

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

**SEPARATE INTERIM FINANCIAL STATEMENTS**  
**For the three month period ended 30 September 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 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. Pham Thi My Hanh	Member
Ms. Pham Vu Thanh Giang	Member
Ms. Huynh Thi Xuan Lien	Member
Mr. Le Huu Hanh	Member
Mr. Le Quang Phuc	Member
Mr. Robert Alan Willett	Member
Ms. Dang Thi Lai	Member (Appointed on 20 April 2019)

**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-Operation
Ms. Tran Thi Thu Ha	Director of Retail
Mr. Phan Nguyen Hoai Anh	Acting Director of Marketing (Appointed 01 April 2019)
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 September 2019

Unit: VND

	ASSETS	Code	Notes	30/09/2019	31/12/2018
<b>A</b>	<b>CURRENT ASSETS</b>	<b>100</b>		<b>5,940,581,157,152</b>	<b>5,172,072,214,871</b>
<b>I</b>	<b>Cash and cash equivalents</b>	<b>110</b>	(1)	<b>74,635,459,351</b>	<b>150,227,254,450</b>
1	Cash	111		74,635,459,351	150,227,254,450
<b>III</b>	<b>Current accounts receivable</b>	<b>130</b>		<b>990,240,149,594</b>	<b>133,581,413,665</b>
1	Trade receivables	131	(3)	824,476,667,885	51,684,182,829
2	Advances to suppliers	132		74,800,602,165	42,171,662,231
5	Short term lending	135		80,300,000,000	6,000,000,000
6	Other receivables	136	(4)	9,925,718,455	33,438,622,170
8	Shortage of assets pending resolution	139		737,161,089	286,946,435
<b>IV</b>	<b>Inventories</b>	<b>140</b>	(5)	<b>4,816,083,237,364</b>	<b>4,819,866,729,341</b>
1	Inventories	141		4,816,083,237,364	4,819,866,729,341
<b>V</b>	<b>Other current assets</b>	<b>150</b>		<b>59,622,310,843</b>	<b>68,396,817,415</b>
1	Short-term prepaid expenses	151	(6)	50,417,601,581	62,020,524,945
3	Tax and other receivables from the State	153	(7)	9,204,709,262	6,376,292,470
<b>B</b>	<b>NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,260,449,958,348</b>	<b>1,095,501,183,218</b>
<b>I</b>	<b>Non-current account receivables</b>	<b>210</b>		<b>63,635,195,116</b>	<b>55,045,824,370</b>
6	Other non-current receivables	216	(4)	63,635,195,116	55,045,824,370
<b>II</b>	<b>Fixed assets</b>	<b>220</b>		<b>820,147,038,851</b>	<b>635,701,823,366</b>
1	Tangible fixed assets	221	(9)	180,329,602,020	142,375,118,468
	- Cost	222		294,649,133,491	245,706,665,538
	- Accumulated depreciation (*)	223		(114,319,531,471)	(103,331,547,070)
3	Intangible fixed assets	227	(10)	639,817,436,831	493,326,704,898
	- Cost	228		655,212,837,322	499,937,407,873
	- Accumulated amortization (*)	229		(15,395,400,491)	(6,610,702,975)
<b>IV</b>	<b>Non-current assets in progress</b>	<b>240</b>	(11)	<b>28,192,987,250</b>	<b>67,983,789,990</b>
2	Construction in progress	242		28,192,987,250	67,983,789,990
<b>V</b>	<b>Long-term investments</b>	<b>250</b>	(2)	<b>150,000,000,000</b>	<b>160,000,000,000</b>
1	Investments in subsidiaries	251		170,000,000,000	160,000,000,000
3	Other long-term investments	253		395,271,613,400	395,271,613,400
4	Provision for long-term investments	254		(415,271,613,400)	(395,271,613,400)
<b>VI</b>	<b>Other long-term assets</b>	<b>260</b>		<b>198,474,737,131</b>	<b>176,769,745,492</b>
1	Long-term prepaid expenses	261	(6)	113,122,912,293	91,417,920,654
2	Deferred tax assets	262		85,351,824,838	85,351,824,838
	<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>7,201,031,115,500</b>	<b>6,267,573,398,089</b>


