



CÔNG TY CỔ PHẦN NAM VIỆT

2013

ANNUAL REPORT

CONTENTS

Pursuant to the Circular
No. 155/2015/TT-BTC
dated 6, Oct 2015 of
the Ministry of Finance
guiding the information
disclosure on securities
markets

**Annual Report
2018**

01 GENERAL INFORMATION

Summary Information /4
Lines and Locations of the Business /4
Information about Governance Model, Business
Organization and Managerial Apparatus /5
Development Orientations /6
The main objectives of the Company /6
Risks /6

04 ASSESSMENT ON THE ACTIVITIES OF THE BOARD OF DIRECTORS

Assessment on the Activities of the Board of
Directors /19
The Assessment of the Board of Directors on the
Activities of the Management Board /19
Corporate Governance /19

05 THE ACTIVITIES OF THE BOARD OF SUPERVISORS

Supervising the Situation of Implementation of
the Resolutions of Shareholders' General Meeting
in 2018 /24
The Activities of the Board of Supervisors in 2018 /24
The Results of Supervising the Members of Board
of Directors, and the Management Board /24
The Transactions, Remunerations and Benefits of
the Board of Directors, the Management Board
and the Board of Supervisors /24

02 SITUATION OF YEARLY PRODUCTION AND BUSINESS OPERATIONS

Situation of Yearly Operations /10

Organization and Personnel /12

Situation of the Investment Projects: Investing and Implementing /13

Financial Situation /13

Shareholders' Structure. The Change of Investment Capital of the Owners /14

Report on the Impact of the Company to the Environment and the Society /14

03 THE REPORT AND THE ASSESSMENT OF THE MANAGEMENT BOARD

Assessment on the Results of Production and Business Activities /17

Financial Situation /17

06 BUSINESS PLAN 2019

The Business Plan in the Year 2019 /27

The Plan of Setting Up the Company Funds and Paying Dividend in 2019 /27

Remuneration of the Board of Directors and the Board of Supervisors in 2019 /27

07 FINANCIAL STATEMENT

Independent audited financial statement /30

Balance sheet /31

Income statement /35

Cash flow statement /36

Notes to the financial statement /38

General Information

Trading name

Nam Viet Joint Stock Company

Incorporation and Development Process

- Nam Viet Joint Stock Company (NAVIFICO), formerly known as Nam Viet Company, was established in 1963.
- In 1975, NAVIFICO was transformed into a State-owned Company under the People's Committee of Ho Chi Minh City.
- In 2001, Nam Viet Company became Nam Viet Joint Stock Company.
- On 22/12/2006, the Company's shares were listed on the Ho Chi Minh City Stock Exchange

(3) Other events

NAVIFICO was a member of the IIBCC 2014 Viet Nam (International Inorganic Bonded Composite Conference) – a worldwide conference in fiber cement industry.

Lines and business areas

Line of the business: Building materials, wood furniture processing and warehouse leasing services.

Business location: domestic market and exportation (Vietnam, French, Australia, Japan, the USA).

Address

18 F Tang Nhon Phu St.
Phuoc Long B Ward, District
9, Ho Chi Minh City, Vietnam

Telephone

028 3728 2102

Fax

028 3731 3641

Website

www.navifico.vn

Securities code

NAV

Certificate of Business

Registration No

0302205973. The first registration dated 01/02/2001. The tenth amendment dated 19/05/2016

Charter capital

80.000.000.000 VND

Owners' capital

80.000.000.000 VND

Information on management model, business organization and management apparatus

Management model

The Company chooses the Model 1, following the Article 134 of the Enterprise Law 2014

Organizational Structure and Management

General Shareholders Meeting (GSM)

Board of Directors (BOD)

Board of Supervisors (BOS)

Management Board (MB)

The organization structure

Subsidiary: Nam Viet Wood Furniture Processing Factory

Departments

- The Company office
- Finance and Accounting Department

The Associated Company

Nam Viet Joint Stock Company has finance investment and holds 38.33 % shares at Saigon Development Corporation (SDC)

SAIGON DEVELOPMENT CORPORATION (SDC)

Office address: 143/7 D Ung Van Khiem Str., Ward 25, Binh Thanh District, Ho Chi Minh City

Lines of SDC's business: Cement for civil construction and special cement; wood furniture processing.

Charter capital: 45.000.000.000 VND

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*Profit and profit margin
are improved*

Development Orientations

Preserving the Company's capital and increasing the value of the Company's shares

The main objectives of the Company

- Strengthening financial management, controlling the expenses and maintaining the business activities.
- Concentrating on accumulating the cash capitals.
- Handling the assets, inventory, raw materials, slow-moving goods according to the plan which is submitted to the Board of Directors.
- Focusing on recovering the bad debts.
- Carrying out the task of liquidation and dismantling the fixed assets which are no longer suitable for business (having the assignment, dismantling plan and preserved diagrams). Making use of the places for warehouse leasing services.
- Maintaining the activity of wood furniture processing according to the target which approved by the Board of Directors.
- Maintaining the cooperation with Hung Thinh Corp in order to exploit the real estate business at the land 18 F Tang Nhon Phu Str., District 9, Ho Chi Minh City.
- Looking for business partners to transfer the financial investment capital at Saigon Development Corporation (SDC).

