



CÔNG TY CP VÀNG BẠC ĐÁ QUÝ PHÚ NHUẬN
PHU NHUAN JEWELRY JOINT STOCK COMPANY

Separate Interim Financial Statements

For the three months period ended 31 December 2017

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

SEPARATE INTERIM FINANCIAL STATEMENTS
For the three months period ended 31 December 2017



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PHU NHUAN JEWELRY JOINT STOCK COMPANY

170E Phan Dang Luu Street, Ward 3, Phu Nhuan District
Ho Chi Minh City, Vietnam

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. In addition, the Company also has two hundred and fifty-seven (257) stores retail shops located in various provinces and cities in 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
Mr. Nguyen Vu Phan	Member
Ms. Nguyen Thi Cuc	Member
Ms. Pham Vu Thanh Giang	Member
Mr. Le Huu Hanh	Member
Ms. Pham Thi My Hanh	Member
Mr. Le Quang Phuc	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

Ms. Cao Thi Ngoc Dung	General Director
Ms. Dang Thi Lai	Director of Finance-Accounting
Mr. Le Huu Hanh	Director of jewelry Factory
Ms. Tran Thi Thu Ha	Director of Retail
Ms. Nguyen Hoang Anh	Director of Marketing
Mr. Nguyen Hoang Chau	Director of Supply Chain
Mr. Dao Trung Kien	Director of Strategy
Mr. Nguyen Ngoc Tran	Director of Information Technology
Mr. Duong Quang Hai	Chief Accountant

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Ms Cao Thi Ngoc Dung.

BALANCE SHEET
As at 31 December 2017

Unit: VND

	ASSETS	Code	Notes	31/12/2017	31/12/2016
A	CURRENT ASSETS	100		3,887,420,813,235	3,093,009,616,407
I	Cash and cash equivalents	110		327,814,376,098	150,275,926,525
1	Cash	111	(1)	103,764,376,098	65,775,926,525
2	Cash equivalents	112		224,050,000,000	84,500,000,000
II	Current financial investment	120		65,000,000	65,000,000
3	Held to maturity investments	123		65,000,000	65,000,000
III	Current accounts receivable	130		103,698,291,895	82,241,929,516
1	Trade receivables	131	(2)	43,171,219,149	34,523,228,986
2	Advances to suppliers	132		32,814,615,983	18,557,867,930
6	Other receivables	136	(3)	27,577,078,743	28,092,938,520
8	Shortage of assets pending resolution	139		135,378,020	1,067,894,080
IV	Inventories	140	(4)	3,383,605,076,098	2,816,746,572,329
1	Inventories	141		3,383,605,076,098	2,816,746,572,329
V	Other current assets	150		72,238,069,144	43,680,188,037
1	Short-term prepaid expenses	151	(5)	67,127,740,474	43,042,333,528
2	Value-added tax deductible	152		20,455,201	679,179
3	Tax and other receivables from the State	153		5,089,873,469	637,175,330
B	NON-CURRENT ASSETS	200		608,883,714,734	498,045,418,497
I	Non-current account receivables	210		41,746,375,257	25,327,846,311
6	Other non-current receivables	216	(6)	41,746,375,257	25,327,846,311
II	Fixed assets	220		484,699,732,543	413,908,550,228
1	Tangible fixed assets	221	(7)	203,204,284,453	205,305,008,346
	- Cost	222		391,425,135,871	366,644,007,032
	- Accumulated depreciation (*)	223		(188,220,851,418)	(161,338,998,686)
3	Intangible fixed assets	227	(8)	281,495,448,090	208,603,541,882
	- Cost	228		286,740,907,873	213,344,195,473
	- Accumulated depreciation (*)	229		(5,245,459,783)	(4,740,653,591)
IV	Non-current assets in progress	240		9,665,078,966	7,532,817,898
2	Construction in progress	242		9,665,078,966	7,532,817,898
V	Long-term investments	250		20,000,000,000	20,000,000,000
1	Investments in subsidiaries	251	(9.1)	20,000,000,000	20,000,000,000
3	Other long-term investments	253	(9.2)	395,271,613,400	395,271,613,400
4	Provision for long-term investments	254	(9.3)	(395,271,613,400)	(395,271,613,400)
VI	Other long-term assets	260		52,772,527,968	31,276,204,060
1	Long-term prepaid expenses	261	(5)	50,333,508,544	28,353,120,086
2	Deferred tax assets	262		2,439,019,424	2,923,083,974
	TOTAL ASSETS (270=100+200)	270		4,496,304,527,969	3,591,055,034,904