**PHU NHUAN JEWELRY JOINT STOCK COMPANY**  
**BALANCE SHEET (Continued)**


**FORM B 01-DN**


As at 30 September 2019

Unit: VND

	RESOURCES	Code	Notes	30/09/2019	31/12/2018
<b>C</b>	<b>LIABILITIES</b>	<b>300</b>		<b>3,118,514,689,980</b>	<b>2,543,666,800,727</b>
<b>I</b>	<b>Current liabilities</b>	<b>310</b>		<b>3,107,207,687,980</b>	<b>2,531,807,778,727</b>
1	Trade payables	311	(13)	409,710,635,404	465,422,796,887
2	Advances from customers	312		32,584,027,512	52,773,513,870
3	Statutory obligations	313	(7)	135,507,105,024	140,710,949,415
4	Payables to employees	314		165,441,967,122	188,482,808,253
5	Accrued expenses	315	(8)	135,764,081,991	10,106,931,424
9	Other payables	319	(14)	63,293,233,460	41,529,698,782
10	Short-term loans	320	(12)	2,070,463,975,598	1,570,482,498,026
12	Bonus and welfare fund	322		94,442,661,869	62,298,582,070
<b>II</b>	<b>Non-current liabilities</b>	<b>330</b>		<b>11,307,002,000</b>	<b>11,859,022,000</b>
7	Other long-term liabilities	337	(13)	476,006,000	628,026,000
8	Long-term loans	338	(11)	7,400,000,000	7,800,000,000
12	Long-term provisions	342		3,430,996,000	3,430,996,000
<b>D</b>	<b>EQUITY</b>	<b>400</b>		<b>4,082,516,425,520</b>	<b>3,723,906,597,362</b>
<b>I</b>	<b>Owner's equity</b>	<b>410</b>	(15)	<b>4,082,516,425,520</b>	<b>3,723,906,597,362</b>
1	Owner's contributed capital	411		2,226,679,600,000	1,670,029,820,000
2	Share premium	412		925,397,862,458	925,397,862,458
5	Treasury shares (*)	415		(2,101,090,000)	(7,090,000)
8	Investment and development fund	418		313,083,556,918	265,087,556,918
11	Retained earnings	421		619,456,496,144	863,398,447,986
	- Retained profits brought forward	421a		8,315,394,986	84,296,154,226
	- Retained profits for the current period	421b		611,141,101,158	779,102,293,760
	<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>7,201,031,115,500</b>	<b>6,267,573,398,089</b>

  
 Nguyen Thanh Dat  
 Preparer

  
 Duong Quang Hai  
 Chief Accountant

  
 Le Tri Thong  
 General Director  
 16 October 2019



**INCOME STATEMENT**

For the three-month period ended 30 September 2019

Unit: VND

No	ITEMS	Code	Notes	Three-month period ended		Accumulated year	
				30/09/2019	30/09/2018	Current year	Period year
1	Gross revenue from sale of goods and services rendered	01		3,194,371,440,410	2,716,510,700,844	9,824,978,283,436	10,095,663,314,021
2	Deductions	02		29,287,075,884	22,827,614,007	86,725,861,452	70,457,318,875
3	Net revenue from sale of goods and services rendered	10		3,165,084,364,526	2,693,683,086,837	9,738,252,421,984	10,025,205,995,146
4	Cost of goods sold and services rendered	11		2,473,255,443,083	2,132,475,752,051	7,466,101,676,819	8,138,806,061,549
5	Gross profit from sale of goods and services rendered	20		691,828,921,443	561,207,334,786	2,272,150,745,165	1,886,399,933,597
6	Finance income	21		2,539,090,225	4,134,207,528	3,577,076,359	10,309,815,108
7	Finance expenses	22		30,974,261,945	17,643,720,583	96,667,892,970	45,688,860,207
	- In which: Interest expense	23		29,947,054,909	15,551,592,346	74,701,062,567	40,658,343,583
8	Selling expenses	25		303,705,105,909	253,059,420,886	896,302,427,698	791,301,468,843
9	General and administrative expenses	26		95,816,697,477	78,817,461,110	294,180,990,369	208,731,811,734
10	Operating profit	30		263,871,946,337	215,820,939,735	988,576,510,487	850,987,607,921
11	Other income	31		316,793,814	373,157,354	3,175,414,058	2,694,062,450
12	Other expenses	32		158,427,252	1,800,738,868	3,428,435,703	2,407,381,233
13	Other profit	40		158,366,562	(1,427,581,514)	(253,021,645)	286,681,217
14	Accounting profit before tax	50		264,030,312,899	214,393,358,221	988,323,488,842	851,274,289,138
15	Current corporate income tax expense	51		53,172,701,388	42,277,581,393	199,048,586,884	169,987,535,430
17	Net profit after corporate income tax	60		210,857,611,511	172,115,776,828	789,274,901,958	681,286,753,708

