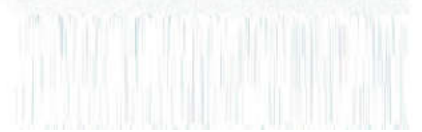


# Consolidated interim Financial Statements

for the three- month period ended 31 March 2019



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## 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, as amended.

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

The 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 Group who held office during the period and to the date of this report are as follows:

The members of the Board of Directors, Supervisory Board and Board of Management of the Group during the period and to the date of this report are as follows:

#### BOARD OF DIRECTORS

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

#### BOARD OF SUPERVISORS

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

#### BOARD OF MANAGEMENT

Mr. Le Tri Thong	General Director
Ms. Dang Thi Lai	Director of Finance-Accounting
Ms. Tran Thi Thu Ha	Director of Retail
Ms. Nguyen Hoang Anh	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 Group during the period and at the date of this report is Mr Le Tri Thong.

**CONSOLIDATED BALANCE SHEET**

*As at 31 March 2019*

Unit: VND

	ASSETS	Code	Notes	31/03/2019	31/12/2018
<b>A</b>	<b>CURRENT ASSETS</b>	<b>100</b>		<b>5,065,794,862,560</b>	<b>5,405,256,600,641</b>
<b>I</b>	<b>Cash and cash equivalents</b>	<b>110</b>		<b>94,972,214,431</b>	<b>206,721,179,629</b>
1	Cash	111		94,972,214,431	206,721,179,629
<b>III</b>	<b>Current accounts receivable</b>	<b>130</b>		<b>263,389,389,780</b>	<b>155,196,257,825</b>
1	Trade receivables	131		147,395,582,659	57,664,060,443
2	Advances to suppliers	132		62,743,702,172	57,981,679,202
6	Other receivables	136		50,950,513,401	39,159,008,338
8	Shortage of assets pending resolution	139		2,299,591,548	391,509,842
<b>IV</b>	<b>Inventories</b>	<b>140</b>		<b>4,643,581,939,618</b>	<b>4,968,145,942,990</b>
1	Inventories	141		4,643,581,939,618	4,968,145,942,990
<b>V</b>	<b>Other current assets</b>	<b>150</b>		<b>63,851,318,731</b>	<b>75,193,220,197</b>
1	Short-term prepaid expenses	151		59,677,075,602	68,191,416,708
2	Value added tax deductibles	152		2,192,126,318	625,511,019
3	Tax and other receivables from the State	153		1,982,116,811	6,376,292,470
<b>B</b>	<b>NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,086,357,374,791</b>	<b>1,032,638,955,963</b>
<b>I</b>	<b>Non-current account receivables</b>	<b>210</b>		<b>59,632,337,327</b>	<b>57,498,444,869</b>
6	Other non-current receivables	216		59,632,337,327	57,498,444,869
<b>II</b>	<b>Fixed assets</b>	<b>220</b>		<b>723,934,807,053</b>	<b>719,287,274,744</b>
1	Tangible fixed assets	221		231,902,366,695	225,960,569,846
	- Cost	222		470,876,231,899	454,178,423,940
	- Accumulated depreciation (*)	223		(238,973,865,204)	(228,217,854,094)
3	Intangible fixed assets	227		492,032,440,358	493,326,704,898
	- Cost	228		501,602,243,873	499,937,407,873
	- Accumulated depreciation (*)	229		(9,569,803,515)	(6,610,702,975)
<b>IV</b>	<b>Non-current assets in progress</b>	<b>240</b>		<b>112,614,422,236</b>	<b>70,822,681,154</b>
2	Construction in progress	242		112,614,422,236	70,822,681,154
<b>V</b>	<b>Long-term investments</b>	<b>250</b>		<b>-</b>	<b>-</b>
2	Other long-term investments	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>190,175,808,175</b>	<b>185,030,555,196</b>
1	Long-term prepaid expenses	261		104,823,983,337	99,678,730,358
2	Deferred tax assets	262		85,351,824,838	85,351,824,838
	<b>TOTAL ASSETS</b>	<b>270</b>		<b>6,152,152,237,351</b>	<b>6,437,895,556,604</b>

