



PHU NHUAN JEWELRY JOINT STOCK COMPANY

Separate Interim Financial Statements

For the three month period ended 30 June 2020

PHU NHUAN JEWELRY JOINT STOCK COMPANY
(Incorporated in the Socialist Republic of Vietnam)

SEPARATE INTERIM FINANCIAL STATEMENTS
For the three month period ended 30 June 2020



TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
GENERAL INFORMATION	1
BALANCE SHEET	2 – 3
INCOME STATEMENT	4
CASH FLOW STATEMENT	5
NOTES TO THE SEPARATE FINANCIAL STATEMENTS	6 - 26

1. GENERAL INFORMATION

The 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 the 30th amended on 31 December 2019.

The Company has been listed on the Ho Chi Minh City Stock Exchange ("HOSE") with PNJ code from 23 March 2009 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.

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

THE BOARDS OF MANAGEMENT, SUPERVISORS AND DIRECTORS

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

Board of Management

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

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

Board of Executives

Mr. Le Tri Thong	General Director
Ms. Dang Thi Lai	Chief Operating Officer cum Director of Finance-Operatio
Ms. Tran Thi Thu Ha	Director of Retail
Mr. Phan Nguyen Hoai Anh	Acting Director of Marketing
Mr. Nguyen Hoang Chau	Director of Supply Chain
Mr. Dao Trung Kien	Director of Strategy
Mr. Nguyen Ngoc Tran	Director of Information Technology
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.

BALANCE SHEET

As at 30 June 2020

Unit: VND

	ASSETS	Code	Notes	30/06/2020	31/12/2019
A	CURRENT ASSETS	100		6,249,404,563,454	6,682,090,576,699
I	Cash and cash equivalents	110		148,474,330,211	82,586,849,294
1	Cash	111		148,474,330,211	82,586,849,294
III	Current accounts receivable	130		574,884,661,175	932,945,866,003
1	Trade receivables	131		23,218,162,289	96,534,570,471
2	Advances to suppliers	132		438,318,808,028	731,834,000,148
5	Short term lending	135		100,000,000,000	100,000,000,000
6	Other receivables	136		11,865,520,194	4,093,499,097
8	Shortage of assets pending resolution	139		1,482,170,664	483,796,287
IV	Inventories	140		5,464,499,305,083	5,600,042,475,851
1	Inventories	141		5,464,499,305,083	5,600,042,475,851
V	Other current assets	150		61,546,266,985	66,515,385,551
1	Short-term prepaid expenses	151		61,104,491,020	66,450,661,055
2	Value-added tax deductible	152		441,775,965	-
3	Tax and other receivables from the State	153		-	64,724,496
B	NON-CURRENT ASSETS	200		1,349,967,340,389	1,278,105,627,829
I	Non-current account receivables	210		72,265,397,065	67,305,344,776
6	Other non-current receivables	216		72,265,397,065	67,305,344,776
II	Fixed assets	220		820,172,851,185	829,804,515,778
1	Tangible fixed assets	221		179,670,342,210	182,749,211,876
	- Cost	222		314,518,459,698	303,405,749,655
	- Accumulated depreciation (*)	223		(134,848,117,488)	(120,656,537,779)
3	Intangible fixed assets	227		640,502,508,975	647,055,303,902
	- Cost	228		666,299,045,857	666,299,045,857
	- Accumulated amortization (*)	229		(25,796,536,882)	(19,243,741,955)
IV	Non-current assets in progress	240		28,192,987,250	28,192,987,250
2	Construction in progress	242		28,192,987,250	28,192,987,250
V	Long-term investments	250		210,000,000,000	140,000,000,000
1	Investments in subsidiaries	251		240,000,000,000	170,000,000,000
3	Other long-term investments	253		395,271,613,400	395,271,613,400
4	Provision for long-term investments	254		(425,271,613,400)	(425,271,613,400)
VI	Other long-term assets	260		219,336,104,889	212,802,780,025
1	Long-term prepaid expenses	261		132,204,640,230	125,671,315,366
2	Deferred tax assets	262		87,131,464,659	87,131,464,659
	TOTAL ASSETS (270=100+200)	270		7,599,371,903,843	7,960,196,204,528

BALANCE SHEET (Continued)