*[Signature]*  
guyen Thanh Dat  
reparer

*[Signature]*  
Duong Quang Hai  
Chief Accountant

*[Signature]*  
Le Thi Thong  
General Director  
16 October 2019


*[Signature]*


## CASH FLOW STATEMENT

For the three- month period ended 30 September 2019

Unit: VND

No.	Items	Code	Three - month period ended	
			30/09/2019	30/09/2018
<b>I</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1	Profit before tax	01	988,323,488,842	851,274,289,138
2	Adjustment for			
	- Depreciation and amortization	02	19,678,013,902	22,697,143,625
	- Provisions (reversal of provisions)	03	20,000,000,000	
	- Exchange losses arising from evaluation of monetary items	04	-	963,264,840
	- (Gain)/loss from investing activities	05	(2,652,281,016)	(10,314,809,838)
	- Interest expense	06	74,701,062,567	40,658,343,583
3	Operating profit before changes in working capital	08	1,100,050,284,295	905,278,231,348
	- (Increase)/Decrease in receivables	09	(865,772,804,504)	(17,043,411,912)
	- Increase in inventories	10	3,783,491,977	(713,281,681,794)
	- Increase in payables	11	52,206,204,832	40,401,378,273
	- Increase in prepaid expenses	12	(10,102,068,275)	(29,295,564,548)
	- Interest paid	14	(74,628,954,391)	(35,042,129,317)
	- Corporate income tax paid	15	(202,518,684,959)	(171,722,063,161)
	- Other cash outflows from operating activities	17	(1,162,878,905)	(18,251,930,948)
	<b>Net cash flows (used in) from operating activities</b>	20	<b>1,854,590,070</b>	<b>(38,957,172,059)</b>
<b>II</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1	Acquisition and construction of fixed assets	21	(151,531,725,336)	(305,055,580,261)
2	Proceeds from sale, disposals of fixed assets	22	1,035,913,312	1,078,175,048
3	Payments for granting loans	23	(78,000,000,000)	-
4	Receipt from collection loans from other entities	24	3,700,000,000	160,000,000,000
5	Payment for investment in other entities	25	(10,000,000,000)	(40,000,000,000)
7	Interest earned and dividends received	27	348,562,053	6,039,587,630
	<b>Net cash flows from (used in) investing activities</b>	30	<b>(234,447,249,971)</b>	<b>(177,937,817,583)</b>
<b>III</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3	Drawdown of borrowings	33	3,684,046,762,784	3,039,069,524,110
4	Repayment of borrowings	34	(3,184,465,285,212)	(2,622,019,766,584)
6	Dividends paid	36	(342,580,612,770)	(264,697,524,630)
	<b>Net cash flows used in financing activities</b>	40	<b>157,000,864,802</b>	<b>152,352,232,896</b>
	Net decrease in cash and cash equivalents	50	(75,591,795,099)	(64,542,756,746)
	<b>Cash and cash equivalents at beginning of period</b>	60	<b>150,227,254,450</b>	<b>167,814,376,098</b>
	Effect of exchange rate fluctuations on cash and cash equivalents	61	-	48,942,894
	<b>Cash and cash equivalents at end of period</b>	70	<b>74,635,459,351</b>	<b>103,320,562,246</b>

  
 Nguyen Thanh Dat  
 Preparer

  
 Duong Quang Hai  
 Chief Accountant



  
 Le Tri Thong  
 General Director  
 16 October 2019

## **I. CORPORATE INFORMATION**

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

### **Operating industry and principal activities**

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

### **Normal production and business cycle**

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

### **The Company's structure**

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

The number of employees as at 30 September 2019 was 4,663 (as at 31 December 2018: 4,458).

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

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

As at 30 September 2019, the Company has also fifty-two (53) branches and three hundred twenty nine (329) 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 31 March 2019, 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 September 2019.

**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 <hr style="width: 100%; margin: 0;"/> (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

	30/09/2019	VND 31/12/2018
Cash on hand	43,332,926,301	87,332,446,810
Cash at banks	22,201,058,106	55,074,940,752
Cash in transit	9,101,474,944	7,819,866,888
<b>TOTAL</b>	<b>74,635,459,351</b>	<b>150,227,254,450</b>

2. FINANCIAL INVESTMENTS

b. Non - current

<b>The Company's subsidiaries</b>	<b>150,000,000,000</b>	<b>160,000,000,000</b>
_CAO Fashion Company Limited	30,000,000,000	30,000,000,000
_PNJ Laboratory Company Limited	10,000,000,000	10,000,000,000
_Customer Era Company Limited (*)	30,000,000,000	20,000,000,000
_Provision for investment CECL	(20,000,000,000)	-
_PNJ Jewelry Production And Trading Co.,Ltd	100,000,000,000	100,000,000,000
<b>Other long term investments</b>	<b>-</b>	<b>-</b>
_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)
<b>Total</b>	<b>150,000,000,000</b>	<b>160,000,000,000</b>

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.

