

Lix Detergent Joint Stock Company

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Lix Detergent Joint Stock Company



ANNUAL REPORT OF 2015

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GENERAL INFORMATION

CHAIRMAN'S MESSAGE



Dear shareholders, customers and investors,

In 2015, in the context of the world economy still was much unstable, however, Vietnam has made impressive recovery. The Gross Domestic Product (GDP) growth rate reached 6.68% which was higher than the target set earlier this year (6.2%) and higher than the growth rate of the years from 2011 to 2014. The inflation index was at 0,6%, the lowest level since 2001. This showed that Vietnam's economy has clearly recovered but still had many difficulties and challenges.

On the side of LIX Detergent Joint Stock Company, 2015 was the year marked the success of the Company in all aspects. The company has achieved positive results: the revenue achieved 1,757 billion VND (increased by 3% as compared to 2014), production reached 243 thousand tons (increased by 18% as compared to 2014), consumption of the company's products increased by 13% as compared to the same period, and especially EAT reached 181 billion VND (increased by 125% as compared to 2014). With this result, LIX Detergent Joint Stock Company was honored to obtain the title of "Top 50 of the most effective companies in Vietnam" for 3 consecutive years (2013; 2014; 2015) voted by the Investment Bridge Magazine.

2016 is the year of integration, when Vietnam has joined the Trans-Pacific Partnership (TPP), integrated the ASEAN Economic Community (AEC). This will open up great opportunities for companies to expand markets, increase sales, improve production capacity. However, opportunities always accompany challenges when the level of competition in goods, services, investment will increase more and more and the advantage of cheap production will also decrease. Therefore, Vietnamese companies should be ready to actively integrate. With this awareness, since 2015 the Company has been actively investing equipment, improving product quality, expanding sales channels and building high expertise teams to meet the needs of integration.

On behalf of the Board of Directors, I would like to express our gratitude to the shareholders, the domestic and overseas partners, the distributors, the supermarkets, the officers and employees who always accompanied and actively supported us recently; Specially, thanks Vietnamese consumers who has been trusted and had confidence in LIX's products. The Board of Directors believes and has determination that with the credibility of shareholders, Lix Detergent Joint Stock Company will have steady and solid growth, maintain trust with the shareholders and improve reputation in the market.

We would like to express our thanks and best wishes of health, happiness and success to the shareholders, the domestic and overseas partners, the distributors, the supermarkets and the officers and employees of Lix Detergent Joint Stock Company.

Hochiminh City, March 18th 2016

Chairman



Lam Van Kiet

GENERAL INFORMATION



- ❖ Trade name : **Lix Detergent Joint Stock Company**
- ❖ Business License No.: 0301444263, First Registration No. 4103001845 dated 30/9/2003 and 7th amendment registration on 07/08/2016 issued by the Department of Planning and Investment of Hochiminh City.
- ❖ Charter capital : 216,000,000,000 VND
- ❖ Owner's equity : 452,760,238,093 VND
- ❖ Address : No. 03 – Road No. 02 – Quarter 4 - Linh Trung Ward – Thu Duc District – Hochiminh City - Vietnam
- ❖ Tel : (84-8) 38 966 803
- ❖ Fax : (84-4) 38 967 522
- ❖ Website : www.lixco.com
- ❖ Stock code : **LIX**



GENERAL INFORMATION

PROCESS OF DEVELOPMENT

Officially transformed into Lix Detergent Joint Stock Company with the charter capital of 36 billion VND under Business License No. 4103001845 issued by HCMC Department of Planning and Investment.

The company was formerly known as Huan Huan Goods Industry Company, a private company was designed under Italian technology

The Plant's owner donated to the government for leaving the country and the factory was merged into Viso Detergent Plant

Changed into Lix Detergent Company, under the Industrial and Consuming Chemicals General Company

1972

1977

1978

1980

1992

1994

2003

In the process of industrial and commercial renovation, the factory moved to the form the joint business and named Linh Xuan Joint State and Private Undertaking Plant

Separated from Viso Detergent Factory and changed the name into Linh Xuan State Detergent Plant, under the Southern Detergent Company

Inaugurated Lix Hanoi Branch in Gia Lam District, Hanoi City. The plant had a capacity of 5,000 tons of detergent/year

Established Lix Binh Duong Branch. Built the liquid detergent plant with a capacity of 60,000 tons/year

In 12/2011 the LIX Binh Duong Plant began operations and produced the first batches of goods

LIX brand has become familiar to both domestic and overseas consumers after 42 years of uninterrupted innovation and development.

Lixco has continued to assert ourselves with sustainable development strategies; always improved, created, found new direction for the company to grow up.

2005

2008

2009

2011

2013

2014

2015

Acquired the detergent factory having the capacity of 30,000 tons/year from Unilever Vietnam Joint Venture, in Thanh Xuan District, Hanoi City and moved Lix Hanoi Branch to the new headquarter.

On 10/12/2009, the company officially listed the stock of company at Hochiminh City Stock Exchange (HOSE).

Charter capital: 90 billion VND

Signed the processing contract with Unilever until the end of 2019.

Invested modern equipment to increase the production capacity of the detergent plant in Thu Duc from 90,000 tones/year to 120,000 tons/year.

Charter capital: 216 billion VND

In August/2015, conducted to build Lix Bac Ninh Branch. Lix Detergent Joint Stock Company obtained the honor title of "Top 50 of the most effective companies in Vietnam" for 3 consecutive years (2013; 2014; 2015) voted by Investment Bridge Magazine

GENERAL INFORMATION

BUSINESS LINES

Lix Detergent Joint Stock Company is one of the leading companies in Vietnam specializing in the production of household care products such as: Manufacturing cosmetics, soaps, detergents, polishing and toilet preparations. In addition, the company also produces and trades in basic chemicals and real estates.

In 2015, the main activities brought revenue and profits, including;

- ✓ Production and trading in household care products;
- ✓ Production of private labels for large supermarkets like Co-op Mart, Metro, Big C, Vinmart, Lotte.
- ✓ Processing detergent and washing-up liquid for Unilever Vietnam.

Main products of the company are as follows:

- ✓ Powder Detergent;
- ✓ Dishwashing Liquid;
- ✓ Detergent Liquid
- ✓ Floor cleaner;
- ✓ Toilet bowl cleaner;
- ✓ Glass cleaner;
- ✓ Bleach liquid;
- ✓ All purpose cleaner;
- ✓ Fabric softener;
- ✓ Hand sanitizer;
- ✓ Soft wash;



Domestic distribution channel

- ✓ In modern sales channel, Lixco has been selling directly for big supermarkets like Co-op Mart, Big C, Metro, Lotte, Aeon, Vinmart, Satra, Emart, and Simply mart. Besides, the company also produced private labels for Coop Mart, Big C, Metro, Vinmart, Lotte.
- ✓ For the traditional distribution channel, Lixco has established a system including 118 distributors across the country. The distribution network was extensive and spread throughout the country to directly serve for consumers.



Export market

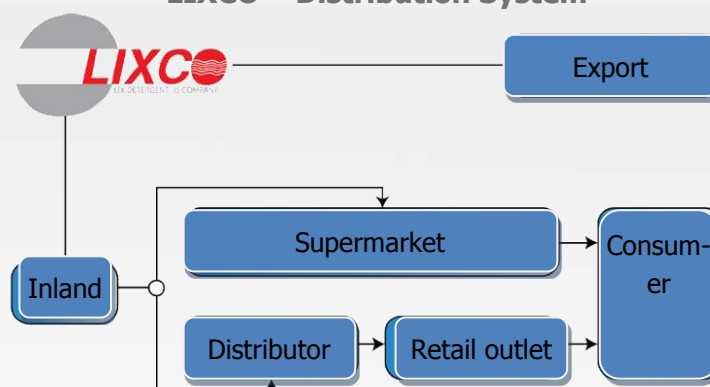
- ✓ **Traditional markets:** Cambodia, Japan.
- ✓ **Asia:** Philippines, Brunei, Mongolia, Korea, Pakistan, Afghanistan, Bangladesh, Iraq, Yemen.
- ✓ **Australia:** Samoa Island.
- ✓ **Africa:** Togo, Tanzania, Uganda, Ghana, Libya.
- ✓ **America:** Caribbean.

Online sales channel

The company conducted the online sales channel from 08/2015 for the purpose of promoting the brand to consumers, and was one of the first detergent production companies deploying online sales.



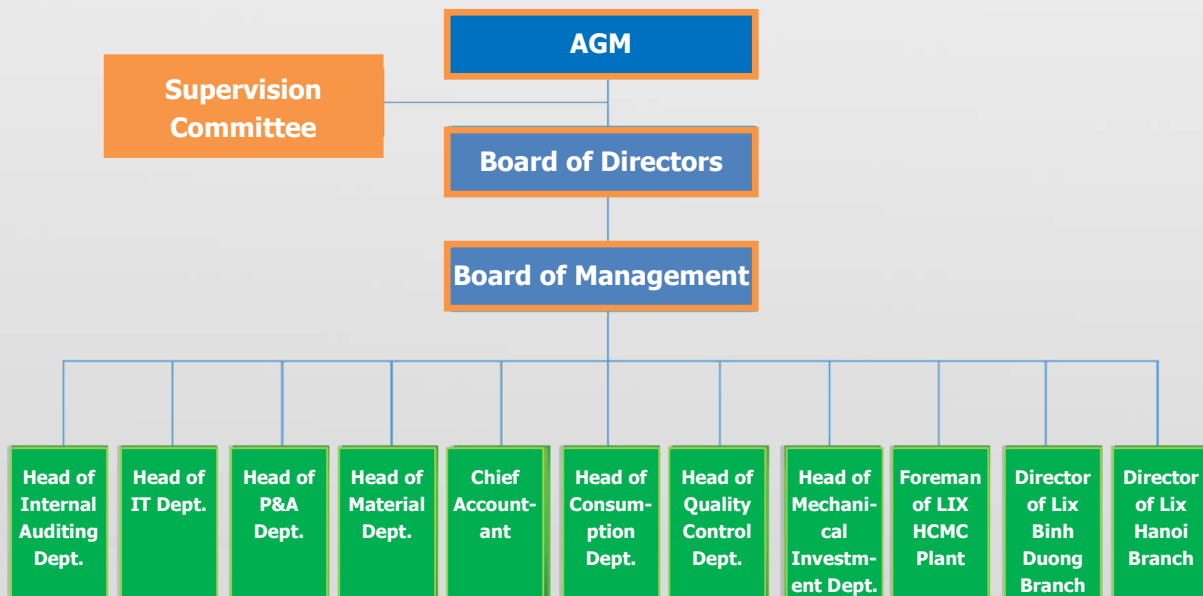
LIXCO – Distribution System



GENERAL INFORMATION

MANAGEMENT MODEL, MANAGEMENT APPARATUS

Management Model



Subsidiaries, associated companies

❖ Xalivico Co., Ltd.

Address: No. 233 Nguyen Trai, Thuong Dinh Ward, Thanh Xuan District, Hanoi City.

Business lines: Trading in real estates, sport clubs, business introduction and promotion, and advertisement, etc...

Charter capital: 500,000,000,000 VND.

Ratio of capital contribution: 26.00%

Branches

No.	Name of company	Address
1	BRANCH OF LIX DETERGENT JOINT STOCK COMPANY IN HANOI	233 Nguyen Trai, Thanh Xuan Ward, Hanoi
2	BRANCH OF LIX DETERGENT JOINT STOCK COMPANY IN BINH DUONG	A-6, A-12 Dai Dang Industrial Park, Phu Tan Ward, Thu Dau Mot City, Binh Duong Province
3	BRANCH OF LIX DETERGENT JOINT STOCK COMPANY IN BAC NINH	Block II-4.1, Que Vo 2 Industrial Park, Ngoc Xa Commune, Que Vo District, Bac Ninh Province

DEVELOPMENT ORIENTATION

VISSION

Becoming a leading company in the field of production and trading in household detergents in Vietnam with sustainable development strategies on the basis of building a solid distribution network, pioneering investment and technological innovation to bring the highest added value to the shareholders, the employees, and the society.



MISSION

Providing high quality products with LIX brand at reasonable prices for consumers. Respectfully and responsibly to the human life and society.

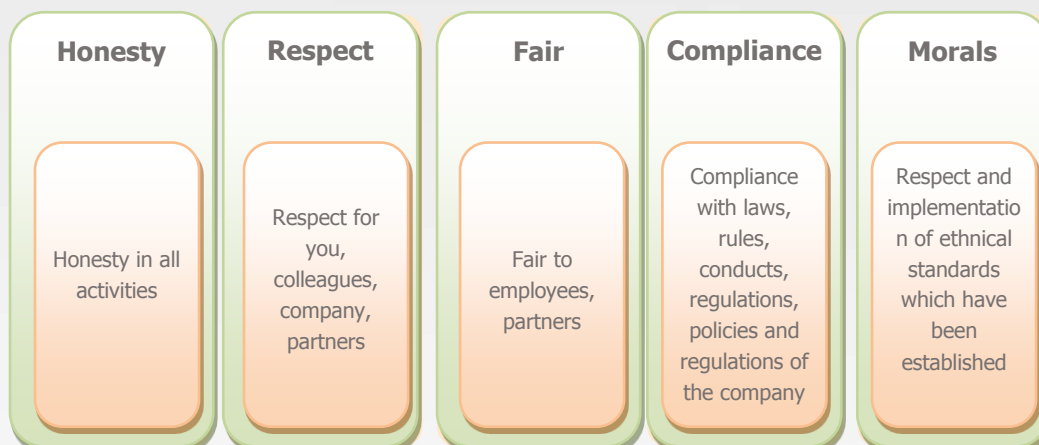
GENERAL TARGETS

- Achieving revenue of 2,000 billion VND in 2017;
- Modernizing production technology and improving the quality of products;
- Strengthening traditional markets and developing export markets, expanding online sales channels.

DEVELOPMENT STRATEGY

- For customers:
Meeting customer satisfaction for product quality, reasonable price.
- For employees:
Building a professional working environment, promoting the best ability of employees, contributing to sustainable and solid corporate development.
- For shareholders:
Using effectively funds in order to protect benefits and increase shareholders' interests.

CORE VALUE



GENERAL INFORMATION

RISKS

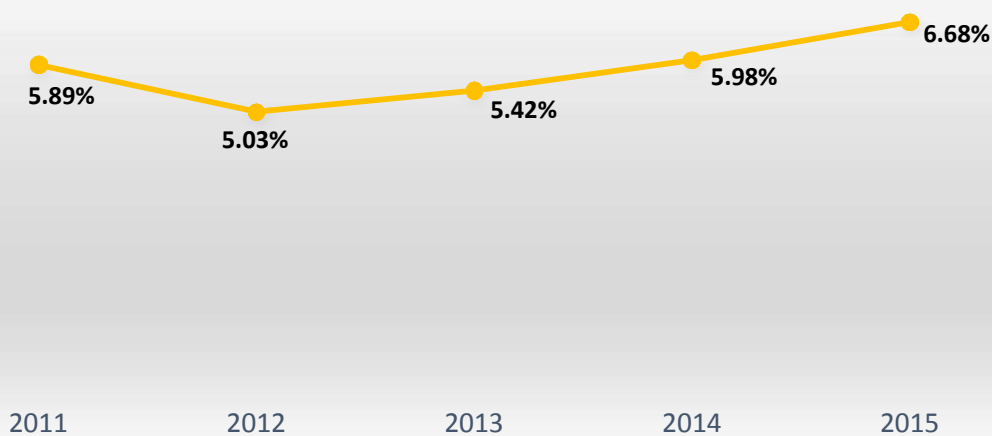
Economic risk

The economic – social situation of Vietnam in 2015 has had many positive results and was better than 2014. According to the General Statistics Office, the Gross Domestic Product (GDP) increased by 6.68%, higher than the set target of 6.2% and higher than the growth rate of years from 2011 – 2014. CPI increased by 0.63% in 2015 as compared to 2014, much lower than the target of 5% set by the National Assembly and was the lowest growth rate of CPI since 2001 up to present. This shows that the economy has recovered, and created a favorable environment for business activities of enterprises. But the unpredictable fluctuations of the economy in general will affect certain activities of LIX Detergent Joint Stock Company. Accordingly, in order to limit the impact of economic risks, the Company should be active for solutions and flexible business plans in order to maintain the stable and sustainable growth.

Risk of exchange rate fluctuation

Along with expectations of the US Federal Reserve (FED) which adjusted to increase the interest rate and China strongly adjusted the Renminbi exchange rate has led to a strong reduction of currencies which were the main trade partners of Vietnam. According to the General Statistics Office, the average USD exchange rate increased by 3.16% as compared to 2014. As a company which has increasingly expanded export markets, the exchange rate fluctuation would significantly affect the business results of the company.

Vietnam GDP from 2010 - 2015



Competitive risk

Currently, the detergents, cleaners are very stiff competition in the market because there are so many kinds of products with very diverse forms of designs for consumers to choose. Accordingly, in order to improve its competitive position, Lixco has constantly studied to diversify, improve product quality, maintain reasonable prices. Besides, the company focuses on seeking new customers and expanding markets for comprehensive competitiveness with domestic and overseas enterprises.

Other risks

In addition to above risks, business activities of the company are subject to other risks such as natural disasters, terrorism, etc ... are risks of force majeure, but if they happen, they will have a negative unpredictable effect for materials and humans of the company. Accordingly, in order to limit damages from these risks, the Company has taken measures such as buying property insurance, insurance for employees, raising awareness of fire prevention and fighting, etc...

Legal risk

Being a company operating under the form of joint-stock company, listed shares at Hochiminh City Stock Exchange, Lixco has strongly influenced from the legal documents on corporates, and stock markets. These legal documents are in process of completion, so that the change of policies would cause great impact on business activities of the company. For limitation of legal risks, the company often updated and used consulting services when occurred.



OPERATION SITUATION

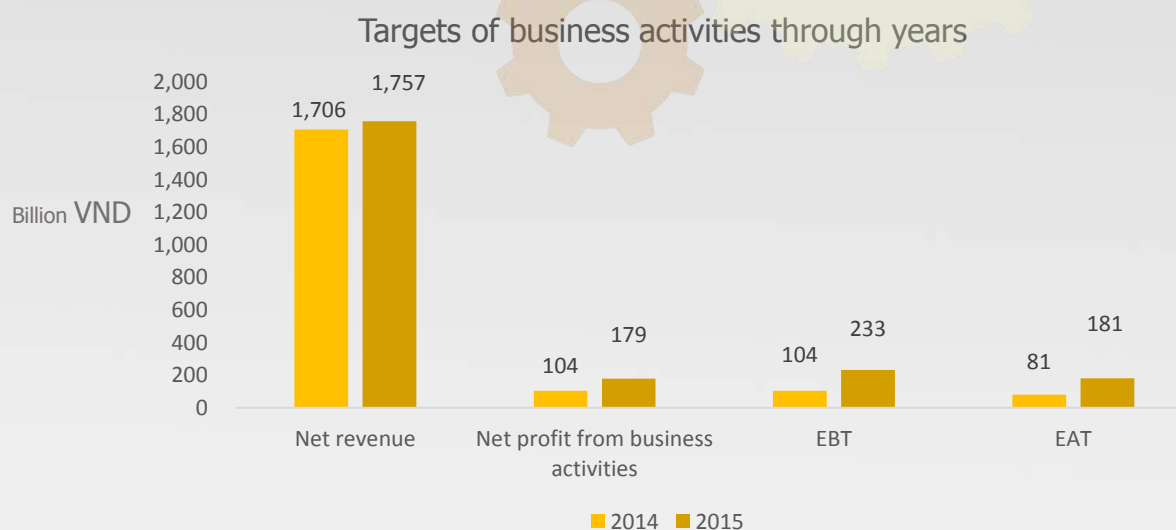
PRODUCTION AND BUSINESS SITUATION

Operating result in 2015

According to the General Statistics Office, the retail sales of consuming goods and services in 2015 was quite exciting. For whole the year 2015, total retail sales of consuming goods and services was estimated at 3242.9 thousand billion VND, increased by 9.5% as compared to 2014. In a favorable business environment, Lix Detergent Joint Stock Company has achieved impressive results as follows:

Unit: VND

Target	2014	2015	% +/- in year
Net revenue	1,706	1,757	3%
Gross profit	342	373	9%
Net profit from business activities	104	179	73%
EBT	104	233	124%
EAT	81	181	125%

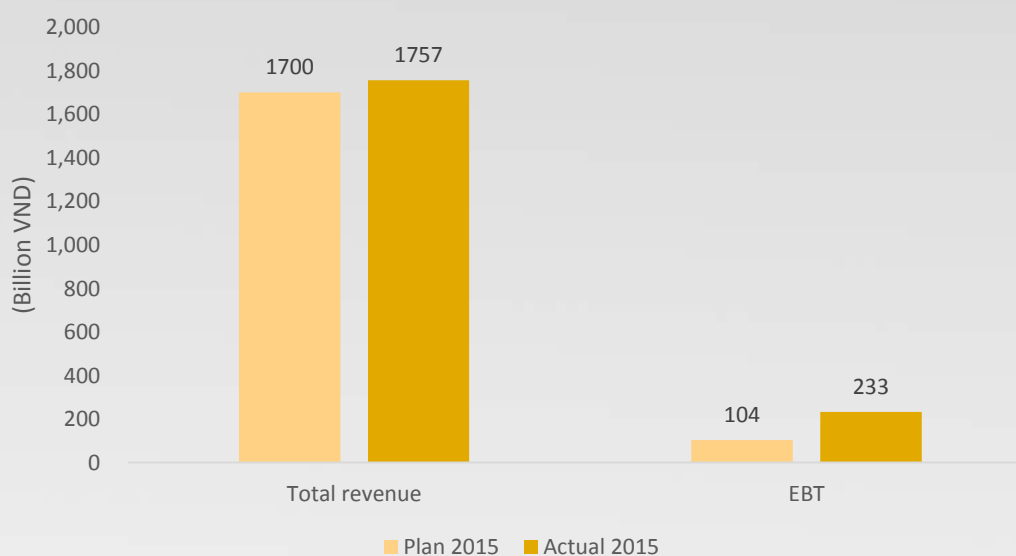


In 2015, net revenue reached 1,757 billion VND, increased by 52 billion VND, respectively, increased by 3.02% as compared to 2014, and completed the plan passed by the General Meeting of Shareholders. The Company's revenue remained stable in 2015 while ensuring growth in traditional sales channels and modern sales channels. However, profits increased highly due to input raw material prices reduced. Specifically, EBT achieved 233 billion, exceeded 124% higher than the plan. This was truly the impressive result, recognized the efforts of all officers and employees of the whole Company.