**CONSOLIDATED BALANCE SHEET (Continued)**  
As at 31 March 2019

Unit: VND

	RESOURCES	Code	Notes	31/03/2019	31/12/2018
<b>C</b>	<b>LIABILITIES</b>	<b>300</b>		<b>2,111,934,312,567</b>	<b>2,692,822,128,700</b>
<b>I</b>	<b>Current liabilities</b>	<b>310</b>		<b>2,096,859,969,567</b>	<b>2,677,317,785,700</b>
1	Trade payables	311		341,049,411,915	342,676,925,196
2	Advances from customers	312		70,557,838,216	82,798,544,221
3	Statutory obligations	313		196,591,449,393	153,579,308,096
4	Payables to employees	314		152,418,916,761	228,337,052,181
5	Accrued expenses	315		90,365,176,372	10,833,940,595
9	Other payables	319		85,559,376,981	237,629,562,960
10	Short-term loans	320		1,103,495,374,698	1,558,482,498,026
12	Bonus and welfare fund	322		56,822,425,231	62,979,954,425
<b>II</b>	<b>Non-current liabilities</b>	<b>330</b>		<b>15,074,343,000</b>	<b>15,504,343,000</b>
7	Other long-term liabilities	337		598,026,000	628,026,000
8	Long-term loans	338		7,400,000,000	7,800,000,000
12	Long-term provisions	342		7,076,317,000	7,076,317,000
<b>D</b>	<b>EQUITY</b>	<b>400</b>		<b>4,040,217,924,784</b>	<b>3,745,073,427,904</b>
<b>I</b>	<b>Owner's equity</b>	<b>410</b>		<b>4,040,217,924,784</b>	<b>3,745,073,427,904</b>
1	Owner's contributed capital	411		1,670,029,820,000	1,670,029,820,000
2	Share premium	412		925,397,862,458	925,397,862,458
5	Treasury shares (*)	415		(7,090,000)	(7,090,000)
8	Investment and development fund	418		265,087,556,918	265,087,556,918
11	Retained earning	421		1,179,709,775,408	884,565,278,528
	<i>Retained earnings accumulated to prior year end</i>	421a		750,963,460,128	98,780,546,381
	<i>Retained earnings of the current period</i>	421b		428,746,315,280	785,784,732,147
	<b>TOTAL RESOURCES</b>	<b>440</b>		<b>6,152,152,237,351</b>	<b>6,437,895,556,604</b>

**OFF BALANCE SHEET ITEM**

ITEMS	31/03/2019	31/12/2018
- United States dollar (USD)	1,430,441	1,007,866
- Gold taels	13,721	8,900
- Australian Dollar (AUD)	105,457	758
- Euro Dollar (EUR)	2,019	56,723

  
Nguyen Thanh Dat  
Preparer

  
Duong Quang Hai  
Chief Accountant

  
  
Le Tri Thong  
General Director  
19 April 2019

## INCOME STATEMENT

For the three-month period ended 31 March 2019

Unit: VND

No	ITEMS	Code Notes	Three-month period ended		Accumulated year	
			31/03/2019	31/12/2018	Current year	Previous year
1	Gross revenue from sale of goods and services rendered	01	4,820,598,280,382	4,166,588,283,379	4,820,598,280,382	4,166,588,283,379
2	Deductions	02	37,106,690,686	27,135,169,850	37,106,690,686	27,135,169,850
3	Net revenue from sale of goods and services rendered	10	4,783,491,589,696	4,139,453,113,529	4,783,491,589,696	4,139,453,113,529
4	Cost of goods sold and services rendered	11	3,734,137,817,255	3,369,430,601,006	3,734,137,817,255	3,369,430,601,006
5	Gross profit from sale of goods and services rendered	20	1,049,353,772,441	770,022,512,523	1,049,353,772,441	770,022,512,523
6	Finance income	21	1,034,702,485	5,994,175,297	1,034,702,485	5,994,175,297
7	Finance expense	22	24,316,187,250	13,983,492,084	24,316,187,250	13,983,492,084
	<i>_ In which: interest expense</i>	23	24,010,156,644	13,553,130,698	24,010,156,644	13,553,130,698
8	Selling expenses	25	367,183,975,911	281,595,451,271	367,183,975,911	281,595,451,271
9	General and administrative expenses	26	115,618,582,051	60,606,184,051	115,618,582,051	60,606,184,051
10	Operating profit	30	543,269,729,714	419,831,560,414	543,269,729,714	419,831,560,414
11	Other income	31	2,330,717,554	1,057,572,840	2,330,717,554	1,057,572,840
12	Other expense	32	2,362,402,836	134,618,904	2,362,402,836	134,618,904
13	Other profit	40	(31,685,282)	922,953,936	(31,685,282)	922,953,936
15	Accounting profit before tax	50	543,238,044,432	420,754,514,350	543,238,044,432	420,754,514,350
16	Current corporate income tax	51	114,491,729,152	84,494,253,976	114,491,729,152	84,494,253,976
18	Net profit after corporate income tax	60	428,746,315,280	336,260,260,434	428,746,315,280	336,260,260,434
19	Lãi cơ bản trên cổ phiếu	70	2,567	3,111	2,567	3,111



