

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

**SEPARATE INTERIM FINANCIAL STATEMENTS**  
**For the three month period ended 31 March 2020**

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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, and the 30<sup>th</sup> amended on 31 December 2019.

The Company has been listed on the Ho Chi Minh City Stock Exchange ("HOSE") with PNJ code from 23 March 2009 pursuant to Decision No.129/DKNY issued by the General Director of HOSE on 26 December 2008.

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

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

**THE BOARDS OF MANAGEMENT, SUPERVISORS AND DIRECTORS**

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

**Board of Management**

Ms. Cao Thi Ngoc Dung	Chairwoman
Mr. Le Tri Thong	Vice Chairman
Ms. 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

**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
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 31 March 2020

Unit: VND

	ASSETS	Code	Notes	31/03/2020	31/12/2019
<b>A</b>	<b>CURRENT ASSETS</b>	<b>100</b>		<b>6,484,799,254,483</b>	<b>6,682,090,576,699</b>
<b>I</b>	<b>Cash and cash equivalents</b>	<b>110</b>	(1)	<b>218,318,466,081</b>	<b>82,586,849,294</b>
1	Cash	111		218,318,466,081	82,586,849,294
<b>III</b>	<b>Current accounts receivable</b>	<b>130</b>		<b>826,339,956,594</b>	<b>932,945,866,003</b>
1	Trade receivables	131	(3)	69,819,940,984	96,534,570,471
2	Advances to suppliers	132		647,588,392,686	731,834,000,148
5	Short term lending	135		100,000,000,000	100,000,000,000
6	Other receivables	136	(4)	7,289,032,885	4,093,499,097
8	Shortage of assets pending resolution	139		1,642,590,039	483,796,287
<b>IV</b>	<b>Inventories</b>	<b>140</b>	(5)	<b>5,382,784,540,284</b>	<b>5,600,042,475,851</b>
1	Inventories	141		5,382,784,540,284	5,600,042,475,851
<b>V</b>	<b>Other current assets</b>	<b>150</b>		<b>57,356,291,524</b>	<b>66,515,385,551</b>
1	Short-term prepaid expenses	151	(6)	57,356,291,524	66,450,661,055
3	Tax and other receivables from the State	153	(7)	-	64,724,496
<b>B</b>	<b>NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,281,699,353,074</b>	<b>1,278,105,627,829</b>
<b>I</b>	<b>Non-current account receivables</b>	<b>210</b>		<b>71,931,489,227</b>	<b>67,305,344,776</b>
6	Other non-current receivables	216	(4)	71,931,489,227	67,305,344,776
<b>II</b>	<b>Fixed assets</b>	<b>220</b>		<b>825,564,226,701</b>	<b>829,804,515,778</b>
1	Tangible fixed assets	221	(9)	181,785,320,263	182,749,211,876
	- Cost	222		309,469,121,280	303,405,749,655
	- Accumulated depreciation (*)	223		(127,683,801,017)	(120,656,537,779)
3	Intangible fixed assets	227	(10)	643,778,906,438	647,055,303,902
	- Cost	228		666,299,045,857	666,299,045,857
	- Accumulated amortization (*)	229		(22,520,139,419)	(19,243,741,955)
<b>IV</b>	<b>Non-current assets in progress</b>	<b>240</b>	(11)	<b>28,192,987,250</b>	<b>28,192,987,250</b>
2	Construction in progress	242		28,192,987,250	28,192,987,250
<b>V</b>	<b>Long-term investments</b>	<b>250</b>	(2)	<b>140,000,000,000</b>	<b>140,000,000,000</b>
1	Investments in subsidiaries	251		170,000,000,000	170,000,000,000
3	Other long-term investments	253		395,271,613,400	395,271,613,400
4	Provision for long-term investments	254		(425,271,613,400)	(425,271,613,400)
<b>VI</b>	<b>Other long-term assets</b>	<b>260</b>		<b>216,010,649,896</b>	<b>212,802,780,025</b>
1	Long-term prepaid expenses	261	(6)	128,879,185,237	125,671,315,366
2	Deferred tax assets	262		87,131,464,659	87,131,464,659
	<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>7,766,498,607,557</b>	<b>7,960,196,204,528</b>



PHU NHUAN JEWELRY JOINT STOCK COMPANY  
BALANCE SHEET (Continued)