As at 30 June 2020

Unit: VND

	RESOURCES	Code	Notes	30/06/2020	31/12/2019
C	LIABILITIES	300		2,945,340,685,707	3,440,009,205,304
I	Current liabilities	310		2,941,433,683,707	3,432,402,203,304
1	Trade payables	311	(13)	136,859,992,326	619,571,810,553
2	Advances from customers	312		49,684,690,956	58,403,718,325
3	Statutory obligations	313	(7)	147,594,538,852	165,567,273,128
4	Payables to employees	314		123,207,546,471	175,648,804,619
5	Accrued expenses	315	(8)	11,707,044,632	40,171,657,351
9	Other payables	319	(14)	82,426,526,515	48,233,642,368
10	Short-term loans	320	(12)	2,249,794,294,463	2,234,770,938,231
12	Bonus and welfare fund	322		140,159,049,492	90,034,358,729
II	Non-current liabilities	330		3,907,002,000	7,607,002,000
7	Other long-term liabilities	337	(13)	476,006,000	476,006,000
8	Long-term loans	338	(11)	-	3,700,000,000
12	Long-term provisions	342		3,430,996,000	3,430,996,000
D	EQUITY	400		4,654,031,218,136	4,520,186,999,224
I	Owner's equity	410	(15)	4,654,031,218,136	4,520,186,999,224
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	Retained earnings	421		1,063,625,788,760	988,194,569,848
	- Retained profits brought forward	421a		613,766,393,848	8,315,394,986
	- Retained profits for the current period	421b		449,859,394,912	979,879,174,862
	TOTAL RESOURCES (440=300+400)	440		7,599,371,903,843	7,960,196,204,528


 Nguyen Thanh Dat
 Preparer
 20 July 2020


 Duong Quang Hai
 Chief Accountant




 Le Tri Thong
 General Director

INCOME STATEMENT

For the three-month period ended 30 June 2020

Unit: VND

No	ITEMS	Code	Notes	Three-month period ended		Accumulated year	
				30/06/2020	30/06/2019	Current year	Period year
1	Gross revenue from sale of goods and services rendered	01	15	2,489,390,064,060	2,209,006,634,024	7,586,160,969,952	6,630,606,843,026
2	Deductions	02		24,535,638,265	20,346,553,932	69,391,091,717	57,438,785,568
3	Net revenue from sale of goods and services rendered	10		2,464,854,425,795	2,188,660,080,092	7,516,769,878,235	6,573,168,057,458
4	Cost of goods sold and services rendered	11	16	2,017,146,952,961	1,602,256,442,079	6,075,794,354,726	4,992,846,233,736
5	Gross profit from sale of goods and services rendered	20		447,707,472,834	586,403,638,013	1,440,975,523,509	1,580,321,823,722
6	Finance income	21		(1,642,297,076)	47,708,386	544,740,650	1,037,986,134
7	Finance expenses	22	17	36,858,058,226	41,436,012,645	71,434,216,699	65,693,631,025
	- In which: Interest expense	23		36,843,350,442	20,768,824,222	70,412,599,042	44,754,007,658
8	Selling expenses	25	18	270,662,840,415	254,799,985,788	614,502,016,578	592,597,321,789
9	General and administrative expenses	26	18	84,570,282,117	100,034,221,266	192,807,011,266	198,364,292,892
10	Operating profit	30		53,973,995,000	190,181,126,700	562,777,019,616	724,704,564,150
11	Other income	31		555,900,336	179,227,764	896,662,967	2,858,620,244
12	Other expenses	32		688,796,318	371,937,867	960,062,986	3,270,008,451
13	Other profit	40		(132,895,982)	(192,710,103)	(63,400,019)	(411,388,207)
14	Accounting profit before tax	50		53,841,099,018	189,988,416,597	562,713,619,597	724,293,175,943
15	Current corporate income tax expense	51	19	10,900,361,676	38,287,546,413	112,854,224,685	145,875,885,496
17	Net profit after corporate income tax	60		42,940,737,342	151,700,870,184	449,859,394,912	578,417,290,447