The Company implements the solutions

- Preserving the archives and the Company's records.
- Controlling strictly the business expenses; liquidating the slow-moving assets in order to recover the capital; recovering bad debts actively; reducing the price of slow sales in stock.

The Asset Liquidation Council of the Company has carried out the procedures to handle and liquidate the assets, equipment, bad debts according to the legal regulations (based on the Circular No. 228/2009/TT-BTC dated 07/12/2009; the Circular No. 89/2013/TT-BTC dated 28/6/2013; the Circular No. 78/2014/TT-BTC of the Ministry of Finance.

- Participating activities and developing the community, keeping a good environment for the surrounding areas.

Risks

Compliance risks

The economic development policies of the government which directly affect the objectives of capital conservation and increasing the value of the company's shares are the policy of land use master plan at District 9 where the Company located and the adjustment of State policies on land lease contract to the enterprises.

Business operation risks

- Risks in inspection the financial duty of the Company
- Risks from changing the price policy of the government (electricity, water, land lease, salary, human resource, etc.)
- Risks from natural calamity, fire, explosive, etc.

“

Having good results in recovering debts, increasing reversal provisions

02

**SITUATION OF
YEARLY PRODUCTION
AND BUSINESS
OPERATIONS**

Situation of yearly operations

The Company has got the positive results on profit after a prolonged difficult period.

- Business activities results in the year 2018: the net revenue exceeds the plan 34,81% and the profit before tax reach 96,77% in comparison to the plan.
- As for financial structure, the Company has not bank debt.
- The Capital Adequacy Ratio is guaranteed: Having good results in recovering debts, reversal provisions, increasing income from financial activities. Provisioning for decline of value of slow-moving inventories.

Profit and profit margin are improved.

The key activities of the Company are as follows: preserving the capital, narrowing the fiber cement business, maintaining the wood furniture processing, developing warehouse leasing services and financial investment.

General information

The residual value of the tangible fixed assets

Items	31/12/2017	31/12/2018
Tangible fixed assets	13.819.429.191	12.578.852.597
% Compare to original cost	24,49%	22,70%

Continuing looking for the partners to cooperate, transferring or liquidating the machineries and equipment which are no longer operating in production in order to increase the working capital.

Inventory of the raw materials, goods

Items	31/12/2017	31/12/2018
Inventories	28.532.259.440	27.027.756.933
Provision for decline in value of inventories	(1.086.198.392)	(1.459.683.722)

Handing the financial operations, strengthening the task of assets management.

Focusing on handling, recovering the bad debts; the current slow-moving debts are 300.000.000 VND in compare to 14.600.000.000 VND at the beginning of the year.

The obligation to the State budget and Shareholders

In the year 2018, the Company completed the set objectives.

- Getting NAV stocks out of stock warning section (effective business activities having the profit made which balanced all the accumulated losses up to 31/12/2017)
- Paying 6% cash dividend of face value of the stocks in the year 2018 according to Resolution of Shareholders' General Meeting .

Results of the business activities in the year 2018

Items	Implementation 2017	Implementation 2018	Compare (+/-)	Compare (%)
Total value of assets	135.381.506.085	169.890.777.239	34.509.271.154	125,49%
Net revenue	102.097.253.234	89.913.422.637	(12.183.830.597)	88,07%
Profit before tax	2.671.428.777	14.996.542.988	12.325.114.211	561,37%

“

The Company classifies and evaluates the slow-moving inventories. The Management Board continues revalue the inventories at the guaranteed prices; increasing the provisions for decline in value of inventories ensuring real effectiveness in business activities.

Organization and personnel

BOARD OF DIRECTORS

Chairman of the Board of Directors

Mr **Vu Hai Bang**

Member of the Board of Directors

Mr **Ton That Manh**

Member of the Board of Directors

Mr **Nguyen Le Phong**

Member of the Board of Directors

Mr **Nguyen Quang Hung**

BOARD OF SUPERVISORS

Head of the Board of Supervisors

Mr **Nguyen Dinh Minh**

Member of the Board of Supervisors

Mr **Nguyen Ton Nhan**

Member of the Board of Supervisors

Mr **Nguyen Ngoc Phi**

(*) Mr Nguyen Le Phong has applied for resignation from the Board of Directors from 21/6/2018

MANAGEMENT BOARD

General Director

Mr **Ton That Manh**

Deputy General Director

Mr **Pham Minh Tuyen**

Deputy General Director

Mr **Nguyen Trung Minh Anh**

Chief Accountant

Ms **Tran Thi My Thanh**

Company Secretary

Mr **Nguyen Trung Minh Anh**

Number of the staffs

Total number of employees by 31/12/2018

190 persons

Classification by professional level

Postgraduate

1 person

University

21 persons

College

6 persons

Intermediate

5 persons

Technical worker

3 persons

Skilled labor force

154 persons

“

Concentrating on accumulating the cash capitals

| The situation of the investment projects : investing and implementing

Focusing in cooperation with Hưng Thịnh Corp to develop business at the land at 18F Tang Nhon Phu.