Nguyen Thanh Dat  
Preparer



Duong Quang Hai  
Chief Accountant



Le Tri Thong  
General Director  
19 April 2019

The accompanying notes are an integral part of these consolidated financial statements

**CONSOLIDATED CASH FLOW STATEMENT**  
*For the three-month period ended 31 March 2019*


Unit: VND

No	ITEMS	Codes	Accumulated year	
			Current year	Previous year
<b>I</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1	Profit before tax	01	543,238,044,432	420,754,514,350
2	Adjustment for			
	- Depreciation and amortization	02	13,715,111,650	9,947,182,144
	- Profit(Loss) from investing activities	05	(992,034,140)	(5,894,368,533)
	- Interest expense	06	24,010,156,644	13,553,130,698
3	<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>579,971,278,586</b>	<b>438,360,458,659</b>
	- Increase/Decrease in receivables	09	(647,252,572,214)	(12,071,458,695)
	- Increase/Decrease in inventories	10	324,564,003,373	(206,016,316,402)
	- Increase/Decrease in payables	11	380,610,866,691	40,949,743,548
	- Increase/Decrease in prepaid expenses	12	3,369,088,128	(4,082,007,882)
	- Interest paid	14	(24,278,144,058)	(13,621,293,461)
	- Corporate income tax paid	15	(89,498,269,756)	(87,145,313,529)
	- Other receipts from operating activities	16	685,149,420	-
	- Other payments from operating activities	17		(1,082,640,170)
	<b>Net cash flows (used in) from operating activities</b>	<b>20</b>	<b>528,171,400,170</b>	<b>155,291,172,068</b>
<b>II</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1	Acquisition and construction of fixed assets	21	(56,458,494,261)	(216,476,458,811)
2	Proceeds from sale, disposals of fixed assets	22	474,565,816	100,000,000
4	Cash recovered from lending, selling debt instruments	24	-	160,000,000,000
7	Interest earned and dividends received	27	992,034,140	5,894,368,533
	<b>Net cash flows (used in) from investing activities</b>	<b>30</b>	<b>(54,991,894,305)</b>	<b>(50,482,090,278)</b>
<b>III</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3	Proceeds from borrowings	33	972,459,994,757	1,147,089,495,620
4	Repayments of borrowings	34	(1,427,789,666,459)	(1,261,451,068,707)
6	Dividends paid	36	(129,598,799,360)	(83,756,116,880)
	<b>Net cash flows (used in) from financing activities</b>	<b>40</b>	<b>(584,928,471,062)</b>	<b>(198,117,689,967)</b>
	Net decrease in cash and cash equivalents	50	(111,748,965,197)	(93,308,608,177)
	<b>Cash and cash equivalents at beginning of period</b>	<b>60</b>	<b>206,721,179,629</b>	<b>175,208,552,187</b>
	<b>Cash and cash equivalents at ending of period</b>	<b>70</b>	<b>94,972,214,431</b>	<b>81,899,944,010</b>

  
Nguyen Thanh Dat  
Preparer

  
Duong Quang Hai  
Chief Accountant



  
Le Tri Thong  
General Director  
19 April 2019

## **I. CORPORATE INFORMATION**

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

The Group was listed on Ho Chi Minh Stock Exchange on 23 March 2009 under the stock listing License No. 129/SSC-GPNY issued by the General Director of Ho Chi Minh Stock Exchange on 26 December 2008.

The current principal activities of the Group are to trade gold, silver, jewelry, gemstones, and to import and export gold jewelry, silver and gemstones.

The Group's head office is located at the 170E, Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. In addition, the Group also has three hundred and forty-one (341) stores in different provinces and cities in Vietnam.