Nguyen Thanh Dat
Preparer
20 July 2020



Duong Quang Hai
Chief Accountant




Le Tri Thong
General Director


CASH FLOW STATEMENT
For the three- month period ended 30 June 2020


Unit: VND

No.	ITEMS	Code	Three - month period ended	
			30/06/2020	30/06/2019
I	CASH FLOWS FROM OPERATING ACTIVITIES			
1	Profit before tax	01	562,713,619,597	724,293,175,943
2	Adjustment for			
	- Depreciation and amortization	02	20,744,374,636	15,307,579,079
	- (Gain)/loss from investing activities	05	(544,740,650)	(113,190,791)
	- Interest expense	06	70,412,599,042	44,754,007,658
3	Operating profit before changes in working capital	08	653,325,852,625	804,241,571,889
	- (Increase)/Decrease in receivables	09	373,827,071,713	(853,559,900,501)
	- Increase in inventories	10	135,543,170,768	880,292,224,026
	- Increase in payables	11	(602,128,629,649)	(283,959,800,596)
	- Increase in prepaid expenses	12	(1,187,154,829)	9,441,418,434
	- Interest paid	14	(71,700,453,018)	(44,485,445,273)
	- Corporate income tax paid	15	(126,076,587,532)	(160,231,126,947)
	- Other cash outflows from operating activities	17	(9,912,308,700)	(10,378,437,427)
	Net cash flows (used in) from operating activities	20	351,690,961,378	341,360,503,605
II	CASH FLOWS FROM INVESTING ACTIVITIES			
1	Acquisition and construction of fixed assets	21	(11,282,362,133)	(132,290,566,996)
2	Proceeds from sale, disposals of fixed assets	22	-	242,853,844
5	Payment for investment in other entities	25	(70,000,000,000)	
7	Interest earned and dividends received	27	544,740,650	113,190,791
	Net cash flows from (used in) investing activities	30	(80,737,621,483)	(131,934,522,361)
III	CASH FLOWS FROM FINANCING ACTIVITIES			
2	Repayment of owners	32	(1,283,000,000)	-
3	Drawdown of borrowings	33	3,126,048,850,515	2,297,134,520,335
4	Repayment of borrowings	34	(3,114,725,494,283)	(2,407,499,044,873)
6	Dividends paid	36	(215,106,215,210)	(165,085,703,510)
	Net cash flows used in financing activities	40	(205,065,858,978)	(275,450,228,048)
	Net decrease in cash and cash equivalents	50	65,887,480,917	(66,024,246,804)
	Cash and cash equivalents at beginning of period	60	82,586,849,294	150,227,254,450
	Effect of exchange rate fluctuations on cash and cash equivalents	61	-	-
	Cash and cash equivalents at end of period	70	148,474,330,211	84,203,007,646


Nguyen Thanh Dat
Preparer

20 July 2020


Duong Quang Hai
Chief Accountant


Le Tri Thong
General Director



I. CORPORATE INFORMATION

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 2020 was 4,576 (as at 31 December 2019: 4,784).

As at 30 June 2020, 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 2020, the Company has also fifty-five (55) branches and three hundred twenty five (325) 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 FINANCIAL 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 2020, the income statement and separate cash flow statements for the period then ended. Therefore, the Company does not consolidate the investments in subsidiaries in the separate financial statements. The Company's investments are recognized under the accounting policies presented on Note 5 below.

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.

Financial year

The Company's financial 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 Directors has adopted Circular 53 in the preparation and presentation of the Company's financial statements for the period ended 30 June 2020.

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.

Financial investments

Held-to-maturity investments

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

Held-to-maturity 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

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.

Investments 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.

Provisions for impairment of 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

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

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

	Current year
	(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 3 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 centers 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
- Others which are amortized to the income statement over 2 to 3 years.

Borrowing costs

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

Revenue recognition

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

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

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the 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.

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.

V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. CASH AND CASH EQUIVALENTS

	30/06/2020	VND 31/12/2019
Cash on hand	110,782,579,742	51,564,859,289
Cash at banks	29,413,717,740	16,380,464,624
Cash in transit	8,278,032,729	14,641,525,381
TOTAL	148,474,330,211	82,586,849,294

2. FINANCIAL INVESTMENTS

	30/06/2020	VND 31/12/2019
b. Non - current		
The Company's subsidiaries	210,000,000,000	140,000,000,000
_CAO Fashion Company Limited	100,000,000,000	30,000,000,000
_PNJ Laboratory Company Limited	10,000,000,000	10,000,000,000
_Customer Era Company Limited (*)	30,000,000,000	30,000,000,000
_Provision for investment CECL	(30,000,000,000)	(30,000,000,000)
_PNJ Jewelry Production And Trading Co.,Ltd	100,000,000,000	100,000,000,000
Other long term 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	210,000,000,000	140,000,000,000

CAO Fashion Company Limited ("CAF"), a one-member limited liability company, was established under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0309279212 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 August 2009. 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 produce and trade fashion products, silver and gold jewelry, and arts and crafts products, and to import and export art and craft products.

