

**NET DETERGENT JOINT STOCK COMPANY**

**AUDITED FINANCIAL STATEMENTS**

For the year ended 31<sup>st</sup> December 2016

Dong Nai, March 2017

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**BOARD OF DIRECTORS' REPORT**

Board of Directors of Net Detergent Joint stock Company ("the Company") presents this report together with the Company's audited financial statements for the year ended 31<sup>st</sup> December 2016

**BOARDS OF MANAGEMENT AND DIRECTORS**

Members of the Board of Management and Directors of the Company who held office during the year and at the date of this report are as follows:

**Board of Management**

Mr. Pham Thanh Tung	Chairman (appointed on 28/06/2016)
Mr. Phan Van Tien	Chairman (appointed on 29/01/2016, resigned on 28/06/2016)
Mr. Pham Quang Hoa	Chairman (resigned on 29/01/2016)
	Member (appointed on 28/06/2016)
Mr. Nguyen Manh Hung	Member
Ms. Thai Thi Hong Yen	Member
Mr. Pham Quang Hoa	Member (appointed on 28/06/2016)
Mr. Phan Van Tien	Member (appointed on 28/06/2016)
Ms. Luong Thi Anh Dao	Member (resigned on 28/06/2016)
Mr. Le Van Bach	Member (resigned on 28/06/2016)

**Board of Directors**

Ms. Thai Thi Hong Yen	General Director (appointed on 01/05/2016)
Mr. Pham Quang Hoa	General Director (retired on 01/05/2016)
Mr. Nguyen Manh Hung	Human resources Director
Mr. Cao Tran Dang Khoa	Technical Director
Mr. Pham Quoc Cuong	Production Director

**MANAGERMENT'S RESPONSIBILITY**

Board of Directors are responsible for preparing the financial statements for the year ended 31 December 2016, which give a true and fair view of the financial position, business results, and cash flows of the Company for the year. In preparing these financial statements, Board of Directors are required to:

- Comply with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the relevant statutory requirements applicable to the preparation and presentation of the financial statements;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material misstated applications which need to be disclosed and explained in the financial statements;
- Design and implement an effective internal control system for the purpose of properly preparation and presentation of the financial statements so as to minimize errors and frauds; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Board of Directors are responsible for ensuring that accounting books are properly recorded to disclose the financial position of the Company reasonably at any time and the financial statements are prepared and presented in compliance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the relevant statutory requirements. Board of Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable methods to prevent and detect fraud and other irregularities.

**NET DETERGENT JOINT STOCK COMPANY**

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Board of Directors confirms that the Company has complied with the above requirements in preparing these financial statements.

For and on behalf of the Board of Directors,



**Thai Thi Hong Yen**  
General Director

*Dong Nai, 2<sup>nd</sup> March 2017*



No: 32 /2017/BCKT-AVI-TC1

**INDEPENDENT AUDITOR'S REPORT**

**To: Shareholders  
Board of Management and Directors  
Net Detergent Joint Stock Company**

We have audited the accompanying financial statements of Net Detergent Joint stock Company ("the Company") prepared on 2<sup>nd</sup> March 2017 and set out from page 05 to page 29 which comprise the Balance sheet as at 31<sup>st</sup> December 2016, Income and Cash flows Statements for the year then ended, and the Notes to those financial statements.

**Management's responsibility**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Our responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31<sup>st</sup> December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and legal regulations guiding on preparation and presentation of financial statements in Vietnam.



**Nguyễn Thuong**

**Deputy General Director**

Certificate of audit practice registration

No. 0308-2015-055-1

For and on behalf of

**ANVIET AUDITING COMPANY LIMITED**

*Ha Noi, 2<sup>nd</sup> March 2017*

**Doan Thu Hang**

**Auditor**

Certificate of audit practice registration

No. 1396-2015-055-1

**BALANCE SHEET**  
As at 31<sup>st</sup> December 2016

**FORM B01 - DN**  
Currency: VND

ITEMS	Codes	Notes	31/12/2016	01/01/2016
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>205,564,317,683</b>	<b>225,283,822,832</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>67,430,898,879</b>	<b>27,804,830,224</b>
1. Cash	111		13,930,898,879	19,861,830,224
2. Cash equivalents	112		53,500,000,000	7,943,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>-</b>	<b>97,600,000,000</b>
1. Investments held to maturity	123		-	97,600,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>50,891,353,088</b>	<b>41,346,005,686</b>
1. Trade accounts receivable	131	6	42,510,859,366	20,683,700,092
2. Short-term advances to suppliers	132		8,040,194,722	20,153,645,553
3. Other receivables	136	7	340,299,000	607,789,094
4. Provision for doubtful debts	137		-	(99,129,053)
<b>IV. Inventories</b>	<b>140</b>	<b>8</b>	<b>81,190,820,837</b>	<b>52,663,699,513</b>
1. Inventories	141		81,190,820,837	52,663,699,513
2. Provision for devaluation of inventories	149		-	-
<b>V. Other current assets</b>	<b>150</b>		<b>6,051,244,879</b>	<b>5,869,287,409</b>
1. Value added tax deductibles	152		6,051,244,879	5,869,287,409
<b>B - NON-CURRENT ASSETS</b>	<b>200</b>		<b>336,579,046,233</b>	<b>146,583,794,821</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>50,100,724,358</b>	<b>57,708,324,293</b>
1. Tangible fixed assets	221	11	50,100,724,358	57,708,324,293
- Cost	222		131,003,957,850	128,431,257,682
- Accumulated depreciation	223		(80,903,233,492)	(70,722,933,389)
<b>II. Long-term assets in progress</b>	<b>240</b>		<b>235,246,364,226</b>	<b>35,298,703,579</b>
1. Construction in progress	242	9	235,246,364,226	35,298,703,579
<b>III. Long-term financial investments</b>	<b>250</b>		<b>-</b>	<b>-</b>
1. Other long-term investments	253	10	716,390,400	716,390,400
2. Provision for impairment of long-term financial investments	254	10	(716,390,400)	(716,390,400)
<b>IV. Other long-term assets</b>	<b>260</b>		<b>51,231,957,649</b>	<b>53,576,766,949</b>
1. Long-term prepayments	261	12	51,231,957,649	53,576,766,949
<b>TOTAL ASSETS</b>	<b>270</b>		<b>542,143,363,916</b>	<b>371,867,617,653</b>