FORM B 01-DN

As at 31 March 2020

Unit: VND

	RESOURCES	Code	Notes	31/03/2020	31/12/2019
<b>C</b>	<b>LIABILITIES</b>	<b>300</b>		<b>2,839,392,950,763</b>	<b>3,440,009,205,304</b>
<b>I</b>	<b>Current liabilities</b>	<b>310</b>		<b>2,831,785,948,763</b>	<b>3,432,402,203,304</b>
1	Trade payables	311	(13)	394,833,675,748	619,571,810,553
2	Advances from customers	312		59,497,063,043	58,403,718,325
3	Statutory obligations	313	(7)	152,782,429,597	165,567,273,128
4	Payables to employees	314		92,017,196,382	175,648,804,619
5	Accrued expenses	315	(8)	11,246,089,914	40,171,657,351
9	Other payables	319	(14)	54,850,747,254	48,233,642,368
10	Short-term loans	320	(12)	1,982,560,025,060	2,234,770,938,231
12	Bonus and welfare fund	322		83,998,721,765	90,034,358,729
<b>II</b>	<b>Non-current liabilities</b>	<b>330</b>		<b>7,607,002,000</b>	<b>7,607,002,000</b>
7	Other long-term liabilities	337	(13)	476,006,000	476,006,000
8	Long-term loans	338	(11)	3,700,000,000	3,700,000,000
12	Long-term provisions	342		3,430,996,000	3,430,996,000
<b>D</b>	<b>EQUITY</b>	<b>400</b>		<b>4,927,105,656,794</b>	<b>4,520,186,999,224</b>
<b>I</b>	<b>Owner's equity</b>	<b>410</b>	(15)	<b>4,927,105,656,794</b>	<b>4,520,186,999,224</b>
1	Owner's contributed capital	411		2,252,935,850,000	2,252,935,850,000
2	Share premium	412		968,074,112,458	968,074,112,458
5	Treasury shares (*)	415		(2,101,090,000)	(2,101,090,000)
8	Investment and development fund	418		313,083,556,918	313,083,556,918
11	Retained earnings	421		1,395,113,227,418	988,194,569,848
	- Retained profits brought forward	421a		988,194,569,848	8,315,394,986
	- Retained profits for the current period	421b		406,918,657,570	979,879,174,862
	<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>7,766,498,607,557</b>	<b>7,960,196,204,528</b>

Nguyen Thanh Dat  
Preparer  
17 April 2020

Duong Quang Hai  
Chief Accountant



Le Tri Thong  
General Director

**INCOME STATEMENT**

For the three-month period ended 31 March 2020

Unit: VND

Code	ITEMS	Notes	Three-month period ended		Accumulated year	
			31/03/2020	31/03/2019	Current year	Period year
01	Gross revenue from sale of goods and services rendered		5,096,770,905,892	4,421,600,209,002	5,096,770,905,892	4,421,600,209,002
02	Deductions		44,855,453,452	37,092,231,636	44,855,453,452	37,092,231,636
10	Net revenue from sale of goods and services rendered		5,051,915,452,440	4,384,507,977,366	5,051,915,452,440	4,384,507,977,366
11	Cost of goods sold and services rendered		4,058,647,401,765	3,390,589,791,657	4,058,647,401,765	3,390,589,791,657
20	<b>Gross profit from sale of goods and services rendered</b>		<b>993,268,050,675</b>	<b>993,918,185,709</b>	<b>993,268,050,675</b>	<b>993,918,185,709</b>
21	Finance income		2,187,037,726	990,277,748	2,187,037,726	990,277,748
22	Finance expenses		34,576,158,473	24,257,618,380	34,576,158,473	24,257,618,380
23	- In which: Interest expense		33,569,248,600	23,985,183,436	33,569,248,600	23,985,183,436
25	Selling expenses		343,839,176,163	337,797,336,001	343,839,176,163	337,797,336,001
26	General and administrative expenses		108,236,729,149	98,330,071,626	108,236,729,149	98,330,071,626
30	<b>Operating profit</b>		<b>508,803,024,616</b>	<b>534,523,437,450</b>	<b>508,803,024,616</b>	<b>534,523,437,450</b>
31	Other income		340,762,631	2,679,392,480	340,762,631	2,679,392,480
32	Other expenses		271,266,668	2,898,070,584	271,266,668	2,898,070,584
40	Other profit		69,495,963	(218,678,104)	69,495,963	(218,678,104)
50	<b>Accounting profit before tax</b>		<b>508,872,520,579</b>	<b>534,304,759,346</b>	<b>508,872,520,579</b>	<b>534,304,759,346</b>
51	Current corporate income tax expense		101,953,863,009	107,588,339,083	101,953,863,009	107,588,339,083
7	<b>Net profit after corporate income tax</b>		<b>406,918,657,570</b>	<b>426,716,420,263</b>	<b>406,918,657,570</b>	<b>426,716,420,263</b>



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Duong Quang Hai  
Chief Accountant