The number of employees as at 31 March 2019 was 6,230 (as at 31 December 2018: 6,018).

### **Corporate structure**

The Group's corporate structure includes 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 Accounting standards and system**

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

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5)



**2.2 Applied accounting documentation system**

The Group'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 which is also the Group's accounting currency.

**2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries for the period of 1Q2019 ended 31 March 2019.

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

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

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

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

**III. SUMMARY of SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Changes in accounting policies**

In addition to continue to apply Vietnam Accounting Standard No. 10 - Effects of changes in exchange rates ("VAS 10") as in the previous year. The Group began implementing 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 buying rate of the commercial banks where the Group opened the account. In 2017, the Group used the average exchange rate at the end of bank accounting year to accomplish this conversion.

**3.2 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at banks, gold, and 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 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. Increases and decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

**3.4 Inventories**

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

Net reliable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

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 balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

**3.5 Fixed assets**

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.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

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 Group 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 depreciate 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:

	Years
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 borrowing of funds 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 interim 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 amortised 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 interim 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 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 Payable 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.

**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 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.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**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 unless collectability is in doubt.

*Dividends*

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

**3.17 Taxation**

*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

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

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tax laws used to compute the amount are those that are enacted as at the balance sheet date.

*Deferred income tax*

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

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

**IV. EVENTS AND MATERIAL TRANSACTIONS**

**1. CASH AND CASH EQUIVALENTS**

		VND
	<b>31/03/2019</b>	<b>31/12/2018</b>
Cash on hand	30,698,371,071	96,206,858,391
Cash at banks	62,883,638,860	102,660,788,350
Cash in transit	1,390,204,500	7,853,532,888
<b>TOTAL</b>	<b>94,972,214,431</b>	<b>206,721,179,629</b>

**2. FINANCIAL INVESTMENT**

		VND
	<b>31/03/2019</b>	<b>31/12/2018</b>
<b>Long-term investments</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>-</b>	<b>-</b>

(\*) As at 31 March 2019, 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%

**3. SHORT-TERM TRADE RECEIVABLES**

		VND
	<b>31/03/2019</b>	<b>31/12/2018</b>
FH Trautz GmBh	6,495,006,840	5,954,125,254
DC&D Company	9,523,429,195	3,820,943,012
AEON Tan Phu	214,808,558	2,974,350,770
AEON Binh Tan	3,706,392,218	2,616,293,246
AEON Binh Duong	3,163,533,796	2,235,409,000
Diamond, Le Duan Street	2,812,347,392	2,646,242,511
Lotte, Go Vap District	1,568,437,004	1,594,711,004
Crescent Mall, District 7	3,906,491,130	3,856,285,842
Pinaco JSC.	-	11,728,226,112
Others	116,005,136,526	20,237,473,692
<b>TOTAL</b>	<b>147,395,582,659</b>	<b>57,664,060,443</b>

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

**4. OTHER RECEIVABLES**

	31/03/2019	VND 31/12/2018
<b>a. Current</b>		
_Advance to employees	7,796,988,311	29,038,158,837
_Others	43,153,525,090	10,120,849,501
<b>TOTAL</b>	<b>50,950,513,401</b>	<b>39,159,008,338</b>
<b>b. Non-Current</b>		
_Deposit for long-term renting stores	59,632,337,327	57,498,444,869
<b>TOTAL</b>	<b>59,632,337,327</b>	<b>57,498,444,869</b>

**5. INVENTORIES**

	31/03/2019	VND 31/12/2018
Goods in transit	-	174,543,310,840
Raw materials	462,562,553,411	87,899,638,302
Tools and supplies	33,899,172,856	44,576,286,366
Work in Process	13,078,832,960	1,011,126,019,888
Finished goods	739,016,758,226	397,322,929,019
Merchandise goods	3,376,695,129,559	3,165,377,043,067
Goods on consignment	18,329,492,606	87,300,715,508
<b>TOTAL</b>	<b>4,643,581,939,618</b>	<b>4,968,145,942,990</b>

\* Inventories valued at VND 1,506,916,000,000 were used as collateral for short-term loans at commercial banks (Note number 9).

\* At the end of March 2019, preparing for operating the SAP system on April 2, 2019, the Executive Board decided on a number of important contents on inventory management:

- Send to the CAO Company: sell internally as proposed by CAO Company.
- Goods, raw materials sent for processing at PNJP: re-import PNJ warehouse.
- Goods purchased in transit: to ensure that the goods purchased must be fully warehoused at the end of the period.