## BALANCE SHEET (Continued)

As at 31<sup>st</sup> December 2016

FORM B01 - DN

Currency: VND

ITEMS	Codes	Notes	31/12/2016	01/01/2016
<b>C - LIABILITIES</b>	<b>300</b>		<b>261,522,807,916</b>	<b>89,405,332,525</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>261,522,807,916</b>	<b>89,405,332,525</b>
1. Trade accounts payable	311	15	104,186,217,467	45,634,013,391
2. Short-term advance from customers	312		9,367,633,302	6,643,050,719
3. Taxes and amounts payable to State Budget	313	16	4,650,004,415	5,388,795,792
4. Payables to employees	314		9,406,749,093	9,318,627,890
5. Short-term accrued expenses	315	13	11,411,014,174	5,195,606,719
6. Other current payables	319	14	8,329,224,285	8,406,765,993
7. Short-term borrowings	320	17	113,786,977,432	-
8. Bonus and welfare funds	322		384,987,748	8,818,472,021
<b>D - EQUITY</b>	<b>400</b>		<b>280,620,556,000</b>	<b>282,462,285,128</b>
<b>I. Owner's equity</b>	<b>410</b>	18	<b>280,620,556,000</b>	<b>282,462,285,128</b>
1. Owners' contributed capital	411		223,983,740,000	159,988,920,000
- Ordinary shares with voting rights	411a		223,983,740,000	159,988,920,000
- Preference shares	411b		-	-
2. Investment and development fund	418		3,248,753,642	32,533,043,270
3. Retained earnings	421		53,388,062,358	89,940,321,858
- Undistributed earnings accumulated to the prior year end	421a		5,033,115,486	6,663,995,929
- Undistributed earnings of the current year	421b		48,354,946,872	83,276,325,929
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>542,143,363,916</b>	<b>371,867,617,653</b>

Dong Nai, 2<sup>nd</sup> March 2017

Preparer

Tran Thi Ai Lien

Chief Accountant

Tran Thi Ai Lien

General Director


  
Thai Thi Hong Yen

**INCOME STATEMENT**  
For the year ended 31<sup>st</sup> December 2016

FORM B02 - DN  
Currency: VND

ITEMS	Codes	Notes	Year 2016	Year 2015
1. Revenue from goods sold and services rendered	01	20	839,312,807,280	784,274,854,684
2. Deductions	02		-	-
3. Net revenue from goods sold and services rendered	10		839,312,807,280	784,274,854,684
4. Cost of goods sold and services rendered	11	21	609,992,319,779	589,490,644,474
5. Gross profit from goods sold and services rendered	20		229,320,487,501	194,784,210,210
6. Financial income	21	22	3,316,322,224	6,695,672,773
7. Financial expenses	22	23	2,139,329,515	632,056,576
- Of which: Loan interest charged	23		203,475,448	-
8. Selling expenses	25	24	105,489,160,035	79,778,613,253
9. General and administration expenses	26	24	22,281,668,110	18,128,409,940
10. Operating profit	30		102,726,652,065	102,940,803,214
11. Other income	31		1,359,703,615	306,475,155
12. Other expenses	32		248,893,177	197,841,631
13. Profit from other activities	40		1,110,810,438	108,633,524
14. Accounting profit before tax	50		103,837,462,503	103,049,436,738
15. Current corporate income tax expense	51	26	20,784,954,631	16,273,110,809
16. Net profit after corporate income tax	60		83,052,507,872	86,776,325,929
17. Earning per share	70	27	3,659	3,620

Dongnai, 2<sup>nd</sup> March 2017

Preparer



Tran Thi Ai Lien

Chief Accountant



Tran Thi Ai Lien



General Director

General Director

CÔNG TY

CỔ PHẦN

BỘT GIẶT NET

TP. BIÊN HÒA - T. ĐỒNG NAI

Trần Thị Hồng Yến



**CASH FLOW STATEMENT**  
(Indirect Method)  
For the year ended 31<sup>st</sup> December 2016

FORM B03 - DN  
Currency: VND

ITEMS	Codes	Year 2016	Year 2015
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit for the year	01	103,837,462,503	103,049,436,738
2. Adjustment for			
- Depreciation and amortization of fixed assets	02	10,489,027,400	10,557,183,761
- Provisions	03	-	47,385,780
- Foreign exchange loss (gain) upon revaluation of monetary items denominated in foreign currency	04	1,678,501,967	33,113,517
- Gain from investing activities	05	(2,940,806,248)	(5,901,958,816)
- Interest expenses	06	203,475,448	-
3. Operating profit before movements in working capital	08	113,267,661,070	107,785,160,980
- Increase in receivables	09	(2,644,834,558)	2,479,809,221
- Increase in inventory	10	(28,527,121,324)	5,898,847,473
- Increase, decrease in payables (exclude interest expenses, CIT)	11	67,556,855,723	4,313,239,508
- Increase in prepayments and others	12	2,344,809,300	(9,932,778,206)
- Interest paid	14	(203,475,448)	-
- Corporate income tax paid	15	(21,803,543,906)	(14,641,299,033)
- Other cash outflows	17	(11,733,484,273)	(3,147,881,041)
<b>Net cash from operating activities</b>	<b>20</b>	<b>118,256,866,584</b>	<b>92,755,098,902</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition of fixed assets and other long-term assets	21	(210,369,140,515)	(54,918,274,687)
2. Proceeds from disposals of fixed assets and other long-term assets	22	169,509,091	76,000,000
3. Cash outflow for lending, buying debt intrusments of other entities	23	(20,000,000,000)	(190,000,000,000)
4. Cash recoverd from lending, selling debt intrusments of other entities	24	117,600,000,000	150,000,000,000
5. Interest earned, dividend and profit received	27	3,320,439,560	5,993,198,527
<b>Net cash from investing activities</b>	<b>30</b>	<b>(109,279,191,864)</b>	<b>(88,849,076,160)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	112,236,466,801	-
2. Dividends and profits paid	36	(81,593,230,950)	(31,997,388,800)
<b>Net cash from financing activities</b>	<b>40</b>	<b>30,643,235,851</b>	<b>(31,997,388,800)</b>
<b>Net decrease in cash during the year</b>	<b>50</b>	<b>39,620,910,571</b>	<b>(28,091,366,058)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>60</b>	<b>27,804,830,224</b>	<b>55,896,476,282</b>
Effect of changes in foreign exchange rates	61	5,158,084	(280,000)
<b>Cash and cash equivalents at the end of year</b>	<b>70</b>	<b>67,430,898,879</b>	<b>27,804,830,224</b>

Preparer



Tran Thi Ai Lien

Chief Accountant



Tran Thi Ai Lien



*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

## 1. GENERAL INFORMATION

### Structure of ownership

Net Detergent Joint Stock Company (the "Company") was incorporated in Vietnam under the first Business Registration Certificate No. 4703000053 dated 01 July 2007 issued by Department of Planning and Investment of Dong Nai province and the latest amendment of Business Registration Certificate No 3600642822 dated 06 October 2016.

Charter capital of the Company is VND 223,983,740,000 equivalent to 22.398.374 shares; par value of each share is VND 10,000.

Shares of the Company are listed on Hanoi Stock Exchange (HNX) with the stock code of NET

The head office of the Company is located on No.8 Street, Bien Hoa 1 Industrial Zone, An Binh Ward, Bien Hoa City, Dong Nai Province.