Unit: Billion VND

Target	Plan 2015	Actual 2015	A2015/P2015
Total revenue	1,700	1,757	103%
EBT	104	233	224%

Targets, plans and performances in 2015



OPERATION SITUATION

PERSONNEL ORGANIZATION

List of members of Board of Directors, Supervision Committee and Board of Management

No.	Full name	Position/Relation	Ratio of holding shares	
			Individual	Representative
Board of Directors and Board of Management				
1	Lam Van Kiet	Chairman cum General Director	1.57%	21.00%
2	Vo Thanh Danh	Member of BOD cum Deputy General Director	1.11%	-
3	Bui Cong Than	Member of BOD cum Deputy General Director	0%	15.00%
4	Đoan Thi Tam	Member of BOD cum Chief Accountant	0.83%	15.00%
5	Cao Thanh Tin	Deputy General Director	-	-
Supervision Committee				
1	Le Dinh Vy	Head of Supervision Committee	0.00%	-
2	Nguyen Thi Thuy Van	Member of Supervision Committee	0.01%	-
3	Nguyen Ngoc Quang	Member of Supervision Committee	0.09%	-

Changes in the Board of Management:

On 06/08/2015, the Board of Directors of Lix Detergent Joint Stock Company decided to appoint:

- ✓ Mr. BUI CONG THAN – Production Director to hold the position of Deputy General Director
- ✓ Mr. CAO THANH TIN – Sales Director to hold the position of Deputy General Director

Resume

Mr. Lam Van Kiet

Chairman of BOD cum General Director

- ✦ He is the representative of 21% of the state capital in the company.
- ✦ He was born in 1956, graduated from University of Technology in 1979 majored in Industrial Automation Engineering.
- ✦ Right after graduating from University, he worked for Linh Xuan State-owned Detergent Plant as a technical staff.
- ✦ From 1986 to 2000, he was promoted to Assistant Director of Linh Xuan State-owned Detergent Plant, later known as Lix Detergent Joint Stock Company.
- ✦ From 2000 to 2001, he was appointed to the position of Deputy Director of Lix Detergent Company.
- ✦ From 2001 to 2002, he was appointed as the Acting Director of Lix Detergent Company.
- ✦ From 10/2003 to 02/2005, he was a Vice Chairman cum General Director of Lix Detergent Joint Stock Company.
- ✦ From 03/2005 up to now, he is Chairman cum General Director of Lix Detergent Joint Stock Company.

Mr. Vo Thanh Danh

Member of BOD cum Deputy General Director

- ✦ He was born in 1956, graduated from HCMC University of Technology in 1987, majored in Industrial Electrical Engineering.
- ✦ After graduating from University, he joined Ho Chi Minh City Youth Volunteer Force until 1988.
- ✦ From 1988 to 1989, he worked for Southern Detergent Company as an Electrical Engineer.
- ✦ From 1989 to 1997, he was promoted to Vice Foreman of the Workshop of Lix Detergent Company.
- ✦ From 1997 to 3/2002, He was Foreman of the Workshop of Lix Detergent Company.
- ✦ From 4/2002 to 9/2003, he was a Deputy Director of Lix Detergent Company.
- ✦ From 10/2003 up to now, he is a member of the Board of Directors cum Deputy General Director of Lix Detergent Joint Stock Company.

OPERATION SITUATION

Mr. Bui Cong Than

Member of BOD cum Deputy General Director

- ✦ He is the representative of 15% of the state capital in the Company.
- ✦ He was born in 1976, holds a Bachelor's Degree of Science, University of Natural Sciences in 1999, majored in Chemistry and a Bachelor's Degree of Industrial Management, HCM City University of Technology in 2004.
- ✦ From 9/1999 to 4/2002, he was a Technical staff of Quality Control Department of Lix Detergent Company.
- ✦ From 6/2008 to 8/2009, he was a Deputy Head of Quality Control Department of Lix Detergent Joint Stock Company.
- ✦ From 8/2009 to 12/2010, he was appointed as Acting Head of Quality Control Department of LIX Detergent Joint Stock Company.
- ✦ From 12/2010 to 4/2011, he was officially appointed as Head of Quality Control Department of Lix Detergent Joint Stock Company.
- ✦ From 4/2011 to 12/2014, he was a member of BOD cum Production Director of Lix Detergent Joint Stock Company.
- ✦ From 12/2014 to 07/2015, He was a member of BOD cum Head of Quality Control Department of Lix Detergent Joint Stock Company.
- ✦ From 06/08/2015 up to now, he is a Member of BOD cum Deputy General Director of LIX Detergent Joint Stock Company.

Ms. Doan Thi Tam

Member of BOD cum Chief Accountant

- ✦ She is the representative of 15% of the state capital in the Company.
- ✦ She was born in 1962, graduated from Banking University in 1985, Majored in Finance and Banking.
- ✦ From 11/1985 to 02/1986, she worked as an Accountant of the Bank of Chau Thanh District, Tien Giang Province.
- ✦ From 1986 to 7/1988, she worked as Chief Accountant of the Bank of Cai Lay District, Tien Giang Province.
- ✦ From 8/1988, she worked as an Accountant of the Southern Detergent Company.
- ✦ From 3/1989, she worked as a staff of Import Export Sales Department of Lix Detergent Company.
- ✦ From 6/1997, she was appointed as a Deputy Head of Import Export Sales Department of Lix Detergent Company.
- ✦ From 02/2002, she was transferred and appointed as Head of Material Department of Lix Detergent Company.
- ✦ From 10/2003 to 8/2009, she was a Member of BOD cum Head of Material Department of Lix Detergent Joint Stock Company.
- ✦ From 8/2009 to 12/2011, she was a member of BOD cum Head of Accounting Department of Lix Detergent Joint Stock Company.
- ✦ From 01/2012 up to now, she is a Member of BOD cum Chief Accountant of Lix Detergent Joint Stock Company.

Mr. Cao Thanh Tin

Deputy General Director

- ✦ He was born in 1980, graduated from University of Technology in 2003, majored in Polymer Chemistry and graduated from the Master Program - Majored in Business Administration - Columbia Southern University (2013).
- ✦ From 3/2003 to 4/2003: Staff of Technical and Quality Control Department – Lix Detergent Joint Stock Company.
- ✦ From 5/2003 – 6/2009: Staff of Material Department – Lix Detergent Joint Stock Company.
- ✦ From 7/2009 – 01/2010: Assistant Head of Consumption Department – Lix Detergent Joint Stock Company.
- ✦ From 02/2010 – 01/2011: Deputy Head of Consumption Department – Lix Detergent Joint Stock Company.
- ✦ From 02/2011 – 12/2014: Head of Consumption Department – Lix Detergent Joint Stock Company.
- ✦ From 12/2014 to 07/2015: Sales Director – Lix Detergent Joint Stock Company.
- ✦ From 06/08/2015 up to now: Deputy General Director – Lix Detergent Joint Stock Company.

Mr. Le Dinh Vy

Head of Supervision Committee

- ✦ He was born in 1977, Master of Economics – Majored in Corporate Finance – HCMC University of Economics (2010).
- ✦ From 02/2002 to 01/2004, worked for Auditing and Consulting Co., Ltd. (A&C).
- ✦ From 02/2004 to 5/2006, he worked for Asia Audit and Financial Consultancy Co., Ltd. (AFCC).
- ✦ From 6/2008 to 8/2006, he worked as an internal auditor for Hoang Anh Gia Lai Joint Stock Company.
- ✦ From 9/2008 to 5/2010, he worked for Asia Audit and Financial Consultancy Co., Ltd. (AFCC).
- ✦ From 6/2010, he was in charge of the Internal Audit Department – Lix Detergent Joint Stock Company. Since 03/2011 was Head of Internal Audit Department.
- ✦ From 4/2012 up to now, he is the Head of Supervision Committee of Lix Detergent Joint Stock Company.

OPERATION SITUATION

Ms. Nguyen Thi Thuy Van

Member of Supervision Committee

- ✦ She was born in 1975, holds a Bachelor's Degree of Economics, majored in Business Administration, HCMC University of Economics in 2002.
- ✦ From 4/1996 to 1/2010, she was a staff of Consumption Department of Lix Detergent Joint Stock Company.
- ✦ From 2/2010 up to now, she is appointed as a Deputy Head of Sales Department of Lix Detergent Joint Stock Company.
- ✦ From 4/2010 up to now, she is member of Supervision Committee of Lix Detergent Joint Stock Company.

Mr. Nguyen Ngoc Quang

Member of Supervision Committee

- ✦ He was born in 1958, has much practical experience in the management of detergent production.
- ✦ From 6/1981, he was a Taskmaster of the Workshop – Lix Detergent Company.
- ✦ From 11/1994, he was a Vice Foreman of the Workshop – Lix Detergent Company.
- ✦ From 11/1998, he was transferred and appointed as a Deputy Director of Hanoi Branch of Lix Detergent Company.
- ✦ From 6/2001, he was transferred back to the company and worked as a Vice Foreman of the Workshop.
- ✦ From 7/2001, he was appointed as a Deputy Head of Personnel and Administration Department of Lix Detergent Company, and was appointed as Head of of Department from 02/2002.
- ✦ From May 7/2002, he was appointed as Foreman of Workshop of Lix Detergent Company, later known as Lix Detergent Joint Stock Company.
- ✦ From 12/2011 to the present, he was appointed as a Deputy Director of Lix Binh Duong Branch of Lix Detergent Joint Stock Company.
- ✦ From May 10/2003 up to now, he is a member of Supervision Committee of Lix Detergent Joint Stock Company.

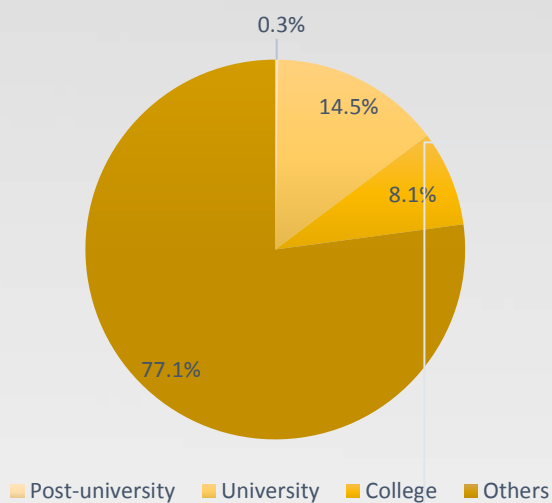
Quantity of officers, employees

As of the end of 31/12/2015, Lixco has total 1,145 employees.

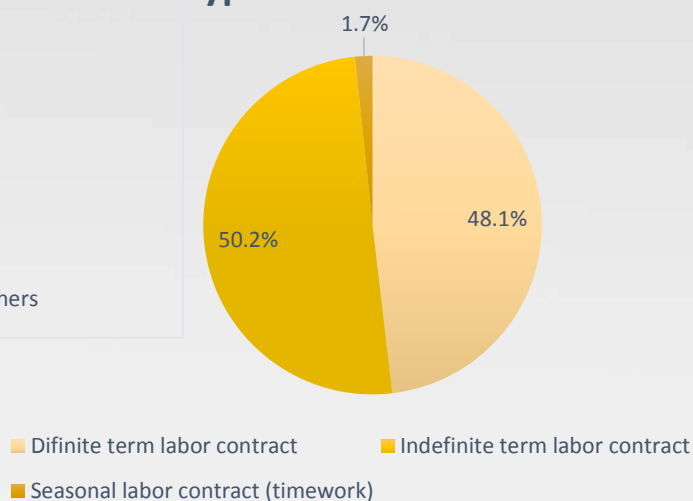
Structure of employees is classified by education level and type of labor contract as the following table:

No.	Classification	Quantity	Percentage (%)
A	Education level	1,145	100.00%
1	Post-university level	3	0.26%
2	University level	166	14.50%
3	College	93	8.12%
4	Others	883	77.12%
B	Type of labor contract	1,145	100.00%
1	Definite term labor contract	551	48.12%
2	Indefinite term labor contract	575	50.22%
3	Seasonal labor contract (timework)	19	1.66%

Education level



Type of labor contract



OPERATION SITUATION

POLICIES FOR EMPLOYEES

Training policy

In recent years, the company has invested to have more training programs for employees which aimed to improve expertise as well as to ensure the labor safety. Namely:

- ❖ **Training from outsources:** Number of training hours in year: 7,936 hours/1,145 persons

In which:

Indirect division: 3,520 hours/263 persons

Content: Business law, methods of building dictionary capability and application; Quantity Surveyor; Construction supervision; Basic and Advanced Bidding; Labor safety training.

Divisions serving for production and direct production: 4,416 hours/882 persons

Contents: Organizing professional warehouse management; Warehouse management operations; Labor safety training

- ❖ **Internal training:** Number of training hours in year: 27,016 hours/1,145 persons.

The contents related to regimes and policies of employees, training processes of treatment and control for chemicals and machinery, equipment in factories, etc ...

Welfare policy for employees:

Awarding on major holidays (Lunar New Year, holidays of 30/04 - 01/05, National Day 2/9), annual vacation, etc...

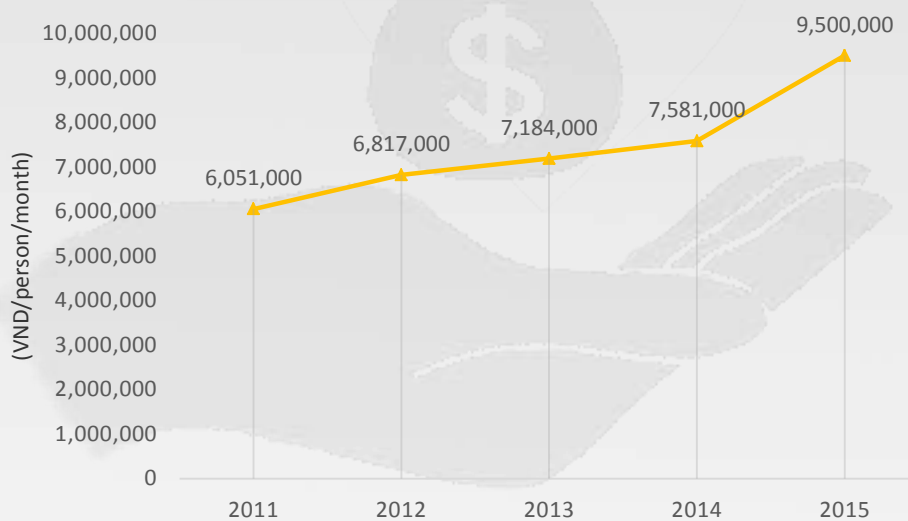


Salary, allowance policy for employees in 2015

- ❖ The salary was paid basing on labor productivity and quality of work.
- ❖ The employee who had high technical expertise would be paid high salary.
- ❖ In 2015 the Company added the policy of business salary to suit the business situation from time to time in order to create motive power for sales teams to work more actively.
- ❖ Allowance policy was still implemented well, including: responsibility allowance, allowance for hazardous work, telephone allowance, and travelling allowance, etc... These allowances were part of the monthly income helping employees be peace of mind to work.
- ❖ The social insurance, health insurance and unemployment insurance regimes were implemented by the Company to comply with the provisions of law and ensured all staff would be fully entitled to under the regime.

Bonus policy for employees in 2015

- ❖ Bonus Policy was applied to create motive power in the work to employees to attach with job performance, production and business efficiency. The Company has applied the bonus policy such as: Rewarding for monthly achievement, job performance, quarterly and annual business bonus, rewarding outstanding employees, rewarding for technical innovations, etc...



OPERATION SITUATION

INVESTMENT AND PROJECT IMPLEMENTATION

In 2015, Lixco had large investments as follows:

- ✓ The company invested in Xalivico Co., Ltd with the value of capital contribution was 130,000,000,000 VND, equivalent to 26% of charter capital. By the end of the year, the Company has invested 55,000,000,000 VND, equivalent to 11% of charter capital.
- ✓ Invested the project of building the washing power and detergent plant in Que Vo II Industrial Park, Bach Ninh (Lix Bac Ninh Plant) with a total investment amount of the project was 104 billion VND (the capital level has changed as compared to the anticipation in 2015 was 88 billion VND). It is expected that after completion of the project, the plant will have a capacity of 50,000 tons/year of detergent and 15,000 tons/year of liquid detergent.

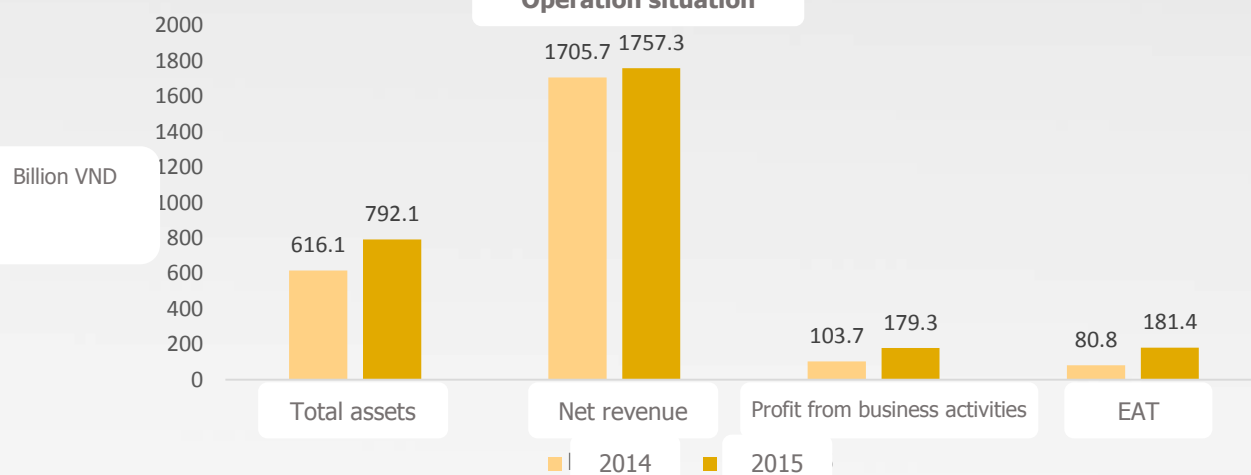
FINANCIAL SITUATION

Unit: Billion dong

Target	2014	2015	% up, down
Total assets	616.1	792.1	29%
Net revenue	1,705.7	1,757.3	3%
Profit from business activities	103.7	179.3	73%
Other profits	0.5	53.7	10,640%
EBT	104.2	233.0	124%
EAT	80.8	181.4	124%
Share dividend	25%	(*) 25%	0%

(*) The plan in 2015 was 25%, paid in advance 15% of share dividend by cash on 18/12/2015.

