

**NET DETERGENT JOINT STOCK COMPANY**  
**REVIEWED INTERIM FINANCIAL STATEMENTS**  
For the period from 01/01/2017 to 30/06/2017

Dong Nai, July 2017

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**STATEMENT OF THE BOARD OF DIRECTORS**

The Board of Directors of Net Detergent Joint stock Company ("the Company") presents this report together with the Company's audited financial statements for period from 01/01/2017 to 30/06/2017.

**THE BOARDS OF MANAGEMENT AND DIRECTORS**

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

**Board of Management**

Mr. Pham Thanh Tung	Chairman
Ms. Thai Thi Hong Yen	Member
Mr. Pham Quang Hoa	Member
Mr. Nguyen Manh Hung	Member
Mr. Pham Van Tien	Member

**Board of Directors**

Ms. Thai Thi Hong Yen	General Director (appointed on 01/02/2017)
Mr. Nguyen Manh Hung	Human resources Director
Mr. Cao Tran Dang Khoa	Technical Director
Mr. Pham Quoc Cuong	Production Director

**BOARD OF DIRECTOR'S STATEMENT OF RESPONSIBILITY**

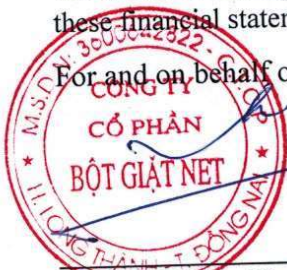
The Board of Director of the Company is responsible for preparing the financial statements of each year, which give a true and fair view of the financial position of the Company and of its results and cash flows for this period. In preparing these financial statements, the Board of management is required to:

- Comply with Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System and the relevant statutory requirements applicable to financial reporting;
- 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 departures disclosed and explained in the financial statements;
- Design and implementing effectively internal control for preparation and presentation of fairly stated financial statements to reduce risks and frauds; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the financial statements is in compliance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of management 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, 31<sup>st</sup> July 2017



No: 131 /2017/BCSX-AVI-TC1

**REPORT ON REVIEW  
OF INTERIM FINANCIAL STATEMENTS**

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

We have reviewed the accompanying interim financial statements of Net Detergent Joint stock Company (“the Company”) prepared on 31<sup>st</sup> July 2017 that were presented from page 04 to page 26 which comprise the accompanying balance sheet as at 30 June 2017 and the related statements of income, cash flows for the period from 01/01/2017 to 30/06/2017 then ended, and a summary of significant accounting policies and other explanatory notes (interim financial statements).

**Management’s responsibility**

Management is responsible for the preparation and fair presentation of this interim financial statements in accordance with Vietnam Accounting Standards, Enterprise Accounting Policies and the relevant statutory requirements applicable to financial reporting and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

**Our responsibility**

Our responsibility is to give our review conclusion on these interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.”

A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Review Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements does not give a true and fair view of, in all material respects, the financial position of the entity as at 30 June 2017, and of its financial performance and its cash flows for the six month period then ended in accordance with Vietnam Accounting Standards, Enterprise Accounting Policies and and the relevant statutory requirements applicable to interim financial reporting.



**Nguyen Thuong**  
**Deputy General Director**  
Certificate of registration audit practice  
No. 0308-2015-055-1

For and on behalf of  
**ANVIET AUDITING COMPANY LIMITED**  
Ha Noi, 31<sup>st</sup> July 2017