(\*) On 23 September 2019, The Board or Management agreed to increase additional equity for CECL. Currently share capital of CECL is VND 30,000,000,000 (Three billion dong).

(\*\*) As at 30 September 2019, 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</i>	<i>Sale</i>
	<i>Current period</i>	<i>Current period</i>
VND		
<b>1. CAO Fashion Company Limited</b>		
_Sale	-	6,082,769,864
<b>2. PNJ Laboratory Company Limited</b>		
_Lab services	754,770,000	-
_Lending	247,780,821	-
<b>3. PNJ Jewelry Production And Trading Co.,Ltd</b>		
_Sale	-	265,625,106,179
_Rental services	-	1,281,818,181
_Purchase of goods	931,015,638,118	-
<b>4. Customer Era Company Limited</b>		
_Rental services	-	300,000,000
_Interest payable	-	2,303,718,963

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

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Receivable (Payable)</i>
<b>1. RECEIVABLES</b>			<b>747,772,875,253</b>
<b>Receivables</b>			<b>662,505,951,928</b>
PNJ Jewelry Production And Trading Co.,Ltd	Subsidiary	Sale	590,384,121,066
CAO Fashion Company Limited	Subsidiary	Sale	66,443,201,510
Customer Era Company Limited	Subsidiary	Sale	5,678,629,352
<b>Others receivable</b>			<b>85,266,923,325</b>
Customer Era Company Limited	Subsidiary	Advance	4,966,923,325
Customer Era Company Limited	Subsidiary	Lending	80,300,000,000
<b>2. PAYABLES</b>			<b>(14,644,752,256)</b>
<b>Trade payable</b>			<b>(1,118,067,324)</b>
PNJ Laboratory Company Limited	Subsidiary	Lab services	(1,118,067,324)
<b>Others payable</b>			<b>(13,526,684,932)</b>
PNJ Laboratory Company Limited	Subsidiary	Borrowing	(13,000,000,000)
		Interest	(526,684,932)

**3. SHORT-TERM TRADE RECEIVABLES**

	<b>30/09/2019</b>	<b>VND 31/12/2018</b>
CAO Fashion Company Limited	66,443,201,510	5,652,125,793
PNJ Jewelry Production And Trading Co.,Ltd	590,384,121,066	-
_Customer Era Company Limited	5,678,629,352	-
AEON Binh Tan	1,763,003,641	2,616,293,246
AEON Binh Duong	2,202,220,616	2,235,409,000
Diamond Le Duan	282,251,470	2,646,242,511
Crescent Mall Q7	1,083,653,677	3,856,285,842
AEON Tan Phu	2,175,997,540	2,179,563,041
Sense Can Tho	670,607,505	1,422,638,571
Lotte Go Vap	-	1,349,376,545
Sense Cà Mau	286,811,275	612,923,227
PINACO Mien Nam	-	11,728,226,112
Others	153,506,170,233	17,385,098,941
<b>TOTAL</b>	<b>824,476,667,885</b>	<b>51,684,182,829</b>

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

**4. OTHER RECEIVABLES**

	<b>30/09/2019</b>	<b>VND 31/12/2018</b>
<b>a. Current</b>		
_Advances to employees	4,123,794,625	26,866,696,937
_Due from Customer Era Company Limited	4,966,923,325	140,000,000
_PNJ Jewelry Production And Trading Co.,Ltd	-	-
_Others	835,000,505	6,431,925,233
<b>Total</b>	<b>9,925,718,455</b>	<b>33,438,622,170</b>
<b>b. Non- Current</b>		
Long term deposit for renting stores	63,635,195,116	55,045,824,370
<b>Total</b>	<b>63,635,195,116</b>	<b>55,045,824,370</b>

**5. INVENTORIES**

	<b>30/09/2019</b>	<b>VND 31/12/2018</b>
Goods in transit	-	174,502,741,962
Raw materials	62,111,462,068	58,338,102,385
Tools and supplies	37,353,710,254	22,774,331,939
Work in process	569,806,058	999,333,993,178
Finished goods	2,993,580,111,957	395,779,862,102
Merchandise goods	1,722,468,147,027	3,081,836,982,267
Goods on consignment	-	87,300,715,508
<b>TOTAL</b>	<b><u>4,816,083,237,364</u></b>	<b><u>4,819,866,729,341</u></b>

As at 30 September 2019, inventories of VND 1,506,916,000,000 was used as collaterals for short-term loans obtained from commercial banks (Note 11).