Phuoc Thanh Dat  
Preparer  
April 2020


## CASH FLOW STATEMENT

For the three- month period ended 31 March 2020

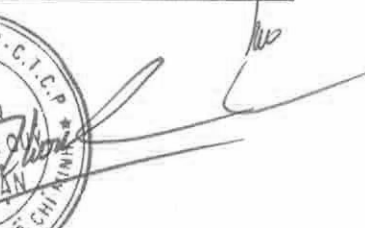
Unit: VND

No.	ITEMS	Code	Three - month period ended	
			31/03/2020	31/03/2019
<b>I</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1	Profit before tax	01	508,872,520,579	534,304,759,346
2	Adjustment for			
	- Depreciation and amortization	02	10,303,660,702	6,792,982,704
	- (Gain)/loss from investing activities	05	(2,187,037,726)	(990,277,748)
	- Interest expense	06	33,569,248,600	23,985,183,436
3	Operating profit before changes in working capital	08	550,558,392,155	564,092,647,738
	- (Increase)/Decrease in receivables	09	102,044,489,454	(753,138,809,684)
	- Increase in inventories	10	217,257,935,567	1,057,101,683,289
	- Increase in payables	11	(335,063,783,695)	(219,952,050,750)
	- Increase in prepaid expenses	12	5,886,499,660	14,181,897,562
	- Interest paid	14	(33,841,944,761)	(24,278,144,058)
	- Corporate income tax paid	15	(115,022,724,523)	(83,370,175,078)
	- Other cash inflows from operating activities	16		1,841,002,028
	- Other cash outflows from operating activities	17	(190,493,440)	-
	<b>Net cash flows (used in) from operating activities</b>	<b>20</b>	<b>391,628,370,417</b>	<b>556,478,051,047</b>
<b>II</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1	Acquisition and construction of fixed assets	21	(5,872,878,185)	(49,021,552,602)
2	Proceeds from sale, disposals of fixed assets	22	-	474,565,816
7	Interest earned and dividends received	27	2,187,037,726	990,277,748
	<b>Net cash flows from (used in) investing activities</b>	<b>30</b>	<b>(3,685,840,459)</b>	<b>(71,556,709,038)</b>
<b>III</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3	Drawdown of borrowings	33	1,352,626,697,998	972,459,994,757
4	Repayment of borrowings	34	(1,604,837,611,169)	(1,427,789,666,459)
6	Dividends paid	36	-	(129,598,799,360)
	<b>Net cash flows used in financing activities</b>	<b>40</b>	<b>(252,210,913,171)</b>	<b>(584,928,471,062)</b>
	Net decrease in cash and cash equivalents	50	135,731,616,787	(100,007,129,053)
	<b>Cash and cash equivalents at beginning of period</b>	<b>60</b>	<b>82,586,849,294</b>	<b>150,227,254,450</b>
	Effect of exchange rate fluctuations on cash and cash equivalents	61	-	-
	<b>Cash and cash equivalents at end of period</b>	<b>70</b>	<b>218,318,466,081</b>	<b>50,220,125,397</b>

  
 Nguyen Thanh Dat  
 Preparer  
 17 April 2020

  
 Duong Quang Hai  
 Chief Accountant



  
 Le Tri Thong  
 General Director

**I. CORPORATE INFORMATION**

**Operating industry and principal activities**

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

**Normal production and business cycle**

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

**The Company's structure**

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

The number of employees as at 31 March 2020 was 4,905 (as at 31 December 2019: 4,784).

As at 31 March 2020, the Company's subsidiaries were:

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

As at 31 March 2020, the Company has also fifty-two (55) branches and three hundred thirty six (336) 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 2020, the income statement and separate cash flow statements for the period then ended. Therefore, the Company does not consolidate the investments in subsidiaries in the separate financial statements. The Company's investments are recognized under the accounting policies presented on Note 5 below.

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

**Financial year**

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

**III. ADOPTION OF NEW ACCOUNTING GUIDANCE**

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing certain articles of Circular No.200/2014/TT-BTC dated 22 December

2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. The Board of Directors has adopted Circular 53 in the preparation and presentation of the Company's financial statements for the period ended 31 March 2020.

#### **IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Estimates**

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

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### **Financial investments**

###### ***Held-to-maturity investments***

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

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

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

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

###### ***Investments in subsidiaries, joint ventures, associates***

###### ***Investment in subsidiaries***

A subsidiary is an entity over which the Company has control. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

###### ***Investments in associates***

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

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

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

### Equity investments in other entities

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

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

### Provisions for impairment of investments

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

### Receivables

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

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

### Tangible fixed assets and depreciation

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

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

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

Gain or loss resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the income statement.

### Leasing

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.



### **Intangible assets and amortization**

Intangible assets represent computer software that is stated at cost less accumulated amortisation and is amortized on the straight-line basis in 3 years.

Land use rights are recorded as an intangible asset on the balance sheet when the Company received the certificate of land use rights. Historical cost of land use rights includes all costs directly related to transfer of assets into ready for use status and are not amortized because land use rights have long usage time.