BALANCE SHEET (Continued)
 As at 31 December 2017


Unit: VND

RESOURCES	Code	Notes	31/12/2017	31/12/2016
C LIABILITIES	300		1,549,546,162,749	2,092,223,670,982
I Current liabilities	310		1,530,741,819,749	2,026,224,469,738
1 Trade payables	311	(12)	293,957,611,173	325,581,536,057
2 Advances from customers	312		23,104,393,786	55,810,213,794
3 Statutory obligations	313	(13)	116,265,139,032	86,322,377,598
4 Payables to employees	314		97,064,244,559	26,829,393,326
5 Accrued expenses	315		4,629,017,766	6,354,714,739
9 Other payables	319	(14)	51,847,439,279	27,167,081,033
10 Short-term loans	320	(10)	892,413,714,200	1,457,954,945,047
12 Bonus and welfare fund	322		51,460,259,954	40,204,208,144
II Non-current liabilities	330		18,804,343,000	65,999,201,244
7 Other long-term liabilities	337		628,026,000	628,026,000
8 Long-term loans	338	(11)	11,100,000,000	58,994,000,000
12 Long-term provisions	342		7,076,317,000	6,377,175,244
D EQUITY	400		2,946,758,365,220	1,498,831,363,922
I Owner's equity	410	(15)	2,946,758,365,220	1,498,831,363,922
1 Owner's contributed capital	411		1,081,020,340,000	982,745,770,000
2 Share premium	412		876,761,282,458	-
5 Treasury shares (*)	415		(7,090,000)	(7,090,000)
8 Investment and development fund	418		220,087,556,918	144,087,556,918
11 Retained earnings	421		768,896,275,844	372,005,127,004
TOTAL RESOURCES (440=300+400)	440		4,496,304,527,969	3,591,055,034,904

OFF BALANCE SHEET ITEM

	31/12/2017	31/12/2016
Foreign currencies:		
- United States dollar (USD)	83,539	137,582
- Gold taels (taels)	6,170	3,850
- Australian Dollar (AUD)	477	495
- Euro Dollar (EUR)	7,670	518


Nguyen Thanh Dat
 Preparer


Duong Quang Hai
 Chief Accountant


Cao Thi Ngoc Dung
 General Director
 17 January 2018

PHU NHUAN JEWELRY JOINT STOCK COMPANY

70E Phan Dang Luu Street, Ward 3, Phu Nhuan District
Ho Chi Minh City, Vietnam

FORM B 01-DN

Issued under Circular No.200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

INCOME STATEMENT

For the three- months period ended 31 December 2017

Unit: VND

No	ITEMS	Code	Notes	Three-month period ended		Accumulated year	
				31/12/2017	31/12/2016	Current year	Previous year
1	Gross revenue from sale of goods and services rendered	01		3,228,388,605,728	2,640,030,593,243	10,991,670,038,524	8,566,097,820,347
2	Deductions	02		25,126,709,897	15,147,167,998	71,699,927,867	49,850,158,226
3	Net revenue from sale of goods and services rendered	10	(16)	3,203,261,895,831	2,624,883,425,245	10,919,970,110,657	8,516,247,662,121
4	Cost of goods sold and services rendered	11	(18)	2,650,410,650,051	2,253,066,091,515	9,046,042,247,103	7,135,192,385,182
5	Gross profit from sale of goods and services rendered	20		552,851,245,780	371,817,333,730	1,873,927,863,554	1,381,055,276,939
6	Finance income	21	(17)	6,302,581,664	5,843,021,478	14,778,365,031	12,797,356,121
7	Finance expenses	22	(19)	9,815,868,765	20,015,015,948	57,073,492,581	161,892,535,546
	- In which: Interest expense	23		9,730,755,648	18,022,426,145	55,578,895,516	73,196,281,440
8	Selling expenses	25		216,550,336,988	152,769,081,038	751,639,529,843	537,302,983,572
9	General and administrative expenses	26		57,698,262,606	39,794,466,298	182,092,972,237	130,525,110,306
10	Operating profit	30		275,089,359,085	165,081,791,924	897,900,233,924	564,132,003,636
11	Other income	31		902,914,164	3,966,126,116	7,320,918,735	47,305,089,666
12	Other expenses	32		673,048,372	3,050,533,209	1,409,472,317	3,367,732,150
13	Other profit	40		229,865,792	915,592,907	5,911,446,418	43,937,357,516
14	Accounting profit before tax	50		275,319,224,877	165,997,384,831	903,811,680,342	608,069,361,152
15	Current corporate income tax expense	51	(21.1)	54,345,799,460	49,673,433,358	179,766,047,552	137,614,509,164
16	Deferred corporate income tax expense	52		484,064,550	175,856,983	484,064,550	175,856,983
17	Net profit after corporate income tax	60		220,489,360,867	116,148,094,490	723,561,568,240	470,278,995,005
18	Earning per share	70		2,040	1,182	15,693	4,786