**NET DETERGENT JOINT STOCK COMPANY**

**BALANCE SHEET**  
As at 30 June 2017

**FORM B01a - DN**  
Unit: VND

ITEMS	Codes	Notes	30/6/2017	01/01/2017
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>196,613,991,668</b>	<b>205,564,317,683</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>60,519,562,637</b>	<b>67,430,898,879</b>
1. Cash	111		5,519,562,637	13,930,898,879
2. Cash equivalents	112		55,000,000,000	53,500,000,000
<b>II. Short-term receivables</b>	<b>130</b>		<b>27,860,741,783</b>	<b>50,891,353,088</b>
1. Trade accounts receivable	131	7	25,318,911,222	42,510,859,366
2. Short-term advances to suppliers	132		2,003,902,048	8,040,194,722
3. Other receivables	136	8	458,282,793	340,299,000
4. Shortage of assets awaiting resolution	139		79,645,720	-
<b>III. Inventories</b>	<b>140</b>	<b>9</b>	<b>102,426,741,162</b>	<b>81,190,820,837</b>
1. Inventories	141		102,426,741,162	81,190,820,837
<b>IV. Other current assets</b>	<b>150</b>		<b>5,806,946,086</b>	<b>6,051,244,879</b>
1. Value added tax deductibles	152		5,806,946,086	6,051,244,879
<b>B - NON-CURRENT ASSETS</b>	<b>200</b>		<b>365,870,793,915</b>	<b>336,579,046,233</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>400,000,000</b>	<b>-</b>
1. Long-term internal receivables	215		400,000,000	-
<b>II. Fixed assets</b>	<b>220</b>		<b>51,507,809,517</b>	<b>50,100,724,358</b>
1. Tangible fixed assets	221	12	51,507,809,517	50,100,724,358
- Cost	222		137,640,565,450	131,003,957,850
- Accumulated depreciation	223		(86,132,755,933)	(80,903,233,492)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>262,735,445,805</b>	<b>235,246,364,226</b>
1. Construction in progress	242	10	262,735,445,805	235,246,364,226
<b>IV. Long-term financial investments</b>	<b>250</b>	<b>6</b>	<b>-</b>	<b>-</b>
1. Other long-term investments	253		716,390,400	716,390,400
2. Provision for impairment of long-term	254		(716,390,400)	(716,390,400)
<b>V. Other long-term assets</b>	<b>260</b>		<b>51,227,538,593</b>	<b>51,231,957,649</b>
1. Long-term prepayments	261	11	51,227,538,593	51,231,957,649
<b>TOTAL ASSETS</b>	<b>270</b>		<b>562,484,785,583</b>	<b>542,143,363,916</b>





**NET DETERGENT JOINT STOCK COMPANY**

**INCOME STATEMENT**

For the period from 01/01/2017 to 30/06/2017

FORM B02a - DN  
Unit: VND

ITEMS	Codes Notes		This period		Last period	
1. Revenue from goods sold and services rendered	01	20	549,487,565,622		377,284,821,996	
2. Deductions		02	-		-	
3. Net revenue from goods sold and services rendered		10	549,487,565,622		377,284,821,996	
4. Cost of goods sold and services rendered	11	21	416,218,463,308		273,237,983,370	
5. Gross profit from goods sold and services rendered		20	133,269,102,314		104,046,838,626	
6. Financial income	21	23	2,692,543,830		2,510,460,412	
7. Financial expenses	22	24	1,636,136,430		110,752,579	
- Of which: Loan interest charged		23	856,208,391		-	
8. Selling expenses	25	25	81,069,341,283		39,736,195,638	
9. General and administration expenses	26	25	9,666,607,020		9,351,126,112	
10. Operating profit		30	43,589,561,411		57,359,224,709	
11. Other income	31		167,957,394		192,143,642	
12. Other expenses	32		76,282,452		68,675,832	
13. Profit from other activities		40	91,674,942		123,467,810	
14. Accounting profit before tax		50	43,681,236,353		57,482,692,519	
15. Current corporate income tax expense	51	26	8,742,581,968		11,512,495,251	
16. Net profit after corporate income tax		60	34,938,654,385		45,970,197,268	
17. Earning per share		70	1,560		2,805	
19. Diluted earnings per share		71	1,560		2,805	