**6. PREPAYMENTS**

	31/03/2019	VND 31/12/2018
<b>a. Current</b>		
Tools and supplies	32,307,493,201	36,385,614,710
Stores rental	20,840,772,124	17,859,143,517
Uniform expense	997,170,407	6,453,705,433
Office and store renovation expenses	2,766,662,497	3,273,294,102
Others	2,764,977,373	4,219,658,946
<b>TOTAL</b>	<b>59,677,075,602</b>	<b>68,191,416,708</b>
<b>b. Non-Current</b>		
Tools and supplies	61,040,951,807	55,351,914,816
Stores rental	2,146,300,000	2,772,280,000
Office and store renovation expenses	39,209,210,380	38,119,567,939
Others	2,427,521,150	3,434,967,603
<b>TOTAL</b>	<b>104,823,983,337</b>	<b>99,678,730,358</b>

7. FIXED ASSETS:

7.1 TANGIBLE FIXED ASSETS

VND

ITEMS	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipments	TOTAL
<b>Cost:</b>					
31/12/2018	138,832,225,224	222,217,340,475	29,574,730,396	63,554,127,845	454,178,423,940
Additions	-	6,026,275,401	-	11,514,328,645	17,540,604,046
Disposal	-	(582,626,252)	-	(260,169,835)	(842,796,087)
31/03/2019	138,832,225,224	227,660,989,624	29,574,730,396	74,808,286,655	470,876,231,899
In which,					
Assets are fully depreciated	523,216,400	74,343,135,019	1,852,235,826	11,453,776,449	88,172,363,694
<b>Accumulated depreciation:</b>					
31/12/2018	(37,446,777,758)	(140,666,697,667)	(10,529,670,803)	(39,574,707,866)	(228,217,854,094)
Depreciation for the year	(1,507,089,642)	(6,764,382,397)	(903,670,033)	(2,255,079,847)	(11,430,221,919)
Disposal	-	562,716,522	-	111,494,287	674,210,809
31/03/2019	(38,953,867,400)	(146,868,363,542)	(11,433,340,836)	(41,718,293,426)	(238,973,865,204)
<b>Net carrying amount</b>					
31/12/2018	101,385,447,466	81,550,642,808	19,045,059,593	23,979,419,979	225,960,569,846
31/03/2019	99,878,357,824	80,792,626,082	18,141,389,560	33,089,993,229	231,902,366,695

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



**7.2 INTANGIBLE FIXED ASSETS**

ITEMS	<i>Indefinite land and use rights</i>	VND	
		<i>Computer Software</i>	<i>Total</i>
<b>Cost:</b>			
31/12/2018	459,177,157,290	40,760,250,583	499,937,407,873
Additions	-	1,664,836,000	1,664,836,000
Disposal	-	-	-
31/03/2019	<b>459,177,157,290</b>	<b>42,425,086,583</b>	<b>501,602,243,873</b>
In which:			
Fully depreciated assets		252,034,613	252,034,613
<b>Accumulate amortization</b>			
31/12/2018	-	(6,610,702,975)	(6,610,702,975)
Amortization for the year	-	(2,959,100,540)	(2,959,100,540)
Disposal	-	-	-
31/03/2019	-	<b>(9,569,803,515)</b>	<b>(9,569,803,515)</b>
<b>Net carrying amount</b>			
31/12/2018	459,177,157,290	34,149,547,608	493,326,704,898
31/03/2019	<b>459,177,157,290</b>	<b>32,855,283,068</b>	<b>492,032,440,358</b>

**8. CONSTRUCTION IN PROCESS**

	VND	
	31/03/2019	31/12/2018
Shop House Vincom -Thanh Hóa	9,468,078,966	9,468,078,966
ERP Project	69,189,422,424	56,023,422,424
Hai Ba Trung House - HCMC	5,807,153,596	-
Land use rights at Di An - Binh Duong	26,137,767,250	-
Others	2,012,000,000	5,331,179,764
<b>TOTAL</b>	<b>112,614,422,236</b>	<b>70,822,681,154</b>