Nguyen Thanh Dat
Preparer

Duong Quang Hai
Chief Accountant

Cao Thi Ngoc Dung
General Director
17 January 2018

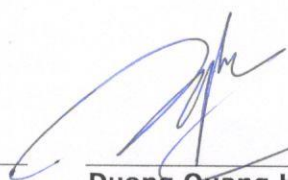
CASH FLOW STATEMENT

For the three- months period ended 31 December 2017


Unit: VND

No.	ITEMS	MS	Accumulated year	
			Current year	Previous year
I	CASH FLOWS FROM OPERATING ACTIVITIES			
1	Profit before tax	01	903,811,680,342	608,069,361,152
2	Adjustment for			
	- Depreciation and amortization	02	38,754,727,226	33,926,038,731
	- Provisions (reversal of provisions)	03		54,154,701,412
	- Exchange losses arising from evaluation of monetary items	04	213,731,462	3,448,968,082
	- (Gain)/loss from investing activities	05	(9,492,739,956)	(27,168,268,250)
	- Interest expense	06	55,578,895,516	73,196,281,440
3	Operating profit before changes in working capital	08	988,866,294,590	745,627,082,567
	- (Increase)/Decrease in receivables	09	(42,327,589,464)	(24,336,159,197)
	- Increase in inventories	10	(566,858,503,769)	(700,103,858,869)
	- Increase in payables	11	(26,061,871,785)	168,738,775,937
	- Increase in prepaid expenses	12	(46,065,795,404)	(494,481,327)
	- Interest paid	14	(56,558,781,616)	(73,921,216,904)
	- Corporate income tax paid	15	(151,155,667,909)	(156,141,028,844)
	- Other cash inflows from operating activities	16	1,826,634,852	6,949,780,008
	- Other cash outflows from operating activities	17		
	Net cash flows (used in) from operating activities	20	101,664,719,495	(33,681,106,629)
II	CASH FLOWS FROM INVESTING ACTIVITIES			
1	Acquisition and construction of fixed assets	21	(113,760,752,889)	(85,508,117,129)
2	Proceeds from sale, disposals of fixed assets	22	8,425,643,637	164,944,000,000
6	Cash recovered from investments in other entities	26		64,306,410,000
7	Interest earned and dividends received	27	4,195,490,438	3,951,477,458
	Net cash flows from (used in) investing activities	30	(101,139,618,814)	147,693,770,329
III	CASH FLOWS FROM FINANCING ACTIVITIES			
1	Proceeds from issuing stocks and capital contribution from owners	31	975,035,852,458	-
3	Drawdown of borrowings	33	3,117,114,032,965	3,274,307,477,438
4	Repayment of borrowings	34	(3,729,975,946,742)	(3,026,883,783,136)
6	Dividends paid	36	(185,194,405,300)	(245,684,532,866)
	Net cash flows used in financing activities	40	176,979,533,381	1,739,161,436
	Net decrease in cash and cash equivalents	50	177,504,634,062	115,751,825,136
	Cash and cash equivalents at beginning of period	60	150,275,926,525	34,348,296,246
	Effect of exchange rate fluctuations on cash and cash equivalents	61	33,815,511	175,805,143
	Cash and cash equivalents at end of period	70	327,814,376,098	150,275,926,525


Nguyen Thanh Dat
Preparer


Duong Quang Hai
Chief Accountant




Cao Thi Ngoc Dung
General Director
17 January 2018

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. In addition, the Company also has two hundred and fifty-seven (257) retail shops located in various provinces and cities in Vietnam.

The number of employees as at 31 December 2017 was 5,004 (as at 31 December 2016: 3,951).

As at 31 December 2017, the Company's subsidiaries were:

- CAO Fashion Company Limited – Subsidiary
- PNJ Laboratory Company Limited – Subsidiary

As at 31 December 2017, the Company also fifty (50) branches located in various provinces and cities in Vietnam, in which, the big branches were:

- Branch of Phu Nhuan Jewelry Joint Stock Company- Bien Hoa Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Da Nang Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Ha Noi Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Can Tho Branch
- Branch of Phu Nhuan Jewelry Joint Stock Company- Tay Nguyen 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 December 2017, 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 December 2017.

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:

	<u>Current year</u> (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 over their estimated useful lives.