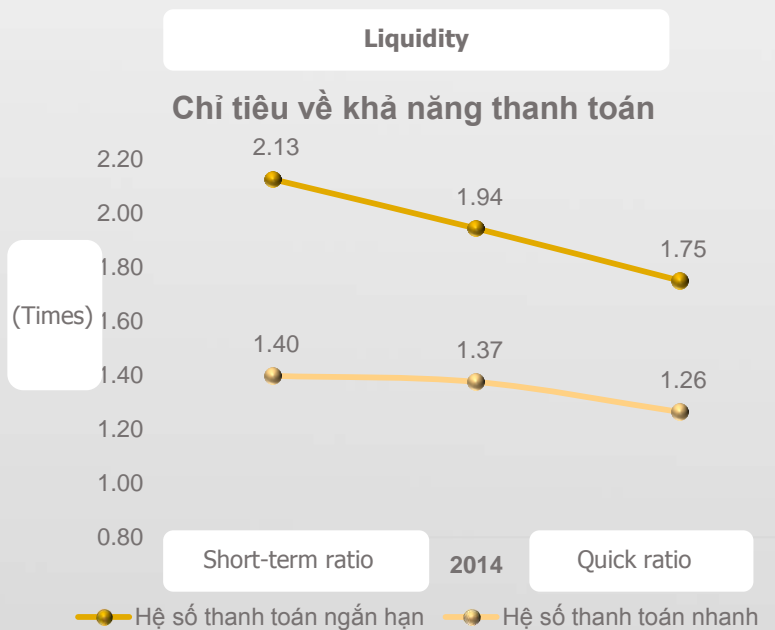
Operation situation



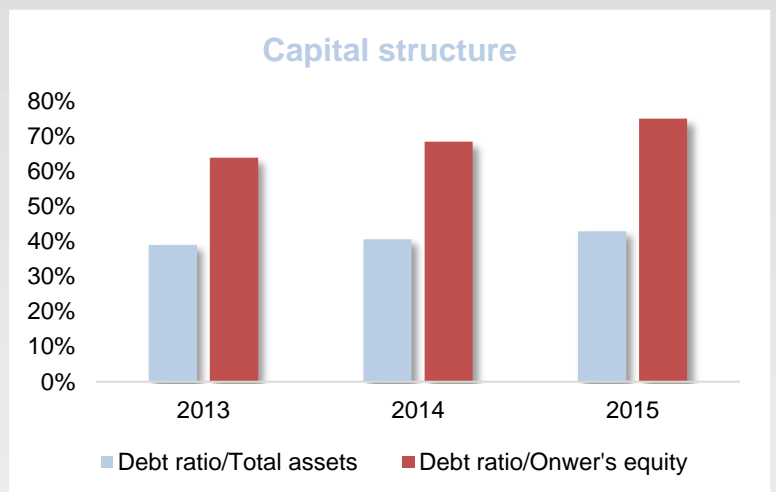
Target	Unit	2014	2015
<i>Liquidity</i>			
Short-term ratio	Time	1.94	1.75
Quick ratio	Time	1.25	1.26
<i>Capital structure</i>			
Debt ratio/Total assets	%	40.6	42.84
Debt ratio/Owner's equity	%	68.4	74.95
<i>Working capacity</i>			
Inventory turnover ratio	Time	11.2	10.38
Net revenue/Total asset	Time	2.50	2.50
<i>Profitability</i>			
EAT/Net revenue	%	4.7	10.32
EAT/Owner's capital	%	22.08	44.32
EAT/Total asset	%	16.9	25.76
EPS	VND/share	3,367	7,522

OPERATION SITUATION

➤ **Liquidity:** Short-term liquidity ratio was 1.75 times in 2015, reduced slightly from 1.94 times in 2014. Quick ratio reached 1.26 times, remained stably as compared to the previous year. The liquidity ratio of the company has always maintained greater than 1 which shows that the liquidity was always guaranteed to be good.

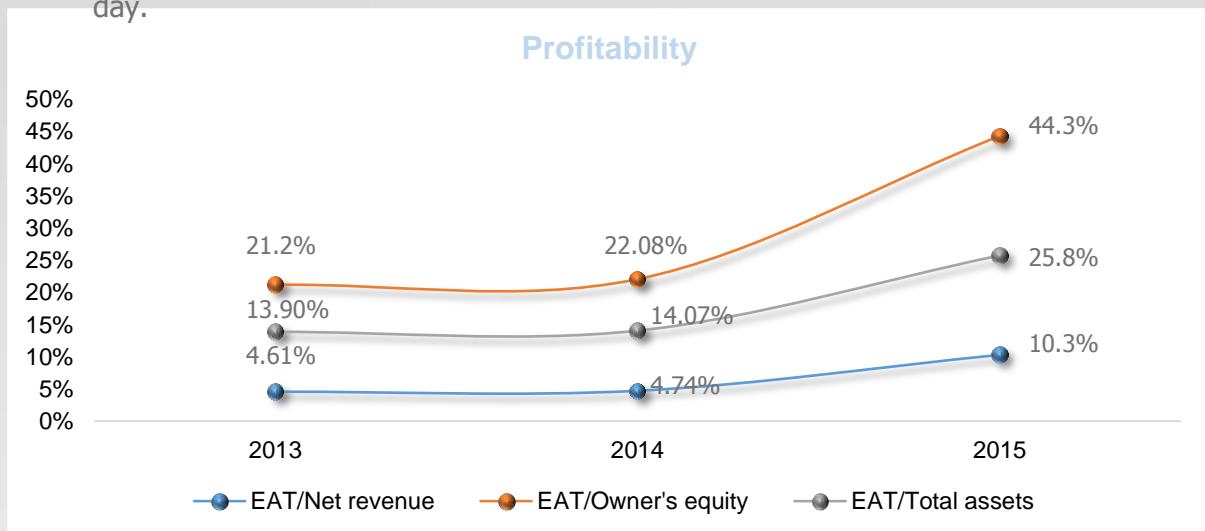


➤ **Level of using the financial leverage:** In 2015, the debt ratio/total assets and debt ratio/owner's equity respectively maintained at 42.8%; 74.9%, slight increased as compared to 40.6%; 68.4% in 2014. In activities, the Company still had priority to use owner's equity to finance the business operations, so that the level of using financial leverage remained consistent and safe.



➤ **Operational capacity:** Inventory turnover and asset turnover remained well during the year. Inventory turnover was 10.38 times in 2015, corresponding to 35 days of inventory on average, compared to 11.23 times, corresponding to 32.5 days of inventory on average of 2014. Therefore, the number of days of the company's inventory increased by 2.5 days in 2015. This shows that the operation of the company was effective day after day.

➤ **Profitability:** With the profit increased by 124% as compared to 2014, the criteria for profitability were increased. Accordingly, net profit margin, ROE, ROA, respectively maintained at 10.32%; 44.32%, 25.76% ROA. In addition, the EPS increased from 3,367 VND/share in 2014 to 7,522 VND.



OPERATION SITUATION

SHAREHOLDER STRUCTURE AND CHANGE IN OWNER'S INVESTMENT CAPITAL

Share structure

Total number of shares: 21,600,000 shares

Type of outstanding shares: Ordinary shares

Number of outstanding shares: 21,600,000 shares

Number of treasury stock: 0 share

Number of shares with transfer restriction: 0 share

Shareholder structure

No.	Type of shareholder	Without transfer restriction	Total	Ratio of ownership
I	Ratio of ownership	21,600,000	21,600,000	100.0%
1	Leading shareholder	12,135,480	12,135,480	56.2%
2	Small shareholder	9,464,520	9,464,520	43.8%
II	Type of ownership	21,600,000	21,600,000	100.0%
1	Domestic shareholder	17,412,812	17,412,812	80.6%
	Individual	6,396,812	6,396,812	29.6%
	Organization	11,016,000	11,016,000	51.0%
	<i>State shareholder</i>	<i>11,016,000</i>	<i>11,016,000</i>	<i>51.0%</i>
2	Overseas shareholder	4,187,188	4,187,188	19.4%
	Individual	246,366	246,366	1.1%
	Organization	3,940,822	3,940,822	18.2%

Change of ownership's investment capital in year: No

Transaction of treasury stock: No

REPORT ON IMPACT OF ENVIRONMENT AND SOCIETY OF THE COMPANY

The total amount of materials used for the production and packaging of products

List of raw materials used for production and packaging of products:

No.	Name of material	Unit	Amount used in 2015
1	LAS	Ton	17,605
2	Soda 32%	Ton	771
3	Sodium Silicate 41 %	Ton	9,379
4	Soda ash light	Ton	2,844
5	Zeolite	Ton	1,736
6	Dehydol LS	Ton	301
7	Magnesium Sulphate	Ton	536
8	HEC	Ton	78
9	Flavoring	Ton	257
10	OPP membrane	M	8,300,000,000
11	Plastic bottle	Piece	36,176,000
12	Carton box	Piece	7,954,000

Percentage of recycled raw materials used

The company has no recycled material used in the production and main services.

Direct and indirect energy consumption

No.	Energy	Unit	AMOUNT USED IN 2015
1	CNG Gas	mmBTU	143,597
2	Electricity	kwh	6,025,811
3	ADO oil	Lít	286,764
4	FO oil	Lít	530,387

Energy saving through initiatives of efficient energy use

Through movement and improvement and initiatives, the Company has received 44 advices; the movements of increasing labor productivity, equipment productivity, cost savings in production.

OPERATION SITUATION

The reports of initiatives to save energy and initiative results

- Organizing a movement of gathering creative ideas: Yes;
- For 11 months of the beginning year has received 44 proposed creative ideas;
- Technicians, workers: 21 people; Managing officers were 08 people;
- The ideas became initiatives: 05 initiatives;
- Total bonus: 4.4 million;
- Number of winners: 29 people.

Percentage and total volume of recycled and reused water

Reused water in production:

- The amount of running water generated 6,483 m³/year, which was treated to meet standards column B 40:2011/BTNMT and discharged to local sewage system;
- The amount of water arising from cleaning equipment to be reused in production with the quantity: 2.810m³/year.

Responsibility of the company to the local community

- The company launched the contribution for charitable funds.
- Other forms of charity:
- + Employees contributed, helped for patients being treated at the Tumor Hospital, Cho Ray Hospital and Sai Gon Giai Phong Newspaper: 50,000,000 VND.
- + Supported to build 3 charitable houses in Binh Phuoc with total amount of 130.5 million

Issues for the employees

- The expense for employees' birthday in 2015 was 85,285,000 VND.
- Gifts for Women's Day 8/3 with the total amount of 2,700,000,000 VND.
- Gifts for Children's Day 01/06 with the total amount of VND 35,682,500 VND.
- Rewarded the staff's children who had academic achievement with good and excellent in study and students who had difficulties, achieved prizes in city level and were admitted to university in 2014 – 2015: 63,200,000 VND.
- Gifts for staffs and staff's children for Mid-Autumn Festival with the amount: 193,190,988 VND.
- Workers with difficulties were entitled to borrow the mutual fund of the company: 17 cases. Total loan amount: 168,000,000 VND (children school fees, home repairs and medical treatment).
- Total mean-tested benefits for workers: 244 cases, Total amount: 49,463,000 VND.
- Staff contributed to help Ms. Le Thi Ngoc Ha's family (staff) with the amount of 19,550,000 VND.
- Staff contributed to help Mr. Bui Thanh Tin (staff) with the amount of 33,200,000 VND.
- Allowances for the trade union members with difficulties to enjoy the Lunar New Year with the amount of 15,000,000 VND.

Water supply and water use in 2015

Current water supplies of Lix Detergent Joint Stock Company include:

- Tap-water;
- Underground water (Bored well 80m³/day).

Water use:

- Tap-water: 11,019 m³;
- Underground water: 18,676 m³.

Statistics of violations for not complying with the laws and regulations on environment

- Company always strictly complied with the laws and regulations on the environment. Consequently, the Company had no offense to be sanctioned.

Implemented periodic sight for standards:

- Wastewater: 4 times/year under regulation 40 column B: 2011 BTNMT;
- The surrounding air was 2 times/year QCVN 05: 2013/BTNMT;
- Emission of production: 4 times/year reached Column A QCVN 19:2009/BTNMT Column A;
- Certified by the testing centers to achieve standards for ambient air, emission and wastewater into the environment.

BOARD OF MANAGEMENT'S REPORT AND EVALUATION

Evaluation about the performance of production and business activities

In 2015, Vietnam's economy was in one of the few countries having impressive speed of recovery. GDP growth rate reached 6.68%, higher than the target of 6.2% and maintained constant increasing trend in the period of 2012 - 2015. This reflected a solid recovery trend of the economy after difficult years. Accordingly, in 2015 was the year that marked the success of the company in all activities, as follows:

No.	Target	Unit	P 2015	A 2015	Percentage %
1	Industrial productive value (fixed price 94)	Billion VND	1,745	1,932	111%
2	Industrial productive value (actual price)	Billion VND	1,700	1,764	104%
3	Production	Ton	220,000	243,396	111%
	- <i>LIX Product</i>	<i>Ton</i>	<i>93,000</i>	<i>106,356</i>	<i>114%</i>
	- <i>Processed product</i>	<i>Ton</i>	<i>127,000</i>	<i>137,040</i>	<i>108%</i>
4	Consuming production	Ton	93,000	104,618	112%
5	Revenue	Billion VND	1,700	1,757	103%
6	EBT	Billion VND	104	233	224%

In 2015, Vietnam's economy was one of the few countries having impressive speed of recovery. GDP growth rate reached 6.68%, higher than the target of 6.2% and maintained constant increasing trend in the period of 2012 - 2015. This reflected a solid recovery trend of the economy after difficult years. Accordingly, in 2015 was the year that marked the success of the company in all activities, as follows:

Traditional sales channel: growth of 23% as compared to the same period, especially the northern market increased by 46%;

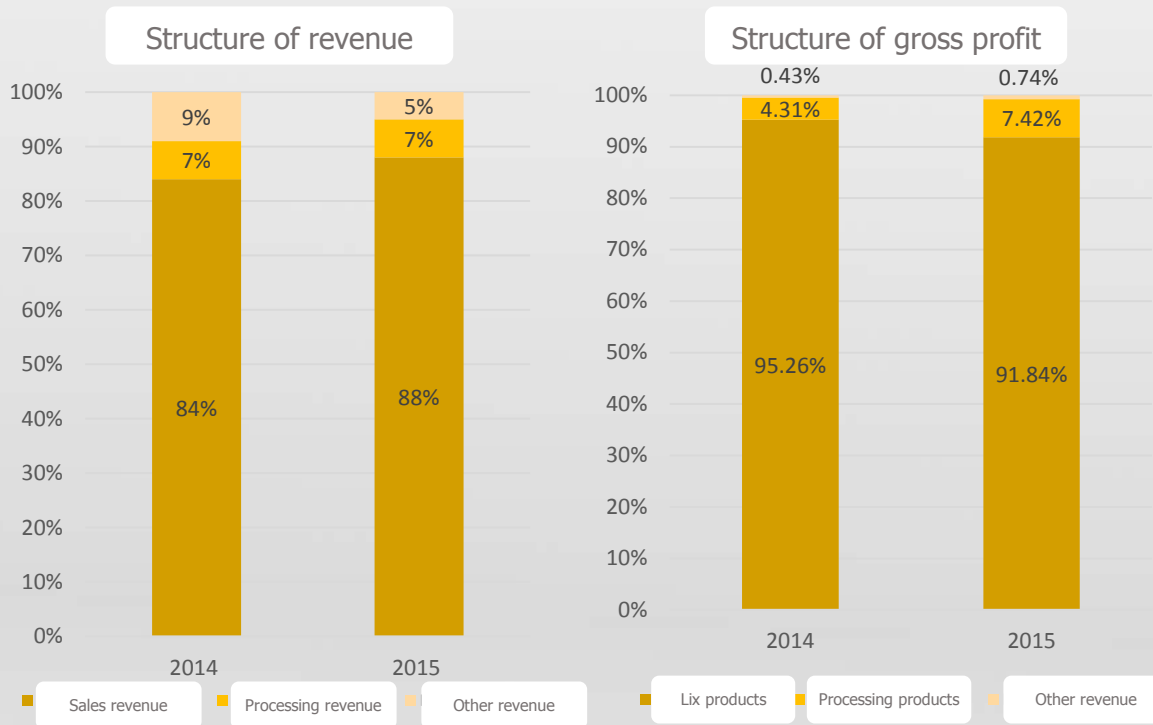
Modern sales channel: growth of 13% as compared to the same period;

Export markets: revenue reached 14.3 million USD, reduced 10% as compared to the same period. However, "LIX" label exported to other countries increased by 4%. Namely:

- Cambodia: "LIX" label increased by 12%, OEM reduced 50%;
- Philippines: label "LIX" increased by 50%, OEM reduced 44%;

BOARD OF MANAGEMENT'S REPORT

Structure of revenue



In 2015, revenue of sales and processing respectively accounted for 88%; 7% of total revenue. In which, detergents, cleaners mutually contributed 44% and processing of washing-powders, detergents respectively accounted for 6%:1%. This structure did not change much as compared to 2014 in the period of 2013-2015. The maintenance of processing operation helped the company to exploit and take advantage of maximum operation capacity of the plant.

About the structural of profit, although it only made up around 88% of total revenue, but the detergents and cleaners accounted for 91.84% of total gross profit. Next was processed products contributed 7.42% of the gross profit.

With above results, it can confirm that the achievement was the unanimous determination and ceaseless efforts of all employees of the Company.

Advances have been achieved in 2015:

About the production: invested and improved continuously equipment, strengthened the management practices of modern production in order to increase labor productivity, ensured product quality, reduced the rate of semi-finished products and loss in production.

About technical activities: Researched to improved product quality, handled promptly incidents of product quality.

Business activities:

- **Traditional sales channel:**
 - ✓ The South: The company focused on developing detergents with the aim of achievement to be the same of 2013;
 - ✓ The North: The company carried out to rebuild the market, gradually brought the "LIX" products to consumers. In 2015, production in the northern market has reached 1,000 tons/month (completed 1 year earlier than the set target).
- **Modern Sales channels:** Maintained close cooperation with the existing supermarket chains such as Co-op, Big C, Metro, Lotte. The company carried to extend the cooperation with new supermarket systems such as Satra, Emart, Vinmart, Simply Mart.
- **Export markets:** In addition to traditional markets which were Cambodia and Japan, the company strengthened product development with "LIX" brand to new markets such as:
 - ✓ **Asia:** Philippines, Brunei, Mongolia, North Korea, Pakistan, Afghanistan, Bangladesh, Iraq, Yemen.
 - ✓ **Australia:** Samoa Island.
 - ✓ **Africa:** Togo, Tanzania, Uganda, Ghana, Libya.
 - ✓ **America:** Caribbean.
- **Online sales channel:** deployed additionally online sales channels from 08/2015 for the purpose of promoting the brand to consumers. This was one of the first detergent production companies deploying the online sales.

About investment activities: Implemented to move Hanoi Branch to Que Vo Industrial Park – Bac Ninh. The construction of the branch in Bac Ninh LIX has been implemented from 08/2015.

About processing operations: Maintained well the good cooperative relationship with Unilever.



BOARD OF MANAGEMENT'S REPORT

Financial situation

Assets:

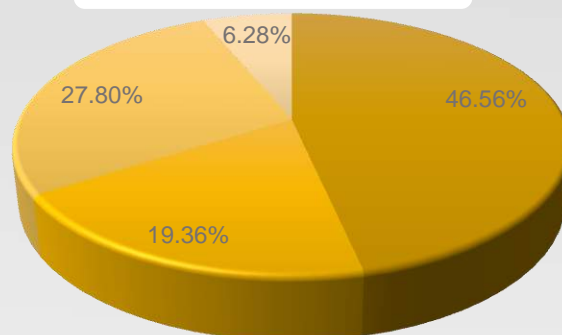
Unit: Billion VND

Target	2014	2015	% (+/-) as compared to 2014
Short-term assets	411	528	28.3%
Long-term assets	205	265	29.0%
Total	616	792	28.5%

The structure of short-term assets and long-term assets in 2015 respectively maintained at 66.6% - 33.4% of total assets as compared to the rate of 51.9% - 25.9% in 2014. Accordingly, the asset structure didn't have much change and the short-term assets still made up essential proportion. The short-term assets reached 528 billion VND in 2015, increased by 28.3% as compared to the same period. The main reason was due to cash equivalents to increase by 131.5 billion, respectively, increased by 140.64%. The long-term assets remained at 268 billion VND, increased by 29% as compared to the same period. The main reason was because in 2015, the Company incurred 55 billion VND of investment in Xalivico Co., Ltd.