Dong Nai, 31<sup>st</sup> July 2017

Preparer



Tran Thi Ai Lien

Chief Accountant



Tran Thi Ai Lien

General Director



Thái Thị Hồng Yến



**NET DETERGENT JOINT STOCK COMPANY**

**CASH FLOW STATEMENT  
(Indirect Method)**

*For the period from 01/01/2017 to 30/06/2017*

**FORM B03a - DN**  
*Unit: VND*

ITEMS	Codes	This period	Last period
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit for the year	01	43,681,236,353	57,482,692,519
2. Adjustment for			
- Depreciation and amortization of fixed assets	02	5,229,522,441	5,234,333,189
- Foreign exchange loss (gain) upon revaluation of monetary items denominated in foreign currency	04	102,330,414	6,097,487
- Gain from investing activities	05	(1,553,502,885)	(2,304,283,260)
- Interest expenses	06	856,208,391	-
3. Operating profit before movements in working capital	08	48,315,794,714	60,418,839,935
- Increase in receivables	09	17,130,100,437	12,264,103,748
- Increase in inventory	10	(21,587,330,371)	(1,630,369,040)
- Increase, decrease in payables (exclude interest expenses, CIT)	11	33,068,563,172	30,565,717,490
- Increase in prepayments and others	12	4,419,056	819,441,377
- Interest paid	14	(856,208,391)	-
- Corporate income tax paid	15	(8,455,887,435)	(9,525,201,607)
- Other cash outflows	17	(1,922,619,634)	(11,200,783,756)
Net cash from operating activities	20	65,696,831,548	81,711,748,147
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition of fixed assets and other long-term assets	21	(24,787,497,188)	(123,199,922,777)
2. Cash outflow for lending, buying debt intrusments of other entities	23	(400,000,000)	(20,000,000,000)
3. Cash recoverd from lending, selling debt intrusments of other entities	24	-	89,500,000,000
4. Interest earned, dividend and profit received	27	1,374,043,163	2,097,854,649
Net cash from investing activities	30	(23,813,454,025)	(51,602,068,128)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1 Proceeds from borrowings	33	76,109,260,256	-
2. Repayments of borrowings	34	(124,902,068,632)	-
Net cash from financing activities	40	(48,792,808,376)	-
Net decrease in cash during the period	50	(6,909,430,853)	30,109,680,019
Cash and cash equivalents at the beginning of period	60	67,430,898,879	27,804,830,224
Effect of changes in foreign exchange rates	61	(1,905,389)	(1,293,734)
Cash and cash equivalents at the end of period	70	60,519,562,637	57,913,216,509

Preparer



Tran Thi Ai Lien

Chief Accountant



Tran Thi Ai Lien

Dong Nai, 31<sup>st</sup> July 2017  
General Director  
CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM  
CÓ PHẦN  
BỘT GIẶT NET  
H. CÔNG T. H. T. Đ. N. A. I.



Thai Thi Hong Yen



**NOTES TO THE FINANCIAL STATEMENTS**

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

**1. GENERAL INFORMATIONS****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 26 May 2017.

Charter capital of the Company is VND 223,983,740,000; 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 D4 Street, Loc An Industrial Park, Binh Son Commune, Long Thanh District, Dong Nai Province.

**Business field and activities****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 30/6/2017, the Company's organization includes head office in Dong Nai province and 02 branches:

No	Name 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. CURRENCY UNIT AND FINANCIAL YEAR****Financial year**

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

The financial statements for the period from 01/01/2017 to 30/06/2017 were prepared in accordance with Vietnamese Accounting Standard No. 27 - Interim financial reporting and Circular No. 155/2015/TT-BTC dated 06/10/2015 of Ministry of Finance guides information disclosure on the securities market.

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

**3. ACCOUNTING STANDARDS AND ACCOUNTING SYSTEM APPLIED**

The accompanying financial statements are expressed in Vietnam Dong (VND), are prepared under the accounting principles in conformity with the Vietnamese Corporate Accounting System issued in pursuance of Circular No. 200/2014/TT-BTC dated 22 December 2014, Circular No. 53/2016/TT-BTC dated 21 March 2016 of Ministry of Finance, Vietnamese Accounting Standards, and legal regulations relating to financial reporting.



## NOTES TO THE FINANCIAL STATEMENTS

*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 of accounting (except some information related to cash flow), under the historical cost concept, based on the going concern assumption.

The combined financial statements of the Company are prepared on the basis of combining the financial statements of the Company's office and Company's branches after eliminating the balances of intercompany liabilities, intercompany revenue and intercompany expenses.

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, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Director 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 financial year. Although these accounting estimates are based on the knowledge of Board of Directors, actual results could differ from those estimates.

**Conversion of foreign currency**

Conversion of foreign currency is applied in accordance with Vietnamese Accounting Standard (VAS) No. 10 - Effects of changes in foreign exchange rates and prevailing Corporate Accounting Policies.

During the period, 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 gain) or financial expense (if loss) at the end of the period.

**Cash and cash equivalents**

Cash reflects the full existing amount of the Corporation 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 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.



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

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.