Subsidiaries and Associates

Saigon Development Corporation (SDC) is an enterprise operating in the field of grinding special cement, oil-well cement and the special cement at the request of foreign consultants for the construction works and wood furniture processing.

| Financial situation

The financial situation has improved gradually

The special point in the financial report 2018 is that the increasing of cash capital which is at the ratio of 58% of the total assets while this ratio is only 41% in the year 2017.

Items	31/12/2017	31/12/2018
Cash and cash equivalents	4.954.478.894	4.037.550.721
Cash	4.954.478.894	4.037.550.721
Cash equivalents	-	-
Short term financial investment	50.000.000.000	94.000.000.000
Total assets	135.381.506.085	169.890.777.239

The situation of completion the business plan 2018

Items	Plan 2018	Implementation 2018	Compare (%) Imp./Plan
Net revenue on sales and services	66.695.000.000	89.913.422.637	134,81%
Total profit before tax	15.497.000.000	14.996.542.988	96,77%

Key financial indicators

Financial indexes	2016	2017	2018
1. Solvency index			
Short- term payment ratio	2,06	2,14	2,08
Quick payment ratio	0,95	1,60	1,71
2. Capital structure index			
Debt/ Total assets ratio	0,38	0,39	0,43
Debt/ Owners' equity	0,60	0,63	0,75
3. Operation capability index			
Inventory turnover	1,62	2,16	2,97
Net revenue/ Total assets	0,82	0,75	0,53
4. Profitability index			
Profit after tax/ Net revenue ratio	-11,42%	2,62%	16,68%
Profit after tax/ Owners' capital ratio	-15,03%	3,22%	15,42%
Profit after tax/ Total assets ratio	-9,39%	1,97%	8,83%
+ Profit from operating/ Net revenue ratio	-12,79%	1,16%	13,05%

Shareholders structure, change of investment capital of the owners.

Total number of shares: 8,000,000 shares, all are common shares.

Shareholder structure

Institution shareholder	25.55%
Individual shareholder	74.45%
Domestic shareholder	97.03%
Foreign shareholder	2.97%
State shareholder	20,00%
Other shareholder	80,00%

Report on the impact of the Company to environment and society

The compliance with the environmental laws and the regulations at the Company is strictly, so there is no breach of environment in 2018.

**REPORT AND
ASSESSMENT OF
THE MANAGEMENT
BOARD**

03

Assessment on the results of production and business activities

In the year 2018, there are many fluctuations in the global economy, Nam Việt Joint Stock Company has struggled to overcome difficulties with the results:

Items	Implimentation 2017	Implementation 2018	Compare (%)
Total value of assets	135.381.506.085	169.890.777.239	125,49%
Net revenue on sales and services	102.097.253.234	89.913.422.637	88,07%
Total profit before tax	2.671.428.777	14.996.542.988	561,37%

Compare to the objectives

Items	Unit	Shareholder Meeting Resolution 2018	Implementaion 2018	Compare (%)
Revenue	VND	66.695.000.000	89.913.422.637	134,81%
Profit before tax	VND	15.497.000.000	14.996.542.988	96,77%
Dividend payment ratio	%	6%	6%	

The company has fulfilled the objectives as stated: preserving capital and paying dividend by cash for the Shareholders.

Financial situation

Profitability Indexes	2016	2017	2018
ROS: Profit after tax/net revenue ratio	-11,42%	2,62%	16,68%
ROE: Profit after tax/ Owners' capital ratio	-15,03%	3,22%	15,42%
ROA: Profit after tax/ Total assets ratio	-9,39%	1,97%	8,83%

**ASSESSMENT
ON THE ACTIVITIES
OF THE BOARD OF
DIRECTORS**

04

Assessment on the activities of the Board of Directors

•The Board of Directors has complied with the Law on Enterprises, the Law on Securities, the Charter of the Company.

•The coordination between the Board of Directors, the Management Board and the Board of Supervisors is in accordance with the functions and the duties which are stipulated.

The Board of Directors directs the Management Board to focus on:

•Concentrating all the Company activities for the purpose of “ capital preservation” and increase share value in the future

Assessment of the Board of Directors on the activities of the Management Board.