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 include 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, and 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

	VND	
	31/12/2017	31/12/2016
Cash on hand	61,156,455,977	43,880,544,353
Cash at banks	35,281,922,078	17,438,949,836
Cash in transit	7,325,998,043	4,456,432,336
Cash equivalents	224,050,000,000	84,500,000,000
TOTAL	<u>327,814,376,098</u>	<u>150,275,926,525</u>

2. SHORT-TERM TRADE RECEIVABLES

	VND	
	31/12/2017	31/12/2016
Due from third parties	39,449,827,772	33,700,545,495
Due from a related party (Note 22)	3,721,391,377	822,683,491
TOTAL	<u>43,171,219,149</u>	<u>34,523,228,986</u>

3. OTHER RECEIVABLES

	VND	
	31/12/2017	31/12/2016
Advances to employees	764,280,291	705,372,244
Due from third parties	10,053,218,160	7,145,268,076
Due from a related party (Note 22)	16,759,580,292	20,242,298,200
TOTAL	<u>27,577,078,743</u>	<u>28,092,938,520</u>
Provision for doubtful debts	(0)	(0)
NET	<u>27,577,078,743</u>	<u>28,092,938,520</u>

Shortage of assets pending resolution

	31/12/2017		31/12/2016	
	Quantity	VND Amount	Quantity	VND Amount
Gold taels (3.75 gram)	28,2	98,615,494	230	770,583,999
Others	-	36,762,526	-	297,310,081
TOTAL	-	<u>135,378,020</u>	-	<u>1,067,894,080</u>

4. INVENTORIES

	VND	
	31/12/2017	31/12/2016
Merchandise goods	2,446,952,563,390	1,976,744,705,226
Goods on consignment	51,001,611,740	62,864,818,682
Raw materials	195,479,212,962	147,661,925,780
Work in process	241,475,582,475	284,243,247,575
Finished goods	336,815,539,305	233,956,735,746
Tools and supplies	37,395,279,155	25,257,327,045
Goods in transit	74,485,287,071	86,017,812,275
TOTAL	<u>3,383,605,076,098</u>	<u>2,816,746,572,329</u>

As at 31 December 2017, inventories of VND 642,916,000,000, was used as collaterals for short-term loans obtained from commercial banks (Note 10).

5. PREPAYMENTS

	VND	
	31/12/2017	31/12/2016
a. Current		
Stores rental	10,582,202,902	4,941,083,841
Uniform expense	3,021,579,248	6,242,736,500
Tools and supplies	44,655,439,220	27,294,680,295
Store renovation cost, others	8,868,519,104	4,563,832,892
TOTAL	<u>67,127,740,474</u>	<u>43,042,333,528</u>

	VND	
	31/12/2017	31/12/2016
b. Non- Current		
Stores rental	1,213,200,000	898,700,471
Advertisement	938,937,048	1,433,045,277
Tools and supplies	23,339,302,147	9,762,659,984
Other expenses	24,842,069,349	16,258,714,354
TOTAL	<u>50,333,508,544</u>	<u>28,353,120,086</u>

6. OTHER NON CURRENT RECEIVABLES

	VND	
	31/12/2017	31/12/2016
Long term deposit	41,746,375,257	25,327,846,311
TOTAL	<u>41,746,375,257</u>	<u>25,327,846,311</u>

This represents rental deposits from stores rental.

TANGIBLE FIXED ASSETS

	VND				
	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
Cost:					
31/12/2016	128,935,217,684	183,177,587,017	18,590,288,516	35,940,913,815	366,644,007,032
Additions	6,832,885,142	15,263,066,223	5,846,847,680	7,373,403,553	35,316,202,598
Disposal	-	(9,521,619,759)	(977,990,000)	(35,464,000)	(10,535,073,759)
31/12/2017	<u>135,768,102,826</u>	<u>198,384,976,665</u>	<u>23,459,146,196</u>	<u>43,278,853,368</u>	<u>391,425,135,871</u>
<i>In which:</i>					
<i>Fully depreciated</i>	-	-	-	-	-
Accumulated depreciation:					
31/12/2016	(25,948,425,860)	(103,657,593,569)	(6,847,091,236)	(24,885,888,021)	(161,338,998,686)
Depreciation for the year	(5,514,403,393)	(22,436,311,255)	(2,174,929,246)	(7,263,840,140)	(37,389,484,034)
Disposal	-	9,494,177,302	977,990,000	35,464,000	10,507,631,302
30/12/2017	<u>(31,462,829,253)</u>	<u>(116,599,727,522)</u>	<u>(8,044,030,482)</u>	<u>(32,114,264,161)</u>	<u>(188,220,851,418)</u>
Net carrying amount:					
31/12/2016	102,986,791,824	79,519,993,448	11,743,197,280	11,055,025,794	205,305,008,346
31/12/2017	<u>104,305,273,573</u>	<u>81,785,249,143</u>	<u>15,415,115,714</u>	<u>11,164,589,207</u>	<u>203,204,284,453</u>

Buildings and machineries pledged to obtain loans from commercial banks (Note 10).