PNJ Laboratory Company Limited ("PNJL"), a one-member limited liability company, was established under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No.0310521330 issued by the Department of Planning and Investment of Ho Chi Minh City on 16 December 2010. PLC's registered head office is located at 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, was established under the Law on Enterprise of Vietnam pursuant to 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 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, was 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 2020, Dong A Joint Stock Commercial Bank was still under special control by State Bank of Vietnam and shares are not transferable.

Significant transactions with related parties during the period were as follows:

	<i>Purchase of goods in Current period</i>	<i>Sale of goods in Current period</i>
1. CAO Fashion Company Limited		
_ Sale of goods		839,026,643
_ Purchase of goods	126,136,364	
2. PNJ Laboratory Company Limited		
_ Services rendered	578,505,000	
_ Interest payable	151,167,123	
3. PNJ Jewelry Production And Trading Company Limited		
_ Sale of goods		378,962,196,636
_ Rent services		1,317,727,272
_ Purchase of goods	609,291,128,956	
4. Công ty CECL		
_ Purchase of goods	4,292,605,187	
_ Interest payable		(1,663,561,644)
_ Rent services		300,000,000

The outstanding balances due from and due to related parties as at 30 June 2020 as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Receivable (Payable)</i>
1. RECEIVABLES			380,421,243,278
Receivables			378,117,524,315
<i>PNJ Jewelry Production And Trading Co., Ltd</i>	<i>Subsidiary</i>	<i>Advance</i>	315,776,815,122
<i>CAO Fashion Company Limited</i>	<i>Subsidiary</i>	<i>Sale</i>	1,787,215,726
<i>Customer Era Company Limited</i>	<i>Subsidiary</i>	<i>Advance</i>	60,553,493,467
Others receivable			2,303,718,963
<i>Customer Era Company Limited</i>	<i>Subsidiary</i>	<i>Interest receivable</i>	2,303,718,963
2. PAYABLES			(27,029,091,420)
Trade payable			(3,483,250,324)
<i>Customer Era Company Limited</i>	<i>Subsidiary</i>	<i>Payable</i>	
<i>PNJ Laboratory Company Limited</i>	<i>Subsidiary</i>	<i>Lab services</i>	(3,483,250,324)
Others payable			(23,545,841,096)
<i>PNJ Laboratory Company Limited</i>	<i>Subsidiary</i>	<i>Borrowing</i>	(23,000,000,000)
<i>PNJ Laboratory Company Limited</i>	<i>Subsidiary</i>	<i>Interest payable</i>	(545,841,096)

3. SHORT-TERM TRADE RECEIVABLES

	VND	
	30/06/2020	31/12/2019
CAO Fashion Company Limited	1,787,215,726	61,373,320,983
Customer Era Company Limited	-	3,639,325,046
AEON Tan Phu	2,915,011,323	3,365,675,996
AEON Binh Tan	2,737,714,420	3,024,215,639
AEON Binh Duong	3,192,806,253	3,965,324,714
AEON Long Bien	104,613,000	228,491,800
AEON Ha Noi	473,724,570	1,592,902,110
AEON Ha Dong	728,330,880	817,004,030
Sense Can Tho	716,512,798	1,507,484,910
Sense City Ben Tre	531,061,549	769,540,851
Sense City Ca Mau	425,493,341	690,186,622
Parkson Hung Vuong	744,443,770	1,596,853,465
Nowzone	542,508,156	1,351,641,724
Diamond Le Duan	285,996,040	587,433,754
Crescent Mall Q7	876,687,818	1,368,947,140
Center Nha Trang	221,298,413	658,184,212
Others	6,934,744,232	9,998,037,475
TOTAL	23,218,162,289	96,534,570,471

According to contact with Center mall partner, Center mall has to collect on behalf and repay to PNJ periodically.

4. OTHER RECEIVABLES

	VND	
	30/06/2020	31/12/2019
a. Current		
_Advances to employees	6,817,271,436	1,014,075,124
_Due from Customer Era Company Limited	2,303,718,963	2,303,718,963
_Others	2,744,529,795	775,705,010
Total	11,865,520,194	4,093,499,097
b. Non- Current		
Long term deposit for renting stores	72,265,397,065	67,305,344,776
Total	72,265,397,065	67,305,344,776

5. INVENTORIES

	VND	
	30/06/2020	31/12/2019
Raw materials	79,726,699,001	67,475,247,675
Tools and supplies	26,803,362,724	27,472,070,110
Work in process	228,576,820	351,747,040
Finished goods	3,707,236,137,809	3,924,719,952,996
Merchandise goods	1,650,504,528,729	1,580,023,458,030
TOTAL	5,464,499,305,083	5,600,042,475,851

As at 30 June 2020, inventories of VND 1,365,916,000,000 were used as collaterals for short-term loans obtained from commercial banks (Note 11).