In the structure of short-term assets, cash and cash equivalents took essential proportion, maintained at 246 billion VND, accounting for 46.56%. Followed by inventories and short-term receivables respectively accounted for 27.8% and 19.36%.

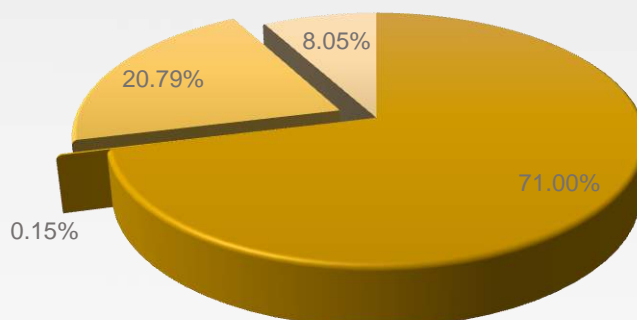
Structure of short-term assets



- Cash and cash equivalents
- Short-term receivables
- Inventory
- Other short-term assets

In the structure of long-term assets, the item making up the largest proportion was fixed assets, accounting for 71% with the value of 187.88 billion VND, the remaining was long-term investments and other long-term assets. Apart from long-term investments of 55 billion VND contributed to Xalivico Co., Ltd., other items in long-term assets did not change much as compared to the same period.

Structure of long-term assets



- Fixed assets
- Long-term pending assets
- Long-term financial investment
- Other long-term assets

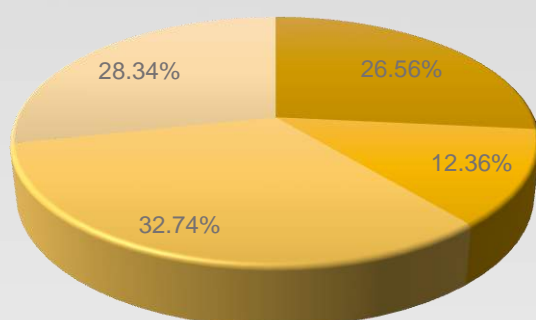
Debts

Unit: Billion VND

Target	2014	2015	% (+/-) compared to 2014
Short-term debts	211.5	301.4	42.5%
Long-term debts	38.7	37.9	(2.1%)
Total	250.2	339.3	35.6%

The structure of short-term debts, long term debts respectively remained at 88.8% - 11.2% in 2015. This structure remained stably as compared to 2014. Short-term debts reached 301.4 billion VND, increased by 89.92 billion, respectively, increased by 42.5% as compared to the same period. The cause was mainly due to accounts payable to suppliers increased by 34.3% and short-term borrowings and short-term finance lease increased by 50%. Long-term liabilities reached 37.9 billion, didn't have much change as compared to 2014.

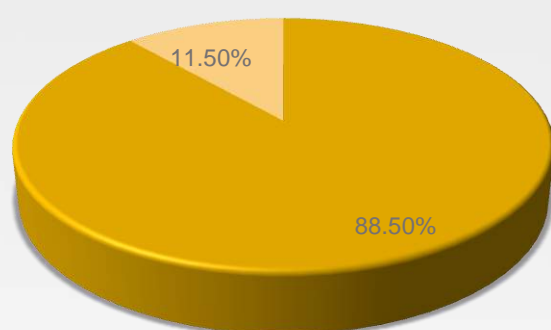
Structure of short-term debts



■ Short-term payables to sellers
■ Payables to employees
■ Short-term loans and financial lease
■ Others

In the structure of long-term debt, the account taking the largest proportion was borrowings and long-term financial lease, accounting for 32.74% with a value of 111 billion VND. Short-term debt in 2015 increased by over 50% as compared to 2014 was due to that the Company needed additional working capital for the business operation. In addition, short-term accounts payable to sellers also increased from 67 billion to 90 billion.

Structure of long-term debts



■ Long-term payables to sellers
■ Other long-term payables

In the structure of long-term debt, 2 main items included long-term accounts payable to sellers and other long-term payables. In which, long-term payables from Unilever Co., Ltd was 34.47 billion VND.

BOARD OF MANAGEMENT'S REPORT

DEVELOPMENT PLAN FOR THE FUTURE

2016 is a year of numerous notable events which greatly affected the world economy. The Trans-Pacific Partnership (TPP) is expected to be passed by 12 member countries, China will implement a new 5-year plan, etc... Accordingly, the reputable financial institutions all forecasted that the world economy hasn't got many positive signs.

For Vietnam, continuation of the growth trend in 2015, the Government has proposed to set the target of economic growth rate to reach 6.7% in 2016 and CPI growth rate will be less than 5%. Accordingly, the economy assessed by the government will continue to be further growth and keep the macroeconomic stability.

Based on these assessments, in 2016, the company will carefully set up plans of production and business as follows:

Target	Unit	Actual 2015	Plan 2016
Revenue	Billion VND	1,757	1,850
Profit	Billion VND	233	160



Some orientations for 2016:

About production activities:

Continuing to improve labor productivity, ensuring product quality, reducing the rate of semi-finished products and loss in production.

About technical activities: Quickly handling the product quality issues, if any.

About business activities:

• **Traditional sales channel:**

- ✓ **The South:** In addition to developing detergents, washing-up liquid, we will focus on promoting the consumption of other products, such as buck, fabric softener, floor cleaner, glass cleaner, bleach liquid and toilet bowl cleaner.
- ✓ **The North:** Continuing to develop the northern market, focusing on washing-up liquid and detergent.
- ✓ **Modern Sales channel:** Maintaining the sales in the existing supermarkets. Expanding the product into two systems of Co-op Food System, Food Satra.
- ✓ **Market:** Investing and developing detergent in Cambodia.

About investment activities:

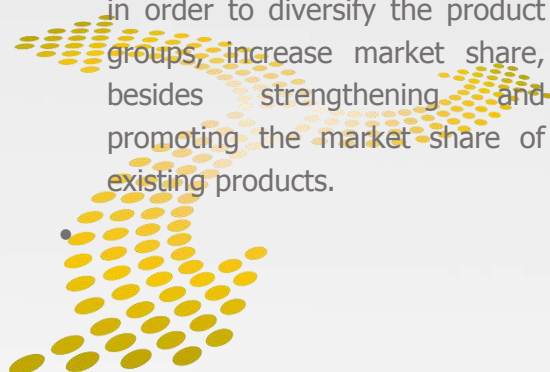
Completing to move Hanoi Branch to Que Vo Industrial Park - Bac Ninh, the new plant is expected to put into operation in quarter 02/2016.

About processing operation:

Maintaining a good cooperative relationship with Unilever.

Measures taken to achieve the business plan in 2016:

- Accelerating the development of the northern market, strengthening the southern market.
- Strengthening to monitor and implementing marketing at the market of two regions, giving the appropriate sales programs to boost production of detergent in this market as well as maintaining the brand and expanding position of Lixco.
- Improving the quality, product design, meeting the best of customer needs.
- Fixing reasonable prices, supporting maximumly in prices, promotions for the large export customers.
- Continuing to work closely with the major supermarket chains in order to maintain their traditional customers.
- Bringing new products to market in order to diversify the product groups, increase market share, besides strengthening and promoting the market share of existing products.



BOARD OF MANAGEMENT'S REPORT

EXPLANATION OF BOARD OF MANAGEMENT FOR AUDITING OPINIONS

No

EVALUATION OF BOARD OF DIRECTORS ABOUT ASPECTS OF OPERATION

Evaluation of the world economic situation in 2015

The world economic situation continued to have complicated and unpredictable changes when ...

- The world economy has recovered, however it still was not really stable and potentially had many risks.
- The world political situation occurred many conflicts and complicated disputes, affecting the development of the economy in general.
- Oil prices and commodity prices continued to unpredictable fluctuations, causing significant impact on most of enterprises in the world.

Domestic economic growth has recovered, but was not really stable by many difficulties ...

- The business environment in Vietnam has improved slowly as compared to countries in the region, the general costs such as electricity, water, labor constantly increased leading to ineffective business of enterprises.
- The Free Trade Agreement FTA was signed in 2015 and the TPP is expected to be passed in 2016 will create the investment wave of FDI enterprises into the domestic market. Therefore, Vietnamese enterprises may lose the market share at the domestic market.



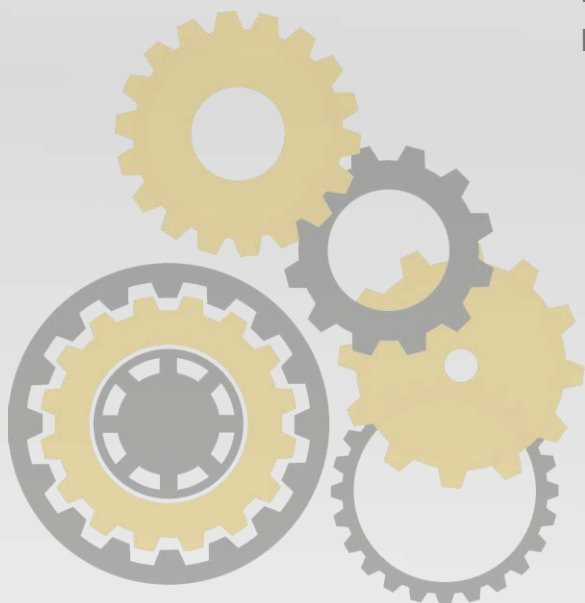
BOARD OF DIRECTORS' REPORT

Evaluation of Board of Directors about operation aspects of the company

Unit: Billion VND

Target	Plan 2015	Actual 2015	Plan/Actual
Net sales revenue	1,700	1,757	103%
EBT	104	233	224%

The performance in 2015 showed that Lixco completed the proposed plan with the net revenue increased by 57 billion VND, exceeded 3% as compared to the plan, and EBT increased by 129 billion VND, exceeded 124%, exceeded the proposed plan in the period.



- ✚ The revenue achieved in 2015 to be higher 52 billion VND, exceeded 3% as compared to the revenue of the same period. In 2015, the Company has operated really effectively when the business situation was quite favorable due to reduction of oil prices, and input raw material prices were stable. Taking advantage of such conditions, Lixco made plans to expand operations into the northern market (output sold in the northern market reached 1,000 tons/month, completed before 1 year as compared to the proposed target). Besides, Lixco also promoted marketing activities, brought products with "LIX" brand to the world, diversified sources of revenue for the company in many markets. Consequently, EBT in the year increased by 129 billion, exceeded 124% as compared to the performance in 2014.
- ✚ Besides, in 2015, Lixco planned to move and build Lix Bac Ninh Plant and the Plant will focuses on production of detergent (capacity of 50,000 tons/year) and liquid cleaners (capacity of 15,000 tones/year). The construction and expansion of the plant of Lix in Bac Ninh is the basis for Lixco to promote business activities in this market.

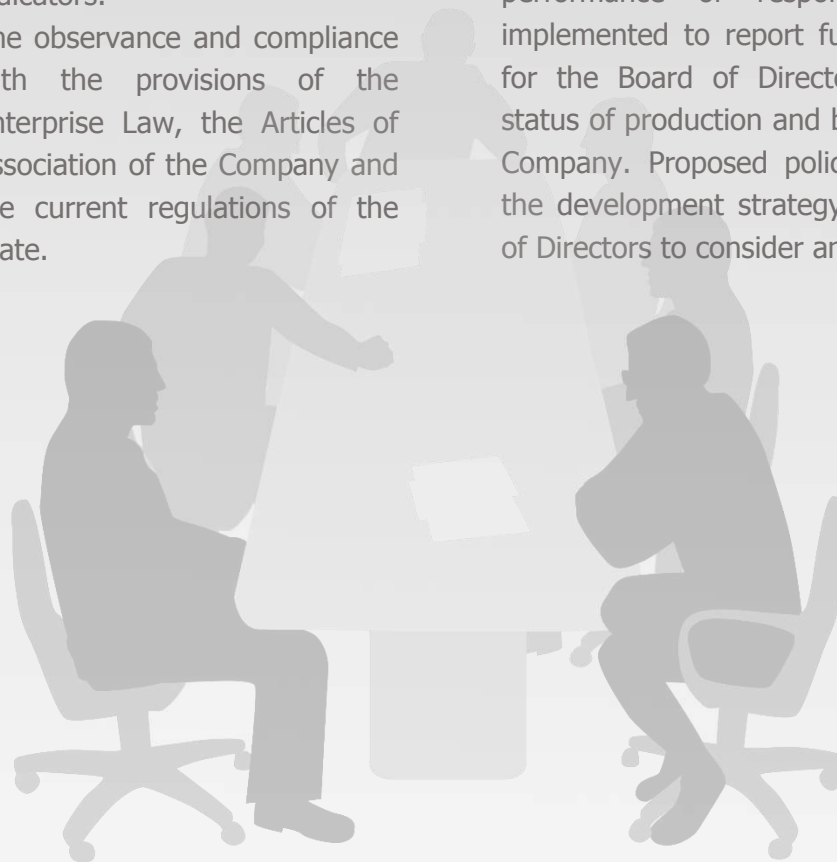
EVALUATION OF BOARD OF DIRECTORS ABOUT THE BOARD OF MANAGEMENT

The Board of Directors regularly monitored the activities of the Board of Management and other managements, operations, and in coordination with the Supervisory Committee to implement issues:

- ✚ Targets, plans proposed by the General Meeting of Shareholders and Board of Directors.
- ✚ Progress and implementation measures for resolutions of AGM, the Board of Directors and the Board of Directors' decisions.
- ✚ Production and business plans and the relevant economic indicators.
- ✚ The observance and compliance with the provisions of the Enterprise Law, the Articles of Association of the Company and the current regulations of the State.

In 2015, the Board of Management has focused on strengthening internal management and directed to operate efficiently production. In addition, the Board of Management always kept with changes timely in terms of microeconomic, macroeconomic shifts, together with movements and competitions in the industry, promptly made suitable policies and decisions. Accordingly, the Company has successfully implemented plans of revenue and profit set by the Board of Directors in the past year.

Aside from operating activities, the Board of Management ensured the performance of responsibilities and implemented to report fully and timely for the Board of Directors about the status of production and business of the Company. Proposed policies related to the development strategy to the Board of Directors to consider and pass.



BOARD OF DIRECTORS' REPORT

PLANS, ORIENTATIONS OF BOARD OF DIRECTORS

Production

Maintaining stable operation on the basis of implementing synchronization of solutions, including: enhancing labor productivity, ensuring product quality, reducing the rate of semi-finished products and loss in production.

Techniques

Establishing a troubleshooting division to total up, learn, and research and timely handling incidents of product quality to ensure benefits of customer in particular, and consumers in general.

Business activities:

- **Traditional sales channel:**
- ✓ **Southern market:**
- ✓ Always ensuring the steady development and continuous growth of the two main items is detergent, washing-up liquid;
- ✓ Developing specific plans for deployment and implementation to expand the market share for other products such as washing-up liquid, fabric softener, floor cleaner, glass cleaner, bleach, toilet bowl cleaner.
- ✓ **Northern market:**
 - Focusing on researching this market to increase market share for the two main items to be washing-up liquid and detergent.
- **Modern sales channel:** Approaching and considering the sales at existing supermarkets in the domestic market
- **Export market:** Focusing on deploying Cambodian market with the main product to be detergent.

Investment: Ensuring to bring the new plant into operation in the Second Quarter/2016 in Que Vo Industrial Park - Bac Ninh to create motive power for development of the Northern market.

Processing: Expanding the cooperative relationship with Unilever in order to diversify processing products.



BOARD OF DIRECTORS

List of Board of Directors

No.	Full name	Position	Note
1	Lam Van Kiet	Chairman	Managing member (General Director)
2	Doan Thi Tam	Member	Managing member (Chief Accountant)
3	Bui Cong Than	Member	Managing member (Deputy General Director)
4	Vo Thanh Danh	Member	Managing member (Deputy General Director)
5	To Thuy Trang	Member	Resigned on 13/04/2015

Sub-divisions under Board of Directors: No

All members of Board of Directors have certificate of corporate management

REPORT OF MANAGEMENT

Operations of Board of Directors

Reports and Resolutions of the Board of Directors in 2015:

No.	Number of Resolution	Date	Content
01	01/2015/NQ-HĐQT	04/02/2015	Finalized the list of shareholders attending the AGM in 2015
02	02/2015/NQ-HĐQT	13/03/2015	Passed the main contents prepared for the AGM in 2015.
03	03/2015/NQ-HĐQT	04/04/2015	Finalized the list of shareholders to pay dividends in 2014.
04	04/2015/NQ-HĐQT	06/04/2015	Established the project evaluation group of "Relocation and investment of building LIX Plant in Bac Ninh"
05	05/2015/NQ-HĐQT	17/04/2015	Approved the project of "Relocation and investment of building LIX Plant in Bac Ninh"
06	06/2015/NQ-HĐQT	20/04/2015	Passed the operating result of quarter 1/2015 Business plan of quarter 2/2015 Concluded the cooperation with Xavinco Real Estate Joint Stock Company
07	07/2015/NQ-HĐQT	28/5/2015	Selected the independent creditor in 2015
08	08/2015/NQ-HĐQT	02/6/2015	Contributed capital to establish a company limited with two or more members and appointed the representative to manage their contributions.
09	09/2015/NQ-HĐQT	18/6/2015	Contributed additional charter capital to Xalivico Co., Ltd.
10	10/2015/NQ-HĐQT	23/6/2015	Through Chairman of the Board of Directors, representatives of the company signed credit agreements, annexes of the credit agreement and related documents to the loans at Commercial Bank for Industry and Trade, Thu Duc Branch.
11	11/2015/QĐ-HĐQT	30/6/2015	Promulgated regulations on management of representatives for equity capital of Lix Detergent Joint Stock Company invested in other businesses.
12	12/2015/NQ-HĐQT	03/07/2015	Passed operating result of the first 6 months of 2015 and the business plan of last 6 months of 2015.
13	13/2015/QĐ-HĐQT	06/08/2015	Appointed Mr. Bui Cong Than
14	14/2015/QĐ-HĐQT	06/08/2015	Appointed Mr. Cao Thanh Tin
15	15/2015/NQ-HĐQT	12/08/2015	Adjusted the name and capacity of the project of LIX Bac Ninh
16	16/2015/NQ-HĐQT	09/10/2015	Passed the operating result of September in 2015 and plan of Quarter 4/2015

17	17/2015/NQ-HĐQT	16/11/2015	Passed the loan of 130 billion to contribute to the charter capital of Xalivico Co., Ltd and Chairman of BOD represented to sign the loan contract and property mortgage contract.
18	18/2015/NQ-HĐQT	18/11/2015	Finalizing the list of shareholders attending the AGM in 2015

SUPERVISION COMMITTEE

List of members of Supervision Committee

No.	Full name	Position/Relation
1	Le Dinh Vy	Head
2	Nguyen Ngoc Quang	Member
3	Nguyen Thi Thuy Van	Member

Meetings of the year

- In 2015, the Supervision Committee held four meetings with full participants to summarize results of work carried out in the period, made working plans for next period and wrote report to AGM.
- In addition, the Supervision Committee has fully participated in the sessions of the Board Directors to assess the situation, the investment situation and contribute ideas, make recommendations to the Board of Director, the Board of Management (BOM) within the scope of his responsibilities and powers.

Operations of the Supervision Committee

The Supervision Committee has built the operation programs in 2015, including:

- Supervised compliances with the provisions of law, the Articles of Association, implementation of the resolutions of AGM, implementation of the resolutions and decisions of the Board of Directors;
- Participated fully meetings of the Board of Directors in 2015;
- Assessed the quarterly, annual financial statements in order to evaluate the truthfulness and relevance of financial data in accordance with the accounting standards, regulations and the current financial policies. At the same time, recognized and carried out the advisory opinions of the independent auditors in order to improve the efficiency of the financial management of the Company. Planned before and after each audit stage for the focus of contents which needs to audit and assesses audit results;
- Coordinated with other functional units of the Company to conduct the inspection activities of subordinate units as branches in order to strengthen the management of the Company for these units.
- Coordinated with Internal Audit Division to check and monitor the effective operation of internal control systems.