#### *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.

#### **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;
- Inter-company 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 realisable 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. 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. Inventories are recorded by perpetual method.



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

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have book value higher than net realisable values as at the balance sheet date.

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

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of 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. The cost of self-constructed or manufactured assets are the actual construction cost, manufacturing cost plus installation and test running costs.

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 historical cost, including expenses directly related to (including borrowing costs in accordance with 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 expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise:

- 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.



**NOTES TO THE FINANCIAL STATEMENTS**

*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.

**Accrued expenses**

Accrued expenses are recognized by the properly estimated cost of goods and services used during the period due to without or insufficient documents, accounting records, including: distributor, supermarket support costs, transport expenses and others cost.

**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:



## NOTES TO THE FINANCIAL STATEMENTS

*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, 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 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



## NOTES TO THE FINANCIAL STATEMENTS

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

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 Corporation 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 Corporation 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.

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

#### 5. CASH AND CASH EQUIVALENTS

	<u>30/6/2017</u>	<u>01/01/2017</u>
	VND	VND
Cash on hand	532,068,937	871,560,880
Cash at bank	4,987,493,700	13,059,337,999
Cash equivalents	55,000,000,000	53,500,000,000
<b>Total</b>	<u><u>60,519,562,637</u></u>	<u><u>67,430,898,879</u></u>

#### 6. FINANCIAL INVESTMENTS

##### Investments in other entities

The company holds 6,600 shares, par value of 100,000 VND/share, representing 10.1% of the charter capital of 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.



## NOTES TO THE FINANCIAL STATEMENTS

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

## 7. TRADE ACCOUNTS RECEIVABLE

	30/6/2017	01/01/2017
	VND	VND
<b>Short-term trade accounts receivable</b>	<b>25,318,911,222</b>	<b>42,510,859,366</b>
Unilever Vietnam Co. Ltd	2,593,111,854	7,796,626,533
NEU-TECH Ltd	3,196,064,020	2,219,073,500
Saigon Union of Trading Co-operatives	5,293,123,482	8,072,098,678
Others	14,236,611,866	24,423,060,655
<b>Long-term trade accounts receivable</b>	-	-

## 8. OTHER RECEIVABLES

	30/6/2017		01/01/2017	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
<b>Short-term</b>	<b>458,282,793</b>	-	<b>340,299,000</b>	-
Accrued interest	301,663,889	-	122,204,167	-
Mortgage, collaterals and deposits	10,000,000	-	-	-
Advances	74,540,000	-	80,010,000	-
Other receivables	72,078,904	-	138,084,833	-
<b>Long-term</b>	-	-	-	-

## 9. INVENTORY

	30/6/2017		01/01/2017	
	Value	Provisions	Value	Provisions
	VND	VND	VND	VND
Materials and supplies	60,231,926,818	-	61,780,403,462	-
Tools and spare parts	356,756,318	-	371,211,288	-
Work-in-process	685,523,905	-	1,820,630,688	-
Finished goods	41,152,534,121	-	17,218,575,399	-
<b>Total</b>	<b>102,426,741,162</b>	-	<b>81,190,820,837</b>	-

## 10. CONSTRUCTION IN PROGRESS

	30/6/2017	01/01/2017
	VND	VND
New factory building cost in Long Thanh (*)	262,735,445,805	235,246,364,226
<b>Total</b>	<b>262,735,445,805</b>	<b>235,246,364,226</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. Up to date of this report, the Company is finalizing its investment impementing report on new project.



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

## 11. PREPAYMENT

	<u>30/6/2017</u>	<u>01/01/2017</u>
	VND	VND
<b>Short-term</b>	-	-
<b>Long-term</b>	<b>51,227,538,593</b>	<b>51,231,957,649</b>
Infrastructure cost (*)	48,518,700,000	48,326,700,000
powder	2,002,153,281	2,128,456,584
Tools and supplies	42,203,474	70,053,377
Other long-term prepaid expenses	664,481,838	706,747,688
<b>Total</b>	<b><u>51,227,538,593</u></b>	<b><u>51,231,957,649</u></b>

(\*) The resolution of the annual shareholders meeting No. 03/NQ/HDCD-2013 dated 25/04/2013 has approved the policy to move the current factory at Bien Hoa Industrial Zone 1 to new area at Loc An - Binh Son Industrial Park, Long Thanh district, Dong Nai province. According to the new land rental contract, the new factory is located at Loc An - Binh Son Industrial Park (Dong Nai province) for 60,000 square meters in 47 years, with the total land rental fee of VND 48,518,700,000 and will be amortized when the factory commences its operation.

