000 were used as collateral for short-term loans at commercial banks (Note number 9).

**6. REPAYMENTS****CURRENT**

	<i>30/06/2020</i>	<i>31/12/2019</i>
Tools and supplies	11,112,737,731	17,136,444,212
Stores rental	23,971,877,234	29,563,820,897
Uniform expense	9,260,679,421	7,490,805,392
Office and store renovation expenses	4,082,722,168	4,446,850,548
Others	17,125,670,050	12,995,457,846
<b>TOTAL</b>	<b><u>65,553,686,604</u></b>	<b><u>71,633,378,895</u></b>

**NON – CURRENT**

	<i>30/06/2020</i>	<i>31/12/2019</i>
Tools and supplies	75,203,290,864	77,007,694,434
Stores rental	8,878,414,740	9,616,517,091
Office and store renovation expenses	75,044,241,717	67,703,893,402
Others	5,096,536,707	3,990,875,554
<b>TOTAL</b>	<b><u>164,222,484,028</u></b>	<b><u>158,318,980,481</u></b>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020

7. FIXED ASSETS:

7.1 TANGIBLE FIXED ASSETS

ITEMS	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
<b>Cost:</b>					
31/12/2019	148,336,281,191	246,747,097,344	33,941,741,296	105,793,579,511	534,818,699,342
Addition	-	38,682,378,869	753,590,000	8,705,717,197	48,141,686,066
Disposal	-	(1,863,551,500)	-	(161,702,000)	(2,025,253,500)
30/06/2020	148,336,281,191	283,565,924,713	34,695,331,296	114,337,594,708	580,935,131,908
In which,					
Assets are fully depreciated	1,571,799,136	101,640,228,390	3,273,788,462	13,068,188,992	119,554,004,980
<b>Accumulated depreciation:</b>					
31/12/2019	(44,008,607,930)	(163,415,493,862)	(14,521,561,125)	(49,045,802,072)	(270,991,464,989)
Depreciation for the year	(3,493,192,257)	(14,801,718,318)	(2,128,421,321)	(7,563,079,341)	(27,986,411,237)
Disposal	-	1,844,405,962	-	113,024,223	1,957,430,185
30/06/2020	(47,501,800,187)	(176,372,806,218)	(16,649,982,446)	(56,495,857,190)	(297,020,446,041)
<b>Net carrying value:</b>					
31/12/2019	104,327,673,261	83,331,603,482	19,420,180,171	56,747,777,439	263,827,234,353
30/06/2020	100,834,481,004	107,193,118,495	18,045,348,850	57,841,737,518	283,914,685,867

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020

**7.2 INTANGIBLE FIXED ASSETS**

ITEM	<i>Indefinite land and use rights</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
31/12/2019	542,687,586,739	136,932,296,266	679,619,883,005
Additions	-	1,409,547,502	1,409,547,502
Disposal	-	-	-
30/06/2020	542,687,586,739	138,341,843,768	681,029,430,507
In which,			
Asset are fully depreciated		7,078,250,583	7,078,250,583
<b>Accumulated depreciation:</b>			
31/12/2019	-	(19,576,762,884)	(19,576,762,884)
Depreciation for the year	-	(7,290,831,749)	(7,290,831,749)
Disposal	-	-	-
30/06/2020	-	(26,867,594,633)	(26,867,594,633)
<b>Net carrying value:</b>			
31/12/2019	542,687,586,739	117,355,533,382	660,043,120,121
30/06/2020	542,687,586,739	111,474,249,135	654,161,835,874

**8. CONSTRUCTION IN PROCESS**

	<b>30/06/2020</b>	<b>31/12/2019</b>
Land use rights at Di An - Binh Duong	26,137,767,250	26,137,767,250
Others	5,053,503,738	2,319,631,184
<b>TOTAL</b>	<b>31,191,270,988</b>	<b>28,457,398,434</b>