6. PREPAYMENTS

	VND	
	30/06/2020	31/12/2019
Current		
Tools and supplies	10,289,353,064	15,336,888,746
Stores rental	21,934,517,234	27,631,460,897
Uniform expenses	9,260,679,421	7,374,039,483
Office and store renovation expenses	3,573,147,575	4,317,791,562
Others	16,046,793,726	11,790,480,367
TOTAL	61,104,491,020	66,450,661,055
		VND
Non current	30/06/2020	31/12/2019
Tools and supplies	61,563,671,483	64,216,833,032
Stores rental	8,878,414,740	9,616,517,091
Office and store renovation expenses	56,982,526,258	47,858,740,524
Others	4,780,027,749	3,979,224,719
TOTAL	132,204,640,230	125,671,315,366

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

Q2/ 2020

				VND
	Opening balance	Receivable/Payable during the year	Received/Paid during the year	Closing balance
a. Receivables				
Value added tax from import	-	2,495,700,899	2,495,700,899	-
Value added tax		465,215,873	23,439,908	441,775,965
Total	-	2,960,916,772	2,519,140,807	441,775,965
b. Payables				
Value added tax	39,486,733,587	49,174,766,315	54,217,253,219	34,444,246,683
Corporate income tax	101,576,760,246	10,900,361,676	11,053,863,009	101,423,258,913
Personal income tax	7,149,305,231	9,871,589,479	9,862,491,987	7,158,402,723
Others	4,569,630,533	79,688,175	80,688,175	4,568,630,533
Total	152,782,429,597	70,026,405,645	75,214,296,390	147,594,538,852

Q1+ Q2/2020

				VND
	Opening balance	Receivable/Payable during the year	Received/Paid during the year	Closing balance
a. Receivables				
Value added tax from import		48,134,390,937	48,134,390,937	-
Value added tax		465,215,873	23,439,908	441,775,965
Import- Export tax	-	3,947,627,590	3,947,627,590	-
Others	64,724,496		64,724,496	-
Total	64,724,496	52,547,234,400	52,170,182,931	441,775,965
b. Payables				
Value added tax	42,216,317,119	161,024,530,016	168,796,600,452	34,444,246,683
Corporate income tax	114,645,621,760	112,854,224,685	126,076,587,532	101,423,258,913
Personal income tax	4,135,703,716	38,244,994,735	35,222,295,728	7,158,402,723
Others	4,569,630,533	896,009,175	897,009,175	4,568,630,533
Total	165,567,273,128	313,019,758,611	330,992,492,887	147,594,538,852

8. ACCRUED EXPENSES

	30/06/2020	31/12/2019
Interest expense	2,752,081,634	4,039,935,610
Advertisement expense	6,403,632,547	33,745,133,406
Others	2,551,330,451	2,386,588,335
Total	11,707,044,632	40,171,657,351

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
					VND
Cost:					
31/12/2019	148,336,281,191	40,810,468,790	30,170,753,351	84,088,246,323	303,405,749,655
Additions	-	2,829,750,966	-	8,429,420,122	11,259,171,088
Disposal	-	52,159,045	-	94,302,000	146,461,045
30/06/2020	148,336,281,191	43,588,060,711	30,170,753,351	92,423,364,445	314,518,459,698
<i>In which:</i>					
<i>Fully depreciated</i>	1,571,799,136	15,272,295,279	3,273,788,462	9,747,033,977	29,864,916,854
Accumulated depreciation:					
31/12/2019	44,008,607,930	24,697,572,324	13,688,666,018	38,261,691,507	120,656,537,779
Depreciation for the year	3,493,192,257	3,136,076,529	1,870,622,687	5,829,048,071	14,328,939,544
Disposal	-	43,057,835	-	94,302,000	137,359,835
30/06/2020	47,501,800,187	27,790,591,018	15,559,288,705	43,996,437,578	134,848,117,488
Net carrying amount:					
31/12/2019	104,327,673,261	16,112,896,466	16,482,087,333	45,826,554,816	182,749,211,876
30/06/2020	100,834,481,004	15,797,469,693	14,611,464,646	48,426,926,867	179,670,342,210