**9. LOAN AND FINANCIAL LEASING:**

	VND	
	31/03/2019	31/12/2018
<b>a. Current</b>		
Loans from commercial bank	964,028,062,414	1,423,473,895,742
Loans from individuals	135,767,312,284	131,308,602,284
Current portion of long-term liabilities	3,700,000,000	3,700,000,000
<b>TOTAL</b>	<b>1,103,495,374,698</b>	<b>1,558,482,498,026</b>
<b>b. Non-current</b>		
Loans from commercial bank	7,400,000,000	7,400,000,000
Loans from individuals	0	400,000,000
<b>TOTAL</b>	<b>7,400,000,000</b>	<b>7,800,000,000</b>

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

Details of short-term loans with floating rate from commercial banks to finance the Group's working capital requirements are as follow:

BANK	AMOUNT	MATURITY	INTEREST RATE	COLLATERAL
<b>SHORT-TERM LOANS IN VND</b>	<b>976,028,062,414</b>			
CTBC Bank Co.,Ltd - HCMC Branch	46,052,777,626	From 16/07/2019 - 19/09/2019	6% - 7%	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade	289,300,623,772	From 22/04/2019 - 22/05/2019	5.9% - 6%	Inventories
Shihan Bank Vietnam Limited	99,700,000,000	From 07/04/2019 - 19/06/2019	5.5%	Unsecured
JSC Bank for Foreign Trade of Vietnam	201,692,553,295	From 29/04/2019 - 21/06/2019	6% - 6.6%	Houses: 46 Ngo Quyen Street, 359 Phan Chu Trinh Street, and 461 Phan Chu Trinh Street - Tam Ky City
Bank for Investment and Development of Vietnam JSC - Hoc Mon Brand	156,107,250,897	From 08/04/2019 - 13/07/2019	6.5%	Inventories
Military Commercial Joint Stock Bank	99,180,206,824	From 17/04/2019 - 28/06/2019	6% - 6.3%	Unsecured
Southeast Asia Commercial Joint Stock Bank	66,329,835,000	From 07/04/2019 - 23/04/2019	6.5%	House at 123 Hung Vuong, Da Nang province and inventories
Petrolimex Commercial Joint Stock Bank	17,664,815,000	11/4/2019	7.0%	Unsecured
<b>CALL THE CAPITAL</b>	<b>123,767,312,284</b>		7.6%	Unsecured
<b>CURRENT PORTION OF LONG-TERM LIABILITIES</b>	<b>3,700,000,000</b>			
<b>SHORT-TERM LOANS IN VND</b>	<b>1,103,495,374,698</b>			

Details of long-term loans with floating rate from commercial banks to finance the Group's working capital requirements are as follow:

BANK	AMOUNT	MATURITY DATE	INTEREST RATE	COLLATERAL
<b>LONG-TERM LOANS IN VND</b>	<b>11,100,000,000</b>			
Vietnam bank for Agriculture and Rural Development - Branch 4	11,100,000,000	22/01/2021	8.3%	Shop House: No.PG1-05, 30/4 Street, Xuan Khanh Ward, Ninh Kieu Dist., Can Tho City
<i>In which: Current portion of long-term liabilities</i>	<b>3,700,000,000</b>			
<i>Vietnam bank for Agriculture and Rural Development - Branch 4</i>	<b>3,700,000,000</b>			
<b>TOTAL LONG-TERM LOANS</b>	<b>7,400,000,000</b>			

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

**10. SHORT-TERM TRADE PAYABLES**

	<b>31/03/2019</b>	<b>VND 31/12/2018</b>
Forte Jewellery (HK) Co., Ltd	33,771,684,656	43,363,695,805
Hung Kim Loan Co., Ltd	2,165,257,500	2,900,591,500
Quang Vinh Nguyen Import - Export Co.,Ltd	3,285,474,777	4,441,946,777
Shrenuj Fareast Co.,Ltd	68,538,065,836	123,175,663,382
Sai Gon Precious Metal JSC	1,144,735,000	-
PT KINARA GILANG Company	11,604,025,241	11,598,611,114
Others	220,540,168,905	157,196,416,618
<b>TOTAL</b>	<b>341,049,411,915</b>	<b>342,676,925,196</b>