**9. LOANS AND FINANCIAL LEASING**

	<b>30/06/2020</b>	<b>31/12/2019</b>
<b>a. Current</b>		
Loans from commercial bank	2,478,325,532,206	2,455,084,531,792
Loans from individuals	161,692,345,774	152,118,090,430
Current portion of long-term liabilities	7,400,000,000	3,700,000,000
<b>TOTAL</b>	<b>2,647,417,877,980</b>	<b>2,610,902,622,222</b>
<b>b. Non-current</b>		
Loans from commercial banks	-	3,700,000,000
<b>TOTAL</b>	<b>-</b>	<b>3,700,000,000</b>



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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Details of short-term loans:

BANKS	BEGINNING	INCREASE	DECREASE	ENDING
<b>LOANS FROM COMMERCIAL BANKS</b>	<b>2,485,484,531,792</b>	<b>3,809,834,335,807</b>	<b>3,786,593,335,393</b>	<b>2,508,725,532,206</b>
CTBC Bank Co, Ltd - HCMC Branch	92,799,546,320	104,197,206,695	103,799,546,320	93,197,206,695
VietNam Joint stock Commercial Bank for Industry and Trade	898,993,052,515	867,211,428,096	1,153,684,532,389	612,519,948,222
Shinhan Bank Vietnam	97,000,000,000	120,597,049,000	138,997,049,000	78,600,000,000
Joint Stock Commercial Bank for Foreign Trade	490,427,204,477	583,462,140,777	538,527,204,477	535,362,140,777
Bank for Investment and Development of Vietnam JSC - Hoc Mon Branch	300,000,000,000	313,000,000,000	313,500,000,000	299,500,000,000
Military Commercial Joint Stock Bank	99,971,329,000	111,569,565,614	123,522,828,902	88,018,065,712
SouthEast Asia Commercial Joint Stock Bank	200,000,000,000	600,676,039,245	515,264,039,245	285,412,000,000
Petrolimex Commercial Joint Stock Bank	298,893,399,480	656,291,742,900	721,685,142,380	233,500,000,000
HSBC	-	195,716,170,800	-	195,716,170,800
Orient Commercial Joint Stock Bank	-	62,312,992,680	62,312,992,680	-
Vietnam Bank for Agriculture and Rural Development - Branch No. 4	7,400,000,000	-	-	7,400,000,000
Chian Construction Bank	-	194,800,000,000	115,300,000,000	79,500,000,000
<b>INDIVIDUAL LOANS</b>	<b>129,118,090,430</b>	<b>40,793,617,344</b>	<b>31,219,362,000</b>	<b>138,692,345,774</b>
<b>TOTAL</b>	<b>2,614,602,622,222</b>	<b>3,850,627,953,151</b>	<b>3,817,812,697,393</b>	<b>2,647,417,877,980</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020

Bank loans at the end of period:

BANK	AMOUNT	MATURITY	INTEREST RATE	COLLATERAL
<b>SHORT-TERM LOANS IN VND</b>	<b>2,501,325,532,206</b>			
CTBC Bank Co.,Ltd - HCMC Branch	93,197,206,695	From 20 July to 20 November 2020	6.0%	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade	612,519,948,222	From 31 July to 30 December 2020	6.7%	Inventories
Shinhan Bank Vietnam Limited	78,600,000,000	From 30 September to 23 December 2020	6.0%	Unsecured
JSC Bank for Foreign Trade of Vietnam	535,362,140,777	From 24 September to 21 December 2020	6.4%	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	299,500,000,000	From 11 August to 28 November 2020	6.5%	Inventories
Military Commercial Joint Stock Bank	88,018,065,712	From 03 July to 29 October 2020	6.0%	Unsecured
Southeast Asia Commercial Joint Stock Bank	285,412,000,000	From 03 July to 30 September 2020	6.5%	Unsecured
Petrolimex Commercial Joint Stock Bank	233,500,000,000	From 18 August to 19 September 2020	8.0%	Unsecured
HSBC	195,716,170,800	10-Oct-2020	5.0%	House at: 123 Hung Vuong, Da Nang and inventories
Chian Contruction Bank	79,500,000,000	From 08 December to 19 December 2020	5.5%	Unsecured
<b>INDIVIDUAL LOANS</b>	<b>138,692,345,774</b>		<b>7.6%</b>	<b>Unsecured</b>
<b>CURRENT PORTION OF LONG-TERM LIABILITIES</b>	<b>7,400,000,000</b>			
<b>SHORT-TERM LOANS IN VND</b>	<b>2,647,417,877,980</b>			
Vietnam Bank for Agriculture and Rural Development - Branch No. 4	7,400,000,000	22-Jan-2021	9.5%	House at PG1-05 Vincom Can Tho
<i>In which: Current portion of long-term liabilities</i>	<i>7,400,000,000</i>			
<b>TOTAL LONG-TERM LOANS</b>	<b>-</b>			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020**10. SHORT – TERM TRADE PAYABLES**