**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*

**12. TANGIBLE FIXED ASSET**

	Buildings and Structures	Machinery and Equipments	Transportation Vehicles	Office Equipments	Total
	VND	VND	VND	VND	VND
<b>COST</b>					
As at 01/01/2017	40,541,391,380	80,746,024,936	8,939,485,540	777,055,994	131,003,957,850
Construction	-	6,636,607,600	-	-	6,636,607,600
As at 30/6/2017	<u>40,541,391,380</u>	<u>87,382,632,536</u>	<u>8,939,485,540</u>	<u>777,055,994</u>	<u>137,640,565,450</u>
<b>ACCUMULATED DEPRECIATION</b>					
As at 01/01/2017	23,244,202,797	52,343,297,776	4,721,590,686	594,142,233	80,903,233,492
Charged for the period	966,422,249	3,795,912,011	446,537,723	20,650,458	5,229,522,441
As at 30/6/2017	<u>24,210,625,046</u>	<u>56,139,209,787</u>	<u>5,168,128,409</u>	<u>614,792,691</u>	<u>86,132,755,933</u>
<b>NET BOOK VALUE</b>					
As at 01/01/2017	17,297,188,583	28,402,727,160	4,217,894,854	182,913,761	50,100,724,358
As at 30/6/2017	<u>16,330,766,334</u>	<u>31,243,422,749</u>	<u>3,771,357,131</u>	<u>162,263,303</u>	<u>51,507,809,517</u>
<i>Cost of fixed assets fully depreciated but still in use</i>	3,055,225,646	12,530,939,706	1,007,085,571	245,329,227	16,838,580,150

**13. TAXES AND AMOUNTS PAYABLE TO THE STATE**

	01/01/2017	Payable amount	Paid amount	30/6/2017
	VND	VND	VND	VND
Value added tax	248,999,143	940,243,072	990,672,346	198,569,869
Value added tax of imported goods	-	3,264,060,615	3,264,060,615	-
Import tax	13,258,790	728,301,385	741,560,175	-
Corporate income tax	3,776,903,389	8,742,581,968	8,455,887,435	4,063,597,922
Personal income tax	610,843,093	190,421,834	758,412,395	42,852,532
Others	-	101,385,728	101,385,728	-
<b>Total</b>	<u>4,650,004,415</u>	<u>13,966,994,602</u>	<u>14,311,978,694</u>	<u>4,305,020,323</u>



## NET DETERGENT JOINT STOCK COMPANY

FORM B09a - DN

## NOTES TO THE FINANCIAL STATEMENTS

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

## 14. TRADE ACCOUNTS PAYABLE

	30/6/2017		01/01/2017	
	Cost VND	Amount able to be paid off VND	Cost VND	Amount able to be paid off VND
<b>Short-term</b>				
Branch TICO Joint Stock Company	147,104,902,601	147,104,902,601	104,186,217,467	104,186,217,467
Chan Thuan Thanh Plastic, mechanic and trading Company LTD	20,459,019,878	20,459,019,878	8,252,555,708	8,252,555,708
UIC Vietnam Company Limited	10,905,668,725	10,905,668,725	7,435,870,421	7,435,870,421
Other trade payables	31,135,121,130	31,135,121,130	22,326,091,955	22,326,091,955
	84,605,092,868	84,605,092,868	66,171,699,383	66,171,699,383
<b>Long - term</b>	-	-	-	-
<b>Total</b>	<b>147,104,902,601</b>	<b>147,104,902,601</b>	<b>104,186,217,467</b>	<b>104,186,217,467</b>

## Trade payables for related party

BienHoa Chemical Factory - South Basic Chemicals JSC

	8,161,516,660	8,161,516,660	3,142,689,880	3,142,689,880
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## 15. LOANS AND FINANCE LEASE LIABILITIES