Based on the assessment of business risk, the Board of Director made the following decisions:

- Narrowing and discontinuing fiber cement roofing business, focusing on warehouse leasing services.
- Monetizing all the Company's assets.

Corporate Governance

The Board of Directors

List of the Board of Directors and number of shares held.

Name	Position	Educa-tion	Total shares held (NAV)	Ownership ratio (%)	Professional Level	Role	Other posi-tions
Board of Directors							
Mr Vu Hai Bang	Chairman of the Board	12/12	1.051.496	13,14	Bachelor of Law	Non-executive	Chairman of the Board WOODLAND VINH PHUC
Mr Ton That Manh	Member of the Board	12/12	84.640	1,06	Bachelor of Business Administration	General Director	Deputy Chairman of the Board Saigon development Corporation (SDC)
Mr Nguyen Quang Hung	Member of the Board	12/12	324.380	4,05	Business Management University	Non-executive	Chairman of the Board VIET HAI Co
Mr Nguyen Le Phong	Member of the Board	12/12	-	0.0	Irrigation Engineer	Non-executive	Deputy General Director of SGCC

Activities of the Board of Directors

No	Resolution/Decision No.	Date	Contents
1	01/NQ-HĐQT-2018-NAV	14/03/2018	Annual Shareholders General Meeting on 27/4/2018
2	02/TB-HĐQT-2018-NAV	14/03/2018	Notice of closing list of Shareholders attending the Annual Shareholders General Meeting 2018
3	03/NQ-HĐQT-2018-NAV	27/04/2018	Resolution on approving salary unit price 2018
4	01/NQ-ĐHĐCĐ-2018-NAV	27/04/2018	Resolution of the Annual General Meeting of Shareholders 2018
5	04/NQ-HĐQT-2018-NAV	24/08/2018	Resolution of the Board of Directors agreed on the policy of selling all used fiber cement production line and auxiliary equipment to Saigon Development Corporation (SDC)
6	05/NQ-HĐQT-2018-NAV	27/12/2018	Resolution on paying dividend 2018

List of members of the Board of Directors who have received a Corporate Governance Training Certificate.

No	Name	Position	Attended a seminar on Corporate Governance by IFC & SGDCK	No certificate of Corporate Governance
1	Vu Hai Bang	Chairman of the BOD		x
2	Ton That Manh	Member of the BOD	x	x
3	Nguyen Le Phong	Member of the BOD		x
4	Nguyen Quang Hung	Member of the BOD		x

The Board of Supervisors
Members and the structure of the Board of Supervisors

Name	Position	Education	Total shares held (NAV)	Ownership ratio (%)	Professional Level	Role	Other positions
Mr Nguyen Dinh Minh	Head of the Board of Supervisors	12/12			University of Economics HCM	Non-executive	Head of the Board of Supervisors of SDC
Mr Nguyen Ton Nhan	Member of the Board of Supervisors	12/12	10.226	0,13%	Bachelor of Finance and Accounting, Fisheries University	Non-executive	Member of the Board of Supervisors of SDC
Mr Nguyen Ngoc Phi	Member of the Board of Supervisors	12/12			University	Independent	

“

In the year 2018, the Company fulfilled the business objectives, preserving the capital and paying dividend by cash for the Shareholders

05

**ACTIVITIES OF
THE BOARD OF
SUPERVISORS**

Participating in regular and extraordinary meetings quarterly of the Board of Directors; attending weekly meeting with the Management Board in order to timely catch up the direction of executing and implementing the Resolutions of the General Meeting of Shareholders 2018.

Supervising the implementation of the Resolutions of the General Meeting of Shareholders 2018.

Results of business activities

Items	Unit	Shareholder Meeting Resolution 2018	Implementaion 2018	Compare (%)
Revenue	VNĐ	66.695.000.000	89.913.422.637	134,81%
Profit before tax	VNĐ	15.497.000.000	14.996.542.988	96,77%
Paying dividend ratio	%	6%	6%	

Activities of the Board of Supervisor 2018

In 2018, the Board of Supervisors actively participated with analysts to analyze the fluctuations of financial activities of the Company.

The Board of Supervisors has reviewed the following issues:

- Overdebts, provision for bad debts
- Inventory checking periodically and make adjusting entry after the revaluation of the actual value to the book value, deduction for inventory reduction.

The Board of Supervisors:

- Unifying the key indicators of debt status, liquidity, assets use efficiency, provisioning, owner's equity in the report of the General Director.
- The Board of Supervisors regularly commented on the legality of implementation of the Board of Directors and the Management Board in terms of finance, risk prevention and the issues discussed.
- The Board of Supervisors agrees with the auditor's

opinion in document No A0618205-R/AISC/DN6 on the financial statement of the Company prepared for year ended 31/12/2018, dated March 07, 2019.

| The results of supervising the members of the Board of Directors and the Management Board.