	<i>30/06/2020</i>	<i>31/12/2019</i>
Forte Jewellery (HK)	-	154,975,866,651
Hung Kim Loan Company	696,001,500	5,443,890,500
Quang Vinh Nguyen Company	912,591,777	12,140,499,777
Nha Be Textile Garment Trading JSC	2,068,131,120	-
NhAt Vy Ltd. Co	4,416,113,000	-
Sai Gon Food JSC	561,753,433	-
Khai Phat Ltd.Co	696,542,660	-
Youth Mechanical Electrical Refrigeration Ltd.Co	531,423,604	-
Ompar Srl	948,474,710	-
Silvana Sa	1,577,674,641	1,826,132,190
Jowissa Uhren Ag	1,716,647,874	2,564,646,605
Metalor Technologies	-	13,389,566,135
CMC Company	-	4,073,596,286
Kim Khai Hoan Vinh Long Company	-	4,380,957,000
Netis Geme JSC ( Netis)	-	4,970,085,289
Watch Me Ltd.Co	-	2,023,139,926
Top Ten Ltd.Co	-	8,623,855,493
Lam Tran Import-Export Ltd.Co	-	6,744,540,000
Tri Linh Ltd.Co	-	1,520,799,901
Others	110,811,788,804	201,913,548,402
<b>TOTAL</b>	<b>161,591,304,554</b>	<b>690,808,185,195</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 2 ended on 30 June 2020

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

	Opening period	Receivable/Payable in the period	Received/Paid in the period	Closing period
<b>a.Receivables</b>				
Valued added tax from import	-	48,134,390,937	48,134,390,937	-
Deductible value added tax	6,306,692,920	5,234,149,110	3,569,937,471	7,970,904,559
Import - Export tax	26,565,240	6,108,626,202	6,066,135,939	69,055,503
Others	64,724,496		64,724,496	-
<b>TOTAL</b>	<b>6,397,982,656</b>	<b>59,477,166,249</b>	<b>57,835,188,843</b>	<b>8,039,960,062</b>
<b>b.Payables</b>				
Valued added tax	52,648,849,504	171,247,960,313	189,161,404,543	34,735,405,274
Corporate income tax	128,487,734,332	115,120,179,510	140,907,553,393	102,700,360,449
Personal income tax	7,327,960,887	47,017,680,087	48,423,420,762	5,922,220,212
Others	4,315,343,321	2,990,222,288	2,755,786,241	4,549,779,368
<b>TOTAL</b>	<b>192,779,888,044</b>	<b>336,376,042,198</b>	<b>381,248,164,939</b>	<b>147,907,765,303</b>

**12. OTHER PAYABLES**

	30/06/2020	31/12/2019
<b>a.Current</b>		
_Trade Union fees	996,928,760	7,618,096,621
_Bonus of the Board of Management and the Board of Directors	46,488,205,471	20,528,793,837
_Union fund	-	1,119,370,114
_Dividend payable	6,027,616,467	6,004,841,375
_Tuan Ngan Jewelry Private Company	5,905,544,289	7,691,453,469
_Saigon International JSC	4,874,945,388	5,270,036,804
_Pham Gia Phat Company	1,205,004,973	-
_Le Van Ha	2,053,019,213	-
_Others	38,598,135,675	21,025,147,776
<b>TOTAL</b>	<b>106,149,400,236</b>	<b>69,257,739,996</b>
<b>b.Non-current</b>		
_Deposit for store rental	476,006,000	476,006,000
<b>TOTAL</b>	<b>476,006,000</b>	<b>476,006,000</b>