### **Construction in progress**

Properties in the course of construction for selling, are carried at cost. Cost includes land use rights and construction cost for trade centers and stores in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

### **Prepayments**

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

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

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

### **Borrowing costs**

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

### **Revenue recognition**

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

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

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

#### Severance allowance payable

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

#### Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.

#### Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of Directors' best estimate of the expenditure required to settle the obligation as at the balance sheet date.

#### Taxation

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

##### *Current income tax*

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

##### *Deferred income tax*

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

## V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. CASH AND CASH EQUIVALENTS

	<b>31/03/2020</b>	<b>VND 31/12/2019</b>
Cash on hand	146,345,355,323	51,564,859,289
Cash at banks	69,848,910,875	16,380,464,624
Cash in transit	2,124,199,883	14,641,525,381
<b>TOTAL</b>	<b>218,318,466,081</b>	<b>82,586,849,294</b>



2. FINANCIAL INVESTMENTS

b. Non - current

The Company's subsidiaries	<b>140,000,000,000</b>	<b>140,000,000,000</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	30,000,000,000
_Provision for investment CECL	(30,000,000,000)	(30,000,000,000)
_PNJ Jewelry Production And Trading Co.,Ltd	100,000,000,000	100,000,000,000
<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>140,000,000,000</b>	<b>140,000,000,000</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.

(\*\*) As at 31 March 2020, Dong A Joint Stock Commercial Bank was still under special control by State Bank of Vietnam and shares are not transferable.

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

	Purchase of goods in Current period	VND Sale of goods in Current period
<b>1. CAO Fashion Company Limited</b>		
_Sale of goods		263,376,000
_Purchase of goods	2,909,636,000	
<b>2. PNJ Laboratory Company Limited</b>		
_Services rendered	1,174,760,000	
_Interest payable	382,290,410	
<b>3. PNJ Jewelry Production And Trading Company Limited</b>		
_Sale of goods		946,630,414,610
_Rent services		1,281,818,181
_Purchase of goods	1,343,774,509,967	
<b>4. Customer Era Company Limited</b>		
_Purchase of goods	1,365,237,294	
_Interest payable		1,663,561,644
_Rent services		300,000,000

The outstanding balances due from and due to related parties as at 31 March 2020 as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Receivable (Payable)</i>
<b>1. RECEIVABLES</b>			<b>759,017,106,519</b>
<b>Receivables</b>			<b>614,089,378,491</b>
PNJ Jewelry Production And Trading Co.,Ltd	Subsidiary	Advance	555,410,158,008
CAO Fashion Company Limited	Subsidiary	Sale	58,679,220,483
<b>Others receivable</b>			<b>144,927,728,028</b>
Customer Era Company Limited	Subsidiary	Advance	40,960,447,421
Customer Era Company Limited	Subsidiary	Interest receivable	3,967,280,607
Customer Era Company Limited	Subsidiary	Lending	100,000,000,000
<b>2. PAYABLES</b>			<b>(26,612,271,420)</b>
<b>Trade payable</b>			<b>(3,066,430,324)</b>
PNJ Laboratory Company Limited	Subsidiary	Lab services	(3,066,430,324)
<b>Others payable</b>			<b>(23,545,841,096)</b>
PNJ Laboratory Company Limited	Subsidiary	Borrowing	(23,000,000,000)
PNJ Laboratory Company Limited	Subsidiary	Interest payable	(545,841,096)

3. SHORT-TERM TRADE RECEIVABLES

	VND	
	31/03/2020	31/12/2019
CAO Fashion Company Limited	58,679,220,483	61,373,320,983
_Customer Era Company Limited	-	3,639,325,046
AEON Tan Phu	685,256,000	3,365,675,996
AEON Binh Tan	1,856,197,116	3,024,215,639
AEON Binh Duong	564,941,589	3,965,324,714
Diamond Le Duan	246,259,449	587,433,754
Crescent Mall Q7	1,251,828,912	1,368,947,140
Sense Can Tho	196,795,376	1,507,484,910
AEON Long Bien	73,394,160	228,491,800
Sense Ca Mau	239,502,598	690,186,622
Parkson Hung Vuong	216,528,257	1,596,853,465
Nowzone	244,217,249	1,351,641,724
Aeonmall Ha Dong	-	817,004,030
Center Nha Trang	73,467,696	658,184,212
Others	5,492,332,099	12,360,480,436
<b>TOTAL</b>	<b>69,819,940,984</b>	<b>96,534,570,471</b>

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

4. OTHER RECEIVABLES

	VND	
	31/03/2020	31/12/2019
<b>a. Current</b>		
_Advances to employees	6,708,989,242	1,014,075,124
_Due from Customer Era Company Limited	-	2,303,718,963
_Others	580,043,643	775,705,010
<b>Total</b>	<b>7,289,032,885</b>	<b>4,093,499,097</b>
<b>b. Non- Current</b>		
Long term deposit for renting stores	71,931,489,227	67,305,344,776
<b>Total</b>	<b>71,931,489,227</b>	<b>67,305,344,776</b>