- The Board of Directors held meetings and disclosed information according to the Regulations.
- The Board of Supervisors has not detected the unusual cases of the members of the Board of Directors, the member of the Management Board and other Managers of the Company.

| The transactions, remunerations and benefits of the Board of Directors, the Management Board and the Board of Supervisors.

Salary, bonus, remuneration, benefits.

Name	Remuneration 2018 BOD & Supervisor Board	Salary received 2018 (VND)	Remark
Board of Directors			
Vu Hai Bang	21.909.289		Chairman
Ton That Manh	21.909.289	526.666.000	General Director
Nguyen Le Phong	10.954.645		
Nguyen Quang Hưng	21.909.289		
Supervisory Board			
Nguyen Đình Minh	21.909.289	120.000.000	
Nguyen Ton Nhan	21.909.289	173.777.000	
Nguyen Ngoc Phi	21.909.289		
Nguyen Trung Minh Anh		126.666.000	Deputy General Director
Tran Thi My Thanh		393.333.000	Chief Accountant

PLAN 2019

06

Business plan in the year 2019

Items	Implementation 2018	Plan 2019	% Plan 2019 compare Implementation 2018
Net revenue	89.913.422.637	77.000.000.000	85,64%
Total profit before tax	14.996.542.988	9.400.000.000	62,68%

The plan of setting up the Company funds and paying dividend in 2019

Remuneration of the Board of Directors and the Board of Supervisors 2019

The Company continue to implement the tasks

- Classifying and assessing the assets.
- Conducting the procedure of financial provisions.
- Actively handling the the raw materials and finished products which are slow-moving and low quality in order to extract price reduction for the slow-moving inventory items through the financial profit in the future.

- Bonus and Welfare fund : 4% profit after tax
- Paying dividend 2019 by cash: 10% face value of the stocks

- 3% profit after tax and after setting up the Company's funds.

“

Strengthening financial management, handling the slow-moving assets.

07

**FINANCIAL
STATEMENT**

INDEPENDENT AUDITOR'S REPORT

To: BOARD OF DIRECTORS AND BOARD OF MANAGEMENT
NAM VIET JOINT STOCK COMPANY

We have audited the financial statements of Nam Viet Joint Stock Company consisting of Balance Sheet as at December 31, 2018, Income Statement, Cash Flow Statement for the year then ended and Notes to the Financial Statements as set out on Page 04 to Page 39, which were prepared on March 07, 2019.

Responsibility of the Board of General Directors

The Board of General Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing regulations applicable to the preparation and presentation of the financial statements and also for the internal control that the Board of General Directors considers necessary for the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor

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

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

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

Auditor's opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Nam Viet Joint Stock Company as at December 31, 2018 as well as the results of its operation and its cash flows for the year then ended. The financial statements are prepared in compliance with the prevailing Vietnamese Accounting Standards, Vietnamese Accounting System and other statutory requirements relevant to the preparation and presentation of the financial statements.

HCMC, March 07, 2019

PP. GENERAL DIRECTOR
GENERAL DIRECTOR

Duong Thi Phuong Anh
Certificate of Audit Practice Registration
No. 0321-2018-005-1
Issued by the Ministry of Finance

AUDITOR


Pham Thi Thanh Mai
Certificate of Audit Practice Registration
No.1044-2018-005-1
Issued by the Ministry of Finance

NAM VIET JOINT STOCK COMPANY
Form B 01 - DN

BALANCE SHEET

As at December 31, 2018

Unit: VND

ASSETS		Code	Notes	Dec.31, 2018	Jan.01, 2018
A.	CURRENT ASSETS	100		144.478.030.277	108.551.072.785
I.	Cash and cash equivalents	110	V.1	4.037.550.721	4.954.478.894
1	Cash	111		4.037.550.721	4.954.478.894
2	Cash equivalents	112		-	-
II.	Short-term financial investments	120	V.2	94.000.000.000	50.000.000.000
1	Trading securities	121		-	-
2	Provision for devaluation of trading securities	122		-	-
3	Held-to-maturity investments	123		94.000.000.000	50.000.000.000
III.	Short-term Accounts receivable	130		16.722.055.360	22.744.802.056
1	Trade accounts receivable	131	V.3	5.920.010.383	23.256.342.519
2	Prepayments to suppliers	132	V.4	349.371.944	519.531.944
3	Intercompany receivables	133		-	-
4	Construction contract-in-progress receivables	134		-	-
5	Receivables from short-term loans	135	V.5	166.301.000	166.301.000
6	Other receivables	136	V.6	10.482.848.391	6.008.033.354
7	Provision for doubtful debts	137	V.3,4,6	-196.476.358	-7.205.406.761
8	Shortage of assets awaiting resolution	139		-	-
IV.	Inventories	140	V.8	25.568.073.211	27.446.061.048
1	Inventories	141		27.027.756.933	28.532.259.440
2	Provision for decline in value of inventories	149		-1.459.683.722	-1.086.198.392
V.	Other current assets	150		4.150.350.985	3.405.730.787
1	Short-term prepayments	151	V.12	1.763.877.800	1.338.919.655
2	Deductible VAT	152		1.956.928.191	1.579.392.572
3	Taxes and other receivables from the State Budget	153	V.15	429.544.994	487.418.560
4	Repurchase and sale of Government's bonds	154		-	-
5	Other current assets	155		-	-