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For Quarter 2 ended on 30 June 2020

13. EQUITY CAPITAL

	Share capital	Share premium	Treasury share	Investment and Development Fund	Undistributed earnings	Total
<b>Opening balance of the previous period (01.01.2019)</b>	<b>1,670,029,820,000</b>	<b>925,397,862,458</b>	<b>(7,090,000)</b>	<b>265,087,556,918</b>	<b>884,565,278,528</b>	<b>3,745,073,427,904</b>
Charter capital increase	582,906,030,000	42,676,250,000	-	-	(556,649,780,000)	68,932,500,000
Net profit for the year	-	-	-	-	1,193,924,957,243	1,193,924,957,243
Dividend declared	-	-	-	-	(345,136,073,800)	(345,136,073,800)
Treasury shares	-	-	(2,094,000,000)	-	-	(2,094,000,000)
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)
<b>Ending balance of the previous period (31.12.2019)</b>	<b>2,252,935,850,000</b>	<b>968,074,112,458</b>	<b>(2,101,090,000)</b>	<b>313,083,556,918</b>	<b>1,045,273,381,971</b>	<b>4,577,265,811,347</b>
Net profit for the period	-	-	-	-	439,922,654,941	439,922,654,941
Dividend declared (*)	-	-	-	-	(225,188,176,000)	(225,188,176,000)
Treasury shares (**)	-	-	(1,283,000,000)	-	-	(1,283,000,000)
Profit appropriation	-	-	-	59,696,000,000	(149,240,000,000)	(89,544,000,000)
<i>_ Investment and development fund</i>	-	-	-	59,696,000,000	(59,696,000,000)	-
<i>_ Transfer to bonus and welfare fund</i>	-	-	-	-	(59,696,000,000)	(59,696,000,000)
<i>_ Board of Directors and Board of Management fund</i>	-	-	-	-	(29,848,000,000)	(29,848,000,000)
<b>Closing balance of the current period (30.06.2020)</b>	<b>2,252,935,850,000</b>	<b>968,074,112,458</b>	<b>(3,384,090,000)</b>	<b>372,779,556,918</b>	<b>1,110,767,860,912</b>	<b>4,701,173,290,288</b>

Notes:

(\*) On 08 August 2019, PNJ paid 1<sup>st</sup> cash dividend for 2019 (8%/share).

(\*\*) On 16 April 2020, PNJ paid 2<sup>nd</sup> cash dividend 2019 (10%/share).

(\*\*\*) PNJ bought back bonus shares of employees who left.

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For Quarter 2 ended on 30 June 2020

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

	<b>Q2.2020</b>	<b>Q2.2019</b>
<b>Gross revenue, in which</b>	<b>2,769,528,845,620</b>	<b>2,983,350,469,961</b>
<i>Sales of gold, silver and jewelry</i>	2,758,367,612,030	2,956,148,890,120
<i>Sales of other goods,</i>	6,699,089,787	15,307,686,702
<i>Rendering services</i>	4,462,143,803	11,893,893,139
Goods returned	24,726,646,013	21,521,889,924
<b>Net revenue, in which</b>	<b>2,744,802,199,607</b>	<b>2,961,828,580,037</b>
<i>Sale of gold, silver and jewelry</i>	2,733,640,966,017	2,934,627,000,196
<i>Sale of other goods</i>	6,699,089,787	15,307,686,702
<i>Rendering services</i>	4,462,143,803	11,893,893,139

**14.2 Financial income**

	<b>Q2.2020</b>	<b>Q2.2019</b>
Interest income	181,365,891	62,506,367
Gain/loss from foreign exchange	(3,394,711,124)	(34,443,200)
<b>Total</b>	<b>(3,213,345,233)</b>	<b>28,063,167</b>

PNJP adjusted the exchange rate difference of Q1.2020: 3,634,931,221

**15 COST OF GOODS SOLD AND SERVICES RENDERED**

	<b>Q2.2020</b>	<b>Q2.2019</b>
Cost of jewelry	2,265,053,333,007	2,316,414,221,271
Cost of watches, accessories	4,563,369,587	7,565,952,834
Cost of rendering services	1,688,134,502	2,114,800,960
<b>Total</b>	<b>2,271,304,837,096</b>	<b>2,326,094,975,065</b>