**6. PREPAYMENTS**

	<b>30/09/2019</b>	<b>VND 31/12/2018</b>
<b>Current</b>		
Tools and supplies	9,345,849,838	32,410,766,345
Stores rental	23,038,112,164	16,376,783,517
Uniform expenses	6,119,518,726	6,118,768,634
Office and store renovation expenses	3,530,063,314	3,097,620,758
Others	8,384,057,539	4,016,585,691
<b>TOTAL</b>	<b><u>50,417,601,581</u></b>	<b><u>62,020,524,945</u></b>

	<b>30/09/2019</b>	<b>VND 31/12/2018</b>
<b>Non current</b>		
Tools and supplies	56,207,672,657	47,268,008,367
Stores rental	6,235,037,446	2,772,280,000
Office and store renovation expenses	44,127,391,607	37,942,664,684
Others	6,552,810,583	3,434,967,603
<b>TOTAL</b>	<b><u>113,122,912,293</u></b>	<b><u>91,417,920,654</u></b>

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

Q3/ 2019



VND				
	Opening balance	Receivable/Payable during the year	Received/Paid during the year	Closing balance
<b>a.Receivables</b>				
Value added tax from import	2,127,933,643	64,775,090,826	57,801,364,396	9,101,660,073
Value added tax	-			-
Import- Export tax	382,596,519	925,021,671	1,205,569,001	102,049,189
Others	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total</b>	<b>2,511,530,162</b>	<b>65,701,112,497</b>	<b>59,007,933,397</b>	<b>9,204,709,262</b>
<b>b. Payables</b>				
Value added tax	25,226,718,499	91,388,966,037	81,063,831,607	35,551,852,929
Corporate income tax	82,637,831,264	53,172,701,388	42,287,558,012	93,522,974,640
Personal income tax	2,720,987,220	12,306,531,765	13,187,424,748	1,840,094,237
Others	4,592,183,218			4,592,183,218
<b>Total</b>	<b>115,177,720,201</b>	<b>156,868,199,190</b>	<b>136,538,814,367</b>	<b>135,507,105,024</b>

**YEAR 2019**

VND				
	Opening balance	Receivable/Payable during the year	Received/Paid during the year	Closing balance
<b>a.Receivables</b>				
Value added tax from import	6,192,638,101	100,691,544,209	97,782,522,237	9,101,660,073
Value added tax	-	-	-	-
Import- Export tax	183,654,369	3,126,792,094	3,208,397,274	102,049,189
Others	-	2,000,000	1,000,000	1,000,000
<b>Total</b>	<b>6,376,292,470</b>	<b>103,820,336,303</b>	<b>100,991,919,511</b>	<b>9,204,709,262</b>
<b>b. Payables</b>				
Value added tax	35,907,344,209	262,169,209,445	262,524,700,725	35,551,852,929
Corporate income tax	96,993,072,715	199,056,030,884	202,526,128,959	93,522,974,640
Personal income tax	3,218,349,273	45,362,393,529	46,740,648,565	1,840,094,237
Others	4,592,183,218	-	-	4,592,183,218
<b>Total</b>	<b>140,710,949,415</b>	<b>506,587,633,858</b>	<b>511,791,478,249</b>	<b>135,507,105,024</b>

**8. ACCRUED EXPENSES**

	VND	
	30/09/2019	31/12/2018
Interest expense	3,428,905,890	3,207,743,012
Advertisement expense	51,979,492,238	3,891,017,573
Others	80,355,683,863	3,008,170,839
<b>Total</b>	<b>135,764,081,991</b>	<b>10,106,931,424</b>

TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	VND
<b>Cost:</b>					
31/12/2018	138,832,225,224	35,042,661,919	27,943,022,451	43,888,755,944	245,706,665,538
Additions	9,504,055,967	7,205,248,301	2,227,730,900	34,811,108,768	53,748,143,936
Disposal	-	(4,010,530,094)	-	(795,145,889)	(4,805,675,983)
30/09/2019	148,336,281,191	38,237,380,126	30,170,753,351	77,904,718,823	294,649,133,491
<i>In which:</i>					
Fully depreciated	523,216,400	14,017,000,048	1,852,235,826	9,542,462,802	25,934,915,076
<b>Accumulated depreciation:</b>					
31/12/2018	37,446,777,758	23,542,765,176	10,047,268,380	32,294,735,756	103,331,547,070
Depreciation for the year	4,825,246,110	3,894,082,156	2,703,128,987	3,907,878,508	15,330,335,761
Disposal	-	(3,916,351,798)	-	(425,999,562)	(4,342,351,360)
30/09/2019	42,272,023,868	23,520,495,534	12,750,397,367	35,776,614,702	114,319,531,471
<b>Net carrying amount:</b>					
31/12/2018	101,385,447,466	11,499,896,743	17,895,754,071	11,594,020,188	142,375,118,468
30/09/2019	106,064,257,323	14,716,884,592	17,420,355,984	42,128,104,121	180,329,602,020