ASSETS	Code	Notes	Dec.31, 2018	Jan.01, 2018
B. LONG-TERM ASSETS	200		25.412.746.962	26.830.433.300
I Long-term receivables	210		-	-
1 Long-term trade receivables	211		-	-
2 Long-term prepayments to suppliers	212		-	-
3 Working capital from sub-units	213		-	-
4 Long-term intercompany receivables	214		-	-
5 Receivables from long-term loans	215		-	-
6 Other long-term receivables	216		-	-
7 Provision for doubtful long-term receivables	219		-	-
II. Fixed assets	220		12.578.852.597	13.819.429.191
1 Tangible fixed assets	221	V.10	12.578.852.597	13.819.429.191
- Cost	222		55.414.521.515	56.432.887.679
- Accumulated depreciation	223		-42.835.668.918	-42.613.458.488
2 Finance lease assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3 Intangible fixed assets	227	V.11	-	-
- Cost	228		900.098.950	900.098.950
- Accumulated amortization	229		-900.098.950	-900.098.950
III Investment Properties	230		-	-
- Cost	231		-	-
- Accumulated depreciation	232		-	-
IV Non-current assets in progress	240	V.9	1.324.746.209	1.488.246.209
1. Works in progress	241		880.221.060	1.043.721.060
2. Capital construction in progress	242		444.525.149	444.525.149
V Long-term investments	250	V.2	11.498.100.000	11.498.100.000
1 Investments in subsidiaries	251		-	-
2 Investments in associates, joint-ventures	252		11.498.100.000	11.498.100.000
3 Investments in equity of other entities	253		-	-
4 Provision for decline in the value of long-term investments	254		-	-
5 Held-to-maturity investments	255		-	-
VI Other long-term assets	260		11.048.156	24.657.900
1 Long-term prepaid expenses	261	V.12	11.048.156	24.657.900
2 Deferred income tax assets	262		-	-
3 Equipment, materials, spare parts	263		-	-
4 Other long-term assets	268		-	-
TOTAL ASSETS	270		169.890.777.239	135.381.506.085

RESOURCES		Code	Notes	Dec.31, 2018	Jan.01, 2018
C.	LIABILITIES	300		72.654.952.126	52.387.951.408
I.	Current liabilities	310		69.580.102.126	50.832.046.574
1	Short-term trade payables	311	V.13	7.445.983.613	4.194.923.692
2	Prepayments from customers	312	V.14	598.249.134	2.634.361.834
3	Taxes and other payables to the State Budget	313	V.15a	688.116.664	637.209.119
4	Payables to employees	314		1.906.104.429	2.478.479.846
5	Short-term accrued expenses	315	V.16	1.868.999.857	1.231.386.631
6	Short-term intercompany payables	316		-	-
7	Construction contract-in-progress payables	317		-	-
8	Short-term unrealized revenue	318	V.19	586.874.194	447.000.000
9	Other short-term payables	319	V.17	55.972.263.129	38.628.862.428
10	Short-term borrowings and financial lease liabilities	320		-	-
11	Provision for short-term payables	321	V.18	-	524.894.538
12	Bonus and welfare fund	322		513.511.106	54.928.486
13	Price stabilization fund	323		-	-
14	Repurchase and sale of Government's bond	324		-	-
II.	Long-term liabilities	330		3.074.850.000	1.555.904.834
1	Long-term trade payables	331		-	-
2	Long-term prepayments from customers	332		-	-
3	Long-term accrued expenses	333		-	-
4	Inter-company payables for operating capital received	334		-	-
5	Long-term intercompany payables	335		-	-
6	Long-term unrealized revenue	336	V.19	-	285.554.834
7	Other long-term payables	337	V.17	3.074.850.000	1.270.350.000
8	Long-term borrowings and financial lease liabilities	338		-	-
9	Convertible bond	339		-	-
10	Preferred shares	340		-	-
11	Deferred income tax liabilities	341		-	-
12	Provision for long-term liabilities	342		-	-
13	Fund for science and technology development	343		-	-