### Principal activities

- Manufacture of detergents, cosmetics;
- Wholesale of materials, detergent chemical sectors (except strong toxic chemicals);
- Wholesale of perfumes, cosmetics and toilet preparations;
- Manufacture of bottled drinking water (not produced at the headquarters);
- Rental of warehouses, factories and offices. Real estate business;
- Trading in hotel, motels (operating outside the province);
- Transportation of goods by road.

### 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

### Company's structure

As at 31/12/2016, the Company's organization includes head office in Dong Nai province and 02 branches with independent accounting:

No	Nam of branch	Address
1	Hanoi branch	Km No.1, Phan Trong Tue road, Tam Hiep commune, Thanh Tri district, Hanoi.
2	Ho Chi Minh branch	No. 617-629 Ben Binh Dong, 13 ward, 8 district, Ho Chi Minh City.

## 2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

The Company's fiscal year begins on 1 January and ends on 31 December.

The currency unit used in accounting period is Vietnam Dong (VND).

## 3. ACCOUNTING STANDARDS AND ACCOUNTING SYSTEM APPLIED

The financial statements are expressed in Vietnamese Dong (VND) and prepared under the accounting principles in conformity with the Vietnamese Corporate Accounting System issued in pursuance of Circular No. 200/2015/TT-BTC dated 22 December 2015, Circular No. 53/2016/TT-BTC dated 21 March 2016 of Ministry of Finance, Vietnamese Accounting Standards, and the relevant statutory requirements applicable to financial reporting.



*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

##### **Basis of preparation of financial statements**

The financial statements are prepared on the accrual basis (except for the information related to cash flows).

The financial statements of the Company have been translated into English from the financial statements issued in Vietnam in Vietnamese.

##### **Estimates**

The preparation of financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and the relevant statutory requirements applicable to financial reporting requires the 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 financial statements and the reported amounts of revenues and expenses during the fiscal year. Actual business results could differ from those estimates and assumptions.

##### **Conversion of foreign currency**

Conversion of foreign currency is applied under the Vietnamese Accounting Standard No. 10 - Effects of changes in foreign exchange rates and prevailing Vietnamese Corporate Accounting System.

During the year, transactions arising in foreign currencies are translated into VND at exchange rates ruling at the transaction dates or accounting book exchange rate. Foreign exchange differences arising from these transactions are recognized in financial income (if gain) and financial expense (if loss). Monetary items denominated in foreign currencies are translated using exchange rate ruling at the balance sheet date. Foreign exchange differences arising from revaluation are reflected in the Foreign exchange rate differences account and the balance of this account is transferred to the financial income (if profit) or financial expense (if loss) at the end of the year.

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

Cash reflects the full existing amount of the Company at the end of the accounting year, comprising cash on hand, Demand deposits and cash in transit.

Cash equivalents include short-term investments with maturity less than 03 months since the date of investment, which can be converted easily into a certain amount of cash without any risk in conversion into cash at the reporting date and recorded following Vietnamese Accounting Standard No. 24 – Cash flow statement.

##### **Financial investments**

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

Reflecting the investments that the Company has intention and ability to hold to maturity with remaining maturity not exceeding 12 months (short-term) and more than 12 months (long-term) from the reporting date (except trading securities), including time deposits (including treasury bills, promissory notes), bonds, commercial papers, preference stocks which the issuer is obliged to buy at a certain time in the future, held-to-maturity loans for the purpose of collecting periodic interest, other kinds of debt securities (e.g. investment in buying bad debts, etc.) and other held-to-maturity investments, not including those already presented in the items such as "cash equivalents", "receivables from short-term borrowings" and "receivables from long-term borrowings".



*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

Held-to-maturity investments are initially recognized at cost, including purchase price and expenses related to the purchase of investments such as brokerage fees, transaction, advisory, tax fees and bank charges ... After initial recognition, these investments are recorded at recoverable value.

Interest incurred after the date of purchase of held-to-maturity investments, profit upon disposals or sale of held-to-maturity investments are recorded in financial income. Interest received before the investment date is deducted from the cost at the date of purchase.

The Company bases on the remaining term from the reporting date to classify held-to-maturity investments as long-term or short-term..

When having strong evidence indicating part or all of the investments may not be recoverable and the losses can be measured reliably, these losses are recorded in financial expenses in the year and reduced directly to the value of the investments. Provision for held-to-maturity investments is similar to receivables unlikely to recover, is made similarly to bad debts

#### **Investments in other entities**

Is the investments in equity instruments but the Company does not have right to control, joint-control or significant influence on the investee.

#### **Receivables and provision for doubtful debts**

Receivables are monitored detailedly under the original terms, remaining terms at the reporting date, the receivable objects, receivable foreign currencies and other factors for the Company's management purpose. The classification of receivables is trade receivables, inter-company receivables, other receivables shall comply with the principles:

- Trade receivables include commercial receivables incurred from purchase-sale transactions, including receivables from sale of exported goods under the trust for other entities;
- Intercompany receivables include receivables between higher entities and lower subordinate entities without legal status and dependent recording.
- Other receivables include non-commercial or non-trading receivables, including: receivables from loan interests, deposit interests, dividends paid and earnings distributed; amount paid on behalf of another party; receivables which the export trustor must collect from the trustee; receivables from penalties, compensation; advances; pledges, collaterals, deposits, assets lending...

The company bases on the remaining term at the reporting date receivables to classify as long-term or short-term.

Receivables are recognised not exceeding the recoverable value. Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in difficulty of solvency due to dissolution, bankruptcy, or similar difficulties in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 of Ministry of Finance.

#### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises purchase price, processing cost and other direct attributable expenses that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling. Inventories are calculated using the monthly.

The provision for the devaluation of inventories is the excess of the inventories' cost over their net realizable value at the accounting year end and made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 of the Ministry of Finance.



*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Tangible fixed assets are recognized under the historical cost.

The costs of tangible fixed assets arising from purchases and self-constructions comprise all costs of bringing the tangible fixed assets to their working condition for their intended use.

Costs incurred after initial recognition are recorded as increase in the historical cost of assets if they actually improve the current status in comparison with the initial standard status of the assets, such as:

- Parts of the tangible fixed asset are modified to extend their useful life or to increase their capacity; or
- Parts of the tangible fixed asset are upgraded to substantially increase product quality; or
- New technology process is applied to reduce operation expenses of the assets in comparison with before;

The costs incurred for repairs and maintenance aims to restore or maintain the ability to bring the economic benefits of the assets according to the initial standard status, do not meet one of the above conditions, are recognised in the operation costs during the period.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives or net book value over the remaining useful lives in accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance. The estimated useful lives are as follows:

	<u>Year</u>
Buildings and structures	05 - 25
Machinery and equipment	05 - 12
Motor vehicles	06 - 10
Office equipment	03 - 10

### **Construction in progress**

The construction in progress is recorded at cost, including expenses directly related to (including borrowing costs by the Company's accounting policy) properties in the course of construction for production, equipment installed for the purpose of manufacturing, rental and management as well as related expenses to repairs of fixed assets. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

### **Prepayments**

Prepayments are recorded at actual incurred, including: costs of tools, supplies; advertising costs; infrastructure rentals and other prepayments serving for business activities of multiple accounting periods.