8. INTANGIBLE FIXED ASSETS

	VND		
	<i>Indefinite land use rights</i>	<i>Computer software</i>	<i>Total</i>
Cost:			
31/12/2016	205,405,507,890	7,938,687,583	213,344,195,473
Additions	76,759,346,000	0	76,759,346,000
Disposal	(2,502,196,600)	(860,437,000)	(3,362,633,600)
31/12/2017	279,662,657,290	7,078,250,583	286,740,907,873
Accumulated amortization:			
31/12/2016	-	(4,740,653,591)	(4,740,653,591)
Amortization for the year	-	(1,365,243,192)	(1,365,243,192)
Disposal	-	860,437,000	860,437,000
31/12/2017	-	(5,245,459,783)	(5,245,459,783)
Net carrying amount:			
31/12/2016	205,405,507,890	3,198,033,992	208,603,541,882
31/12/2017	279,662,657,290	1,832,790,800	281,495,448,090

As presented in Note 10 Land use rights were pledged to obtain loans from commercial banks.

9. LONG TERM INVESTMENT
9.1 Investments in subsidiaries

Details of the Company's subsidiaries as at 31 December 2017 are as follows:

Name	31/12/2017		31/12/2016	
	<i>Cost of investment</i>	<i>Rate of interest</i>	<i>Cost of investment</i>	<i>% of interest</i>
	VND		VND	
CAO Fashion Company Limited	10,000,000,000	100	10,000,000,000	100
PNJ Laboratory Company Limited	10,000,000,000	100	10,000,000,000	100
TOTAL	20,000,000,000		20,000,000,000	

CAO Fashion Company Limited ("CFC"), 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. CFC's registered head office is located at 170E Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. CFC'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 ("PLC"), 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 205 Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam. PLC's principal activities are to provide jewelry inspection and consultancy services.

9.2 Other long term investments

Details of the Company's other long term investments as at 31 December 2017 are as follows:

Name	31/12/2017		31/12/2016	
	Number of shares	Cost of investment VND	Number of shares	Cost of investment VND
Dong A Joint Stock Commercial Bank (DAB) (i)	38,496,250	395,271,613,400	38,496,250	395,271,613,400
TOTAL		395,271,613,400		395,271,613,400
Provision for long-term investments		(395,271,613,400)		(395,271,613,400)
NET		-		-

9.3 Provision for long-term investments

	VND	
	01/10/2017 to 31/12/2017	01/10/2016 to 31/12/2016
At beginning of period	395,271,613,400	395,271,613,400
Add: Provision created during the period	-	-
Less: Reversal provision during the period	-	-
At end of period	395,271,613,400	395,271,613,400
<i>In which:</i>		
Provision for other long-term investments	395,271,613,400	395,271,613,400

10. SHORT-TERM LOANS

	VND	
	31/12/2017	31/12/2016
Short-term loans from banks	636,302,797,462	1,177,072,577,649
Short-term loans from individuals	252,410,916,738	248,988,367,398
Current portion of long-term loans (Note 11)	3,700,000,000	31,894,000,000
TOTAL	892,413,714,200	1,457,954,945,047

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

BANKS	AMOUNT	MATURITY DATE	INTEREST	COLLATERAL
SHORT TERM LOANS IN VND	548,694,516,907			
CTBC Bank Company Limited - HCM Branch	67,000,000,000	From 07 January to 05 June 2018	4.5%	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade - Branch 1	158,143,056,204	From 10 March to 22 June 2018	5.5%	Inventories
Vietnam Maritime Commercial Stock Bank	20,627,068,000	From 01 January to 12 January 2018	5.0%	Unsecured
Shinhan Bank Vietnam Limited - HCM Branch	60,000,000,000	From 16 January to 07 February 2018	4.5%	Unsecured
Joint Stock Company Bank for Foreign Trade of Vietnam	242,924,392,703	From 07 March to 30 May 2018	5.0%	Land use right at 46 Ngo Quyen, 359 Phan Chu Trinh and machinery with amount of VND 50,000,000,000
SHORT TERM LOANS IN USD	87,608,280,555			
Joint Stock Company Bank for Foreign Trade of Vietnam (\$ 1,950,331)	44,340,782,560	From 07 May to 27 May 2018	2.8%	Land use right at 46 Ngo Quyen, 359 Phan Chu Trinh and machinery with amount of VND 50,000,000,000
Joint Stock Commercial Bank for Investment and Development of Vietnam (\$ 1,903,123)	43,267,497,995	From 08 March to 15 March 2018	2.6%	Inventories
OTHER INDIVIDUALS	252,410,916,738			Unsecured
CURRENT PORTION OF LONG TERM	3,700,000,000			
TOTAL SHORT TERM LOANS	892,413,714,200			