**11. TAXES AND OTHER RECEIVABLES FROM PAYABLES TO THE STATE BUDGET 1Q2019**

<b>VND</b>				
ITEMS	Opening Period	Receivable / Payable in the period	Received/ Paid in the period	Closing Period
<b>a. Receivables</b>				
Valued added tax from import	6,192,638,101	17,860,764,128	23,898,230,033	155,172,196
Deductible value added tax	625,511,019	1,960,952,072	394,336,773	2,192,126,318
Import-Export tax	183,654,369	2,451,404,552	808,114,306	1,826,944,615
Others				-
<b>TOTAL</b>	<b>7,001,803,489</b>	<b>22,273,120,752</b>	<b>25,100,681,112</b>	<b>4,174,243,129</b>
<b>b. Payable</b>				
Valued added tax	39,830,007,759	112,384,371,282	97,877,097,376	54,337,281,665
Corporate income tax	104,295,533,760	114,476,529,152	90,672,636,124	128,099,426,788
Personal income tax	4,212,081,499	33,475,038,106	29,463,242,091	8,223,877,514
Others	5,241,685,078	3,652,671,811	2,963,493,463	5,930,863,426
<b>TOTAL</b>	<b>153,579,308,096</b>	<b>263,988,610,351</b>	<b>220,976,469,054</b>	<b>196,591,449,393</b>

**12. OTHER PAYABLES**

	<b>31/03/2019</b>	<b>VND 31/12/2018</b>
<b>a. Current</b>		
_Trade Union fees	22,719,613,106	14,296,566,119
_Bonus of the Board of Management and the Board of Directors	9,792,723,602	9,792,723,602
_Payable to Board of Directors Fund	119,439,568	119,439,568
_Payable to Board of Management Fund	1,088,901,517	1,105,901,517
_Payable to Trade Union Fund	3,815,619,466	3,742,056,787
_PIT payable on behalf of shareholders	4,531,133,392	4,531,133,392
_Dividends payable	5,751,305,625	4,744,192,345
_Tuan Ngan Jewelry Private Company	617,327,428	2,162,198,919
_Saigon International Metal Joint Stock Company	4,423,595,653	6,344,026,859
_Others	32,699,717,624	190,791,323,852
<b>TOTAL</b>	<b>85,559,376,981</b>	<b>237,629,562,960</b>

13. OWNERS' EQUITY

Movement in owners' equity

VND

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Opening balance of the previous period	1,081,020,340,000	876,761,282,458	(7,090,000)	220,087,556,918	850,740,825,086	3,028,602,914,462
Capital increase	589,009,480,000	48,636,580,000	-	-	(540,372,900,000)	97,273,160,000
Profit for the year	-	-	-	-	959,923,347,147	959,923,347,147
Dividend declared	-	-	-	-	(270,239,940,000)	(270,239,940,000)
Profit appropriation	-	-	-	45,000,000,000	(115,486,053,705)	(70,486,053,705)
— Investment and development fund	-	-	-	45,000,000,000	(45,000,000,000)	-
— Transfer to bonus and welfare funds	-	-	-	-	(36,664,053,705)	(36,664,053,705)
— Board of Directors fund	-	-	-	-	(33,822,000,000)	(33,822,000,000)
<b>Closing balance of the previous period</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>
Capital increase	-	-	-	-	-	-
ESOP	-	-	-	-	428,746,315,280	428,746,315,280
<b>Net Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(133,601,818,400)</b>	<b>(133,601,818,400)</b>
Dividend declared	-	-	-	-	-	-
Profit appropriation	-	-	-	-	-	-
— Investment and development fund appropriation	-	-	-	-	-	-
— Transfer to bonus and welfare funds	-	-	-	-	-	-
— Board of Directors fund	-	-	-	-	-	-
<b>Closing balance of the period</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>1,179,709,775,408</b>	<b>4,040,217,924,784</b>

Date 14 January 2019, PNJ paid the 2018 phase 2 cash dividend (8% per share)

14. REVENUE

14.1 REVENUE FROM GOOD SOLD AND SERVICES RENDERED

	VND	
	<i>Current Period</i>	<i>Previous Period</i>
<b>Gross revenue, in which:</b>	<b>4,820,598,280,382</b>	<b>4,166,588,283,379</b>
Sale of gold, silver and jewelry	4,799,738,903,467	4,149,503,079,355
Sale of other goods	8,434,011,873	7,269,210,718
Rendering services	12,425,365,042	9,815,993,306
Goods returned	37,106,690,686	27,135,169,850
<b>Net revenue, in which:</b>	<b>4,783,491,589,696</b>	<b>4,139,453,113,529</b>
Sale of gold, silver and jewelry	4,762,632,212,781	4,122,367,909,505
Sale of other goods	8,434,011,873	7,269,210,718
Rendering services	12,425,365,042	9,815,993,306