5. INVENTORIES

	<i>31/03/2020</i>	<i>VND</i> <i>31/12/2019</i>
Raw materials	69,441,642,982	67,475,247,675
Tools and supplies	22,469,002,611	27,472,070,110
Work in process	-	351,747,040
Finished goods	3,530,197,412,505	3,924,719,952,996
Merchandise goods	1,760,676,482,186	1,580,023,458,030
<b>TOTAL</b>	<b>5,382,784,540,284</b>	<b>5,600,042,475,851</b>

As at 31 March 2020, inventories of VND 1,365,916,000,000 were used as collaterals for short-term loans obtained from commercial banks (Note 11).

6. PREPAYMENTS

	<i>31/03/2020</i>	<i>VND</i> <i>31/12/2019</i>
<b>Current</b>		
Tools and supplies	14,405,908,835	15,336,888,746
Stores rental	20,600,933,034	27,631,460,897
Uniform expenses	5,503,544,670	7,374,039,483
Office and store renovation expenses	3,471,859,636	4,317,791,562
Others	13,374,045,349	11,790,480,367
<b>TOTAL</b>	<b>57,356,291,524</b>	<b>66,450,661,055</b>

	<i>31/03/2020</i>	<i>VND</i> <i>31/12/2019</i>
<b>Non Current</b>		
Tools and supplies	63,830,688,983	64,216,833,032
Stores rental	9,584,929,497	9,616,517,091
Office and store renovation expenses	51,861,248,992	47,858,740,524
Others	3,602,317,765	3,979,224,719
<b>TOTAL</b>	<b>128,879,185,237</b>	<b>125,671,315,366</b>

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

Q1/ 2020

	VND			
+	Opening balance	Receivable/Payable during the year	Received/Paid during the year	Closing balance
<b>a.Receivables</b>				
Value added tax from import	-	45,638,690,038	45,638,690,038	-
Value added tax				-
Import- Export tax	-	3,947,627,590	3,947,627,590	-
Others	64,724,496		64,724,496	-
<b>Total</b>	<b>64,724,496</b>	<b>49,586,317,628</b>	<b>49,651,042,124</b>	<b>-</b>
<b>b. Payables</b>				
Value added tax	42,216,317,119	188,513,498,824	191,243,082,356	39,486,733,587
Corporate income tax	114,645,621,760	101,953,863,009	115,022,724,523	101,576,760,246
Personal income tax	4,135,703,716	28,373,405,256	25,359,803,741	7,149,305,231
Others	4,569,630,533	816,321,000	816,321,000	4,569,630,533
<b>Total</b>	<b>165,567,273,128</b>	<b>319,657,088,089</b>	<b>332,441,931,620</b>	<b>152,782,429,597</b>

8. ACCRUED EXPENSES

	<i>31/03/2020</i>	<i>VND</i> <i>31/12/2019</i>
Interest expense	3,767,239,449	4,039,935,610
Advertisement expense	6,403,632,547	33,745,133,406
Others	1,075,217,918	2,386,588,335
<b>Total</b>	<b>11,246,089,914</b>	<b>40,171,657,351</b>

TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
					VND
<b>Cost:</b>					
31/12/2019	148,336,281,191	40,810,468,790	30,170,753,351	84,088,246,323	303,405,749,655
Additions		1,400,326,636		4,663,044,989	6,063,371,625
Disposal					
31/03/2020	148,336,281,191	42,210,795,426	30,170,753,351	88,751,291,312	309,469,121,280
<i>In which:</i>					
Fully depreciated	1,571,799,136	14,855,869,198	1,852,235,826	9,576,292,773	27,856,196,933
<b>Accumulated depreciation:</b>					
31/12/2019	44,008,607,930	24,697,572,324	13,688,666,018	38,261,691,507	120,656,537,779
Depreciation for the year	1,729,148,062	1,521,954,559	938,268,646	2,837,891,971	7,027,263,238
Disposal					
31/03/2020	45,737,755,992	26,219,526,883	14,626,934,664	41,099,583,478	127,683,801,017
<b>Net carrying amount:</b>					
31/12/2019	104,327,673,261	16,112,896,466	16,482,087,333	45,826,554,816	182,749,211,876
31/03/2020	102,598,525,199	15,991,268,543	15,543,818,687	47,651,707,834	181,785,320,263