11. LONG-TERM LOANS

	VND	
	31/12/2017	31/12/2016
Long - terms loans from bank	11,100,000,000	58,994,000,000
Total	11,100,000,000	58,994,000,000

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

BANKS	AMOUNT	MATURITY DATE	INTEREST	COLLATERAL
LONG TERM LOANS IN VND	14,800,000,000			
Vietnam bank for Agriculture and Rural Development - Branch 4	14,800,000,000	22 January 2021	7.0%	02 Shop House No.PG1-05 and PG1- 05A at No.209, 30/4 Street, Xuan Khanh Ward, Ninh Kieu District, Can Tho City
<u>In which:</u> CURRENT PORTION OF LONG TERM LIABILITIES	3,700,000,000			
Vietnam bank for Agriculture and Rural Development - Branch 4	3,700,000,000			
TOTAL LONG TERM LOANS	11,100,000,000			

12. SHORT-TERM TRADE PAYABLES

	VND	
	31/12/2017	31/12/2016
Due to third parties	293,224,925,923	324,942,126,057
Due to related parties (Note 22)	<u>732,685,250</u>	<u>639,410,000</u>
TOTAL	<u>293,957,611,173</u>	<u>325,581,536,057</u>

13. STATUTORY OBLIGATIONS

	VND	
	31/12/2017	31/12/2016
Corporate income tax	86,486,947,263	57,842,622,620
Value-added tax	24,264,332,943	17,778,575,801
Others	<u>5,513,858,826</u>	<u>10,701,179,177</u>
TOTAL	<u>116,265,139,032</u>	<u>86,322,377,598</u>

14. OTHER PAYABLES

	VND	
	31/12/2017	31/12/2016
Due to third parties	51,515,220,099	26,895,245,413
Due to a related party (Note 22)	<u>332,219,1802</u>	<u>271,835,620</u>
TOTAL	<u>51,847,439,279</u>	<u>27,167,081,033</u>

5. OWNERS' EQUITY

5.1 Movement in owners' equity

VND

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
For the three months period ended 31 December 2016						
1/01/2016	982,745,770,000	-	(7,090,000)	219,647,610,783	91,580,748,136	1,293,967,038,919
reversal investment and development fund	-	-	-	(75,560,053,865)	75,560,053,865	-
profit for the year	-	-	-	-	470,278,995,004	470,278,995,004
dividends declared	-	-	-	-	(245,684,670,000)	(245,684,670,000)
profit appropriation	-	-	-	-	(4,500,000,000)	(4,500,000,000)
transfer to bonus and welfare fund	-	-	-	-	(15,230,000,000)	(15,230,000,000)
1/12/2016	982,745,770,000	-	(7,090,000)	144,087,556,918	372,005,127,004	1,498,831,363,922
For the three months period ended 31 December 2017						
1/01/2017	982,745,770,000	-	(7,090,000)	144,087,556,918	372,005,127,004	1,498,831,363,922
profit for the period	-	-	-	-	723,561,568,240	723,561,568,240
dividends declared	-	-	-	-	(186,720,419,400)	(186,720,419,400)
Issue Private Replacement investment and development fund	98,274,570,000	876,761,282,458	-	-	-	975,233,852,458
appropriation	-	-	-	76,000,000,000	(76,000,000,000)	-
board of management and board of Supervisor funds	-	-	-	-	(6,750,000,000)	(6,750,000,000)
board of Directors funds	-	-	-	-	(12,200,000,000)	(12,200,000,000)
transfer to bonus and welfare funds	-	-	-	-	(45,000,000,000)	(45,000,000,000)
1/12/2017	1,081,020,340,000	876,761,282,458	(7,090,000)	220,087,556,918	768,896,275,844	2,946,758,365,220

15.2 Capital transactions with owners and distribution of dividends

VND

	Current period	Previous period
Contributed share capital		
Beginning balance	1,081,020,340,000	982,745,770,000
Increase	-	-
Ending balance	1,081,020,340,000	982,745,770,000
Dividends paid	186,720,419,400	147,410,802,000
Dividends announced (2 nd 2016: 8%* par value) (1st 2017: 10%* par value)	186,720,419,400	147,410,802,000

In July 2017, PNJ successfully implemented Private Replacement issue under the Resolution of the General Meeting of Shareholders. Accordingly, the number of shares issued was 9,827,457 shares.