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>
<b>Cost:</b>				
31/12/2018	459,177,157,290	96,000,000	40,664,250,583	499,937,407,873
Additions	83,510,429,449	-	71,765,000,000	155,275,429,449
Disposal	-	-	-	-
30/09/2019	542,687,586,739	96,000,000	112,429,250,583	655,212,837,322
<i>In which:</i>				
<i>Fully depreciated</i>		96,000,000	156,034,613	252,034,613
<b>Accumulated amortization:</b>				
31/12/2018	-	96,000,000	6,514,702,975	6,610,702,975
Amortization for the year	-	-	8,784,697,516	8,784,697,516
Disposal	-	-	-	-
30/09/2019	-	96,000,000	15,299,400,491	15,395,400,491
<b>Net carrying amount:</b>				
31/12/2018	<b>459,177,157,290</b>	-	<b>34,149,547,608</b>	<b>493,326,704,898</b>
30/09/2019	<b>542,687,586,739</b>	-	<b>97,129,850,092</b>	<b>639,817,436,831</b>

11. CONSTRUCTION IN PROCESS

	VND	
	<i>30/09/2019</i>	<i>31/12/2018</i>
Store at Vincom Thanh Hoa	-	9,468,078,966
ERP Project	-	56,023,422,424
House and Land use rights at Hai Ba Trung - HCMC	-	480,288,600
Land use right in Binh Duong	26,137,767,250	-
Tower 577 Nguyen Kiem	2,055,220,000	2,012,000,000
<b>TOTAL</b>	<b>28,192,987,250</b>	<b>67,983,789,990</b>

12. SHORT-TERM LOANS

	VND	
	<i>30/09/2019</i>	<i>31/12/2018</i>
<b>a. Short term</b>		
Loans from commercial banks	1,928,617,971,716	1,435,473,895,742
Loans from individuals	138,146,003,882	131,308,602,284
Current portion of long term liabilities	3,700,000,000	3,700,000,000
<b>Total</b>	<b>2,070,463,975,598</b>	<b>1,570,482,498,026</b>

	30/09/2019	VND 31/12/2018
<b>b. Long term</b>		
Loans from commercial banks	7,400,000,000	7,400,000,000
Loans from individuals	-	400,000,000
<b>Total</b>	<b>7,400,000,000</b>	<b>7,800,000,000</b>

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

VND				
BANK	30/09/2019	MATURITY DATE	INTEREST RATE	COLLATERAL
<b>Short term loans in VND</b>	<b>1,928,617,971,716</b>			
CTBC Bank Company Limited – HCM Branch	92,039,213,311	From 26 October to 17 March 2020	6.3%	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade - Branch 1	497,862,738,715	From 23 November to 20 February 2020	7.0%	Inventories
Shinhan Bank Vietnam Limited – HCM Branch	84,930,000,000	From 23 October to 04 January 2020	6.4%	Unsecured
Joint Stock Company Bank for Foreign trade of Vietnam	567,337,863,033	From 25 November to 27 March 2020	6.6%	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	198,000,000,000	From 26 October to 06 March 2020	6.7%	Inventories
Military Commercial Joint Stock Bank	97,918,456,657	From 06 October to 30 December 2019	6.3%	Unsecured
Southeast Asia Commercial Joint Stock Bank	196,600,000,000	From 08 October to 12 December 2019	6.5%	House at 123 Hung Vuong, Da nang and inventories
Petrolimex Group Commercial Joint Stock Bank	193,929,700,000	From 14 November to 10 December 2019	7.0%	Unsecured
<b>Other individuals</b>	<b>138,146,003,882</b>		7.6%	Unsecured
<b>Current portion of long term liabilities</b>	<b>3,700,000,000</b>			
<b>Total short term loans</b>	<b>2,070,463,975,598</b>			

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

VND

BANK	30/09/2019	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 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>	<b>3,700,000,000</b>			
Vietnam bank for Agriculture and Rural Development - Branch 4	3,700,000,000			
<b>Other individuals</b>	-		7.6%	Unsecured
<b>Long term loans</b>	<b>7,400,000,000</b>			