REPORT OF MANAGEMENT

TRANSACTIONS, REMUNERATIONS AND BENEFITS OF BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND SUPERVISION COMMITTEE

No.	Full name	Remuneration year	Salary	Bonus	Total
1	Board of Directors				
1.1	Lam Van Kiet	6%	69%	25%	100%
1.2	Doan Thi Tam	6%	69%	25%	100%
1.3	Bui Cong Than	6%	69%	25%	100%
1.4	Vo Thanh Danh	6%	69%	25%	100%
2	Supervision Committee				
2.1	Le Dinh Vy	10%	65%	25%	100%
2.2	Nguyen Ngoc Quang	2%	73%	25%	100%
2.3	Nguyen Thi Thuy Van	2%	73%	25%	100%
3	Board of Management				
3.1	Cao Thanh Tin		75%	25%	100%

Transaction of shares of internal shareholders: No



**BAKER TILLY
A&C**

**CÔNG TY TNHH KIỂM TOÁN VÀ TƯ VẤN A&C
A&C AUDITING AND CONSULTING CO., LTD.**



**COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2015**

**LIX DETERGENT
JOINT STOCK COMPANY**

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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Lix Detergent Joint Stock Company (hereinafter referred as 'the Company') presents this statement together with the Combined Financial Statements for the fiscal year ended 31 December 2015.

Business highlights

Lix Detergent Joint Stock Company has been operating in accordance with the Business Registration Certificate No.0301444263 (the previous one No. 4103001845), which was granted for the first time on 30 September 2003 and amended for the sixth time on 22 August 2013 by the Department of Planning and Investment of Ho Chi Minh City.

On 10 December 2009, the Company's stocks were officially listed in the Ho Chi Minh City Stock Exchange under stock code of LIX in line with the Decision No. 150/QĐ-SGDHCM dated 01 December 2009 of the Ho Chi Minh City Stock Exchange.

Charter capital as in the Business Registration Certificate is VND 216.000.000.000

Head office

- Address : No. 03, Road 02, Block 4, Linh Trung Ward, Thu Duc District, Ho Chi Minh City, Vietnam
- Tel. : (84-8)38.966.803
- Fax : (84-8)38.967.522
- Website : www.lixco.com
- Tax code : 0301444263

Principle business activities of the Company as in the Business Registration Certificate are to manufacture cleansers of all kinds and cosmetics; to manufacture and to trade chemicals of all kinds (except for high toxic chemicals) and packages; to trade import-export activities and to trade real estates.

Board of Management and the Executive Officers

The Members of the Board of Management and the Executive Officers of the Company during the year and as of the date of statement include:

The Board of Management

Name	Title	Appointing date/Resigning date
Mr. Lam Van Kiet	Chairman	30 March 2012
Ms. Doan Thi Tam	Member	30 March 2012
Mr. Vo Thanh Danh	Member	30 March 2012
Mr. Bui Cong Than	Member	30 March 2012
Ms. To Thuy Trang	Member	Appointed on 30 March 2012 Resigned on 13 April 2015

The Board of Supervisors

Name	Title	Appointing date
Mr. Le Dinh Vy	Chief of the Board	30 March 2012
Mr. Nguyen Ngoc Quang	Member	30 March 2012
Ms. Nguyen Thi Thuy Van	Member	30 March 2012



LIX DETERGENT JOINT STOCK COMPANY
STATEMENT OF THE BOARD OF MANAGEMENT (cont.)

The Board of Directors

Name	Title	Appointing date
Mr. Lam Van Kiet	General Director	30 March 2012
Mr. Vo Thanh Danh	Deputy General Director	30 March 2012
Mr. Bui Cong Than	Deputy General Director	06 August 2015
Mr. Cao Thanh Tin	Deputy General Director	06 August 2015

Legal Representative

The Company's legal representative during the year and as of the date of this statement is Mr. Lam Van Kiet – Chairman cum General Director (appointed on 01 October 2003).

Auditor

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the audit on the Company's Combined Financial Statements for the fiscal year ended 31 December 2015.

Responsibilities of the Board of Directors

The Board of Directors of the Company is responsible for the preparation of the Combined Financial Statements to give a true and fair view of the financial position, the financial performance and the cash flows of the Company during the year. In order to prepare these Combined Financial Statements, the Board of Directors must:

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates prudently;
- state clearly whether the accounting standards applied to the Company are followed or not, and all the material differences from these standards are disclosed and explained in the Combined Financial Statements;
- prepare the Combined Financial Statements of the Company on the going-concern basis, except for the cases that the going-concern assumption is considered inappropriate;
- design and implement effectively the internal control system in order to ensure that the preparation and presentation of the Combined Financial Statements are free from material misstatements due to frauds or errors.

The Board of Directors hereby ensures that all the accounting books of the Company have been fully recorded and can fairly reflect the financial position of the Company at any time, and that all the accounting books have been prepared in compliance with the applicable Accounting System. The Board of Directors is also responsible for managing the Company's assets and consequently has taken appropriate measures to prevent and detect frauds and other irregularities.

The Board of Directors hereby commits to the compliance with the aforementioned requirements in preparation of the Combined Financial Statements.

Approval on the Financial Statements

The Board of Management hereby approves the accompanying Combined Financial Statements, which give a true and fair view of the financial position as of 31 December 2015, the financial performance and the cash flows for the fiscal year then ended of the Company in conformity with the Vietnamese Accounting Standards and System and other legal regulations related to the preparation and presentation of the Combined Financial Statements.

For and on behalf of the Board of Management,



Lam Van Kiet
Chairman

Date: 27 February 2016





**BAKER TILLY
A&C**

**CÔNG TY TNHH KIỂM TOÁN VÀ TƯ VẤN A&C
A&C AUDITING AND CONSULTING CO., LTD.**



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Branch in Can Tho : I5-13 Vo Nguyen Giap St., Can Tho City
www.a-c.com.vn

No. 0104/2016/BCTC-KTTV

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS LIX DETERGENT JOINT STOCK COMPANY

We have audited the accompanying Combined Financial Statements of Lix Detergent Joint Stock Company (hereinafter referred as "the Company"), which were prepared on 25 January 2016 (from page 06 to page 43), including the Combined Balance Sheet as of 31 December 2015, the Combined Income Statement, the Combined Cash Flow Statement for the fiscal year then ended and the Notes to the Combined Financial Statements.

Responsibility of the Board of Directors

The Board of Directors of the Company is responsible for the preparation, true and fair presentation of these Combined Financial Statements in accordance with Vietnamese Accounting Standards and System as well as the legal regulations related to the preparation and presentation of the Financial Statements; and responsible for such internal control as the Company's Board of Directors determines necessary to enable the preparation of Combined Financial Statements to be free from material misstatement, whether due to fraud or error.

Responsibilities of Auditors

Our responsibility is to express an opinion on these Combined 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 standards and requirements and plan and perform the audit to obtain reasonable assurance about whether the Combined Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Combined Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Combined Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and true and fair presentation of the Combined 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Combined Financial Statements.

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



Opinion of the Auditors

In our opinion, the Combined Financial Statements referred to above give a true and fair view, in all material respects, of the financial position of Lix Detergent Joint Stock Company as of 31 December 2015, its financial performance and its cash flows for the fiscal year then ended in accordance with Vietnamese Accounting Standards and System as well as the legal regulations related to the preparation and presentation of the Combined Financial Statements.

This report is made in two languages (Vietnamese and English), both of equal validity. The Vietnamese version will be the original for reference when needed.

For and on behalf of
A&C Auditing and Consulting Co., Ltd.



Nguyen Minh Tri - Deputy General Director
Audit Practice Registration Certificate
No. 0089-2013-008-1

Le Thi Thu Nga - Auditor
Audit Practice Registration Certificate
No. 1182-2013-008-1

Ho Chi Minh City, 27 February 2016

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LIX DETERGENT JOINT STOCK COMPANY

Address: No. 03, Road 02, Block 4, Linh Trung Ward, Thu Duc District, Ho Chi Minh City, Vietnam

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

COMBINED BALANCE SHEET

As of 31 December 2015

Unit: VND

ITEMS	Code	Note	Ending balance	Beginning balance
A - CURRENT ASSETS	100		527.500.067.126	411.014.628.237
I. Cash and cash equivalents	110	V.1	245.600.303.279	121.087.860.324
1. Cash	111		20.600.303.279	27.587.860.324
2. Cash equivalents	112		225.000.000.000	93.500.000.000
II. Short-term financial investments	120		-	35.000.000.000
1. Trading securities	121		-	-
2. Provisions for devaluation of trading securities	122		-	-
3. Held-to-maturity investments	123		-	35.000.000.000
III. Short-term receivables	130		102.126.308.644	108.891.964.745
1. Short-term trade receivables	131	V.3	86.381.673.230	92.872.585.671
2. Short-term prepayments to suppliers	132	V.4	14.598.731.993	15.127.038.538
3. Short-term inter-company receivables	133		-	-
4. Receivable according to the progress of construction contract	134		-	-
5. Receivables for short-term loans	135		-	-
6. Other short-term receivables	136	V.5	1.145.903.421	892.340.536
7. Allowance for short-term doubtful debts	137		-	-
8. Deficit assets for treatment	139		-	-
IV. Inventories	140		146.630.824.109	120.226.957.260
1. Inventories	141	V.6	146.630.824.109	120.226.957.260
2. Allowance for inventories	149		-	-
V. Other current assets	150		33.142.631.094	25.807.845.908
1. Short-term prepaid expenses	151	V.7a	320.985.724	5.367.454
2. Deductible VAT	152		32.821.645.370	25.129.765.898
3. Taxes and other accounts receivable from the State	153		-	672.712.556
4. Trading Government bonds	154		-	-
5. Other current assets	155		-	-

LIX DETERGENT JOINT STOCK COMPANY

Address: No. 03, Road 02, Block 4, Linh Trung Ward, Thu Duc District, Ho Chi Minh City, Vietnam

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Combined balance sheet (Cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
B- NON-CURRENT ASSETS	200		264.601.973.094	205.052.001.882
I. Long-term receivables	210		-	3.400.000
1. Long-term trade receivables	211		-	-
2. Long-term prepayments to suppliers	212		-	-
3. Working capital in affiliates	213		-	-
4. Long-term inter-company receivable	214		-	-
5. Receivables for long-term loans	215		-	-
6. Other long-term receivables	216		-	3.400.000
7. Allowance for long-term doubtful debts	219		-	-
II. Fixed assets	220		187.880.253.755	183.977.101.438
1. Tangible fixed assets	221	V.8	155.539.254.586	150.823.555.641
- Historical cost	222		253.470.919.726	235.572.630.097
- Accumulated depreciation	223		(97.931.665.140)	(84.749.074.456)
2. Financial leased assets	224		-	-
- Historical cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.9	32.340.999.169	33.153.545.797
- Initial cost	228		37.912.696.300	37.912.696.300
- Accumulated amortization	229		(5.571.697.131)	(4.759.150.503)
III. Investment property	230		-	-
- Historical costs	231		-	-
- Accumulated depreciation	232		-	-
IV. Long-term assets in process	240		409.560.663	725.330.000
1. Long-term work in process	241		-	-
2. Construction-in-process	242	V.10	409.560.663	725.330.000
V. Long-term financial investments	250		55.000.000.000	-
1. Investments in subsidiaries	251		-	-
2. Investments in joint ventures and associates	252	V.2	55.000.000.000	-
3. Investments in other entities	253		-	-
4. Provisions for devaluation of long-term financial investments	254		-	-
5. Held-to-maturity investments	255		-	-
VI. Other non-current assets	260		21.312.158.676	20.346.170.444
1. Long-term prepaid expenses	261	V.7b	17.048.064.473	17.415.278.496
2. Deferred income tax assets	262	V.11	4.264.094.203	2.930.891.948
3. Long-term components and spare parts	263		-	-
4. Other non-current assets	268		-	-
TOTAL ASSETS	270		792.102.040.220	616.066.630.119

LIX DETERGENT JOINT STOCK COMPANY

Address: No. 03, Road 02, Block 4, Linh Trung Ward, Thu Duc District, Ho Chi Minh City, Vietnam

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Combined balance sheet (Cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
C - LIABILITIES	300		339.341.802.127	250.249.479.569
I. Current liabilities	310		301.428.517.950	211.511.263.548
1. Short-term trade payables	311	V.12a,c	90.121.438.746	67.208.563.390
2. Short-term advances from customers	312	V.13	3.025.060.373	4.135.023.999
3. Taxes and other obligations to the State Budget	313	V.14	27.526.730.960	9.614.010.467
4. Payables to employees	314	V.15	41.949.305.226	33.826.112.585
5. Short-term accrued expenses	315	V.16	19.382.246.378	13.322.236.126
6. Short-term inter-company payable	316		-	-
7. Payable according to the progress of construction contracts	317		-	-
8. Short-term unearned revenue	318		-	-
9. Other short-term payables	319	V.17a,c	1.905.606.909	1.723.633.511
10. Short-term borrowings and financial leases	320	V.18a,b	111.111.864.900	73.987.940.520
11. Provisions for short-term payables	321		-	-
12. Bonus and welfare funds	322	V.19	6.406.264.458	7.693.742.950
13. Price stabilization fund	323		-	-
14. Trading Government bonds	324		-	-
II. Long-term liabilities	330		37.913.284.177	38.738.216.021
1. Long-term trade payables	331	V.12b,c	33.552.983.601	34.465.000.000
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Inter-company payables for working capital	334		-	-
5. Long-term inter-company payables	335		-	-
6. Long-term unearned revenue	336		-	-
7. Other long-term payables	337	V.17b,c	4.360.300.576	4.273.216.021
8. Long-term borrowings and financial leases	338		-	-
9. Convertible bonds	339		-	-
10. Preferred shares	340		-	-
11. Deferred income tax liability	341		-	-
12. Provisions for long-term payables	342		-	-
13. Science and technology development fund	343		-	-

LIX DETERGENT JOINT STOCK COMPANY

Address: No. 03, Road 02, Block 4, Linh Trung Ward, Thu Duc District, Ho Chi Minh City, Vietnam

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Combined balance sheet (Cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
D - OWNER'S EQUITY	400		452.760.238.093	365.817.150.550
I. Owner's equity	410		452.760.238.093	365.817.150.550
1. Capital	411	V.42	216.000.000.000	216.000.000.000
- Ordinary shares carrying voting right	411a		216.000.000.000	216.000.000.000
- Preferred shares	411b		-	-
2. Share premiums	412		-	-
3. Bond conversion options	413		-	-
4. Other sources of capital	414		-	-
5. Treasury stocks	415		-	-
6. Differences on asset revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418	V.20	60.329.733.015	37.115.733.015
9. Business arrangement supporting fund	419		-	-
10. Other funds	420		-	-
11. Retained earnings	421	V.20	176.430.505.078	112.701.417.535
- Retained earnings accumulated to the end of the previous period	421a		27.452.417.535	112.701.417.535
- Retained earnings of the current period	421b		148.978.087.543	-
12. Construction investment fund	422		-	-
II. Other sources and funds	430		-	-
1. Sources of expenditure	431		-	-
2. Fund to form fixed assets	432		-	-
TOTAL LIABILITIES AND OWNER'S EQUITY	440		792.102.040.220	616.066.630.119

Ho Chi Minh City, 25 January 2016



Pham Thi Kim Hong
Preparer



Doan Thi Tam
Chief Accountant



Lam Van Kiet
General Director

LIX DETERGENT JOINT STOCK COMPANY

Address: No. 03, Road 02, Block 4, Linh Trung Ward, Thu Duc District, Ho Chi Minh City, Vietnam

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

COMBINED INCOME STATEMENT

For the fiscal year ended 31 December 2015

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Sales	01	VI.1	1.780.132.883.705	1.720.780.014.698
2. Sales deductions	02	VI.2	22.828.140.584	15.046.736.329
3. Net sales	10		1.757.304.743.121	1.705.733.278.369
4. Cost of sales	11	VI.3	1.384.712.285.372	1.364.232.957.206
5. Gross profit	20		372.592.457.749	341.500.321.163
6. Financial income	21	VI.4	10.326.699.234	5.793.613.021
7. Financial expenses	22	VI.5	4.232.666.940	2.789.312.429
In which: Loan interest expenses	23		1.344.922.275	1.391.196.994
8. Selling expenses	25	VI.6	153.509.604.142	197.194.759.103
9. General and administration expenses	26	VI.7	45.900.947.627	43.560.311.367
10. Net operating profit	30		179.275.938.274	103.749.551.285
11. Other income	31	VI.8	54.114.953.756	532.265.589
12. Other expenses	32	VI.9	367.297.896	47.883.524
13. Other profit	40		53.747.655.860	484.382.065
14. Total accounting profit before tax	50		233.023.594.134	104.233.933.350
15. Current income tax	51	V.14	52.978.708.846	23.879.054.747
16. Deferred income tax	52	V.11	(1.333.202.255)	(413.867.519)
17. Profit after tax	60		181.378.087.543	80.768.746.122
18. Basic earnings per share	70	VI.10	7.522	3.367
19. Diluted earnings per share	71	VI.10	7.522	3.367

Ho Chi Minh City, 25 January 2016


Pham Thi Kim Hong
Preparer

Doan Thi Tam
Chief Accountant

Lam Van Kiet
General Director

LIX DETERGENT JOINT STOCK COMPANY

Address: No. 03, Road 02, Block 4, Linh Trung Ward, Thu Duc District, Ho Chi Minh City, Vietnam

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

COMBINED CASH FLOW STATEMENT

(Indirect method)

For the fiscal year ended 31 December 2015

Unit: VND

ITEMS	Code	Note	Current year	Previous year
I. Cash flows from operating activities				
1. Profit before tax	01		233.023.594.134	104.233.933.350
2. Adjustments				
- Depreciation of fixed assets and investment properties	02	V.8, V.9	17.616.815.283	15.517.971.210
- Provisions and allowances	03		-	-
- Exchange gain due to revaluation of monetary items in foreign currencies	04	VI.5	565.704.316	190.904.593
- Gain/ (loss) from investing activities	05		(8.683.075.028)	(4.263.513.599)
- Interest expenses	06	VI.5	1.344.922.275	1.391.196.994
- Others	07		-	-
3. Operating profit before changes of working capital	08		243.867.960.980	117.070.492.548
- Increase/(decrease) of receivables	09		12.623.272.345	(1.563.821.686)
- Increase/(decrease) of inventories	10	V.6	(26.403.866.849)	2.614.294.516
- Increase/ (decrease) of payables	11		40.022.324.909	9.147.757.457
- Increase/ (decrease) of prepaid expenses	12		51.595.753	660.026.594
- Increase/ (decrease) of trading securities	13		-	-
- Interests paid	14		(1.005.320.749)	(1.391.196.994)
- Corporate income tax paid	15	V.14	(36.400.311.632)	(20.279.676.109)
- Other cash inflows	16		-	1.172.079.825
- Other cash outflows	17	V.19	(9.322.478.492)	(5.613.653.368)
Net cash flows from operating activities	20		223.433.176.265	101.816.302.783
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other long-term assets	21		(36.071.740.696)	(40.470.393.025)
2. Proceeds from disposals of fixed assets and other long-term assets	22		281.354.546	114.345.454
3. Cash outflow for lending, buying debt instruments of other entities	23		-	(15.000.000.000)
4. Cash recovered from lending, selling debt instruments of other entities	24		35.000.000.000	-
5. Investments into other entities	25	V.2	(55.000.000.000)	-
6. Withdrawals of investments in other entities	26		-	-
7. Interest earned, dividends and profits received	27		8.334.393.800	4.594.655.644
Net cash flows from investing activities	30		(47.455.992.350)	(50.761.391.927)

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LIX DETERGENT JOINT STOCK COMPANY

Address: No. 03, Road 02, Block 4, Linh Trung Ward, Thu Duc District, Ho Chi Minh City, Vietnam

For the fiscal year ended 31 December 2015

Combined cash flow statement (Cont.)

ITEMS	Code	Note	Curent year	Previous year
III. Cash flows from financing activities				
1. Proceeds from issuing stocks and capital contributions from owners	31		-	-
2. Repayment for capital contributions and re-purchases of stocks already issued	32		-	-
3. Proceeds from borrowings	33	V.18a	254.536.567.425	240.994.567.842
4. Repayment for loan principal	34	V.18a	(219.589.182.365)	(212.551.968.283)
5. Payments for financial leased assets	35		-	-
6. Dividends and profit paid to the owners	36	V.20	(86.400.000.000)	(32.400.000.000)
<i>Net cash flows from financing activities</i>	40		<u>(51.452.614.940)</u>	<u>(3.957.400.441)</u>
Net cash flows during the period	50		124.524.568.975	47.097.510.415
Beginning cash and cash equivalents	60	V.1	121.087.860.324	73.947.024.066
Effects of fluctuations in foreign exchange rates	61		(12.126.020)	43.325.843
Ending cash and cash equivalents	70	V.1	<u><u>245.600.303.279</u></u>	<u><u>121.087.860.324</u></u>

Ho Chi Minh City, 25 January 2016



Pham Thi Kim Hong
Preparer



Doan Thi Tam
Chief Accountant



Lam Van Kiet
General Director



LIX DETERGENT JOINT STOCK COMPANY

Address: No. 03, Road 02, Block 4, Linh Trung Ward, Thu Duc District, Ho Chi Minh City, Vietnam

COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

I. GENERAL INFORMATION

1. Investment form

Lix Detergent Joint Stock Company (hereinafter referred as 'the Company') is a joint stock company.