15.3 Share – Ordinary shares

VND

	31/12/2017	31/12/2016
	Number of shares	Number of shares
Shares authorised to be issued	108,102,034	98,274,577
Shares issued and fully paid		
<i>Ordinary shares</i>	108,102,034	98,274,577
Treasury shares		
<i>Ordinary shares</i>	(709)	(709)
Shares in circulation		
<i>Ordinary shares</i>	108,101,325	98,273,868

An ordinary share has par value of VND 10,000.

16. REVENUE FROM GOOD SOLD AND SERVICES RENDERED

VND

	Current period	Previous period
Gross revenue	3,228,388,605,728	2,640,030,593,243
<i>Of which:</i>		
<i>Sale of gold, silver and jewelry</i>	3,220,566,116,362	2,632,485,214,500
<i>Sale of accessories</i>	5,701,109,856	5,334,472,264
<i>Rendering services</i>	2,121,379,510	2,210,906,479
Less:	(25,126,709,897)	(15,147,167,998)
<i>Goods returned</i>	(25,126,709,897)	(15,147,167,998)
Net revenue	3,203,261,895,831	2,624,883,425,245
<i>Of which:</i>		
<i>Sale of gold, silver and jewelry</i>	3,195,439,406,465	2,617,341,146,502
<i>Sale of accessories</i>	5,701,109,856	5,331,372,264
<i>Rendering services</i>	2,121,379,510	2,210,906,479

17. FINANCIAL INCOME

	VND	
	<i>Current period</i>	<i>Previous period</i>
Dividends earned	3,000,000,000	3,000,000,00
Foreign exchange gain	974,274,669	77,422,360
Interest income	2,328,306,995	2,765,599,118
Others	-	-
TOTAL	<u>6,302,581,664</u>	<u>5,843,021,478</u>

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	2,646,391,232,998	2,249,427,000,165
Cost of accessories	4,019,417,053	3,639,091,350
TOTAL	<u>2,650,410,650,051</u>	<u>2,253,066,091,515</u>

19. FINANCIAL EXPENSES

	VND	
	<i>Current period</i>	<i>Previous period</i>
Interest expense	9,730,755,648	18,022,426,145
Foreign exchange losses	78,924,630	(2,726,012,597)
Others	6,188,487	4,718,602,400
TOTAL	<u>9,815,868,765</u>	<u>20,015,015,948</u>

20. PRODUCTION COST BY NATURE

	VND	
	<i>Current period</i>	<i>Previous period</i>
Raw materials	7,456,970,223	3,440,590,881
Labor costs	143,459,255,110	84,637,099,500
Tools and supplies	15,167,832,883	9,524,227,720
Depreciation and amortization	4,338,338,112	3,750,522,951
Expenses for external services	47,679,512,056	57,835,779,051
Other expenses	56,146,691,210	33,375,327,233
TOTAL	<u>274,248,599,594</u>	<u>192,563,547,336</u>

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.

21.1 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>	
Profit before tax	275,319,224,877	165,997,384,831
<i>Adjustments:</i>		
Non-deductible expenses	1,830,095,173	86,249,066,874
Taxable temporary differences	(2,420,322,750)	(879,284,915)
Dividends earned	(3,000,000,000)	(3,000,000,000)
Estimated current taxable profit	271,728,997,300	248,367,166,790
Estimated current CIT	54,345,799,460	49,673,433,358

21.2 Deferred CIT

The following are the deferred tax assets recognized by the Company, and the movements thereon, during the current and prior reporting period.