RESOURCES		Code	Notes	Dec.31, 2018	Jan.01, 2018
D	OWNERS' EQUITY	400		97.235.825.113	82.993.554.677
I.	Owners' equity	410	V.20	97.235.825.113	82.993.554.677
1	Owners' capital	411		80.000.000.000	80.000.000.000
	- Ordinary shares with voting rights	411a		80.000.000.000	80.000.000.000
	- Preferred shares	411b		-	-
2	Share premium	412		-	-
3	Bond conversion option	413		-	-
4	Owners' other capital	414		-	-
5	Treasury shares	415		-190.000	-190.000
6	Difference upon assets revaluation	416		-	-
7	Foreign exchange differences	417		-	-
8	Investment and development fund	418		12.243.398.279	12.243.398.279
9	Fund for support of arrangement of enterprises	419		-	-
10	Other funds	420		-	-
11	Undistributed earnings	421		4.992.616.834	-9,249,653,602
	- Undistributed earnings accumulated to the end of prior period	421a		-9.249.653.602	-11.813.054.979
	- Undistributed earnings in this period	421b		14.242.270.436	2.563.401.377
12	Investment reserve for basic construction	422		-	-
II	Budget sources and other funds	430		-	-
	Budget sources	431		-	-
	Fund to form fixed assets	432		-	-
	TOTAL RESOURCES	440		169.890.777.239	135.381.506.085

Prepared by/Chief Accountant



Tran Thi My Thanh

HCMC, March 07, 2019
General Director

Ton That Manh

NAM VIET JOINT STOCK COMPANY
Form B 02 - DN

INCOME STATEMENT

As at December 31, 2018

Unit: VND

ITEMS	Code	Notes	Year 2018	Year 2017
1 Sales	01	VI.1	89.913.422.637	102.099.420.134
2 Less sales deductions	02	VI.2	-	2.166.900
3 Net sales	10	VI.3	89.913.422.637	102.097.253.234
4 Cost of sales	11	VI.4	78.748.607.317	86.889.008.865
5 Gross profit (20 = 10 - 11)	20		11.164.815.320	15.208.244.369
6 Financial income	21	VI.5	9.543.747.956	4.372.238.402
7 Financial expenses	22	VI.6	56.527.884	344.027.345
<i>In which: loan interest expenses</i>	23		-	337.973.752
8 Selling expenses	25	VI.7	2.515.616.783	5.352.819.041
9 General & administration expenses	26	VI.7	6.405.201.333	12.695.552.109
10 Operating profit (30 = 20 + (21 - 22) - (25 + 26))	30		11.731.217.276	1.188.084.276
11 Other income	31		3.820.156.355	2.532.366.185
12 Other expenses	32		554.830.643	1.049.021.684
13 Other profit (40 = 31 - 32)	40		3.265.325.712	1.483.344.501
14 Net accounting profit before tax (50 = 30 + 40)	50		14.996.542.988	2.671.428.777
15 Corporate income tax - current	51	VI.11	-	-
16 Corporate income tax - deferred	52		-	-
17 Net profit after corporate income tax (60 = 50 - 51 - 52)	60		14.996.542.988	2.671.428.777
18 Earnings per share	70	VI.10	1.800	320
19 Diluted earnings per share	71	VI.11	1.800	320

Prepared by/Chief Accountant



Tran Thi My Thanh

HCMC, March 07, 2019
General Director



Ton That Manh

CASH FLOW STATEMENT

(Under indirect method)

For the fiscal year ended December 31, 2018

Unit: VND

	ITEMS	Code	Notes	Year 2018	Year 2017
I.	CASH FLOWS FROM OPERATING ACTIVITIES				
1	Net profit before tax	01		14.996.542.988	2.671.428.777
2	Adjustments for :				
	- Depreciation of fixed assets and investment properties	02	V.10	1.240.576.594	2.925.188.713
	- Provisions	03		-3.338.328.337	-344.874.112
	- Gain/losses from foreign exchange differences upon revaluation of monetary assets denominated in foreign currencies	04		16.397.267	-9.880.758
	- Gains/losses from investing activities	05		-10.237.155.739	-5.249.030.724
	- Interest expense	06	VI.6	-	337.973.752
	- Other adjustments	07		-	-
3	Profit from operating activities before changes in working capital	08		2.678.032.773	330.805.648
	- Increase (-)/ decrease (+) in receivables	09		9.414.898.310	9.973.664.752
	- Increase (-)/ decrease (+) in inventories	10		1.668.002.507	25.997.601.480
	- Increase (+)/ decrease (-) in payables (Other than payables, income tax)	11		19.512.728.168	22.554.068.250
	- Increase (-)/ decrease (+) in prepaid expenses	12		-411.348.401	-425.529.446
	- Increase (-)/ decrease (+) in trading securities	13		-	-
	- Interest paid	14		-	-337.973.752
	- Corporate income tax paid	15		-	-57.873.566
	- Other receipts from operating activities	16		-	7.022.200.000
	- Other payments on operating activities	17		-	-2.834.356.732
	Net cash inflows/(outflows) from operating activities	20		32.862.313.357	62.222.606.634
II.	CASH FLOWS FROM INVESTING ACTIVITIES				
1	Purchases of fixed assets and other long-term assets	21		-	-
2	Proceeds from disposals of fixed assets and other long-term assets	22		741.162.596	672.545.452
3	Loans granted, purchases of debt instruments of other entities	23		-96.000.000.000	-70.000.000.000
4	Collection of loans, proceeds from sales of debt instruments of other entities	24		52.000.000.000	20.000.000.000
5	Investments in other entities	25		-	-
6	Proceeds from divestment in other entities	26		-	-
7	Dividends and interest received	27		9.495.993.141	3.832.580.906
	Net cash inflows/(outflows) from investing activities	30		-33.762.844.263	-45.494.873.642