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>				
31/12/2019	542,687,586,739	96,000,000	123,515,459,118	666,299,045,857
Additions	-	-	-	-
Disposal	-	-	-	-
31/03/2020	542,687,586,739	96,000,000	123,515,459,118	666,299,045,857
<i>In which:</i>				
<i>Fully depreciated</i>		96,000,000	6,982,250,583	7,078,250,583
<b>Accumulated amortization:</b>				
31/12/2019	-	96,000,000	19,147,741,955	19,243,741,955
Amortization for the year	-	-	3,276,397,464	3,276,397,464
Disposal	-	-	-	-
31/03/2020	-	96,000,000	22,424,139,419	22,520,139,419
<b>Net carrying amount:</b>				
31/12/2019	<u>542,687,586,739</u>	-	<u>104,367,717,163</u>	<u>647,055,303,902</u>
31/03/2020	<u>542,687,586,739</u>	-	<u>101,091,319,699</u>	<u>643,778,906,438</u>

11. CONSTRUCTION IN PROCESS

	VND	
	<i>31/03/2020</i>	<i>31/12/2019</i>
Land use right in Binh Duong	26,137,767,250	26,137,767,250
Tower 577 Nguyen Kiem	2,055,220,000	2,055,220,000
<b>TOTAL</b>	<u>28,192,987,250</u>	<u>28,192,987,250</u>

12. SHORT-TERM LOANS

	VND	
	<i>31/03/2020</i>	<i>31/12/2019</i>
<b>a. Short term</b>		
Loans from commercial banks	1,833,751,654,630	2,078,952,847,801
Loans from individuals	145,108,370,430	152,118,090,430
Current portion of long term liabilities	3,700,000,000	3,700,000,000
<b>Total</b>	<u>1,982,560,025,060</u>	<u>2,234,770,938,231</u>
<b>b. Long term</b>		
Loans from commercial banks	3,700,000,000	3,700,000,000
<b>Total</b>	<u>3,700,000,000</u>	<u>3,700,000,000</u>

Details of loan in this period

BANK	31/12/2019	Drawdown	Repayment	31/03/2020
<b>COMMERCIAL BANK</b>	<b>2,086,352,847,801</b>	<b>1,344,566,697,998</b>	<b>1,589,767,891,169</b>	<b>1,841,151,654,630</b>
CTBC Bank Company Limited – HCM Branch	92,799,546,320	79,597,629,718	81,466,844,532	90,930,331,506
Vietnam Joint Stock Commercial Bank for Industry and Trade - Branch 1	499,861,368,524	108,380,808,407	131,689,000,000	476,553,176,931
Shinhan Bank Vietnam Limited – HCM Branch	97,000,000,000	57,097,049,000	54,100,000,000	99,997,049,000
Joint Stock Company Bank for Foreign trade of Vietnam	490,427,204,477	181,998,990,391	458,427,204,477	213,998,990,391
Bank for Investment and Development of Vietnam Jsc- Hoc Mon Branch	300,000,000,000	48,000,000,000	92,000,000,000	256,000,000,000
Military Commercial Joint Stock Bank	99,971,329,000	64,587,484,902	82,878,450,000	81,680,363,902
Dong A Commercial Joint Stock Bank	200,000,000,000	266,000,000,000	266,000,000,000	200,000,000,000
Petrolimex Group Commercial Joint Stock Bank	298,893,399,480	361,291,742,900	360,893,399,480	299,291,742,900
Orient Commercial Joint Stock Bank	-	62,312,992,680	62,312,992,680	-
Vietnam bank for Agriculture and Rural Development - Branch 4	7,400,000,000	-	-	7,400,000,000
China Construction Bank Corporation	-	115,300,000,000	-	115,300,000,000
<b>Other individuals</b>	<b>152,118,090,430</b>	<b>8,060,000,000</b>	<b>15,069,720,000</b>	<b>145,108,370,430</b>
<b>Total</b>	<b>2,238,470,938,231</b>	<b>1,352,626,697,998</b>	<b>1,604,837,611,169</b>	<b>1,986,260,025,060</b>



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

VND

BANK	31/03/2020	MATURITY DATE	INTEREST RATE	COLLATERAL
<b>Short term loans in VND</b>	<b>1,833,751,654,630</b>			
CTBC Bank Company Limited – HCM Branch	90,930,331,506	From 22/04/2020 to 30/09/2020	6.2%	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade - Branch 1	476,553,176,931	From 14/05/2020 to 19/09/2020	6.8%	Inventories
Shinhan Bank Vietnam Limited – HCM Branch	99,997,049,000	From 09/06/2020 to 30/09/2020	6.4%	Unsecured
Joint Stock Company Bank for Foreign trade of Vietnam	213,998,990,391	From 06/04/2020 to 30/09/2020	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	256,000,000,000	From 06/04/2020 to 30/09/2020	6.5%	Inventories
Military Commercial Joint Stock Bank	81,680,363,902	From 11/04/2020 to 27/08/2020	6.5%	Unsecured
Dong A Commercial Joint Stock Bank	200,000,000,000	From 14/04/2020 to 30/06/2020	6.5%	Unsecured
Petrolimex Group Commercial Joint Stock Bank	299,291,742,900	From 24/04/2020 to 24/06/2020	8.0%	Unsecured
China Construction Bank Corporation	115,300,000,000	From 01/07/2020 to 02/07/2020	6.3%	Unsecured
<b>Other individuals</b>	<b>145,108,370,430</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>1,982,560,025,060</b>			
Vietnam bank for Agriculture and Rural Development - Branch 4	7,400,000,000	22 January 2021	9.5%	02 Shop House No.PG1-05 and PG1-05A at No.209, 30/4 Street, Xuan Khanh Ward, Ninh Kieu District, Can Tho City
<b>In which:</b>	<b>3,700,000,000</b>			
Vietnam bank for Agriculture and Rural Development - Branch 4	3,700,000,000			
<b>Long term loans</b>	<b>3,700,000,000</b>			