2. Operating field

Industrial manufacturing and trading.

3. Principal business activities

Principal business activities are to manufacture cleansers of all kinds and cosmetics; to manufacture and to trade chemicals of all kinds (except for high toxic chemicals) and packages; to trade import-export activities and to trade real estates.

4. Normal operating cycle

Normal operating cycle of the Company is within 12 months

5. Effect of the Company's operations during the year on the Financial Statements

In the current year, there has been a sharp increase in Company's profits in comparison with that of the previous year thanks to its better business and gains from compensation for Ha Noi Branch's office removal for the amount of VND53.000.000.000.

6. Structure of the Company

Affiliates which have not been granted the business registration certificates and are doing accounting works dependently

Affiliates	Address
Hanoi Branch	No. 233, Nguyen Trai Street, Thuong Dinh Ward, Thanh Xuan District, Ha Noi City
Binh Duong Branch	A-6, A-12, Dai Dang IP, Phu Tan Ward, Thu Dau Mot City, Binh Duong Province
Bac Ninh Branch	Lot II – 4.1, Que Vo 2 IP, Ngoc Xa Commune, Que Vo District, Bac Ninh Province

7. Statement on information comparability on the Financial Statements

As presented in the Note No. III.1, since 01 January 2015, the Company has applied the Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the Vietnamese Accounting System in replacement for the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Minister of Finance and the Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance. The regulations of new Accounting System have not caused any the material effects on the figures of the Company. Besides, the Company has re-presented the comparative figures on the Combined Balance Sheet as of 31 December 2015, the Combined Income Statement and the Combined Cash Flow Statements for the fiscal year ended 31 December 2015; therefore, the corresponding figures on of the previous year can be comparable with figures of the current year.

8. Employees

As of the balance sheet date, there have been 1.176 employees working for the Company (at the beginning of the year: 1.233 employees).

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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

II. FISCAL YEAR AND ACCOUNTING CURRENCY

1. Fiscal year

The fiscal year of the Company is from 01 January to 31 December annually.

2. Accounting currency unit

The accounting currency unit is Vietnamese Dong (VND) because of transactions of the Company are primarily made in VND.

III. ACCOUNTING STANDARDS AND SYSTEM

1. Accounting system

On 22 December 2014, the Ministry of Finance issued the Circular No. 200/2014/TT-BTC guiding the Vietnamese Accounting System in replacement for the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Minister of Finance and the Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance. This Circular takes effect and is applied to the fiscal year starting on or after 01 January 2015. The Company applies the Vietnamese Accounting Standards, this Circular and other Circulars guiding the implementation of Vietnamese Accounting Standards of the Ministry of Finance in the preparation and presentation of Combined Financial Statements.

2. Statement on the compliance with the accounting standards and system

The Board of Directors ensures to follow all the requirements of the Vietnamese Accounting Standards and System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 as well as other Circulars guiding the implementation of Vietnamese Accounting Standards of the Ministry of Finance in the preparation of Combined Financial Statements.

IV. ACCOUNTING POLICIES

1. Accounting convention

All the Financial Statements are prepared in accordance with the accrual basis (except for the information related to cash flows).

2. Foreign currency transactions

Transactions in foreign currencies are converted at the actual exchange rates ruling as of the transaction dates. The ending balances of monetary items in foreign currencies are converted at the actual exchange rates ruling as of the balance sheet date.

Foreign exchange differences arisen from foreign currency transactions during the year shall be included into financial income or financial expenses. Foreign exchange differences due to the revaluation of ending balances of the monetary items in foreign currencies after offsetting their positive differences against negative differences shall be included into financial income or financial expenses.



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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

The exchange rate used to convert foreign currency transactions is the actual exchange rate ruling as at the time of these transactions. The actual exchange rates applied to foreign currency transactions are as follows:

- For the foreign currency trading contract (including spot contract, forward contract, future contract, option contract, currency swap): the exchange rate stipulated in the contracts of trading foreign currency between the Company and the Bank.
- For capital contribution made or received: the buying rate of the bank where the Company opens its account to receive capital contributed from investors as of the date of capital contribution.
- For receivables: the buying rate ruling as at the time of transaction of the commercial bank where the Company designates the customers to make payments.
- For payables: the selling rate ruling as at the time of transaction of the commercial bank where the Company supposes to make payments.
- For acquisition of assets or immediate payments in foreign currency (not included into payable accounts): the buying rate of the commercial bank where the Company makes payments.

The exchange rates used to re-evaluate the ending balances of monetary items in foreign currencies are determined according to the following principles:

- For foreign currency deposits: the buying rate of the bank where the Company opens its foreign currency account.
- For monetary items in foreign currencies classified as other assets: the buying rate of Vietnam Joint Stock Commercial Bank for Industry and Trade (Viettinbank) where the Company frequently conducts transactions.
- For monetary items in foreign currencies classified as liabilities: the selling rate of Vietnam Joint Stock Commercial Bank for Industry and Trade (Viettinbank) where the Company frequently conducts transactions.

3. Cash and cash equivalents

Cash includes cash on hand and demand deposits in bank. Cash equivalents consists of short-term investments of which the due dates cannot exceed 3 months from the dates of the investments and the convertibility into cash is easy, and which do not have a lot of risks in the conversion into cash as of the recording date.

4. Financial investments

Investments into associates

An associate is an entity which the Company has significant influence but not the control to govern the financial and operating policies. Significant influence is the right to participate in making the associate's financial and operating policies but not control those policies.

Investments into associates are initially recognized at cost including the purchase cost or capital contributions plus other directly attributable transaction cost. In case of investment in non-monetary assets, the costs of the investment are recognized at the fair value of non-monetary assets at the arising time.

Dividends and profits of the periods prior to the purchase of investments are recorded as a decrease in value of such investments. Dividends and profit of the periods after the purchase of investments are recorded into the Company's revenues. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity is followed up.

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LIX DETERGENT JOINT STOCK COMPANY

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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

Provisions for impairment of investments in associates is made when the associates suffer from losses at the rate equal to the difference between the actual capital invested by investors in associates and the actual owner's equity multiplying (x) by the Company's rate of capital contribution over the total actual capital invested by investors in associates. If the subsidiaries, joint ventures, associates are consolidated into Consolidated Financial Statements, the basis for impairment provisions is the Consolidated Financial Statements.

Increases/ (decreases) in the provisions for impairment of investments in associates are recorded into "Financial expenses" during the year

5. Receivables

Receivables are recognized at the carrying amounts less allowances for doubtful debts.

The classification of receivables as trade receivables and other receivables is made according the following principles:

- Trade receivables reflect receivables concerning the commercial nature arising from purchase and sale transactions between the Company and customers who are independent to the Company, inclusive of receivables for the exports entrusted to other entities
- Other receivables reflect receivables not concerning the commercial nature and irrelevant to purchase and sale transactions.

Allowance is made for each doubtful debt on the basis of the debt age or estimated loss as follows:

- As for outstanding debt:
 - 30% of the value of debts outstanding from over 6 months to under 1 year.
 - 50% of the value of debts outstanding from 1 year to under 2 years.
 - 70% of the value of debts outstanding from 2 years to under 3 years
 - 100% of the value of debts outstanding from over 3 years.
- As for doubtful debts: Allowance is made on the basis of the estimated loss.

Increases/ (decreases) in the obligatory allowance for doubtful debts as of the balance sheet date are recorded into general and administration expenses.

6. Inventories

Inventories are recognized at the lower of cost or net realizable value.

Cost of inventories is determined as follows:

- For materials and merchandises: Costs comprises costs of purchases and other directly relevant costs incurred in bringing the inventories to their present location and conditions.
- For finished goods: Cost comprises costs of materials, direct labor and directly relevant general manufacturing expenses allocated on the basis of normal operations
- Work-in-process: Costs only comprises main materials

Costs of inventories are determined in accordance with the weighted average method and recorded in line with the perpetual method.

Net realizable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for inventories is recognized for each type of inventories when their costs are higher than their net realizable values. Increases/ (decreases) in the obligatory allowance for inventories as of the balance sheet date are recorded into costs of sales.

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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

7. Prepaid expenses

Prepaid expenses comprise actual expenses arising and relevant to financial performance in several accounting periods. Prepaid expenses of the Company include:

Tools

Expenses of tools being put into use are allocated into expenses in accordance with the straight-line method for the maximum period of 02 years.

Prepaid land rental

Prepaid land rental represents the rental already prepaid for the land being used by the Company. Land rental is allocated into expenses in accordance with the straight-line method with the leasing period as in the land leasing contracts.

8. Tangible fixed assets

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of tangible fixed assets include all the expenses paid by the Company to bring the asset to its working condition for its intended use. Other expenses arising subsequent to initial recognition are included into historical costs of fixed assets only if it can be clearly demonstrated that the expenditure has resulted in future economic benefits expected to be obtained from the use of these assets. Those which do not meet the above conditions will be recorded into operation costs during the year.

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

Tangible fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years applied are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	05 – 20
Machinery and equipment	05 – 12
Vehicles	06 – 10
Office equipment	03 – 10

9. Intangible fixed assets

Intangible fixed assets are determined by their initial costs less accumulated amortization.

Initial costs of intangible fixed assets include all the costs paid by the Company to bring the asset to its working condition for its intended use. Other costs relevant to intangible fixed assets arising subsequent to initial recognition are included into operation costs during the period only if these costs are associated with a specific intangible fixed asset and result in future economic benefits expected to be obtained from the use of these assets.

When an intangible fixed asset is sold or disposed, its initial costs and accumulated amortization are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

The Company's intangible fixed asset includes land use right only.

Land use right includes all the actual expenses paid by the Company directly related to the land being used such as expenses to obtain the land use right, expenses for house removal, land clearance and ground leveling, registration fees, etc. The land use right is amortized according to the straight-line method for the period of 50 years.

Land use right reflects the land rental that the company paid once for many years, so it was granted the Land Use Right Certificate. This land use right is amortized in line with the land leasing period (45-50 years).

10. Construction-in-progress

Construction-in-progress reflects the expenses (including relevant loan interest expenses following the accounting policies of the Company) directly related to the construction of plants and the installation of machinery and equipment to serve for production, leasing, and management as well as the repair of fixed assets, which have not been completed yet. Assets in the progress of construction and installation are recorded at historical costs and not depreciated.

11. Payables and accrued expenses

Payables and accrued expenses are recorded based on the amounts payable for goods and services already used. Accrued expenses are recorded based on reasonable estimates for the amounts payable.

The classification of payables as trade payables, accrued expenses and other payables is made on the basis of following principles:

- Trade payables reflect payables of commercial nature arising from the purchase of goods, services, or assets and the seller is an independent entity with the Company, inclusive of payables for import through entrustment.
- Accrued expenses reflect expenses for goods, services received from suppliers or supplied to customers but have not been paid, invoiced or lack of accounting records and supporting documents; pay on leave payable to employees; and accrual of operation expenses.
- Other payables reflect payables of non-commercial nature and irrelevant to purchase, sales of goods or provisions of services.

Payables and accrued expenses are classified as short-term or long-term items in the Balance Sheet basing on their remaining period as of the balance sheet date.

12. Owner's equity

Capital

Capital is recorded according to the actual amounts invested by shareholders.

13. Profit distribution

Profit after corporate income tax is distributed to the shareholders members after appropriation for funds under the Charter of the Company as well as legal regulations and approved by the Shareholders' Meeting.

The distribution of profits to the shareholders is made with consideration toward non-cash items in the retained earnings that may affect cash flows and payment of dividends such as profit due to revaluation of assets contributed as investment capital, profit due to revaluation of monetary items, financial instruments and other non-cash items.

Dividends are recorded as payables upon approval of the Shareholders' Meeting.

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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

14. Recognition of sales and income

Sales of merchandises, finished goods

Sales of merchandises and finished goods shall be recognized when all of the following conditions are satisfied:

- The Company transfers most of risks and benefits incident to the ownership of goods or products to customers.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of sales can be measured reliably. Where the contracts stipulate that buyer is entitled to return goods or products purchased under specific conditions, sales are recorded only when those specific conditions are no longer exist and buyers retains no right to return products (except for the case that such returns are in exchange for other goods or services).
- The Company received or shall probable receive the economic benefits associated with sale transactions.
- The cost incurred or to be incurred in respect of the sale transaction can be measured reliably

Sales of rendering services

Sales of rendering services shall be recognized when all of the following conditions are satisfied:

- the amount of sales can be measured reliably. When the contract stipulates that the buyer is entitled to return the services rendered under specific conditions, sales is recognized only when these specific conditions are no longer existed and the buyer is not entitled to return the services rendered.
- the Company received or shall probably receive the economic benefits associated with the rendering of services.
- the stage of completion of the transaction at the end of reporting period can be measured reliably.
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

In the case that the services are provided in several accounting periods, the determination of sales is done on the basis of the stage of completion as of the balance sheet date.

Sales from processing service

Sales from processing materials, goods are the actual amount received, exclusive of the value of materials and goods.

Interest

Interest is recorded, based on the term and the actual interest rate applied in each particular period.

15. Sales deductions

Sales deductions include trade discounts, sales returns incurred in the same period of providing products which are recorded as a deduction of sales in such period.

In case of products, services provided in the previous years but trade discounts, sales returns incurred in the current year, sales deductions shall be recorded as follows:

- If trade discounts, sales returns incur prior to the release of the Combined Financial Statements, such sales deductions are recognized in the Combined Financial Statements of the current year.
- If trade discounts, sales returns incur after the release of the Combined Financial Statements, such sales deductions are recognized in the Combined Financial Statements of the following year.

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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

16. Borrowing costs

Borrowing costs are interests and other costs that the Company directly incurs in connection with the borrowing.

Borrowing costs are recorded as an expense when it is incurred. In case the borrowing costs are directly attributable to the construction or the production of an asset in progress, which takes a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these costs will be included in the cost of that asset. To the extent that the borrowings are especially for the purpose of construction of fixed assets and investment properties, the borrowing cost is eligible for capitalization even if construction period is under 12 months. Incomes arisen from provisional investments as loans are recognized as a decrease in the costs of relevant assets.

In the event that general borrowings are partly used for the acquisition, construction or production of an asset in progress, the costs eligible for capitalization will be determined by applying the capitalization rate to average accumulated expenditure on construction or production of that asset. The capitalization rate is computed at the weighted average interest rate of the borrowings not yet paid during the period, except for particular borrowings serving the purpose of obtaining a specific asset.

17. Expenses

Expenses are those that result in outflows of the Company's economic benefits and are recorded at the time of transactions or when incurrence of the transaction is reliable regardless of whether payment for expenses is made or not.

Expenses and their corresponding revenues are simultaneously recognized in accordance with matching principle. In the event that matching principle conflicts with prudence principle, expenses are recognized based on the nature and regulations of accounting standards in order to guarantee that transactions can be fairly and truly reflected.

18. Corporate income tax

Corporate income tax includes current income tax and deferred income tax.

Current income tax

Current income tax is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses brought forward.

Deferred income tax

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the Financial Statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

Carrying values of deferred corporate income tax assets are considered as of the balance sheet date and will be reduced to the rate that ensures enough taxable income against which the benefits from part of or all of the deferred income tax can be used. Deferred corporate income tax assets, which have not been recorded before, are considered as of the balance sheet date and are recorded when there is certainly enough taxable income to use these unrecognized deferred corporate income tax assets.

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Notes to the combined financial statements (cont.)

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rate to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the income statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity.

The Company shall offset deferred tax assets and deferred tax liabilities if, and only if:

- The Company has the legal right to offset current income tax assets against current income tax liabilities; and
- Deferred income tax assets and deferred income tax liabilities are relevant to corporate income tax which is under the management of one tax authority either:
 - Of the same subject to corporate income tax; or
 - The Company has intention to pay current income tax liabilities and current income tax assets on a net basis or recover tax assets and settle tax liability simultaneously in each future period to the extent that the majority of deferred income tax liabilities or deferred income tax assets are paid or recovered.

19. Related parties

A party is considered a related party of the Company in case that party is able to control the Company or to cause material effects on the financial decisions as well as the operations of the Company. A party is also considered a related party of the Company in case that party is under the same control or is subject to the same material effects.

Considering the relationship of related parties, the nature of relationship is focused more than its legal form.

20. Segment reporting

A business segment is a distinguishable component of the Company that is engaged in manufacturing or providing products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Company that is engaged in manufacturing or providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Information on segment is made and presented in compliance with the accounting policies for the preparation and presentation of the Combined Financial Statements of the Company.

21. Financial instruments

Financial assets

The classification of financial assets depends on their nature and purposes and is determined at the date of initial recognition. The financial assets of the Company include cash and cash equivalents, trade receivables, other receivables.

At the date of initial recognition, financial assets are recognized at original cost plus other costs directly attributable to the acquisition or issuance of those financial assets.

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LIX DETERGENT JOINT STOCK COMPANY

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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

Financial liabilities

The classification of financial liabilities depends on their nature and purposes and is determined at the date of initial recognition. The financial liabilities of the Company include trade payables, borrowings, other payables.

At the date of initial recognition, financial liabilities are recorded at original cost less other costs directly attributable to those financial liabilities.

Offsetting financial instruments

Financial assets and financial liabilities will be offset against each other and reflected at their net values in the Balance Sheet when, and only when, the Company:

- has a legal right to offset the recognized amounts; and
- has intention either to settle on a net basis, or to recognize the asset and to settle the liability simultaneously.

V. ADDITIONAL INFORMATION ON THE ITEMS OF THE COMBINED BALANCE SHEET

1. Cash and cash equivalents

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand	887.778.800	797.894.728
Demand deposits in bank	19.712.524.479	26.789.965.596
Cash equivalents	225.000.000.000	93.500.000.000
Total	<u>245.600.303.279</u>	<u>121.087.860.324</u>

2. Financial investments

The financial investments of the Company only include investments into other entities. The Company's financial investments are as follows:

According to the Business Registration Certificate No. 0106872723 dated 09 June 2015, which was amended for the first time on 26 June 2015, granted by the Department of Planning and Investment of Ho Chi Minh City, the Company has contributed capital into Xalivico Co., Ltd. for an amount of VND 130.000.000.000, equivalent to 26% of charter capital of this Company. As of the balance sheet date, the Company has invested VND 55.000.000.000, equivalent to 11% of charter capital.

The operation of associates

This associate has just been established in current year.

The capital investments into other entities used as collaterals

The Company has used its actual capital investments on the basis of face value into the charter capital of Xalivico Co., Ltd. at each specific period as collateral to secure the loan from VinGroup.

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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

3. Short-term trade receivables

	Ending balance	Beginning balance
Saigon Co.op	26.190.297.051	14.638.385.530
Toyotsu Chemiplas Corporation	13.874.868.464	14.427.970.905
Unilever Vietnam	10.383.027.205	9.542.912.995
Metro Cash & Carry Vietnam	6.549.337.422	7.089.376.229
Hoang Nam Production Co., Ltd.	4.365.517.562	15.119.850.051
EB Services Limited Company	13.685.300.715	13.980.244.471
Thanh Phu Plastic Packaging Co., Ltd.	-	8.560.928.475
Vincommerce Jsc.	1.344.370.392	-
Unique Plastic Co., Ltd.	2.286.900.000	3.600.000.000
Satrafods	2.082.783.560	-
Other customers	5.619.270.859	5.912.917.015
Total	<u>86.381.673.230</u>	<u>92.872.585.671</u>

4. Short-term prepayments to suppliers

	Ending balance	Beginning balance
<i>Prepayments to related parties</i>	<i>735.000.000</i>	-
Chemical Industry Engineering Joint Stock Company (CECO)	735.000.000	-
<i>Prepayments to other suppliers</i>	<i>13.863.731.993</i>	<i>15.127.038.538</i>
Thanh Phu Co., Ltd.	-	6.675.182.518
Bao Phung One Member Production and Trading Co., Ltd.	-	3.613.321.800
Hoang Nam Production Co., Ltd.	322.102.116	573.029.562
Hoang Quan Consulting Trading Service Real Estate Corporation	-	2.969.296.000
Do Thanh Technology Co., Ltd.	2.553.900.000	-
Thanh An Investment and Construction JSC 665	3.584.800.000	-
Vietbuild, JSC	2.005.500.000	-
VIETCIS., JSC	1.350.000.000	-
Other suppliers	4.047.429.877	1.296.208.658
Total	<u>14.598.731.993</u>	<u>15.127.038.538</u>

5. Other short-term receivables

	Ending balance		Beginning balance	
	Value	Allowance	Value	Allowance
Import duty expected to be refunded	259.291.781	-	177.887.907	-
Interest expected to be received	500.677.777	-	286.795.834	-
Advances	-	-	9.000.000	-
Short-term deposits, mortgages	41.000.000	-	25.000.000	-
Other short-term receivables	344.933.863	-	393.656.795	-
Total	<u>1.145.903.421</u>	<u>-</u>	<u>892.340.536</u>	<u>-</u>

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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)**6. Inventories**

	Ending balance		Beginning balance	
	Original costs	Allowance	Original costs	Allowance
Goods in transit	10.463.518.800	-	108.806.355	-
Materials and supplies	69.052.763.089	-	73.303.045.502	-
Tools	2.092.524.553	-	1.614.702.623	-
Work-in-process	257.831.317	-	386.469.335	-
Finished goods	55.026.571.032	-	41.166.267.368	-
Merchandises	9.737.615.318	-	3.647.666.077	-
Total	146.630.824.109	-	120.226.957.260	-

The ending balance of some materials and finished goods, of which the book value is VND 80.000.000.000 (beginning balance: VND 80.000.000.000) have been mortgaged to secure the loans from VietinBank – Thu Duc branch.