13. SHORT-TERM TRADE PAYABLES

	30/09/2019	VND 31/12/2018
Forte Jewellery (HK) Ltd Co.	65,114,560,714	43,363,695,805
Hung Kim Loan Ltd Co.	2,471,296,500	2,900,591,500
Quang Vinh Nguyen Import - Export Ltd Co.	4,130,771,777	4,441,946,777
Shrenuj Fareast Ltd Co.	-	123,175,663,382
PT KINARA GILANG Ltd Co.	-	11,598,611,114
PNJ Jewelry Production And Trading Co.,Ltd	-	139,782,706,112
PNJL	1,118,067,324	-
_Dong A Joint Stock (EAB)	2,633,976,167	-
Thanh Thuy Ltd Co.	1,819,283,500	2,597,710,300
Kobayashi Vina Ltd Co.	3,992,333,745	-
FINEESE IMPEX Ltd Co,	188,634,065,929	-
Others	139,796,279,748	137,561,871,897
<b>TOTAL</b>	<b>409,710,635,404</b>	<b>465,422,796,887</b>

14. OTHER PAYABLES

	30/09/2019	VND 31/12/2018
<b>a. Current</b>		
_ Deduction under salary	15,257,165,121	6,042,948,273
_ Bonus of Board of Management and Board of Directors	16,007,175,752	9,792,723,602
_ Payables to Board of Management fund	6,796,169,568	119,439,568
_ Payables to Board of Director fund	1,031,408,517	1,105,901,517
_ Payables to Trade Union fund	4,155,564,972	3,742,056,787
_ Payables PIT on behalf to shareholder	4,531,133,392	4,531,133,392
_ Dividends payable	7,299,653,375	4,744,192,345
_ PNJL	526,684,932	-
_ Others	7,688,277,831	11,451,303,298
<b>TOTAL</b>	<b>63,293,233,460</b>	<b>41,529,698,782</b>
<b>b. Non current</b>		
_ Long term deposit	476,006,000	628,026,000
<b>TOTAL</b>	<b>476,006,000</b>	<b>628,026,000</b>

OWNERS' EQUITY

VND

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
<b>Prior period's opening balance</b>	1,081,020,340,000	876,761,282,458	(7,090,000)	220,087,556,918	847,832,379,226	3,025,694,468,602
Capital increase	589,009,480,000	48,636,580,000	-	-	(540,372,900,000)	97,273,160,000
Profit for the year	-	-	-	-	941,240,908,760	941,240,908,760
Dividends declared	-	-	-	-	(270,239,940,000)	(270,239,940,000)
Profit appropriation	-	-	-	45,000,000,000	(115,062,000,000)	(70,062,000,000)
<i>Investment and development fund appropriation</i>	-	-	-	45,000,000,000	(45,000,000,000)	-
<i>Transfer to bonus and welfare funds</i>	-	-	-	-	(36,240,000,000)	(36,240,000,000)
<i>Board of Management fund</i>	-	-	-	-	(33,822,000,000)	(33,822,000,000)
<b>Current period's opening balance</b>	1,670,029,820,000	925,397,862,458	(7,090,000)	265,087,556,918	863,398,447,986	3,723,906,597,362
Capital increase (*)	556,649,780,000	-	-	-	(556,649,780,000)	-
Profit for the year	-	-	-	-	789,274,901,958	789,274,901,958
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)
<i>Investment and development fund appropriation</i>	-	-	-	47,996,000,000	(47,996,000,000)	-
<i>Transfer to bonus and welfare funds</i>	-	-	-	-	(47,996,000,000)	(47,996,000,000)
<i>Board of Management fund</i>	-	-	-	-	(35,439,000,000)	(35,439,000,000)
<b>Current period's closing balance</b>	2,226,679,600,000	925,397,862,458	(2,101,090,000)	313,083,556,918	619,456,496,144	4,082,516,425,520

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

(\*\*) On January 14, 2019, PNJ paid 2<sup>th</sup> cash dividend for 2018 (8%/share)

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

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

(\*\*\*\*) On September 10, 2019, PNJ repurchased stocks of employees who left the company (20,000/share)

16. REVENUE FROM GOOD SOLD AND SERVICES RENDERED

	VND	
	<i>Current period</i>	<i>Previous period</i>
Gross revenue, of which	3,194,371,440,410	2,716,510,700,844
_Sale of gold, silver and jewelry	3,191,043,232,197	2,708,262,268,821
_Others	-	4,832,772,436
_Rendering services	3,328,208,213	3,415,659,587
_Goods returned	(29,287,075,884)	(22,827,614,007)
<b>Net revenue, of which</b>	<b>3,165,084,364,526</b>	<b>2,693,683,086,837</b>
_Sale of gold, silver and jewelry	3,161,756,156,313	2,685,434,654,814
_Others	-	4,832,772,436
_Rendering services	3,328,208,213	3,415,659,587