13. SHORT-TERM TRADE PAYABLES

	VND	
	31/03/2020	31/12/2019
Forte Jewellery (HK)	53,053,544,932	154,975,866,651
Hung Kim Loan Ltd Co.	2,391,268,500	5,443,890,500
Quang Vinh Nguyen Import - Export Ltd	912,591,777	12,140,499,777
PT KINARA GILANG Ltd Co.	-	78,794,740
PNJL	3,066,430,324	2,105,605,324
PT LOTUS LINGGA PRATAMA	1,775,861,103	-
_Dong A Joint Stock (EAB)	2,633,976,167	2,633,976,167
Thanh Thuy Ltd Co.	2,119,269,500	6,096,921,500
Công ty TNHH Kobayashi Vina	1,782,131,900	-
FINEESE IMPEX Ltd Co,	148,306,292,365	264,376,245,789
CMC Ltd Co,	481,912,200	4,073,596,286
CHAMPION PEARL CO.,Ltd Co,	10,984,501	1,840,815,251
WPP Media., Ltd	2,839,885	1,339,959,035
B.M.C	-	1,279,129,500
YUTO Binh Duong., Ltd Co.,	411,179,500	1,190,232,628
Huynh Thị My Hien	1,143,542,559	1,143,542,559
Ngoc Luc Bao	4,051,883,000	939,161,573
PMAX	4,944,213,129	924,886,448
Vinh Hien	6,763,430,000	-
Nhat Vy	4,416,113,000	-
Cao Toc	2,893,773,777	-
OGILVYONE Viet Nam	2,235,614,970	-
Others	151,436,822,659	158,988,686,825
<b>Total</b>	<b>394,833,675,748</b>	<b>619,571,810,553</b>

14. OTHER PAYABLES

	VND	
	31/03/2020	31/12/2019
<b>a. Current</b>		
_Deduction under salary	4,625,789,881	2,370,835,425
_Bonus of Board of Management and	19,728,713,588	20,528,793,837
_Dividends payable	6,004,841,375	6,004,841,375
_PNJL	545,841,096	545,841,096
_Others	23,945,561,314	18,783,330,635
<b>TOTAL</b>	<b>54,850,747,254</b>	<b>48,233,642,368</b>
<b>b. Non current</b>		
_ Long term deposit	476,006,000	476,006,000
<b>TOTAL</b>	<b>476,006,000</b>	<b>476,006,000</b>

OWNERS' EQUITY

VND

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Prior period's opening balance	1,670,029,820,000	925,397,862,458	(7,090,000)	265,087,556,918	863,398,447,986	3,723,906,597,362
Capital increase	582,906,030,000	42,676,250,000	-	-	(556,649,780,000)	68,932,500,000
Profit for the year	-	-	-	-	1,158,012,975,662	1,158,012,975,662
Dividends declared	-	-	-	-	(345,136,073,800)	(345,136,073,800)
Treasury shares (***)	-	-	(2,094,000,000)	-	-	(2,094,000,000)
Profit appropriation	-	-	-	47,996,000,000	(131,431,000,000)	(83,435,000,000)
Investment and development fund appro	-	-	-	47,996,000,000	(47,996,000,000)	-
Transfer to bonus and welfare funds	-	-	-	-	(47,996,000,000)	(47,996,000,000)
Board of Management fund	-	-	-	-	(35,439,000,000)	(35,439,000,000)
<b>Current period's opening balance</b>	<b>2,252,935,850,000</b>	<b>968,074,112,458</b>	<b>(2,101,090,000)</b>	<b>313,083,556,918</b>	<b>988,194,569,848</b>	<b>4,520,186,999,224</b>
Profit for the year	-	-	-	-	406,918,657,570	406,918,657,570
<b>Current period's closing balance</b>	<b>2,252,935,850,000</b>	<b>968,074,112,458</b>	<b>(2,101,090,000)</b>	<b>313,083,556,918</b>	<b>1,395,113,227,418</b>	<b>4,927,105,656,794</b>