	<i>Separate balance sheet</i>		<i>Separate income statement</i>	
	<i>31/12/2017</i>	<i>31/12/2016</i>	<i>Current period</i>	<i>Previous period</i>
	<i>VND</i>			
Deductible temporary differences				
Accrued expenses	12,195,097,119	14,615,419,869	2,439,019,424	2,923,083,974
Deferred CIT incurred			484,064,550	175,856,983

22. RELATED PARTY TRANSACTIONS AND BALANCES

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

			<i>VND</i>
<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Amount</i>
CAO Fashion Company Limited	Subsidiary	Sale of goods	9,343,263,079
		Purchase of goods	3,529,357,566
PNJ Laboratory Company Limited	Subsidiary	Services rendered	-
		Purchase of service	350,675,250

The outstanding balances due from and due to related parties as at 31 December 2017 as follows:

			VND
<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Receivable (Payable)</i>
1. Receivable			20,480,971,669
Trade receivable			3,721,391,377
CAO Fashion Company Limited	Subsidiary	Sale of goods	3,721,391,377
Others receivable			16,759,580,292
CAO Fashion Company Limited	Subsidiary		13,759,580,292
PNJ Laboratory Company Limited	Subsidiary	Dividends in 2017	3,000,000,000
2. Payable			(12,064,904,430)
Trade payable			(732,685,250)
PNJ Laboratory Company Limited	Subsidiary	Service	(732,685,250)
Others payable			(11,332,219,180)
PNJ Laboratory Company Limited	Subsidiary	Borrowing	(11,000,000,000)
		Interest	(332,219,180)

23. OPERATING LEASE COMMITMENTS

The Company leases outlets under operating lease arrangements. Future rental amounts due under such operating leases after 31 December 2017 were as follows:

			VND	
	31/12/2017		31/12/2016	
Within 1 year	82,501,812,273		14,147,525,032	
From 1 to 5 years	206,394,790,510		90,213,735,876	
Over 5 years	107,251,092,000		241,897,121,767	
TOTAL	396,147,694,783		346,258,382,675	

24. 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 December 2017 and 31 December 2016.

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 last quarter of 2017 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 31 December 2017, 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.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 31 December 2017 and 31 December 2016.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the separate financial statements.

	Carrying amount			Fair value		
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Cost	Provision	Cost	Provision		
Financial assets						
Other long-term investments	395,271,613,400	(395,271,613,400)	395,271,613,400	(395,271,613,400)	-	-
Trade receivables	39,449,827,772	-	33,700,545,495	-	39,449,827,772	33,700,545,495
Receivables from a related party	20,480,971,669	-	21,064,981,691	-	20,480,971,669	21,064,981,691
Other receivables	10,817,498,451	-	7,850,640,320	-	10,817,498,451	7,850,640,320
Cash and cash equivalents	327,814,376,098	-	150,275,926,525	-	327,814,376,098	150,275,926,525
TOTAL	793,834,287,390	(395,271,613,400)	608,163,707,431	(395,271,613,400)	398,562,673,990	212,892,094,031
	Carrying amount			Fair value		
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Financial liabilities						
Loans	892,513,714,200	1,507,948,945,047	892,513,714,200	1,507,948,945,047	1,507,948,945,047	1,507,948,945,047
Trade payables	293,224,925,923	318,942,126,057	293,224,925,923	318,942,126,057	318,942,126,057	318,942,126,057
Payables to related parties	12,064,904,430	9,271,835,620	12,064,904,430	9,271,835,620	9,271,835,620	9,271,835,620
Other payables and accrued expense	56,144,237,865	33,877,986,152	56,144,237,865	33,877,986,152	33,877,986,152	33,877,986,152
TOTAL	1,253,947,782,418	1,870,040,892,876	1,253,947,782,418	1,870,040,892,876	1,870,040,892,876	1,870,040,892,876

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the financial assets and liabilities has not assessed and determined official at 31 December 2017 and 31 December 2016. However, the management assessed that the fair values of these financial assets and liabilities were not materially different from their carrying values as at balance sheet date.

26. FACTORS EFFECT TO FINANCIAL INCOME IN THE PERIOD

Vietnam economy has sustained growth by broad macroeconomic stability. PNJ got positive signal from market to expand retail network with 54 opened stores in 2017. PNJ's products is various, sophisticated and high quality. Moreover, employees is well experienced, dynamics, creative, and skillful.

The expansion of store network in this period, as the result revenue for the last quarter of 2017 reached VND 3,228 billion, up 22% compared to the same period last year, because of mainly contribution from retail gold revenue.

In addition, with the expansion retail network, SG & A expenses were VND 274 billion and increased by 42% compared to 4QFY2016.

In 4QFY2017, PNJ's interest expense was VND 9.7 billion, and decreased 46% compared to the same period last year due to significantly decreased short term loan outstanding.

In 2017, PNJ achieved:

- Net revenue was VND 10,920 billion, completing 114% of the plan and up 28% to the same period.
- Profit before tax was VND 903.8 billion, fulfilling 120% of the plan and up 49% to the same period.



Nguyen Thanh Dat
Preparer



Duong Quang Hai
Chief Accountant



Cao Thi Ngoc Dung
General Director
17 January 2018