7. Short-term/ long-term prepaid expenses**7a. Short-term prepaid expenses**

	Ending balance	Beginning balance
Insurance premiums	294.153.724	-
Other short-term prepaid expenses	26.832.000	5.367.454
Total	320.985.724	5.367.454

7b. Long-term prepaid expenses

	Ending balance	Beginning balance
Tools	154.675.727	1.180.854.496
Land rental	16.226.355.000	16.226.355.000
Other expenses	667.033.746	8.069.000
Total	17.048.064.473	17.415.278.496

8. Tangible fixed assets

	Buildings & structures	Machinery & equipment	Vehicles	Office equipment	Total
Historical costs					
Beginning balance	104.982.585.195	116.992.414.738	10.577.922.379	3.019.707.785	235.572.630.097
Acquisition during the year	5.007.531.800	8.675.767.074	1.812.958.273	652.153.873	16.148.411.020
Complete constructions	5.518.111.841	-	-	-	5.518.111.841
Liquidation and disposal	(100.000.000)	(3.303.233.232)	(365.000.000)	-	(3.768.233.232)
Ending balance	115.408.228.836	122.364.948.580	12.025.880.652	3.671.861.658	253.470.919.726
<i>In which:</i>					
Assets fully depreciated but still in use	23.475.473.093	22.294.398.794	4.001.956.052	1.603.105.635	51.374.933.574
Assets waiting for liquidation	-	-	-	-	-

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For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

	<u>Buildings & structures</u>	<u>Machinery & equipment</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Depreciation					
Beginning balance	34.280.578.087	42.951.160.656	5.620.123.000	1.897.212.713	84.749.074.456
Depreciation during the year	6.043.643.727	9.618.670.907	944.016.725	197.937.296	16.804.268.655
Other increases	-	146.555.261	-	-	146.555.261
Liquidation and disposal	(100.000.000)	(3.303.233.232)	(365.000.000)	-	(3.768.233.232)
Ending balance	40.224.221.814	49.413.153.592	6.199.139.725	2.095.150.009	97.931.665.140
Net book values					
Beginning balance	70.702.007.108	74.041.254.082	4.957.799.379	1.122.495.072	150.823.555.641
Ending balance	75.184.007.022	72.951.794.988	5.826.740.927	1.576.711.649	155.539.254.586
<i>In which:</i>					
Assets temporarily not in use	-	-	-	-	-
Assets waiting for liquidation	-	-	-	-	-

9. Intangible fixed assets

	<u>Initial costs</u>	<u>Amortization</u>	<u>Net book values</u>
Beginning balance	37.912.696.300	4.759.150.503	33.153.545.797
Amortization during the year		812.546.628	
Ending balance	37.912.696.300	5.571.697.131	32.340.999.169
<i>In which:</i>			
Assets temporarily not in use	-	-	-
Assets waiting for liquidation	-	-	-

10. Construction-in-progress

	<u>Beginning balance</u>	<u>Increase during the year</u>	<u>Inclusion into fixed assets</u>	<u>Other decreases</u>	<u>Ending balance</u>
Construction of Binh Duong Branch	122.240.000	5.395.871.841	(5.518.111.841)	-	-
Construction of Bac Ninh Branch	567.090.000	178.444.299	-	(614.973.636)	130.560.663
Relocation of Bac Ning Branch	-	286.000.000	-	(43.000.000)	243.000.000
Other construction-in-progress	36.000.000	-	-	-	36.000.000
Total	725.330.000	5.860.316.140	(5.518.111.841)	(657.973.636)	409.560.663

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Notes to the combined financial statements (cont.)**11. Deferred income tax assets**

Deferred income tax assets related to temporarily deductible differences. Details are as follows:

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	2.930.891.948	2.517.024.429
Inclusion into operation results	1.333.202.255	413.867.519
Inclusion into owner's equity	-	-
Ending balance	<u>4.264.094.203</u>	<u>2.930.891.948</u>

12. Short-term/ long-term trade payables**12a. Short-term trade payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Payables to related parties</i>	<i>8.148.042.568</i>	<i>2.107.310.056</i>
South Chemicals Import-Export Joint Stock Company	4.030.824.600	52.335.938
BICICO	-	349.434.773
Viet Tri Chemical Joint Stock Company	302.493.734	42.556.800
Ordesco	-	1.144.311.300
Chemical Industry Engineering Joint Stock Company (CECO)	-	273.798.595
Duc Giang Chemical and Detergent Powder JSC - DGC	2.213.497.000	-
South Basic Chemicals Co., Ltd.	57.226.400	30.861.600
Viet Nam Chemical Import & Export Co., Ltd. (VINACHIMEX)	483.073.735	214.011.050
Ha Noi Soap Joint Stock Company	1.060.927.099	-
<i>Payables to other suppliers</i>	<i>81.973.396.178</i>	<i>65.101.253.334</i>
UIC Viet Nam	19.372.743.474	12.483.047.101
Branch of Tico Joint Stock Company	-	12.178.463.726
Soft Chemical Corporation - SCC	10.499.937.558	8.379.570.796
Nhat Tam Production and Trading Co., Ltd.	509.652.000	1.074.882.655
F.A JSC	3.699.535.254	1.175.302.866
Viet Nhat Plastic Production Co., Ltd.	4.507.173.170	322.221.438
Hoang Nam Production Company	1.671.073.523	2.047.860.640
Ha Hong Quang Trading Transport Service Pte.	2.393.510.522	2.451.034.276
SCG Plastics Co., Ltd	5.540.782.800	-
A. R. Stanchem PVT Co., Ltd.	9.845.472.000	-
Other suppliers	23.933.515.877	24.988.869.836
Total	<u>90.121.438.746</u>	<u>67.208.563.390</u>

12b. Long-term trade payables

Payables to Unilever Viet Nam.

12c. Outstanding debts

The Company has had no outstanding payables.

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Notes to the combined financial statements (cont.)**13. Short-term advances from customers**

	<u>Ending balance</u>	<u>Beginning balance</u>
Baitang (Kampuchea) PLC	98.215.427	140.090.600
Kekeli Distribution	50.875.116	227.393.813
Almahsool Export & Import	20.410.260	392.879.332
Nguyen Thi Ngoc Tuyet- Home-based Business	-	595.000.000
Patsan Caribbean Distribution	-	334.691.425
Binh An Oil Agency	-	534.999.998
Phu Tin Dat Co., Ltd.	-	277.800.000
Amerisen Enterprise Co., Ltd	2.692.200	262.175.640
Boonyachode Trading Co., Ltd	528.667.800	-
Minh Vu Pte.	410.014.255	-
Wadi Hadramout Import Company	418.059.074	-
Other customers	1.496.126.241	1.369.993.191
Total	<u>3.025.060.373</u>	<u>4.135.023.999</u>

14. Taxes and other obligations to the State Budget

	<u>Beginning balance</u>		<u>Increases</u>		<u>Ending balance</u>	
	<u>Payables</u>	<u>Receivables</u>	<u>Amount payables</u>	<u>Amount already paid</u>	<u>Payables</u>	<u>Receivables</u>
VAT on local sales	720.944.637	-	21.522.456.594	(20.762.263.275)	1.481.137.956	-
VAT on imports	-	-	10.974.982.649	(10.974.982.649)	-	-
Import-export duties	144.655.902	-	1.225.440.398	(1.148.812.994)	221.283.306	-
Corporate income tax	8.649.424.821	-	52.978.708.846	(36.400.311.632)	25.227.822.035	-
Personal income tax	97.562.107	-	2.838.896.964	(2.341.025.308)	595.433.763	-
Natural resources tax	1.423.000	-	20.116.100	(20.485.200)	1.053.900	-
Land rental	-	(672.712.556)	3.503.920.916	(2.831.208.360)	-	-
Non-agricultural land use tax	-	-	8.882.319	(8.882.319)	-	-
Other taxes	-	-	6.000.000	(6.000.000)	-	-
Fees, legal fees and other obligations	-	-	144.673.765	(144.673.765)	-	-
Total	<u>9.614.010.467</u>	<u>(672.712.556)</u>	<u>93.224.078.551</u>	<u>(74.638.645.502)</u>	<u>27.526.730.960</u>	<u>-</u>

Value added tax (VAT)

The Company has paid VAT in accordance with the deduction method. The tax rates applied are as follows:

- Exports	0%
- Water	05%
- Detergent, liquid cleansers	10%

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Notes to the combined financial statements (cont.)

Import - export duties

The company has declared and paid these duties in line with the Customs' notices.

Corporate income tax

The company has to pay corporate income tax at the rate of 22% on taxable income.

Estimated corporate income tax payable during the year is as follows:

	<u>Current year</u>	<u>Previous year</u>
Total accounting profit before tax	233.023.594.134	104.233.933.350
Increase/(decrease) of accounting profit to determine profit subject to corporate income tax:		
- Increases	21.110.954.930	14.195.423.388
- Decreases	(13.322.236.126)	(10.539.865.059)
Income subject to tax	240.812.312.938	107.889.491.679
Corporate income tax rate	22%	22%
<i>Corporate income tax payable at common tax rate</i>	<i>52.978.708.846</i>	<i>23.735.688.168</i>
<i>Adjustments of corporate income tax of the previous years</i>	<i>-</i>	<i>143.366.579</i>
Corporate income tax to be paid	<u>52.978.708.846</u>	<u>23.879.054.747</u>

Pursuant to the Law No. 32/2013/QH13 on amending and supplementing a number of Articles of the Law on Corporate Income Tax approved by the XIIIth National Assembly of the Socialist Republic of Vietnam at its 5th session on 19 June 2013, the common corporate income tax rate shall decrease from 22% to 20% from 01 January 2016.

Non-agricultural land use tax

The Company is responsible for paying non-agricultural land use tax in accordance with Notice No. 4593/TB-CCT-SDĐPNN-Ltr dated 24 April 2015 by Tax Authority of Thu Duc District.

Other taxes

The company has declared and paid other taxes in line with the prevailing regulations.

15. Payable to employees

The Company has set up the salary fund for the year 2015 on the basis of productivity over total products produced.

The ending balance of this item reflects the salary of December and salary payable under the salary fund to employees.

16. Short-term accrued expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Distributor's commissions and discount	9.037.063.195	11.696.645.704
Transportation expenses	1.663.158.944	1.294.138.729
Marketing expenses	3.947.833.207	-
Bonuses for meeting sales targets	2.767.526.782	-
Others	1.966.664.250	331.451.693
Total	<u>19.382.246.378</u>	<u>13.322.236.126</u>



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COMBINED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

17. Other short-term/ long-term payables**17a. Other short-term payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade Union's expenditures	636.906.578	529.585.870
Social Insurance Premium	215.286.194	283.739.455
Loan interest expenses	449.166.667	
Other short-term payables	604.247.470	910.308.186
Total	<u>1.905.606.909</u>	<u>1.723.633.511</u>

17b. Other long-term payables

Long-term deposits received from customers

17c. Outstanding debts

The Company has had no other outstanding payables.

18. Short-term borrowings and financial lease**18a. Short-term borrowings and financial lease**

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>Value</u>	<u>Repayable amount</u>	<u>Value</u>	<u>Repayable amount</u>
Short-term loans from banks	56.111.864.900	56.111.864.900	73.987.940.520	73.987.940.520
<i>Loans from Vietnam Joint Stock Commercial Bank for Industry and Trade (Viettinbank)- Thu Duc Branch.⁽ⁱ⁾</i>	<i>56.111.864.900</i>	<i>56.111.864.900</i>	<i>73.987.940.520</i>	<i>73.987.940.520</i>
Short-term loans from other organizations	55.000.000.000	55.000.000.000	-	-
<i>Loans from VinGroup⁽ⁱⁱ⁾</i>	<i>55.000.000.000</i>	<i>55.000.000.000</i>	<i>-</i>	<i>-</i>
Total	<u>111.111.864.900</u>	<u>111.111.864.900</u>	<u>73.987.940.520</u>	<u>73.987.940.520</u>

⁽ⁱ⁾ Loan from Vietnam Joint Stock Commercial Bank for Industry and Trade (Viettinbank) - Thu Duc Branch is to supplement working capital serving the business operations. This loan is secured by mortgaging inventories according to the pledging contract No.10/2014-H ĐTCHHB/NHCT947-LIX.

⁽ⁱⁱ⁾ Loan from VinGroup is to invest in Xalivico Co., Ltd. – an associate at the rate of 7%/year with loan period of 03 years. The loan is secured by mortgaging the investment into the associate.

Details of increases/ (decreases) of short-term borrowings and financial lease are as follows:

	<u>Beginning balance</u>	<u>Increase</u>	<u>The amount already paid</u>	<u>Exchange difference</u>	<u>Ending balance</u>
Short-term loans from banks	73.987.940.520	199.536.567.425	(219.589.182.365)	2.176.539.320	56.111.864.900
Short-term loans from other organizations		55.000.000.000	-	-	55.000.000.000
Total	<u>73.987.940.520</u>	<u>254.536.567.425</u>	<u>(219.589.182.365)</u>	<u>2.176.539.320</u>	<u>111.111.864.900</u>

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Notes to the combined financial statements (cont.)

18b. Outstanding borrowings and financial lease

The Company has had no outstanding borrowings and financial lease.

19. Bonus and welfare funds

	Beginning balance	Increase due to extraction from profit	Disbursement	Ending balance
Bonus fund	5.150.862.800	6.428.000.000	(6.367.732.000)	5.211.130.800
Welfare fund	2.542.880.150	1.607.000.000	(2.954.746.492)	1.195.133.658
Total	7.693.742.950	8.035.000.000	(9.322.478.492)	6.406.264.458

20. Owner's equity**20a. Statement of fluctuations in owner's equity**

	Capital	Investment and development fund	Retained earnings	Total
Beginning balance of the previous year	216.000.000.000	31.602.333.015	76.737.871.413	324.340.204.428
Profit in the previous year	-	-	80.768.746.122	80.768.746.122
Extraction for bonus and welfare funds in previous year	-	-	(6.891.800.000)	(6.891.800.000)
Extraction for other funds in previous year	-	5.513.400.000	(5.513.400.000)	-
Sharing dividends in previous year	-	-	(32.400.000.000)	(32.400.000.000)
Ending balance of the previous year	216.000.000.000	37.115.733.015	112.701.417.535	365.817.150.550
Beginning balance of the current year	216.000.000.000	37.115.733.015	112.701.417.535	365.817.150.550
Profit during the year	-	-	181.378.087.543	181.378.087.543
Extraction for bonus and welfare funds in current year	-	-	(8.035.000.000)	(8.035.000.000)
Extraction for other funds in current year	-	23.214.000.000	(23.214.000.000)	-
Sharing dividends in current year	-	-	(86.400.000.000)	(86.400.000.000)
Ending balance of the current year	216.000.000.000	60.329.733.015	176.430.505.078	452.760.238.093

20b. Details of capital contribution of the owners

	Ending balance	Beginning balance
Capital contribution of the States	110.160.000.000	110.160.000.000
Capital contribution of other shareholders	105.840.000.000	105.840.000.000
Total	216.000.000.000	216.000.000.000

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Notes to the combined financial statements (cont.)

20c. Shares

	<u>Ending balance</u>	<u>Beginning balance</u>
Number of shares registered to be issued	21.600.000	21.600.000
Number of shares already sold to the public	21.600.000	21.600.000
- Common shares	21.600.000	21.600.000
- Preferred shares	-	-
Number of shares repurchased	-	-
- Common shares	-	-
- Preferred shares	-	-
Number of outstanding shares	21.600.000	21.600.000
- Common shares	21.600.000	21.600.000
- Preferred shares	-	-

Face value per outstanding share: VND 10.000.

20d. Profit distribution

During the year, the Company distributed the profit in line with the Resolution No. 01/2015/NQ-HĐCĐ dated 04 April 2015 of the Annual Shareholders' Meeting 2015 as follows:

	VND
• Dividends distribution to shareholders	: 54.000.000.000
• Extraction for investment and development funds	: 23.214.000.000
• Extraction for bonus and welfare funds	: 8.035.000.000

In addition, the Company has made advances of dividends of 2015 to shareholders at the rate of 15%, equivalent to VND 32.400.000.000 in accordance with the Resolution No. 18/2015/NQ-HĐQT dated 18 November 2015 of Board of Management.

21. Off-balance sheet items**21a. Foreign currencies**

	<u>Ending balance</u>	<u>Beginning balance</u>
US Dollar (USD)	513,360.35	777,865.87
Euro (EUR)	200.91	-

21b. Treated doubtful debts

	<u>Ending balance</u>	<u>Beginning balance</u>	
Head office	740.681.015	764.681.015	Customer has left their business location and declared to be insolvent.
Ha Noi Branch	473.072.580	473.072.580	
Total	<u>1.213.753.595</u>	<u>1.237.753.595</u>	

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For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE COMBINED INCOME STATEMENT**1. Sales****1a. Gross sales**

	<u>Current year</u>	<u>Previous year</u>
Sales of finished goods	1.685.472.657.946	1.560.921.360.741
Sales of other activities	94.660.225.759	159.858.653.957
Total	<u>1.780.132.883.705</u>	<u>1.720.780.014.698</u>

1a. Sales to related parties

Transactions of selling goods and providing services to related parties are as follows:

	<u>Current year</u>	<u>Previous year</u>
Ha Noi Soap Joint Stock Company	99.786.810	1.128.176.000
Can Tho Fertilizer and Chemical Joint Stock Company	-	80.800.000
Vietnam Apatite Co., Ltd.	91.635.500	160.363.000
Binh Dien Chemicals Jsc.	-	418.734.400

2. Sales deductions

	<u>Current year</u>	<u>Previous year</u>
Trade discounts	21.564.953.270	14.190.207.237
Sales returns	1.263.187.314	856.529.092
Total	<u>22.828.140.584</u>	<u>15.046.736.329</u>

3. Costs of sales

	<u>Current year</u>	<u>Previous year</u>
Cost of finished goods sold	1.292.811.155.734	1.205.833.122.768
Cost of other activities	91.901.129.638	158.399.834.438
Total	<u>1.384.712.285.372</u>	<u>1.364.232.957.206</u>

4. Financial income

	<u>Current year</u>	<u>Previous year</u>
Bank deposit interest	8.700.978.560	4.296.176.660
Gain from selling foreign currencies	410.412.296	-
Realized exchange gains	1.215.308.378	1.497.436.361
Total	<u>10.326.699.234</u>	<u>5.793.613.021</u>

5. Financial expenses

	<u>Current year</u>	<u>Previous year</u>
Loan interest expenses	1.344.922.275	1.391.196.994
Loss from selling foreign currencies	-	421.974
Unrealized exchange loss	2.322.040.349	1.206.788.868
Realized exchange loss	565.704.316	190.904.593
Total	<u>4.232.666.940</u>	<u>2.789.312.429</u>

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Notes to the combined financial statements (cont.)