- Costs of small tools, supplies and spare parts issued for consumption are amortized to the income statement less than 36 month in accordance with the current prevailing accounting regulations.
- Advertising costs including the cost of advertising on buses, advertising costs on television. Advertising costs are amortized on a straight line basis to allocate time in 12 months.
- Cost of processing 100,000 tons of OMO washing powder is amortized according to production during the period.
- Infrastructure rentals in industrial zones Loc An - Binh Son for factory removal at Bien Hoa Industrial Zone 1 to Industrial Park Loc An - Binh Son District Long Thanh, Dong Nai province. This cost will be allocated when the factory goes into operation.



*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

**Payables**

The payables are monitored detailed under the original terms, the remaining terms at the reporting date, the payable objects, type of payables denominated in foreign currency and other factors according to the Company's management purpose. The classification of payables such as trade payables, intercompany payables, other payables must be implemented the following principles:

- Trade payables include commercial payables incurred from purchase-sale transactions, including payables when imported goods under the trust;
- Intercompany payables include payables between higher entities and lower subordinate entities without legal status and dependent recording;
- Other payables include non-commercial or non-trading payables, including: payables for loan interest, dividend and earning payables; payables for financial investments; amount paid for the third party; amount which the truster receives from relevant parties to pay under the entrusted import-export transactions; asset borrowings; payables for penalties, compensation; surplus assets without reason; payables for social insurance, medical insurance, unemployment insurance, trade union; collaterals, deposits received, etc.

The company bases on the remaining terms of payables at the reporting date to classify as long-term or short-term.

The payables are recorded not less than the payment obligations. In the case of there is evidence that a loss likely occurs, the Company recognizes immediately a payable under the precautionary principle.

**Loans and finance lease liabilities**

Loans and finance lease liabilities include loans, finance lease liabilities.

The loans and finance lease liabilities are monitored detailed for each loan object, loan agreement, and loan asset; for the term of loan and finance lease liabilities and type of foreign currency (if any). The loans and finance lease liabilities with the remaining term more than 12 months from the reporting date are presented as long-term loans and finance lease liabilities. The due loans and finance lease liabilities within the next 12 months from the reporting date are presented as short-term loans and finance lease liabilities.

**Revenue recognition**

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

- (a) The Company transferred significant risks and benefits associated with ownership of goods to the buyer;
- (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. When 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 transaction can be measured reliably when all (4) following conditions are satisfied:



*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

- (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

**Financial income** comprises deposit interest, gains from foreign exchange differences, etc. Detailed as follows:

- Interest income is recognized reliably on the balances of deposits, loans, and periodic actual interest.
- Foreign exchange differences reflect profit from the actual exchange differences of arising transactions denominated in foreign currencies during the period and profit from the exchange differences due to the translation of monetary items denominated in foreign currencies at the reporting date.

**Financial expenses**

Financial expenses comprise interest expenses; losses from exchange differences, etc. Details are as follows:

- Interest expense is based on actual loans and periodic interest expense (except for capitalized interest expense).
- Foreign exchange differences: reflect losses from the actual exchange differences of arising transactions denominated in foreign currencies during the period and losses from the exchange differences due to the revaluation of monetary items denominated in foreign currencies at the end of the year.

**Selling expenses, general and administrative expenses**

Selling expenses represent the actual expenses incurred in the process of selling products, goods and service rendered of the accounting period, including: expenses of products introduction, advertising products, sales commissions; warranty costs of products, goods (excluding construction activities); costs of storage, packaging, shipping, etc.

General and administrative expenses represent the general management expenses of the Company incurred in the accounting period, including the salary expenses of management staff (salaries, wages, allowances, etc.); social insurance, health insurance, trade union fees, unemployment insurance of management staff; expenses of office materials, work tools; depreciation of fixed assets for management; land rentals and license tax; provision for doubtful debts; outsourcing services (electricity, water, telephone, fax, insurance of property, fire...); other cash expenses (guests, customer conferences, etc.)

Selling expenses and general and administrative expenses are decreased when reversal of provisions

**Taxation**

Corporate income tax represents the sum of the current tax and deferred tax.

The current tax expense represents corporate tax payables incurred for the current year and additional corporate tax payables due to immaterial errors in last year. The current tax income represents corporate tax payables deducted due to immaterial errors in last year.

Deferred tax expenses reflect the excess of reverted deferred tax assets and arisen deferred tax assets or the excess of arisen deferred tax payables and reverted deferred tax payables during the year. Deferred tax



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income reflects the excess of arisen deferred tax assets and reverted deferred tax assets or the excess of reverted deferred tax payables and arisen deferred tax payables during the year.

Deferred tax is recognized on significant differences between carrying amounts and the corresponding tax bases of assets and liabilities in the financial statements, tax losses, and unused tax incentives. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss in the income statement, except when it relates to items charged or credited directly to equity, in this case, the deferred tax is also recorded directly to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

The determination of the taxes borne by the Company is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

### **Financial instruments**

#### *Initial recognition*

##### Financial assets

According to the Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance, financial assets are classified appropriately, for disclosure purpose in the financial statements, financial assets are recognized at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition.

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. The Company's financial assets comprise cash and cash equivalents, trading securities, held-to-maturity investments, trade accounts receivables, loan receivables and other receivables.

##### Financial liabilities

According to the Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance, financial liabilities are classified appropriately, for disclosure purpose in the financial statements, financial liabilities are recognized at fair value through profit or loss and financial liabilities measured at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of these financial liabilities. The Company's financial liabilities comprise trade accounts payable, accrued expenses, other payables, loans and finance lease liabilities.



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#### *Subsequent measurement after initial recognition*

The subsequent measurement of the financial instruments after initial recognition is the fair value. In the case of, there is no regulation on revaluing the fair value of financial instruments, using the historical cost.

#### *Offset of financial instruments*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to collect the assets and settle the liabilities simultaneously.

#### **Related parties**

The parties are regarded as related parties of the Company if they have the ability to control or exercise significant influence over the Company in making financial and operating decisions or have the same key management personnel or jointly managed by another company (the same Group, Corporation).

Individuals with the direct or indirect voting rights can impact significantly to the Company, including close family members of these individuals (parents, spouses, children, siblings).

Key management personnel have authority and responsibility for planning, managing and controlling the operation of the Company: the directors, the managers of the Company and close family members of these individuals.

The companies managed by these individuals mentioned above with direct or indirect voting rights or through these rights they can have a significant impact on the Company, including the companies owned by the leaders or major shareholders of the Company and the companies have the same key management personnel.

Information about related parties is presented in the Note No. 28.