17. FINANCIAL INCOME

	VND	
	<i>Current period</i>	<i>Previous period</i>
Interest income	2,337,520,526	121,957,864
Devidend income	-	4,000,000,000
Foreign exchange gain	201,569,699	12,249,664
<b>TOTAL</b>	<b>2,539,090,225</b>	<b>4,134,207,528</b>

18. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>Current period</i>	<i>Previous period</i>
Cost of gold, silver and jewelry and services rendered	2,473,206,746,965	2,129,231,841,948
Cost of accessories	48,696,118	3,243,910,103
<b>TOTAL</b>	<b>2,473,255,443,083</b>	<b>2,132,475,752,051</b>

19. FINANCIAL EXPENSES

	VND	
	<i>Current period</i>	<i>Previous period</i>
Interest expense	29,947,054,909	15,551,592,346
Others	182,263,695	111,078,827
Foreign exchange loose	844,943,341	1,981,049,410
<b>Total</b>	<b>30,974,261,945</b>	<b>17,643,720,583</b>



20. PRODUCTION COST BY NATURE

	VND	
	<i>Current period</i>	<i>Previous period</i>
Labor costs	202,210,215,338	184,413,907,461
Raw materials	8,472,267,501	6,281,066,037
Tools and supplies	19,397,040,702	21,916,206,047
Depreciation and amortization	8,788,854,198	5,012,350,728
Expenses for external services	70,407,504,546	57,770,783,599
Other expenses	90,245,921,101	56,482,568,124
<b>TOTAL</b>	<b>399,521,803,386</b>	<b>331,876,881,996</b>

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:

	VND	
	<i>Current period</i>	<i>Previous period</i>
<b>Profit before tax</b>	<b>264,030,312,899</b>	<b>214,393,358,221</b>
<i>Adjustments:</i>		-
<i>_Non - deductible expenses</i>	1,833,196,040	994,548,746
<b>Estimated current taxable profit</b>	<b>265,863,508,939</b>	<b>215,387,906,967</b>
Corporate income tax rate	20%	20%
<b>Estimated current CIT</b>	<b>53,172,701,388</b>	<b>42,277,581,393</b>

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 September 2019 were as follows:

	VND	
	30/09/2019	31/12/2018
Within 1 year	194,008,269,686	122,400,427,718
From 1 to 5 years	546,000,134,689	237,752,970,202
Over 5 years	344,782,053,529	98,455,332,610
<b>TOTAL</b>	<b>1,084,790,457,904</b>	<b>458,608,730,530</b>

**b. Foreign currencies**

	30/09/2019	31/12/2018
Foreign currencies:		
- United States dollar (USD)	10,407	77,195
- Gold taels (mace)	10,078	8,900
- Australian Dollar (AUD)	449	460
- Euro Dollar (EUR)	1,719	1,726

**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 September 2019 and 31 December 2018.

***Interest rate risk***

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

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

***Interest rate sensitivity***

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans.

With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings.

***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.

***Foreign currency sensitivity***

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 (when revenue and expense are applied with other accounting currency)

The Company does not employ any derivative financial instruments to hedge its foreign currency exposure for the first quarter of 2018 because changes in foreign exchange rates in the period is immaterial.

*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 September 2019, 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 September 2019 and 31 December 2018.

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

Net revenue achieved VND 3,165 billion completed 24% target revenue and up 18% to the same period,

Significant factors to drive recovery and growth of revenue as below:

- ERP system have gradually come into stable operation after 6 months of implementation.
- Jewelries demand has seen a recovery since August
- PNJ has launched new lines of product to meet the market demand

Gross profit in 3th quarter 2019 was VND 692 billion to 23.2% to the same period which result in gross profit margin was 21.8% from 20.8% from Q3.2018.

In addition, operating expenses were VND 399.52 billion and increased by 20% compared to Q3.2018 from expansion retail network. However, there are improvements in efficient of operating expense based on ratio operating expenses/ gross profit was 57.6% compared to 59.1% from Q3.2018.

Interest expense of VND 29.9 billion up to 92% to the same period due to the increase in working capital to support manufacturing.

Profit before tax reached VND 264 billion completed 19% target and increase 23% to the same period

PNJ's separate business performance in the first 9 months 2019:

Net revenue: VND 9,738 billion, down 3% compared to the previous year, fulfilled 75% of the year plan.

Profit before tax: VND 988,3 billion, up 16% compared to the previous year, fulfilled 72% of the year plan.

\_\_\_\_\_  
**Nguyen Thanh Dat**  
Preparer

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**Duong Quang Hai**  
Chief Accountant



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**Le Tri Thong**  
General Director  
16 October 2019