6. Selling expenses

	<u>Current year</u>	<u>Previous year</u>
Employees	19.781.433.437	13.655.300.954
Sales promotion expenses	5.995.957.167	77.506.393.738
Tools	75.693.855	851.058.834
Depreciation/(amortization) of fixed assets	1.672.788.089	1.310.002.249
External services rendered	76.195.681.589	68.780.962.455
Other expenses	49.788.050.005	35.091.040.873
Total	<u>153.509.604.142</u>	<u>197.194.759.103</u>

7. General and administration expenses

	<u>Current year</u>	<u>Previous year</u>
Expenses for office staff	23.229.805.342	28.252.633.496
Office materials and supplies	2.990.744.996	2.540.105.917
Depreciation/ (amortization) of fixed assets	2.811.304.585	2.720.050.473
Taxes, fees and legal fees	3.667.706.935	3.364.277.412
External services rendered	6.137.419.674	4.275.695.923
Other expenses	7.063.966.095	2.407.548.146
Total	<u>45.900.947.627</u>	<u>43.560.311.367</u>

8. Other income

	<u>Current year</u>	<u>Previous year</u>
Proceed from liquidation and disposal of fixed assets	134.799.285	114.345.454
Proceed from doubtful debts already treated	24.000.000	14.000.000
Proceed from support for Ha Noi Branch's removal	53.000.000.000	-
Other income	956.154.471	403.920.135
Total	<u>54.114.953.756</u>	<u>532.265.589</u>

9. Other expenses

	<u>Current year</u>	<u>Previous year</u>
Fines for violation of the contract	142.762.611	45.598.524
Other expenses	224.535.285	2.285.000
Total	<u>367.297.896</u>	<u>47.883.524</u>

10. Earnings per share**10a. Basic/diluted earnings per share**

	<u>Current year</u>	<u>Previous year</u>
Accounting profit after corporate income tax	181.378.087.543	80.768.746.122
Extraction for bonus and welfare funds	(18.904.712.955)	(8.035.000.000)
Increases/(decreases) in accounting profit used to determine profit distributed to ordinary equity holders	-	-
Profit used to calculate basic/ diluted earnings per share	162.473.374.588	72.733.746.122
The average number of ordinary shares outstanding during the year	21.600.000	21.600.000
Basic/ diluted earnings per share	<u>7.522</u>	<u>3.367</u>



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Notes to the combined financial statements (cont.)

10b. Other information

The earning per share in the previous year has been recalculated due to deductions to bonus and welfare funds to determine profit used to calculate basic earnings per share in accordance with the Circular No.200/2014/TT-BTC dated 22 December 2014 of Ministry of Finance. The application of this new regulation has led to the decrease of the earning per share in the previous year from VND 3.739 down to VND 3.367.

There have been no common shares transactions or potential common shares transactions from the date of balance sheet to the date of disclosure of this Combined Financial Statements.

11. Operating costs

	<u>Current year</u>	<u>Previous year</u>
Materials and supplies	1.168.721.200.849	1.180.520.702.306
Labor	151.115.737.074	128.654.063.081
Depreciation/ (amortization) of fixed assets	17.616.815.283	15.517.971.210
External service rendered	112.279.686.259	89.553.713.818
Other expenses	69.586.815.764	42.638.495.301
Total	<u>1.519.320.255.229</u>	<u>1.456.884.945.717</u>

VII. ADDITIONAL INFORMATION ON THE ITEMS OF THE COMBINED CASH FLOWS STATEMENT

As of the balance sheet date, the Company has had the following receivables and payables related to fixed assets:

	<u>Current year</u>	<u>Previous year</u>
Acquisition of fixed assets not yet paid	108.737.640	2.173.342.994
Prepayments for fixed assets	13.692.781.818	1.036.400.000

VII. OTHER DISCLOSURE

1. Commitments

According to the terms stipulated in the Business Cooperation Agreement signed with Unilever Vietnam to upgrade the plant serving the processing service for Unilever, the Company has committed to use the advances from Unilever to pay for the construction implementation and follow the construction progress as agreed between two parties.

According to the terms stipulated in the contract signed with Xavinco Real Estate JSC., related to the change in the land use purpose in order to generate capital for the project of plant removal- Ha Noi Branch, the Company has committed to contribute capital, along with Xavinco Real Estate JSC., for the establishment of enterprise project as well as using the investment amount to support the plant removal purpose.

2. Transactions with related parties

The related parties of the Company consist of key managers and their related individuals and other related parties.



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Notes to the combined financial statements (cont.)**2a. Transactions and balances with the key managers and their related individuals**

The key manager includes the members of the Board of Management and the members of Executive Officers (inclusive of Board of Directors, Chief Accountant). The key manager's related individuals include their close family members.

Transactions with the key managers and their related individuals

The Company has had no transactions of sales of goods and service provision as well as other transactions with key managers and related individuals.

Income of the key managers

The income of the key managers during the year is VND 3.116 million (VND 2.572 million at the same period of previous year).

2b. Transactions and balances with other related parties

Other related parties of the Company include:

Other related parties	Relationship
Vinachem	Parent company
Xalivico Co., Ltd.	Associate
South Chemicals Import-Export Joint Stock Company	Group company
South Basic Chemicals Co., Ltd.	Group company
BICICO	Group company
Industrial Gases and Welding Electrode Limited Company	Group company
Hanoi Soap Joint Stock Company	Group company
Viet Nam Chemical Import & Export Co., Ltd. (VINACHIMEX)	Group company
Orient Manufacture & Trading Joint Stock Company	Group company
Chemical Industry Engineering Joint Stock Company	Group company
Viet Tri Chemical Joint Stock Company	Group company
Can Tho Fertilizer and Chemical Joint Stock Company	Group company
Duc Giang Chemicals and Detergent Powder Joint Stock Company	Group company
Vietnam Apatite Co., Ltd.	Group company
Vietnam Chemical Finance Joint Stock Company	Group company

Transactions with other related parties

The Company has also had transactions with other related parties as follows:

	Current year	Previous year
South Chemicals Import-Export Joint Stock Company		
Purchases of materials	42.379.309.975	22.267.126.925
South Basic Chemicals Co., Ltd.		
Purchases of materials	2.080.764.000	3.706.827.000
Industrial Gases and Welding Electrode Limited Company		
Purchases of materials	6.605.500	9.457.500
BICICO		
Purchases of materials	505.223.302	3.492.286.684
Hanoi Soap Joint Stock Company		
Purchases of materials	2.735.659.503	4.467.751.152

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Notes to the combined financial statements (cont.)

	<u>Current year</u>	<u>Previous year</u>
<i>Orient Manufacture & Trading Joint Stock Company</i>		
Purchases of materials	-	21.784.562.617
<i>Chemical Industry Engineering Joint Stock Company</i>		
Service of plant repair	1.037.664.000	7.079.138.446
<i>Viet Nam Chemical Import & Export Co., Ltd. (VINACHIMEX)</i>		
Purchases of materials	1.860.493.041	747.949.187
Processing service	53.141.400	58.514.400
Leasing warehouse	84.000.000	84.000.000
<i>Viet Tri Chemical Joint Stock Company</i>		
Purchases of materials	2.109.850.080	1.406.423.808
<i>Can Tho Fertilizer and Chemical Joint Stock Company</i>		
Purchases of materials	960.192.000	11.685.000
<i>Duc Giang Chemicals and Detergent Powder Joint Stock Company</i>		
Purchases of materials	2.012.270.000	198.302.000

Receivables from and payables to other related parties

The receivables from and payable to other related parties are presented in Note No.V.4 and V.12.

The receivables from other related parties are not secured and will be settled in cash.

3. Segment information

The Company's segment information is presented according to business segment and geographical segments. The primary reporting format is the geographical segments based on the internal organizational and management structure as well as the system of Internal Financial Reporting of the Company.

3a. Geographical segment

The Company's operations mainly take place in export and local segments.

Information on financial performance, fixed assets, other non-current assets and remarkable non-cash expenses according to the geographical segment based on the locations of the Company's customers is as follows:

	<u>Export segment</u>	<u>Local segment</u>	<u>Total</u>
Current year			
Net external sales	309.950.940.584	1.447.353.802.537	1.757.304.743.121
Net inter-segment sales	-	-	-
Total net sales	<u>309.950.940.584</u>	<u>1.447.353.802.537</u>	<u>1.757.304.743.121</u>
Segment business performance	65.717.333.995	306.875.123.754	372.592.457.749
Expenses not attributable to segments			(199.410.551.769)
Operating profit			173.181.905.980

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For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

	Export segment	Local segment	Total
Financial income			10.326.699.234
Financial expenses			(4.232.666.940)
Other income			54.114.953.756
Other expenses			(367.297.896)
Current income tax			(52.978.708.846)
Deferred income tax			1.333.202.255
Profit after tax			181.378.087.543
Total expenses for acquisition of fixed assets and other non-current assets			22.584.712.397
Total depreciation/ (amortization) and allocation of long-term prepayments			19.217.988.179
Total remarkable non-cash expenses (except depreciation/ (amortization) and allocation of long-term prepayments	-	-	
Previous year			
Net external sales	334.962.307.029	1.370.770.971.340	1.705.733.278.369
Net inter-segment sales	-	-	-
Total net sales	334.962.307.029	1.370.770.971.340	1.705.733.278.369
Segment business performance	67.061.912.245	274.438.408.918	341.500.321.163
Expenses not attributable to segments			(240.755.070.470)
Operating profit			100.745.250.693
Financial income			5.793.613.021
Financial expenses			(2.789.312.429)
Other income			532.265.589
Other expenses			(47.883.524)
Current income tax			(23.879.054.747)
Deferred income tax			413.867.519
Profit after tax			80.768.746.122
Total expenses for acquisition of fixed assets and other non-current assets			49.053.739.891
Total depreciation/ (amortization) and allocation of long-term prepayments			17.297.019.703

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Notes to the combined financial statements (cont.)

	Export segment	Local segment	Total
<i>Total remarkable non-cash expenses (except depreciation/ (amortization) and allocation of long-term prepayments</i>	-	-	-

Information on assets and liabilities according to geographical segment based on the customers' locations of the Company is as follows:

	Export segment	Local segment	Total
Ending balance			
Direct assets of segment			
Allocated assets	136.615.980.320	596.221.965.697	732.837.946.017
Unallocated assets			59.264.094.203
Total assets			792.102.040.220
Direct liabilities of segment	-	-	-
Allocated liabilities	62.065.993.047	270.869.544.622	332.935.537.669
Unallocated liabilities			6.406.264.458
Total liabilities			339.341.802.127
Beginning balance			
Direct assets of segment			
Allocated assets	125.271.272.052	452.864.466.119	578.135.738.171
Unallocated assets			37.930.891.948
Total assets			616.066.630.119
Direct liabilities of segment	-	-	-
Allocated liabilities	52.557.321.168	189.998.415.451	242.555.736.619
Unallocated liabilities			7.693.742.950
Total liabilities			250.249.479.569

3b. Business segment

The Company's business segments mainly include:

- Segment 01: Selling finished goods.
- Segment 02: Other activities.

Information on net external sales according to business segment is as follows:

	Current year	Previous year
Selling finished goods	1.662.644.517.362	1.545.874.624.412
Other activities	94.660.225.759	159.858.653.957
Total	1.757.304.743.121	1.705.733.278.369



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Notes to the combined financial statements (cont.)

Information on arisen expenses on acquisition of fixed assets, other non-current assets and segment assets according to business segment is as follows:

	Arisen expenses on acquisition of fixed assets, other non-current assets		Segment assets	
	Current year	Previous year	Current year	Previous year
Selling finished goods	21.368.148.234	44.456.500.141	693.362.376.577	523.953.761.375
Other activities	1.216.564.163	4.597.239.750	39.475.569.440	54.181.976.796
Total	22.584.712.397	49.053.739.891	732.837.946.017	578.135.738.171

6. Comparative figures

6a. Application of new Accounting Regulations

As presented in Note III.1, since 01 January 2015, the Company has applied the Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the Vietnamese Accounting System in replacement for the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of the Minister of Finance and the Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance. The Company has re-presented the comparative figures in compliance with regulations of this new Accounting System.

6b. Effects of the application of new Accounting System

The effects of the application of new accounting regulations on the comparative figures of the Combined Financial Statement are as follows:

	Code	Figure before adjustment	Adjustments	Figures after adjustment	Note
Combined Balance Sheet					
Other short-term receivables	136	858.340.536	34.000.000	892.340.536	(i)
Other current assets	155	34.000.000	(34.000.000)	-	(i)
Other long-term receivables	216	-	3.400.000	3.400.000	(i)
Other non-current assets	268	3.400.000	(3.400.000)	-	(i)
Investment and Development Fund	418	24.248.233.015	12.867.500.000	37.115.733.015	(ii)
Financial Reserved Fund		12.867.500.000	(12.867.500.000)	-	(ii)

(i) Deposits, mortgages are presented in item "Other short-term receivables" (code 136) and item "Other long-term receivables" (code 216) in accordance with the Circular No. 200/2014/TT-BTC dated 22 December 2014 of Ministry of Finance.

(i) According to the mentioned above Circular No.200, since 01 January 2015, the Financial Reserved Fund has been removed and its balance has been included into Investment and Development Fund.

7. Financial risk management

The Company's activities are exposed to the following financial risks: credit risk, liquidity risk and market risk. The Board of Directors is responsible for establishing policies and controls to minimize the financial risk as well as monitor the implementation of applied policies and controls.

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Notes to the combined financial statements (cont.)

7a. Credit risk

Credit risk is the risk that one contractual party will cause a loss for the Company by its failure to pay for its obligations.

The Company is exposed to credit risks mainly from trade receivables and cash in banks.

Trade receivables

In order to control the trade receivables, the Company's Board of Directors has released regulations on sales of goods with close stipulations in details on purchase subjects, sales limits, debt limit and debt term. The Board of Directors will inspect the conformity with these regulations on sales of goods every month. Besides, the accountant follows up the receivables regularly to speed up the recovery.

Trade receivable of the Company are related to various entities operating in different fields of business and geographical areas, and therefore the credit risk exposed from trade receivables is low.

Cash in bank

The Company's term deposits and demand deposits are in local banks. The Board of Directors does not realize any material credit risk to this cash in bank.

The maximum level of risk exposed to financial assets are equal to their carrying values (see Note VIII.8 regarding carrying values of financial assets).

The entire financial assets of the Company have not been overdue or devaluated.

7b. Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's liquidity risks mainly arise from the differences in maturity dates of financial assets and financial liabilities.

The Company's approach to control this risk: regularly following up the current payment requests as well as estimated payment requests in the futures to maintain an appropriate amount of cash and loans, supervising the cash flows actually arisen in comparison with estimation to minimize the effects of the changes in cash flows to the Company.

The terms of payments to non-derivative financial liabilities (excluding interest payable) are based on the undiscounted payments supposed to make according to the contracts as follows:

	Less than 01 year	From 01 year to 05 years	Over 05 years	Total
Ending balance				
Trade payables	90.121.438.746	33.552.983.601	-	123.674.422.347
Borrowings	111.111.864.900	-	-	111.111.864.900
Other payables	20.435.660.515	4.360.300.576	-	24.795.961.091
Total	221.668.964.161	37.913.284.177	-	259.582.248.338
Beginning balance				
Trade payables	67.208.563.390	34.465.000.000	-	101.673.563.390
Borrowings	73.987.940.520	-	-	73.987.940.520
Other payables	14.232.544.312	4.273.216.021	-	18.505.760.333
Total	155.429.048.222	38.738.216.021	-	194.167.264.243

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For the fiscal year ended 31 December 2015

Notes to the combined financial statements (cont.)

The Board of Directors believes that the risk level associated with payments to financial liabilities is low. The Company has sufficient capacity to settle all financial obligations when they are due from its operating cash flows and from the amounts receivable from mature financial assets. The Company is able to approach capital sources and loans falling due within 12 months, which can be extended with the current creditors.

7c. Market risk

Market risk is the risk that the fair value or cash flows in the future of a financial instrument will fluctuate due to changes in market prices.

Market risks exposed to the operations of the Company include foreign currency risk, interest rate risk, and merchandise, material price.

The sensitivity analyses and evaluations below are related to the Company's financial position as of 31 December 2015 and 31 December 2014 on the basis of net debt value. The changes of exchange rate and interest rate, securities price, merchandise/material price for analyses are assumed on the basis of the judgments of what can be happen in the next 01 year in the observable conditions of the current market.

Foreign currency risk

Foreign currency risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in exchange rates.

The Company controls the risk relating to the fluctuations in foreign exchange rate by optimizing the payment terms of debts and optimally using the available source of cash to balance the foreign exchange risk and liquidity risk.

The Company had used no derivative financial instrument to hedge against foreign currency risk.

Net assets/ (Liabilities) in foreign currencies of the Company are as follows:

	Ending balance		Beginning balance	
	USD	EUR	USD	EUR
Cash and cash equivalents	513.360,35	200,91	777.865,87	-
Trade receivables	619.710,50	-	762.183,76	-
Trade payables	(791.215,80)	-	(132.179,50)	-
Borrowings	(2.489.435,00)	-	(3.461.910,00)	-
Other payables	(209.905,88)	(2.135,64)	(229.809,16)	-
Net financial assets/(liabilities) in foreign currencies	(2.357.485,83)	(1.934,73)	(2.283.849,03)	-

The Board of Director assesses that the effects of the fluctuations in exchange rate on the profit after tax and owner's equity of the company are not significant.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of in the future a financial instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk substantially relates to term deposits and loans at floating interest rates.

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Notes to the combined financial statements (cont.)

The Company controls the interest rate risk by analyzing the market situation in order to give appropriate decision on choosing the time for getting loans, choosing appropriate loan terms to get the most favorable interest rates as well as maintaining loan structure with appropriate floating interest rate and fixed interest rate.

The Company's financial instruments at floating interest rates include only borrowings, of which the ending balance is USD 2,489,435 (beginning balance: USD3,461,910).

The Board of Directors believes that the effects due to fluctuation of interest rates on profit after tax and owner's equity of the Company are unremarkable

Merchandise/material price risk

The Company is exposed to the risk related to fluctuations in merchandise/material prices. The Company manages the merchandise/material price risk by following up the market information and related situations to control the time for purchasing merchandises/materials, preparing manufacturing plan and keeping the volumes of inventories at reasonable level.

The Company has not used derivatives to hedge against merchandise/material price risk.

7d. Collaterals

The Company has not had any collateral given to or received from other entities as of 31 December 2015 and 31 December 2014.

8. Financial assets and financial liabilities**Financial assets**

	Carrying values				Fair values	
	Ending balance		Beginning balance		Ending balance	Beginning balance
	Initial costs	Provision	Initial costs	Provision		
Cash and cash equivalents	245.600.303.279	-	121.087.860.324	-	245.600.303.279	121.087.860.324
Held-to-maturity investments	-	-	35.000.000.000	-	-	35.000.000.000
Trade receivables	86.381.673.230	-	92.872.585.671	-	86.381.673.230	92.872.585.671
Other receivables	886.611.640	-	708.852.629	-	886.611.640	708.852.629
Total	332.868.588.149	-	249.669.298.624	-	332.868.588.149	249.669.298.624

Financial liabilities

	Carrying values		Fair values	
	Ending balance	Beginning balance	Ending balance	Beginning balance
Trade payables	123.674.422.347	101.673.563.390	123.674.422.347	101.673.563.390
Borrowings	111.111.864.900	73.987.940.520	111.111.864.900	73.987.940.520
Other payables	24.795.961.091	18.505.760.333	24.795.961.091	18.505.760.333
Total	259.582.248.338	194.167.264.243	259.582.248.338	194.167.264.243

The method to determine fair values of financial assets and financial liabilities

Fair values of financial assets and financial liabilities of the Company are reflected at the values which the financial instruments can be converted in a current transaction among parties having adequate knowledge and expecting to involve in the transaction.

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Notes to the combined financial statements (cont.)

The Company has applied the following method and assumption to estimate the fair values of financial assets and financial liabilities:

- Fair values of cash and cash equivalents, trade receivables, other receivables, borrowings, trade payables and other current liabilities are equivalent to their carrying values (already excluded estimation of doubtful debts) since these instruments have short-term periods.
- Fair values of trade receivables, other receivables, borrowings, trade payables, non-current liabilities, held-to-maturity investments which have not been listed in the stock market or had transaction prices disclosed by 03 securities companies are estimated by discounting cash flows at the current interest rate applied to the loans having similar features and due dates.

9. Subsequent events

There have been no events from the balance sheet date which need any adjustments on the figures or the disclosures in the Combined Financial Statements

Ho Chi Minh City, 25 January 2016



Pham Thi Kim Hong
Preparer



Doan Thi Tam
Chief Accountant



Lam Van Kiet
General Director



Hochiminh City, March 18th 2016

Lix Detergent Joint Stock Company

General Director



Lâm Văn Kiệt