#### **5. CASH AND CASH EQUIVALENTS**

	<u>31/12/2016</u>	<u>01/01/2016</u>
	VND	VND
Cash on hand	871,560,880	545,808,832
Cash at bank	13,059,337,999	19,316,021,392
Cash equivalents (*)	53,500,000,000	7,943,000,000
<b>Total</b>	<b><u>67,430,898,879</u></b>	<b><u>27,804,830,224</u></b>

(\*) Representing saving accounts that matured in 1~2 months at Vietcombank – Bien Hoa Branch and at Vietinbank – Bienhoa Branch with earning interest rate from 4.3% - 4.6% per annum.

#### **6. TRADE ACCOUNTS RECEIVABLE**

	<u>31/12/2016</u>	<u>01/01/2016</u>
	VND	VND
<b>Short-term trade accounts receivable</b>	<b>42,510,859,366</b>	<b>20,683,700,092</b>
Unilever Vietnam Co. Ltd	7,796,626,533	8,329,176,594
NEU-TECH Ltd	2,219,073,500	499,746,429
Saigon Union of Trading Co-operatives	8,072,098,678	7,503,525,961
Others	24,423,060,655	4,351,251,108
<b>Long-term trade accounts receivable</b>	<b>-</b>	<b>-</b>

These notes are integral parts of and should be read in conjunction with the accompanying financial statements

## 7. OTHER RECEIVABLES

	31/12/2016		01/01/2016	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
<b>Short-term</b>	<b>340,299,000</b>	-	<b>607,789,094</b>	-
- Accrued interest	122,204,167	-	555,488,889	-
- Deposits	-	-	10,000,000	-
- Advances	80,010,000	-	29,460,000	-
- Other receivables	138,084,833	-	12,840,205	-
<b>Long-term</b>	-	-	-	-

## 8. INVENTORY

	31/12/2016		01/01/2016	
	Value	Provisions	Value	Provisions
	VND	VND	VND	VND
Materials and supplies	61,780,403,462	-	32,017,443,986	-
Tools and spare parts	371,211,288	-	136,661,599	-
Work-in-process	1,820,630,688	-	679,990,169	-
Finished goods	17,218,575,399	-	19,829,603,759	-
<b>Total</b>	<b>81,190,820,837</b>	-	<b>52,663,699,513</b>	-

There was no provision for the devaluation of inventories since the cost of inventories were not excess its net realizable values.

## 9. CONSTRUCTION IN PROGRESS

	31/12/2016	01/01/2016
	VND	VND
New factory building cost in Long Thanh (*)	235,246,364,226	34,323,819,900
Investment projects on raw mixing tank Washing powder	-	974,883,679
<b>Total</b>	<b>235,246,364,226</b>	<b>35,298,703,579</b>

(\*) New manufacturing investment project of the company locates at Loc An Binh Industrial Park under the Decision No. 12A/2014/QD-HDQT on 22/11/2014 by the Board of Management. According to the first time Revision Investment Certification dated 27/10/2016, total investment capital of project was VND 375,537,051,487, with the operation duration in 50 years since 29/03/2013. The project commenced in 2015 and estimated to complete and operate in Quarter II/2017.

## 10. INVESTMENTS IN OTHER ENTITIES

The company holds 6,600 shares, par value of 100,000 VND/share, with amount of VND 716,390,400, representing 10.1% of the charter capital in Can Tho Vegetables JSC (investee). This company had stopped operation because of significant losses and it was bankruptcy. The management of the Company made 100% provision for its loss from the investment in the investee with value of VND 716,390,400 as at 31/12/2015.



## NET DETERGENT JOINT STOCK COMPANY

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## NOTES TO THE FINANCIAL STATEMENTS

*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

## 11. TANGIBLE FIXED ASSET

	Buildings and Structures VND	Machinery and Equipments VND	Transportation Vehicles VND	Office Equipments VND	Total VND
<b>COST</b>					
As at 01/01/2016	40,541,391,380	78,438,818,881	8,673,991,427	777,055,994	128,431,257,682
Construction	-	2,307,206,055	-	-	2,307,206,055
Procurements	-	-	690,079,091	-	690,079,091
Disposals	-	-	(424,584,978)	-	(424,584,978)
As at 31/12/2016	40,541,391,380	80,746,024,936	8,939,485,540	777,055,994	131,003,957,850
<b>ACCUMULATED DEPRECIATION</b>					
As at 01/01/2016	21,259,959,800	44,770,171,598	4,163,145,262	529,656,729	70,722,933,389
Charged for the year	1,984,242,997	7,573,126,178	867,172,721	64,485,504	10,489,027,400
Disposals	-	-	(308,727,297)	-	(308,727,297)
As at 31/12/2016	23,244,202,797	52,343,297,776	4,721,590,686	594,142,233	80,903,233,492
<b>NET BOOK VALUE</b>					
As at 01/01/2016	19,281,431,580	33,668,647,283	4,510,846,165	247,399,265	57,708,324,293
As at 31/12/2016	17,297,188,583	28,402,727,160	4,217,894,854	182,913,761	50,100,724,358
<i>Cost of fixed assets fully depreciated but still in use</i>	2,609,175,564	12,480,419,706	645,513,571	245,329,227	15,980,438,068

*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

**12. PREPAYMENT**

	<u>31/12/2016</u>	<u>01/01/2016</u>
	VND	VND
<b>Short-term</b>	-	-
<b>Long-term</b>	<b>51,231,957,649</b>	<b>53,576,766,949</b>
Infrastructure cost (*)	48,326,700,000	47,942,700,000
Cost of processing 100,000 tons of OMO washing powder	2,128,456,584	3,905,919,517
Tools and supplies	70,053,377	151,319,720
Other long-term prepaid expenses	706,747,688	1,576,827,712
<b>Total</b>	<b><u>51,231,957,649</u></b>	<b><u>53,576,766,949</u></b>

(\*) The resolution of all shareholders at the annual shareholders meeting No. 03/NQ/HDCD-2013 dated 25/04/2013 approved for the plan to move the current factory location at Bien Hoa Industrial Zone 1 to new location at Loc An - Binh Son Industrial Park, Long Thanh district, Dong Nai province. The company entered a land lease contract in the Loc An - Binh Son Industrial Park with lease area of 60,000 m2 for the duration of 47 years and the value of VND 48,326,700,000.