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

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

16. REVENUE FROM GOOD SOLD AND SERVICES RENDERED

	<i>Current period</i>	<i>Previous period</i>
		VND
<b>Gross revenue, of which</b>	5,096,770,905,892	4,421,600,209,002
_Sale of gold, silver and jewelry	5,093,345,450,686	4,409,470,692,884
_Others		8,421,763,873
_Rendering services	3,425,455,206	3,707,752,245
_Goods returned	(44,855,453,452)	(37,092,231,636)
<b>Net revenue, of which</b>	<b>5,051,915,452,440</b>	<b>4,384,507,977,366</b>
_Sale of gold, silver and jewelry	5,048,489,997,234	4,372,378,461,248
_Others	-	8,421,763,873
_Rendering services	3,425,455,206	3,707,752,245

17. FINANCIAL INCOME

	<i>Current period</i>	<i>Previous period</i>
Interest income	1,691,131,236	33,964,782
Foreign exchange gain	495,906,490	956,312,966
<b>TOTAL</b>	<b>2,187,037,726</b>	<b>990,277,748</b>

18. COST OF GOODS SOLD AND SERVICES RENDERED

	<i>Current period</i>	<i>Previous period</i>
		VND
Cost of gold, silver and jewelry	4,058,647,401,765	3,379,704,077,438
Others	-	10,885,714,219
<b>TOTAL</b>	<b>4,058,647,401,765</b>	<b>3,390,589,791,657</b>

19. FINANCIAL EXPENSES

	<i>Current period</i>	<i>Previous period</i>
		VND
Interest expense	33,569,248,600	23,985,183,436
Others	958,285,741	272,434,944
Foreign exchange loose	48,624,132	-
<b>Total</b>	<b>34,576,158,473</b>	<b>24,257,618,380</b>

20. PRODUCTION COST BY NATURE

	<i>Current period</i>	<i>Previous period</i>
		VND
Labor costs	232,800,572,692	222,115,868,085
Raw materials	13,615,242,152	9,761,305,661
Tools and supplies	19,191,225,422	23,859,160,301
Depreciation and amortization	10,304,520,535	7,447,541,086
Expenses for external services	77,161,813,722	62,553,846,732
Other expenses	99,002,530,789	110,389,685,762
<b>TOTAL</b>	<b>452,075,905,312</b>	<b>436,127,407,627</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:

	<i>Current period</i>	<i>Previous period</i>
		<i>VND</i>
<b>Profit before tax</b>	<b>508,872,520,579</b>	<b>534,304,759,346</b>
<i>Adjustments:</i>		
<i>_Non - deductible expenses</i>	896,794,464	3,636,936,069
<b>Estimated current taxable profit</b>	<b>509,769,315,043</b>	<b>537,941,695,415</b>
Corporate income tax rate	20%	20%
<b>Estimated current CIT</b>	<b>101,953,863,009</b>	<b>107,588,339,083</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 31 March 2020 were as follows:

	<i>31/03/2020</i>	<i>31/12/2019</i>
		<i>VND</i>
Within 1 year	201,549,555,452	164,992,102,255
From 1 to 5 years	628,587,123,417	429,521,259,852
Over 5 years	384,327,723,978	393,477,950,540
<b>TOTAL</b>	<b>1,214,464,402,847</b>	<b>987,991,312,647</b>

- b. Foreign currencies

	<i>31/03/2020</i>	<i>31/12/2019</i>
		<i>VND</i>
USD	69,960	59,094
GBP	1,625	-
EUR	483	1,715
HKD	970	
AUD	438	442
SGD	174	
Gold taels (mace)	8,600	7,580

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

### *Market risk*

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

The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

### *Interest rate risk*

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

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

### *Foreign currency risk*

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

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

### *Equity price risk*

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

*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 11*).

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

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

Net revenue achieved VND 5, 052 billion up 15% to the same period,

Profit before tax reached VND 508.8 billion, decreased 5% to the same period


This achievement came from as below:


In first quarter 2020, PNJ boosted revenue through online business, live-stream activities, directly delivery service, also promoted 24K gold jewelry. Those reasons resulted in good PNJ's revenue on Women day and Valentine day.

Operating expenses were VND 452 billion and increased by 3.6% to previous period. Compared to 1<sup>st</sup> Quarter 2019, PNJ has expanded retail network including three new branches and nineteen new stores.

Interest expense of VND 33.5 billion up to 40% to the same period due to working capital demand which providing business strategy in Q1.2020.

PNJ's separate business performance in first quarter 2020: Net revenue achieved 36% target and 31% profit before tax of the year plan.

  
\_\_\_\_\_  
Nguyen Thanh Dat  
Preparer  
17 April 2020

  
\_\_\_\_\_  
Duong Quang Hai  
Chief Accountant

  
  
\_\_\_\_\_  
Le Tri Thong  
General Director