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

10. INTANGIBLE FIXED ASSETS

VND

	<i>Indefinite land use rights</i>	<i>Brand</i>	<i>Computer software</i>	<i>Total</i>
Cost:				
31/12/2019	542,687,586,739	96,000,000	123,515,459,118	666,299,045,857
Additions	-	-	-	-
Disposal	-	-	-	-
31/03/2020	542,687,586,739	96,000,000	123,515,459,118	666,299,045,857
<i>In which:</i>				
<i>Fully depreciated</i>		96,000,000	6,982,250,583	7,078,250,583
Accumulated amortization:				
31/12/2019	-	96,000,000	19,147,741,955	19,243,741,955
Amortization for the year	-	-	6,552,794,927	6,552,794,927
Disposal	-	-	-	-
31/03/2020	-	96,000,000	25,700,536,882	25,796,536,882
Net carrying amount:				
31/12/2019	<u>542,687,586,739</u>	-	<u>104,367,717,163</u>	<u>647,055,303,902</u>
30/06/2020	<u>542,687,586,739</u>	-	<u>97,814,922,236</u>	<u>640,502,508,975</u>

11. CONSTRUCTION IN PROCESS

VND

	<i>30/06/2020</i>	<i>31/12/2019</i>
Land use right in Binh Duong	26,137,767,250	26,137,767,250
Tower 577 Nguyen Kiem	2,055,220,000	2,055,220,000
TOTAL	<u>28,192,987,250</u>	<u>28,192,987,250</u>

12. SHORT-TERM LOANS

VND

	<i>30/06/2020</i>	<i>31/12/2019</i>
a. Short term		
Loans from commercial banks	2,080,701,948,689	2,078,952,847,801
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
Total	<u>2,249,794,294,463</u>	<u>2,234,770,938,231</u>
b. Long term		
Loans from commercial banks	-	3,700,000,000
Total	<u>-</u>	<u>3,700,000,000</u>

Details of loan in this period

BANK	31/12/2019	Drawdown	Repayment	30/06/2020
COMMERCIAL BANK	2,086,352,847,801	3,085,255,233,171	3,083,506,132,283	2,088,101,948,689
CTBC Bank Company Limited – HCM 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 - Branch 1	499,861,368,524	467,065,833,334	499,861,368,524	467,065,833,334
Shinhan Bank Vietnam Limited – HCM Branch	97,000,000,000	120,597,049,000	138,997,049,000	78,600,000,000
Joint Stock Company Bank for Foreign trade of Vietnam	490,427,204,477	343,704,672,148	538,527,204,477	295,604,672,148
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
SeA Bank	200,000,000,000	516,000,000,000	466,000,000,000	250,000,000,000
Petrolimex Group 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	-
China Construction Bank Corporation	7,400,000,000	-	-	7,400,000,000
Other individuals	-	194,800,000,000	115,300,000,000	79,500,000,000
Current portion of long term liabilities	152,118,090,430	40,793,617,344	31,219,362,000	161,692,345,774
TOTAL	2,238,470,938,231	3,126,048,850,515	3,114,725,494,283	2,249,794,294,463



Details of loans with floating rates obtained from commercial banks to finance its working capital requirements are as follows:

VND

BANK	30/06/2020	MATURITY DATE	INTEREST RATE	COLLATERAL
Short term loans in VND	2,080,701,948,689			
CTBC Bank Company Limited – HCM Branch	93,197,206,695	From 20 July to 20 November 2020	6.0%	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade - Branch 1	467,065,833,334	From 31 July to 30 December 2020	6.7%	Inventories
Shinhan Bank Vietnam Limited – HCM Branch	78,600,000,000	From 30 September to 23 December 2020	6.0%	Unsecured
Joint Stock Company Bank for Foreign trade of Vietnam	295,604,672,148	From 24 September to 21 December 2020	6.4%	House at 46 Ngo Quyen, 359 Phan Chu Trinh, 461 Phan Chu Trinh - Tam Ky
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
SeA Bank	250,000,000,000	From 03 July to 30 September 2020	6.5%	Unsecured
Petrolimex Group 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-20	5.0%	House at 123 Hung Vuong, Da Nang and inventories
China Construction Bank Corporation	79,500,000,000	From 08 December to 19 December 2020	5.5%	Unsecured
Other individuals	161,692,345,774		7.6%	Unsecured
Current portion of long term liabilities	7,400,000,000			
Total short term loans	2,249,794,294,463			
Vietnam bank for Agriculture and Rural Development - Branch 4	7,400,000,000	22 January 2021	9.5%	02 Shop House No.PG1-05 and PG1-05A at No.209, 30/4 Street, Xuan Khanh Ward, Ninh Kieu District, Can Tho City
<i>In which:</i>	<i>7,400,000,000</i>			
Long term loans	-			