**13. ACCRUED EXPENSES**

	<u>31/12/2016</u>	<u>01/01/2016</u>
	VND	VND
<b>Short-term</b>	<b>11,411,014,174</b>	<b>5,195,606,719</b>
Commissions, promotion, distributor support costs	7,472,909,243	4,021,954,589
Workers' support cost	1,143,020,000	-
Transportation costs	1,911,865,875	740,283,040
Midle meal	212,900,000	186,830,000
Other expense	670,319,056	246,539,090
<b>Long-term</b>	-	-

**14. OTHER PAYABLES**

	<u>31/12/2016</u>	<u>01/01/2016</u>
	VND	VND
<b>Short-term</b>	<b>8,329,224,285</b>	<b>8,406,765,993</b>
- Trade union fees	435,898,309	289,520,634
- Social insurance	488,467,094	148,262,584
- Dividends and profits payables	3,151,430	2,145,380
- Others	7,401,707,452	7,966,837,395
<b>Long-term</b>	-	-



**NET DETERGENT JOINT STOCK COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS**

*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

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**15. TRADE ACCOUNTS PAYABLE**

	30/6/2016		01/01/2016	
	Cost	Amount able to be paid off	Cost	Amount able to be paid off
	VND	VND	VND	VND
<b>Short-term</b>	<b>104,186,217,467</b>	<b>104,186,217,467</b>	<b>45,634,013,391</b>	<b>45,634,013,391</b>
Branch TICO Joint Stock Company	8,252,555,708	8,252,555,708	5,858,424,858	5,858,424,858
Chan Thuan Thanh Plastic, mechanic and trading Company Limited	7,435,870,421	7,435,870,421	3,100,911,120	3,100,911,120
UIC Vietnam Company Limited	22,326,091,955	22,326,091,955	13,869,838,483	13,869,838,483
Other trade payables	66,171,699,383	66,171,699,383	22,804,838,930	22,804,838,930
<b>Long - term</b>	-	-	-	-
<b>Total</b>	<b>104,186,217,467</b>	<b>104,186,217,467</b>	<b>45,634,013,391</b>	<b>45,634,013,391</b>

**Overdue trade accounts payable**

**Trade payables for related party**

BienHoa Chemical Factory - South Basic Chemicals JSC

	3,142,689,880	3,142,689,880	1,950,000,800	1,950,000,800
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**16. TAXES AND AMOUNTS PAYABLE TO THE STATE**

	01/01/2016		31/12/2016	
	Payable amount	Paid amount	Payable amount	Paid amount
	VND	VND	VND	VND
Value added tax	141,102,334	2,369,598,884	2,261,702,075	248,999,143
Value added tax of imported goods	-	4,249,046,837	4,249,046,837	-
Import tax	349,689,798	782,637,158	1,119,068,166	13,258,790
Corporate income tax	4,795,492,664	20,784,954,631	21,803,543,906	3,776,903,389
Personal income tax	97,787,429	2,360,893,979	1,847,838,315	610,843,093
Others	4,723,567	342,155,727	346,879,294	-
<b>Total</b>	<b>5,388,795,792</b>	<b>30,889,287,216</b>	<b>31,628,078,593</b>	<b>4,650,004,415</b>

**NET DETERGENT JOINT STOCK COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS**

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*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

**17. LOANS AND FINANCE LEASE LIABILITIES**

	31/12/2016		During the year		01/01/2016	
	Cost	Amount able to be paid off	Increase	Decrease	Cost	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
<b>Short-term loans</b>						
Joint stock Commercial Bank for Foreign Trade of Vietnam - Bien Hoa Branch	113,786,977,432	113,786,977,432	113,786,977,432	-	-	-
	113,786,977,432	113,786,977,432	113,786,977,432			
<b>Long-term loans</b>	-	-	-	-	-	-
<b>Total</b>	<b>113,786,977,432</b>	<b>113,786,977,432</b>	<b>113,786,977,432</b>			

Short term loan from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Bien Hoa Branch under Credit contracts No. 208.16/48.05-HDTD dated 19/10/2016 to finance to its short-term financial requirements. The credit is limited to VND 200 billion for the duration of 12 months since contract signing date. The loan currency could be VND or USD and each borrowing will be matured in 6 months from withdrawal date and stipulated in the loan agreement. The interest is regulated at withdrawal date by lender. The loan was not secured. The balance as at 31/12/2016 is USD 4,992,846.75.

**18. OWNER'S EQUITY**

**Movements in owner's equity**

	Owner' equity	Investment and development funds	Undistributed earnings	Total
	VND	VND	VND	VND
<b>As at 01/01/2015</b>	<b>159,988,920,000</b>	<b>16,329,365,043</b>	<b>55,588,458,156</b>	<b>231,906,743,199</b>
Profit during the year	-	-	86,776,325,929	86,776,325,929
Profit distribution	-	16,203,678,227	(52,424,462,227)	(36,220,784,000)
<b>As at 01/01/2016</b>	<b>159,988,920,000</b>	<b>32,533,043,270</b>	<b>89,940,321,858</b>	<b>282,462,285,128</b>
Increase during the year	63,994,820,000	(63,994,820,000)	-	-
Profit during the year	-	-	83,052,507,872	83,052,507,872
Profit distribution (*)	-	34,710,530,372	(119,604,767,372)	(84,894,237,000)
<b>As at 31/12/2016</b>	<b>223,983,740,000</b>	<b>3,248,753,642</b>	<b>53,388,062,358</b>	<b>280,620,556,000</b>



These notes are integral parts of and should be read in conjunction with the accompanying financial statements

According to the Resolution of shareholders at the Annual Shareholders Meeting No. 01/NQ-HDQT-NET/2016 dated 28/06/2016, the Company profit earned in 2015 was distributed as follows: dividend declaration of VND 47,996,676,000 VND equivalent to 30% of the chartered capital, Bonus and welfare fund of VND 5.2 billion (declared VND 3.5 billion in 2015), bonus fund for board of executives: VND 500 million, Investment and Development fund: VND 34,710,530,372. Shareholders also approved to issue additional 6,399,557 shares, corresponding to VND 63,995,570,000 (equivalent to 40% of chartered capital) which was transferred from Investment and Development fund of the Company.

The Company has temporarily distributed its profit of the year 2016 as follows: appropriated for Bonus and welfare fund: VND 1.1 billion; declared dividend of VND 33,597,561,000 equivalent to 15% of the charter capital. As at 31/12/2016, the company had paid dividends declared to shareholders

**Detail of shareholders as at the balance sheet date as follows:**

	As at 31/12/2016		As at 01/01/2016	
	Value VND	Rate %	Value VND	Rate %
Vietnam National Chemical Group	114,234,980,000	51%	81,596,420,000	51%
Others	109,748,760,000	49%	78,392,500,000	49%
<b>Total</b>	<b>223,983,740,000</b>	<b>100%</b>	<b>159,988,920,000</b>	<b>100%</b>

**Capital transactions with owner and dividend paid, earnings distributed**

	Year 2016 VND	Year 2015 VND
<b>Owner's equity</b>		
- Opening balance	159,988,920,000	159,988,920,000
- Increase during the year	63,994,820,000	-
- Decrease during the year	-	-
- Closing balance	223,983,740,000	159,988,920,000
Dividend paid	81,593,230,950	31,997,388,800

**Shares**

	31/12/2016	01/01/2016
<b>Authorised shares</b>	<b>22,398,374</b>	<b>15,998,892</b>
<b>Issued shares</b>	<b>22,398,374</b>	<b>15,998,892</b>
- Common shares	22,398,374	15,998,892
<b>Repurchased shares</b>	-	-
- Common shares	-	-
<b>Outstanding shares in circulation</b>	<b>22,398,374</b>	<b>15,998,892</b>
- Common shares	22,398,374	15,998,892
* Par value of an outstanding share (VND per share)	10,000	10,000

Shareholders approved to issue additional 6,399,557 shares, corresponding to VND 63,995,570,000 (equivalent to 40% of chartered capital) which was transferred from Investment and Development fund of the Company. The share additional issuance was completed on 20/09/2016 in which actual additional shares were 6,399,482.