	30/6/2017		During the period		01/01/2017	
	Cost VND	Amount able to be paid off VND	Increase VND	Decrease VND	Cost VND	Amount able to be paid off VND
<b>Short-term loans</b>						
Joint stock Commercial Bank for Foreign Trade of Vietnam - Bien Hoa Branch	65,030,723,574	65,030,723,574	76,147,690,966	124,903,944,824	113,786,977,432	113,786,977,432
	65,030,723,574	65,030,723,574	76,147,690,966	124,903,944,824	113,786,977,432	113,786,977,432
<b>Long-term loans</b>	-	-	-	-	-	-
<b>Total</b>	<b>65,030,723,574</b>	<b>65,030,723,574</b>	<b>76,147,690,966</b>	<b>124,903,944,824</b>	<b>227,573,954,864</b>	<b>227,573,954,864</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 USD balance was USD 2,855,982.59 as at 30/6/2017.

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

**16. ACCRUED EXPENSES**

	<u>30/6/2017</u>	<u>01/01/2017</u>
	VND	VND
<b>Short-term</b>	<b>9,471,354,934</b>	<b>11,411,014,174</b>
Commissions, promotion, distributor support costs	5,817,849,595	7,472,909,243
Workers' support cost	-	1,143,020,000
Transportation costs	3,474,111,839	1,911,865,875
Midle meal	127,400,000	212,900,000
Other expense	51,993,500	670,319,056
<b>Long-term</b>	-	-

**17. OTHER PAYABLES**

	<u>30/6/2017</u>	<u>01/01/2017</u>
	VND	VND
<b>Short-term</b>	<b>9,178,676,151</b>	<b>8,329,224,285</b>
Surplus of assets awaiting resolution	1,350,383,354	-
Trade union fees	358,797,171	435,898,309
Social insurance	532,570,504	488,467,094
Dividends and profits payables	3,151,430	3,151,430
Others	6,933,773,692	7,401,707,452
<b>Long-term</b>	-	-



## NOTES TO THE FINANCIAL STATEMENTS

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

## 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 01/01/2016</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 previous 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 01/01/2017</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>
Profit during the period	-	-	34,938,654,385	34,938,654,385
Profit distribution (*)	-	12,457,800,000	(16,637,800,000)	(4,180,000,000)
<b>As at 30/6/2017</b>	<b>223,983,740,000</b>	<b>15,706,553,642</b>	<b>71,688,916,743</b>	<b>311,379,210,385</b>

(\*) According to the Resolution of the Annual General Meeting of Shareholders meeting No. 01/NQ-DHDCD-NET/2017 dated 18/4/2017, the shareholders approved the distribution of the profit after tax in 2016 of the company as follows: declared dividend of VND 62,715,447,200 VND equivalent to 28% of the charter capital, Bonus and welfare fund of VND 4,983,000,000 (declared VND 1.1 billion in 2016), Executive bonus fund: VND 297 million, Investment and Development fund: VND 12,457,800,000. As at 30/06/2017, the company has temporarily paid dividends declared from earnings in 2016 to shareholders with amount of VND 33,597,561,000.

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

	As at 30/6/2017		As at 01/01/2017	
	Value VND	Rate %	Value VND	Rate %
Vietnam National Chemical Group	114,234,980,000	51%	114,234,980,000	51%
Others	109,748,760,000	49%	109,748,760,000	49%
<b>Total</b>	<b>223,983,740,000</b>	<b>100%</b>	<b>223,983,740,000</b>	<b>100%</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

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

	This period VND	Last period VND
<b>Owner's equity</b>		
- Opening balance	223,983,740,000	159,988,920,000
- Increase during the period	-	-
- Decrease during the period	-	-
- Closing balance	223,983,740,000	159,988,920,000
Dividend paid	-	-

## Shares

	30/6/2017	01/01/2017
<b>Authorised shares</b>	22,398,374	22,398,374
<b>Issued shares</b>	22,398,374	22,398,374
- Common shares	22,398,374	22,398,374
<b>Repurchased shares</b>	-	-
- Common shares	-	-
<b>Outstanding shares in circulation</b>	22,398,374	22,398,374
- Common shares	22,398,374	22,398,374
* Par value of an outstanding share (VND per share)	10,000	10,000

## 19. OFF-BALANCE SHEET ITEMS

	30/6/2017	01/01/2017
Foreign currencies (USD)	39,642.89	260,368.74
Bad debt written off (VND)	628,958,072	628,958,072