13. SHORT-TERM TRADE PAYABLES

	VND	
	30/06/2020	31/12/2019
PNJL	3,483,250,324	2,105,605,324
Forte Jewellery (HK)	-	154,975,866,651
FINEESE IMPEX LTD	32,260,737,752	264,376,245,789
CHAMPION PEARL CO.,LTD	2,617,562,576	1,840,815,251
Lotus Diamonds Limited	1,775,861,103	-
Hung Kim Loan	696,001,500	5,443,890,500
Quang Vinh Nguyen Import - Export Ltd	912,591,777	12,140,499,777
Thanh Thuy Ltd Co.	-	6,096,921,500
Nhat Vy	4,416,113,000	-
_Dong A Joint Stock (EAB)	2,633,976,167	2,633,976,167
CMC Ltd Co,	-	4,073,596,286
WPP Media., Ltd	2,839,885	1,339,959,035
B.M.C	-	1,279,129,500
YUTO Binh Duong., Ltd Co.,	620,342,306	1,190,232,628
Huynh Thi My Hien	1,143,542,559	1,143,542,559
PMAX	236,388,030	924,886,448
Kobayashi Vina Ltd Co,	562,998,450	895,937,245
Vincom Shophouse Quang Ninh	832,771,856	832,771,856
Nha Be Corporation	2,068,131,120	-
DIGIX	1,188,880,000	633,580,641
Others	81,408,003,921	157,644,353,396
Total	136,859,992,326	619,571,810,553

14. OTHER PAYABLES

	VND	
	30/06/2020	31/12/2019
a. Current		
_PNJL	545,841,096	545,841,096
_Bonus of Board of Management and	46,488,205,471	20,528,793,837
_Dividends payable	6,027,616,467	6,004,841,375
_Deduction under salary	11,579,626,974	2,370,835,425
_Others	17,785,236,507	18,783,330,635
TOTAL	82,426,526,515	48,233,642,368
b. Non current		
_ Long term deposit	476,006,000	476,006,000
TOTAL	476,006,000	476,006,000

15. OWNERS' EQUITY

	VND						
	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total	
Prior period's opening balance	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	582,906,030,000	42,676,250,000	-	-	(556,649,780,000)	68,932,500,000	
Profit for the year	-	-	-	-	1,158,012,975,662	1,158,012,975,662	
Dividends 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)	
Investment and development fund appropriation	-	-	-	47,996,000,000	(47,996,000,000)	-	
Transfer to bonus and welfare funds	-	-	-	-	(47,996,000,000)	(47,996,000,000)	
Board of Management fund	-	-	-	-	(35,439,000,000)	(35,439,000,000)	
Current period's opening balance	2,252,935,850,000	968,074,112,458	(2,101,090,000)	313,083,556,918	988,194,569,848	4,520,186,999,224	
Profit for the year	-	-	-	-	449,859,394,912	449,859,394,912	
Dividends 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)	
Investment and development fund appropriation	-	-	-	59,696,000,000	(59,696,000,000)	-	
Transfer to bonus and welfare funds	-	-	-	-	(59,696,000,000)	(59,696,000,000)	
Board of Management fund	-	-	-	-	(29,848,000,000)	(29,848,000,000)	
Current period's closing balance	2,252,935,850,000	968,074,112,458	(3,384,090,000)	372,779,556,918	1,063,625,788,760	4,654,031,218,136	

(**) On August 8, 2019, PNJ paid 1st cash dividend for 2019 (8%/share)

(**) On 16 April 2020, PNJ paid 2nd cash dividend for 2019 (10%/share)

16. REVENUE FROM GOOD SOLD AND SERVICES RENDERED

	Q2.2020	VND Q2.2019
Gross revenue, of which	2,489,390,064,060	2,209,006,634,024
_Sale of gold, silver and jewelry	2,486,022,476,189	2,205,498,977,966
_Others		
_Rendering services	3,367,587,871	3,507,656,058
_Goods returned	(24,535,638,265)	(20,346,553,932)
Net revenue, of which	2,464,854,425,795	2,188,660,080,092
_Sale of gold, silver and jewelry	2,461,486,837,924	2,185,152,424,034
_Others	-	-
_Rendering services	3,367,587,871	3,507,656,058

17. FINANCIAL INCOME

	Q2.2020	VND Q2.2019
Interest income (*)	(1,645,349,930)	21,699,577
Foreign exchange gain	3,052,854	26,008,809
TOTAL	(1,642,297,076)	47,708,386

(*) PNJ has adjusted interest income for CECL for first 6 months in 2020 – under Index agreement contract between 2 parties.