On 06/10/2016, the Department of Planning and Investment of Dong Nai province approved new chartered capital of the Company with amount of VND 223,983,740,000 equivalent to 22,398,374 shares.

These notes are integral parts of and should be read in conjunction with the accompanying financial statements

## 19. OFF-BALANCE SHEET ITEMS

	<u>31/12/2016</u>	<u>01/01/2016</u>
Foreign currencies (USD)	260,368.74	224,681.42
Bad debt written off	628,958,072	529,829,019

## Goods held under trust, processed, entrusted

	Unit	<u>31/12/2016</u>	<u>01/01/2016</u>
DV 28	G	16,126.23	35,860.75
4.4.dsbp	G	1,059,651.88	275,422.90
Acusol	Kg	6,142.29	2,851.28
Antifoam 1430	G	441,398.57	331,408.83
LAS	Kg	42,348.72	68,877.74
Methy Lester White Zeolite	Kg	26,497.01	39,230.99
Soda Ash carbomil	Kg	67,340.46	110,921.81
Sodium Silicate PCL)	Kg	47,864.22	82,636.67
Sodium Sulphate	Kg	114,595.63	94,427.24
Others	Kg	117,742.07	230,530.47

## 20. REVENUE FROM GOODS SOLD AND SERVICES

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
Sales of domestic goods	572,360,608,910	529,067,907,278
Sales of exported goods	203,356,858,266	191,482,393,613
Sales of outsourcing services	32,674,739,737	33,946,143,868
Others	30,920,600,367	29,778,409,925
<b>Total</b>	<b><u>839,312,807,280</u></b>	<b><u>784,274,854,684</u></b>

## 21. COST OF GOOD SOLD AND SERVICES RENDERED

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
Cost of merchandises sold	582,154,189,551	568,838,510,613
Cost of services rendered	27,838,130,228	20,652,133,861
<b>Total</b>	<b><u>609,992,319,779</u></b>	<b><u>589,490,644,474</u></b>

## 22. FINANANCIAL INCOME

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
Bank and loan interest	2,887,154,838	5,910,580,194
Foreign exchange gain	429,167,386	785,092,579
<b>Total</b>	<b><u>3,316,322,224</u></b>	<b><u>6,695,672,773</u></b>



These notes are integral parts of and should be read in conjunction with the accompanying financial statements

## 23. FINANCIAL EXPENSES

	Year 2016	Year 2015
	VND	VND
Loan interest	203,475,448	-
Unrealized foreign exchange loss	1,678,501,967	33,113,517
Foreign exchange loss	257,352,100	598,943,059
<b>Total</b>	<b>2,139,329,515</b>	<b>632,056,576</b>

## 24. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSE

	Year 2016	Year 2015
	VND	VND
<b>Administrative expenses</b>	<b>22,281,668,110</b>	<b>18,128,409,940</b>
- Salary and relates	9,700,552,653	8,541,816,601
- Office equipment	922,450,759	1,476,912,894
- Depreciation and amortisation	606,766,668	567,185,550
- Tax, fee and charges	522,292,979	322,468,337
- Outsourcing expenses	10,529,605,051	7,220,026,558
<b>Selling expenses</b>	<b>105,489,160,035</b>	<b>79,778,613,253</b>
- Salary and relates	17,970,147,527	16,526,465,946
- Materials, packaging expenses	1,658,640,055	2,837,440,150
- Depreciation and amortisation	1,087,691,091	1,168,182,963
- Transport expenses	9,112,590,363	6,124,440,179
- Promotional expenses in cash	11,707,747,048	15,645,400,196
- Distributor, supermarket support costs	54,962,063,902	22,011,441,656
- Other expenses in cash	8,990,280,049	15,465,242,163

## 25. EXPENSES BY CATEGORY

	Year 2016	Year 2015
	VND	VND
Materials expenses	546,123,258,711	537,632,810,267
Labor costs	53,789,074,111	45,701,725,281
Depreciation and amortisation	10,489,027,400	10,557,183,761
Other expenses in cash	124,675,997,555	95,039,360,309
<b>Total</b>	<b>735,077,357,777</b>	<b>688,931,079,618</b>

These notes are integral parts of and should be read in conjunction with the accompanying financial statements

## 26. CURRENT CORPORATION INCOME TAX

	Year 2016	Year 2015
	VND	VND
Net profit before tax	103,837,462,503	103,049,436,738
Adjustment for taxable income	87,310,650	112,771,448
Less: Non-assessable income	-	-
Add: Non-deductible expenses	87,310,650	112,771,448
<b>Taxable profit</b>	<b>103,924,773,153</b>	<b>103,162,208,186</b>
Taxable income according to preferential tax rates (15%)	-	91,751,071,318
Taxable profit under ordinary tax rate (22%)	-	11,411,136,868
Taxable profit under ordinary tax rate (20%)	103,924,773,153	-
<b>Current corporate income tax expenses</b>	<b>20,784,954,631</b>	<b>16,273,110,809</b>

## 27. EARNINGS PER SHARE

	Year 2016	Year 2015
	VND	VND
Net profit after corporate income tax	83,052,507,872	86,776,325,929
Welfare and bonus fund	(1,100,000,000)	(5,700,000,000)
Profit allocated to common shareholders	81,952,507,872	81,076,325,929
Weighted average number of common shares during the year	22,398,374	22,398,374
<b>Earnings per share (*)</b>	<b>3,659</b>	<b>3,620</b>

(\*) Bonus and welfare fund deduction in 2015 was VND 5.2 billion, bonus fund for board of executives: VND 500 million was distributed under resolution of Shareholders in 2016. In 2016, the Company completed issuing bonus shares to current shareholders from investment and development fund. The weighted average number of ordinary shares outstanding during the last year has been adjusted to reflect the bonus shares (Note 18). Accordingly, earnings per share in 2015 was adjusted due to the changes in these factors.

## 28. RELATED PARTIES INFORMATION

## Related parties:

Related parties	Relationship
Vietnam National Chemical Group	Shareholders representing 51% of charter capital
BienHoa Chemical Factory - South Basic Chemicals Joint Stock Company	Subsidiary of Vinachem

Except for related parties transactions and balances presented at other notes to these financial statements, the Company has related parties transactions and balances as following:



*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

Related party transactions were as follows:

	<u>Year 2016</u>	<u>Year 2015</u>
	VND	VND
<b>Purchases</b>		
BienHoa Chemical Factory - South Basic Chemicals Joint Stock Company	24,961,383,800	21,437,575,600
<b>Dividends paid</b>		
Vietnam National Chemical Group	41,614,173,000	16,319,284,000

## 29. FINANCIAL INSTRUMENTS

### Categories of financial instruments

Details of the significant accounting policies and methods applied (comprising the criteria for recognition, the basis of measurement, and the basis for recognition of income and expenses) for each type of financial asset, financial liability, and equity instrument are disclosed in the Note 4.