14.2 FINANCIAL INCOME

	VND	
	<i>Current Period</i>	<i>Previous Period</i>
Interest income	56,932,818	46,096,129
Foreign exchange gain	977,769,667	97,861,769
Others	-	5,850,217,399
<b>TOTAL</b>	<b>1,034,702,485</b>	<b>5,994,175,297</b>

15. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>Current Period</i>	<i>Previous Period</i>
Cost of gold, silver and jewelry	3,720,367,510,926	3,362,413,342,824
Cost of watches, accessories	10,885,714,219	5,166,925,720
Cost of rendering services	2,884,592,110	1,850,332,462
<b>TOTAL</b>	<b>3,734,137,817,255</b>	<b>3,369,430,601,006</b>

16. FINANCIAL EXPENSES

	VND	
	<i>Current Period</i>	<i>Previous Period</i>
Finance expense	24,010,316,003	13,553,130,698
Other finance expenses	274,335,944	8,799,209
Realized foreign exchange loss	31,535,303	421,562,177
<b>TOTAL</b>	<b>24,316,187,250</b>	<b>13,983,492,084</b>

17. PRODUCTION COST BY NATURE

	VND	
	<i>Current Period</i>	<i>Previous Period</i>
Labor cost	252,516,407,972	164,268,095,846
Raw materials	10,137,007,061	8,133,935,121
Tools and supplies	25,284,598,066	19,217,614,214
Depreciation and amortization	8,110,830,553	3,953,436,265
Expense for external services	68,462,293,030	53,488,890,516
Other expenses	118,291,421,280	93,139,663,360
<b>TOTAL</b>	<b>482,802,557,962</b>	<b>342,201,635,322</b>

18. CORPORATE INCOME TAX

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

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

Current CIT

	VND	
	<i>Current period</i>	<i>Previous period</i>
<b>Profit before tax</b>	<b>543,238,044,432</b>	<b>420,754,514,350</b>
<b>Estimated current taxable profit</b>	<b>572,458,645,760</b>	<b>422,471,269,580</b>
Corporate income tax rate	20%	20%
<b>Estimated current CIT</b>	<b>114,491,729,152</b>	<b>84,494,253,916</b>

19. OPERATING LEASE COMMITMENTS

The Group leases outlets under operating lease arrangements, Future rental amounts due under such operating leases after 31 March 2019 were as follows:

	VND	
	<i>Current Period</i>	<i>Previous Period</i>
Within next year	181,584,689,443	123,752,877,600
From 1 to 5 years	471,696,889,767	262,981,432,730
Over 5 years	405,830,950,540	115,765,232,908
	<b>1,059,112,529,750</b>	<b>502,499,543,238</b>

## 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.

#### *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. 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 Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

*Bank deposits*

The Group's bank balances are mainly maintained with well-known banks in Vietnam, Credit risk from balances with banks is managed in accordance with the Group's policy, The Group's maximum exposure to credit risk for the components of the consolidated balance sheet at each reporting dates are the carrying amounts as illustrated. 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 and to mitigate the effects of fluctuations in cash flows.

*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 at 31 December 2018 and 31 March 2019.

**22. FACTORS EFFECT TO FINANCIAL INCOME IN THE PERIOD**

On March 27<sup>th</sup>, 2019, PNJ Group implemented cutting data and converted to new ERP system.

Total revenue achieved VND 4,820 billion, up 16% compared to the same period of 2018; The factor of revenue growth is still strongly focused on gold jewelry in retail channel.

Total operating cost was VND 483 billion, up 41% compared to the same period due to the development strategy of the retail system.


PNJ's consolidated business operation in 1Q2019:

Net revenue: VND 4,783 billion, up 16% compared to the previous year, reaching 98% of the 1Q2019 plan; completed 26% of the year plan.

Profit before tax: VND 543 billion, up 29% compared to the previous year, reaching 112% of the 1Q2019 plan; completed 37% of the year plan.

  
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Nguyen Thanh Dat  
Preparer

  
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Duong Quang Hai  
Chief Accountant

  
\_\_\_\_\_  
Le Tri Thong  
General Director  
19 April 2019