## Goods held under trust, processed, entrusted

	30/6/2017	01/01/2017
Unit	Quantity	Quantity
DV 28	G	16,126.23
4.4.dsbb	G	1,059,651.88
Acusol	Kg	6,142.29
Antifoam 1430	G	441,398.57
LAS	Kg	42,348.72
Methy Lester White Zeolite	Kg	26,497.01
Soda Ash carbomil	Kg	67,340.46
Sodium Silicate PCL)	315.90	47,864.22
Sodium Sulphate	123.50	114,595.63
Others	2,710.15	117,742.07



## NOTES TO THE FINANCIAL STATEMENTS

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

## 20. REVENUE FROM GOODS SOLD AND SERVICES

	<u>This period</u>	<u>Last period</u>
	VND	VND
Sales of domestic goods	350,597,127,129	242,838,780,833
Sales of exported goods	179,963,672,657	100,752,442,183
Sales of outsourcing services	5,506,862,330	19,086,619,625
Others	13,419,903,506	14,606,979,355
<b>Total</b>	<b><u>549,487,565,622</u></b>	<b><u>377,284,821,996</u></b>

## 21. COST OF GOOD SOLD AND SERVICES RENDERED

	<u>This period</u>	<u>Last period</u>
	VND	VND
Cost of merchandises sold	402,183,047,718	256,654,460,201
Cost of services rendered	14,035,415,590	16,583,523,169
<b>Total</b>	<b><u>416,218,463,308</u></b>	<b><u>273,237,983,370</u></b>

## 22. EXPENSES BY CATEGORY

	<u>This period</u>	<u>Last period</u>
	VND	VND
Materials expenses	407,566,301,397	242,057,255,128
Labor costs	28,534,009,070	24,723,520,231
Depreciation and amortisation	5,229,522,441	5,234,333,189
Other expenses in cash	88,260,593,278	47,981,451,490
<b>Total</b>	<b><u>529,590,426,186</u></b>	<b><u>319,996,560,038</u></b>

## 23. FINANCIAL INCOME

	<u>This period</u>	<u>Last period</u>
	VND	VND
Bank and loan interest	1,553,502,885	2,304,283,260
Foreign exchange gain	1,139,040,945	206,177,152
<b>Total</b>	<b><u>2,692,543,830</u></b>	<b><u>2,510,460,412</u></b>

## 24. FINANCIAL EXPENSES

	<u>This period</u>	<u>Last period</u>
	VND	VND
Interest expense	856,208,391	-
Unrealized foreign exchange loss	102,330,414	6,097,487
Foreign exchange loss	677,597,625	104,655,092
<b>Total</b>	<b><u>1,636,136,430</u></b>	<b><u>110,752,579</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

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

## 25. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSE

	<u>This period</u> VND	<u>Last period</u> VND
<b>Administrative expenses</b>	<b>9,666,607,020</b>	<b>9,351,126,112</b>
- Salary and relates	5,404,182,876	4,198,591,205
- Office equipment	353,070,498	475,461,267
- Depreciation and amortisation	302,178,672	303,383,334
- Tax, fee and charges	103,200,000	101,400,000
- Outsourcing expenses	134,118,656	127,514,805
- Other expenses in cash	3,369,856,318	4,144,775,501
	<b>81,069,341,283</b>	<b>39,736,195,638</b>
<b>Selling expenses</b>		
- Salary and relates	9,657,070,973	8,784,463,623
- Materials, packaging expenses	856,971,116	909,911,375
- Depreciation and amortisation	552,085,235	550,542,082
- Transport expenses	7,917,305,310	4,100,645,919
- Advertising expense	753,571,636	1,122,711,188
- Promotional expenses in cash	2,200,801,080	5,948,403,500
- Distributor, supermarket support costs	53,836,265,771	15,933,106,062
- Other expenses in cash	5,295,270,162	2,386,411,889

## 26. CURRENT CORPORATION INCOME TAX

	<u>This period</u> VND	<u>Last period</u> VND
Net profit before tax	43,681,236,353	57,482,692,519
Adjustment for taxable income	31,673,487	79,783,738
Less: Non-assessable income	7,326,513	-
Add: Non-deductible expenses	39,000,000	79,783,738
<b>Taxable profit</b>	<b>43,712,909,840</b>	<b>57,562,476,257</b>
Tax rate	20%	20%
<b>Current corporate income tax expenses</b>	<b>8,742,581,968</b>	<b>11,512,495,251</b>