	<u>Book value</u>	<u>Book value</u>
	31/12/2016	01/01/2016
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	67,430,898,879	27,804,830,224
Trade receivables and other receivables	42,771,148,366	21,162,900,133
<b>Total</b>	<u>110,202,047,245</u>	<u>48,967,730,357</u>
<b>Financial liabilities</b>		
Loans and finance lease liabilities	113,786,977,432	-
Trades payables and other payables	111,591,076,349	53,602,996,166
Accrued expenses	11,411,014,174	5,195,606,719
<b>Total</b>	<u>236,789,067,955</u>	<u>58,798,602,885</u>

The Company presents and discloses the financial instruments in accordance with the provisions of Circular No. 210/2009/TT-BTC dated 06 November 2009 of Ministry of Finance. This Circular guides on applying international accounting standards for presentation of financial statements and disclosures for financial instruments without specific guidance for the assessment and recognition of financial instruments under fair value. The Company has presented the fair value of financial instruments under the guidance of the notes to the financial statements of the Circular No. 200/2015/TT-BTC dated 22 December 2015 of Ministry of Finance at some notes mentioned above.

### Financial risk management objectives

The Company is exposed to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting objectives and basic principles of financial risk management for the Company. It establishes specific policies such as risk identification and measurement, risk limitation and risk prevention strategy. Financial risk management is implemented by the financial department employees.

*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

The financial department employees measure the level of actual risk with limitation and prepare a periodic report for the Board of Management and the Board of Directors to review. The following information is based on the information which the Board of Directors received.

### Market risk

#### *Foreign currency risk*

The Company's exposure to USD as the significant purchase and sale transactions are denominated in USD. The Company manages this risk by balancing between receivables and payables denominated in foreign currency.

Foreign currency risk in USD is as follows:

	<u>31/12/2016</u>	<u>01/01/2016</u>
	VND	VND
<b>Financial assets</b>	<b>27,758,916,542</b>	<b>2,400,844,309</b>
Cash and cash equivalents	5,915,577,772	1,901,097,880
Trade accounts receivable	21,843,338,770	499,746,429
<b>Financial liabilities</b>	<b>132,503,561,202</b>	<b>408,965,760</b>
Trade accounts payable	18,716,583,770	408,965,760
Loans and finance lease liabilities	113,786,977,432	-
<b>Net financial assets/liabilities</b>	<b><u>(104,744,644,660)</u></b>	<b><u>1,991,878,549</u></b>
<b>Foreign currency risk</b>	<b><u>(104,744,644,660)</u></b>	<b><u>1,991,878,549</u></b>

#### *Interest rate risk*

The Company has significant interest risks arising from interest bearing loans which are arranged. The Company is exposed to interest rate risk as the Company borrows funds at both fixed and floating interest rate borrowings.

### Credit risk

The Company's policy is to have transactions only with customers having good credit history and collect collateral assets to reduce credit risk. For other financial assets, the Company only has transactions with financial institutions and other counterparty having high credit ranking.

The maximum credit risk for each financial asset category equals to the book value of these financial instruments in the balance sheet. The significant financial asset categories of the Company are cash in banks (demand/time deposits), trade accounts receivable, loan receivables and other receivables.

#### *Financial assets are neither overdue nor impaired*

Cash in banks which are neither overdue nor impaired are deposited at the bank with high credit ranking determined by international credit rating organization. Trade accounts receivable, loan receivables and other receivables which are neither overdue nor impaired are primary from the Company's customers with good collection track records.



These notes are integral parts of and should be read in conjunction with the accompanying financial statements

*Overdue or impaired financial assets*

	<u>31/12/2016</u>	<u>01/01/2016</u>
	VND	VND
<b>Overdue financial assets</b>	-	<b>99,129,053</b>
Overdue from over 03 years	-	99,129,053
<b>Impaired financial assets</b>	<b>716,390,400</b>	<b>716,390,400</b>
Shares of Can Tho Vegetables JSC	716,390,400	716,390,400
<b>Cộng</b>	<b><u>716,390,400</u></b>	<b><u>815,519,453</u></b>

Overdue financial assets (overdue receivables) or impaired as mentioned above were prevented from risks by making provision stipulated in Circular No. 228/2009/TT-BTC dated 07 December 2009 of Ministry of Finance. Besides these amounts, the Company does not have overdue or impaired financial assets.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty to meet its financial obligations by paying cash or other financial assets.

The following table analyses non-derivative financial liabilities in due group based on remaining date from the balance sheet date to the expiration date. Figures are presented in the following table based on undiscounted cash flow according to the contract.

	<u>Less than 1 year</u>	<u>From 1 - 5 year</u>	<u>Total</u>
	VND	VND	VND
<b>As at 31/12/2016</b>			
Loans and finance lease liabilities	113,786,977,432	-	113,786,977,432
Trades payables and other payables	111,591,076,349	-	111,591,076,349
Accrued expenses	11,411,014,174	-	11,411,014,174
<b>As at 01/01/2016</b>			
Loans and finance lease liabilities	-	-	-
Trades payables and other payables	53,602,996,166	-	53,602,996,166
Accrued expenses	5,195,606,719	-	5,195,606,719

**Measurement of fair value**

The fair value of trading securities, trade accounts receivable, loans receivables, other receivables and trade accounts payable, accrued expenses, other payables, loans and finance lease liabilities is estimated at the book value less provision.

**30. OTHER INFORMATION**

As presented at Note 9, the new factory project of the company at Loc An Binh Industrial Park will be completed and operated in Quarter II of year 2017. The Board of Management and Directors of the company is considering the plan of reusing or disposing of tangible assets of current factory located at Road 8, Bien Hoa I Industrial Park, Dong Nai province. There have not any restatement on book value as well as provision for impairment of certain assets (if any) recognizing on the financial statements for the year 2016 that caused from the above replacement of manufacturing location of the company.

*These notes are integral parts of and should be read in conjunction with the accompanying financial statements*

**31. EVENTS OCCURRING AFTER BALANCE SHEET DATE**

No significant events occurring after Balance Sheet date that requires adjustments or disclosures on the financial statements for this period.

**32. COMPARATIVE FIGURES**

The comparative figures are the figures on the audited Balance sheet for the year ended 31/12/2015 that were audited.

*Dong Nai, 2<sup>nd</sup> March 2017*

**Preparer**



**Tran Thi Ai Lien**

**Chief Accountant**



**Tran Thi Ai Lien**

**General Director**



**Thái Thị Hồng Yến**