18. COST OF GOODS SOLD AND SERVICES RENDERED

	Q2.2020	VND Q2.2019
Cost of gold, silver and jewelry	2,017,146,952,961	1,602,256,442,079
TOTAL	2,017,146,952,961	1,602,256,442,079

19. FINANCIAL EXPENSES

	Q2.2020	VND Q2.2019
Interest expense	36,843,350,442	20,768,824,222
Others	14,707,784	20,667,188,423
Total	36,858,058,226	41,436,012,645

20. PRODUCTION COST BY NATURE

	Q2.2020	VND Q2.2019
Labor costs	193,821,962,755	215,538,537,755
Raw materials	4,962,936,382	5,481,869,566
Tools and supplies	19,125,295,593	21,597,910,547
Depreciation and amortization	10,601,264,814	7,799,273,489
Expenses for external services	74,718,089,237	54,359,401,268
Other expenses	52,003,573,751	50,057,214,429
TOTAL	355,233,122,532	354,834,207,054

21. CORPORATE INCOME TAX

The Company 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. The Company's liability for current tax is calculated using tax rates that have been enacted at balance sheet date.

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

	Q2.2020	VND Q2.2019
Profit before tax	53,841,099,018	189,988,416,597
<i>Adjustments:</i>		
<i>_Non - deductible expenses</i>	660,709,362	1,449,315,468
Estimated current taxable profit	54,501,808,380	191,437,732,065
Corporate income tax rate	20%	20%
Estimated current CIT	10,900,361,676	38,287,546,413

22. OFF BALANCE SHEET ITEM

- a. Leasing: The Company leases outlets under operating lease arrangements. Future rental amounts due under such operating leases after 30 June 2020 were as follows:

	30/06/2020	VND 30/06/2019
Within 1 year	198,808,989,913	172,303,640,317
From 1 to 5 years	628,089,993,705	464,020,877,684
Over 5 years	373,097,435,448	311,876,472,620
TOTAL	1,199,996,419,066	948,200,990,621

- b. Foreign currencies

	30/06/2020	VND 31/12/2019
USD	58,266	59,095
GBP	1,625	1,625
AUD	434	443
EUR	480	1,716
Gold tael (mace)	15,800	7,580

23. 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 2020 and 31 March 2019.

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.

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.

At 30 June 2020, PNJ recorded 100% provision for Dong A Bank's investment with amount of VND 395,271,613,400.

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 analyzed 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's maximum exposure to credit risk for the components of the separate balance sheet at each reporting dates are the carrying amounts as illustrated in Note 1. 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

The Company has pledged its fixed assets, inventories in order to fulfil the collateral requirements for loans obtained from commercial banks (*Notes 10*).

The Company did not hold any collateral at 30 June 2020 and 31 December 2019.

24. FACTORS EFFECT TO FINANCIAL INCOME IN THE PERIOD

Net revenue achieved VND 2,464 billion up 12.6% to the same period,

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

- Retail sale in Q2.2020 went down by 8.4% to the same period. In which, sale from old stores dropped 15.6%, Sale from 2019&2020 opened stored contributed 7.2% in total retail sale
- 24K gold sales increased by 71% to the same period

Profit before tax reached VND 53.3 bn, decreased 72% yoy.

- Gross profit achieved 448 bn, went down by 24% yoy
- Interest expense of VND 36.8 billion up to 77% to the same period due to working capital demand which providing business strategies to cope with Covid-19
- Operating expenses were VND 355 billion (same to previous period). PNJ used effective operating expenses.

In the first 6 months, Net revenue's PNJ achieved 7,517 billion and profit before tax's PNJ achieved 563 billion fulfilled 57% of 2020 budget.



Nguyen Thanh Dat
Preparer

20 July 2020



Duong Quang Hai
Chief Accountant



Le Tri Thong
General Director