## 27. EARNINGS PER SHARE

	<u>This period</u> VND	<u>Last period</u> VND
Net profit after corporate income tax	34,938,654,385	45,970,197,268
Welfare and bonus fund (*)	-	1,100,000,000
Profit allocated to common shareholders	34,938,654,385	44,870,197,268
Weighted average number of common shares during the period	22,398,374	15,998,892
<b>Earnings per share</b>	<b>1,560</b>	<b>2,805</b>



## NOTES TO THE FINANCIAL STATEMENTS

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

## 28. RELATED PARTIES TRANSACTION AND BALANCES

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

During the period, the Company entered into the following transactions and related party balances with its related parties:

Related party transactions were as follows:

	This period VND	Last period VND
<b>Purchases</b>		
BienHoa Chemical Factory - South Basic Chemicals Joint Stock Company	19,671,623,400	10,186,968,700
<b>Salaries and benefit of Board of Management and Board of Director</b>	<b>1,039,104,000</b>	<b>1,050,457,000</b>

## 29. FINANCIAL INSTRUMENTS

## Significant accounting policies

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 Financial instruments note.

## Categories of financial instruments

	Book value 30/6/2017 VND	Book value 01/01/2017 VND
<b>Financial assets</b>		
Cash and cash equivalents	60,519,562,637	67,430,898,879
Trade accounts receivable	25,318,911,222	42,510,859,366
Short-term loan receivables	400,000,000	-
Other receivables	458,282,793	340,299,000
<b>Total</b>	<b>86,696,756,652</b>	<b>110,282,057,245</b>
<b>Financial liabilities</b>		
Trades payables	147,104,902,601	104,186,217,467
Accrued expenses	9,471,354,934	11,411,014,174
Other payables	8,287,308,476	7,404,858,882
Loans	65,030,723,574	113,786,977,432
<b>Total</b>	<b>229,894,289,585</b>	<b>236,789,067,955</b>
Less: provision amount	(716,390,400)	(716,390,400)

The Corporation has not assessed fair value of its financial assets and liabilities as at the balance date since there are no comprehensive guidance under Circular 210 and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of IFRS on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

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

### Financial risk management objectives

Financial risk includes credit risk, liquidity risk and interest rate risk of cash flow. The Corporation does not execute measures to prevent such risks due to the shortage of market to exchange these financial instruments.

The Board of Directors is responsible for setting objectives and basic principles of financial risk management for the Corporation. 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.

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.

### Credit risk

The Corporation'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 Corporation 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 Corporation 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.

### 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.

	<b>Less than 1 year</b>	<b>Over 1 year</b>
	<b>VND</b>	<b>VND</b>
<b>As at 30/6/2017</b>		
Trades payables	147,104,902,601	-
Accrued expenses	9,471,354,934	-
Other payables	8,287,308,476	-
Loans	65,030,723,574	-
<b>Total</b>	<b>229,894,289,585</b>	<b>-</b>
<b>As at 01/01/2017</b>		
Trades payables	104,186,217,467	-
Accrued expenses	11,411,014,174	-
Other payables	7,404,858,882	-
Loans	113,786,977,432	-
<b>Total</b>	<b>236,789,067,955</b>	<b>-</b>



**NOTES TO THE FINANCIAL STATEMENTS**

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

**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**

At the date of this report, the company has completed the movement of its factory to the new location at Loc An Industrial Park, Binh Son commune, Long Thanh district, Dong Nai province. The board of management and directors are attempting to stabilizing its production activity, finalizing implemented investment capital, disposing unused assets and the disposal cost (if any) arising from movement of factory will be recognized in the financial statements for the year ending 31/12/2017.

**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 31/12/2016 that were audited.

The comparative figures on the income statement and cash flow statement and respective notes are figures for the period from 01/01/2016 to 30/6/2016 that were reviewed.

*Dong Nai, 31<sup>st</sup> July 2017*

**Preparer**



**Tran Thi Ai Lien**

**Chief Accountant**



**Tran Thi Ai Lien**

**General Director**



**Thai Thi Hong Yen**