**16. FINANCIAL EXPENSES**

	<b>Q2.2020</b>	<b>Q2.2019</b>
Interest expense	44,251,598,481	21,364,224,770
Other financial expense	90,000,001	(19,659,156)
Foreign exchange loss	(2,535,947,743)	920,966,277
<b>Total</b>	<b>41,805,650,739</b>	<b>22,265,531,891</b>

PNJP adjusted the exchange rate difference of Q1.2020: 3,634,931,221



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Q2.2020</b>	<b>Q2.2019</b>
Staff cost	212,228,939,283	247,855,422,967
Materials, packaging	5,636,778,386	6,321,826,143
Tools and supplies	20,166,169,122	24,899,808,034
Depreciation	11,500,976,819	8,554,263,436
Outside services	80,541,832,069	74,155,598,559
Others	55,607,557,449	41,315,430,277
	<u>385,682,253,128</u>	<u>403,102,349,416</u>

**18. CORPORATE INCOME TAX**

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

	<b>Q2.2020</b>	<b>Q2.2019</b>
Profit before tax	42,690,872,963	210,066,983,171
<b>Taxable profit</b>	<b>54,799,510,975</b>	<b>204,577,094,515</b>
Corporate income tax rate	20%	20%
<b>Current CIT</b>	<u>10,959,902,195</u>	<u>40,915,418,903</u>

**19. OFF – BALANCE SHEET ITEMS****a) Operating Lease Commitments**

As at 30 June 2020, lease payments paid under operating leases commitments are as follows:

	<b>Q2.2020</b>	<b>Q2.2019</b>
Within next year	229,411,200,391	181,584,689,443
From 2 to 5 years	718,732,428,932	471,696,889,767
Over 5 years	401,117,142,974	405,830,950,540
<b>Total</b>	<u>1,349,260,772,297</u>	<u>1,059,112,529,750</u>

**b) Foreign Exchange:**

	<b>30/06/2020</b>	<b>31/12/2019</b>
USD	62,981	92,878
GBP	1,625	1,625
AUD	434	27,330
EUR	3,428	5,901
Gold bar (one tenth of a tael)	15,800	7,580

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For Quarter 2 ended on 30 June 2020

**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Management Board 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.

***Interest rate risk***

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

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

***Foreign currency risk***

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

***Equity price risk***

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

***Commodity price risk***

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

***Credit risk***

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

***Trade receivables***

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

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

***Bank deposits***

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For Quarter 2 ended on 30 June 2020

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

**Liquidity risk**

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

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

**Collateral**

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

The Group did not hold any collateral of other parties at 31 December 2019 and 30 June 2020.

**21. FACTORS IMPACT ON BUSINESS PERFORMANCE IN Q2.2020**

Net revenue Q2.2020 reached VND 2,745 bn, decreased by 7.3% compared to the same period last year.

Due to Covid – 19, PNJ temporarily suspended most of our stores during the first half of April, then gradually reopened by the end of April. Hence, retail sales in April was significantly affected. However, retail sales has considerably recovered in May and June after the pandemic has been controlled.

- PNJG retail sales in Q2 dropped by 8.8% yoy.
- 24K gold sales increased by 10% yoy.
- Wholesale revenue declined by 24% yoy.

Profit before tax reached VND 42.6 bn, dropped by 80% yoy.

- Gross profit reached VND 473 bn, down 26% yoy.
- Interest expenses was VND 44.2 bn, up 107% yoy due to the demand for working capital for business strategies to cope with Covid-19.
- Operating expenses was amounted to VND 385.6 bn (-4.3% yoy). PNJ's expenses have been optimized efficiently.

In the first 6 months, PNJG achieved VND 7,745 bn in terms of net sales and VND 554.4bn in terms of profit before tax, fulfilled 53% of 2020 budget.



Nguyen Thanh Dat  
Preparer  
20 July 2020



Duong Quang Hai  
Chief Accountant



Le Tri Thong  
General Director