	ITEMS	Code	Notes	Year 2018	Year 2017
III.	CASH FLOWS FROM FINANCING ACTIVITIES				
1	Proceeds from issue of shares and capital contribution	31		-	-
2	Repayment of contributed capital and repurchase of stock issued	32		-	-
3	Proceeds from borrowings	33		-	23.735.434.108
4	Repayments of borrowings	34		-	-46.489.630.431
5	Payments for finance lease liabilities	35		-	-
6	Dividends paid	36		-	-
	Net cash inflows/(outflows) from financing activities	40		-	-22.754.196.323
	Net cash inflows/(outflows) (50 = 20+ 30 + 40)	50		-900.530.906	6.026.463.331
	Cash and cash equivalents at the beginning of the year	60		4.954.478.894	10.971.061.467
	Effect of foreign exchange differences	61		-16.397.267	9.880.758
	Cash and cash equivalents at the end of the year (70 = 50+60+61)	70		4.037.550.721	4.954.478.894

Prepared by/Chief Accountant

Tran Thi My Thanh

HCMC, March 07, 2019
General Director



Ton That Manh

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2018

Unit: VND

I. BUSINESS HIGHLIGHTS

1. Structure of ownership:

Nam Viet Joint Stock Company is incorporate in accordance with Business and taxation registration certificate for joint stock company No. 0302205973 dated February 01, 2001 (business registration No. 4103000281) and the tenth amended certificate dated May 19, 2016 issued by the HCMC Department of Planning and Investment.

Head office: No. 18F Tang Nhon Phu Street, Ward 4, Phuoc Long B Ward, Dist. 9, HCMC.

2. Structure of ownership: Joint Stock Company.

3. Principal activities:

Manufacturing roofing and concrete components, construction materials; Manufacturing types of mobile home, spare parts, machinery and components for mechanics; Constructing industrial and civil works; Producing and processing farm, forestry and seafood products; Trading real estates (in compliance with Clause 1, Article 10, Law on Real Estates Business); Design: Engineering for industrial, civil works, interior decoration; Rendering domestic tourist service; Hotels, restaurants (the provision of services must be implemented in parallel with the construction, improvement, upgrade or purchase of hotels - not at the head office).

4. Normal operating cycle

Normal operating cycle of the Company lasts 12 months of the normal fiscal year beginning from January 01 and ending on December 31.

5. Operations in the fiscal year affecting the financial statements: Not applicable.

6. Total employees to Dec. 31, 2018: 190 persons (Dec. 31, 2017: 188 persons).

7. Enterprise Structure

As at December 31, 2018, the Company has one (01) associate as follows:

Company's name and address: Saigon Development JSC

Address: 143/7D Ung Van Khiem, Ward 25, Binh Thanh Dist., HCMC

Principal activities: Producing and trading types of cement and adhesion materials; Trading, producing wooden products and materials; Local river port services; Co-operating for producing fresh concrete

Charter capital: 45,000,000,000 VND

Percentage of owning: 38.33%

Percentage of voting right: 38.33%

II. ACCOUNTING PERIOD AND REPORTING CURRENCY

1. Fiscal year

The fiscal year is begun on January 01 and ended December 31 annually.

2. Reporting currency

Vietnam Dong (VND) is used as a currency unit for accounting records.

III. ADOPTION OF ACCOUNTING STANDARDS AND POLICIES

1. Applicable Accounting System

The Company applies Vietnamese Corporate Accounting System in accordance with the guidance of Circular No. 200/2014/TT-BTC dated December 22, 2014 issued by the Vietnam Ministry of Finance.

2. Disclosure of compliance with Vietnamese Accounting Standards and the Vietnamese Accounting System

We conducted our accounting, preparation and presentation of the financial statements in accordance with Vietnamese Accounting Standards and other relevant statutory regulations. The financial statements give a true and fair view of the state of affairs of the Company and the results of its operations as well as its cash flows.

The selection of figures and information presented in the notes to the financial statements is complied with the material principles in Vietnamese Accounting Standard No.21 - Presentation of the financial statements.

IV. APPLICABLE ACCOUNTING POLICIES

1. Foreign exchange rate applicable in accounting

The Company has translated foreign currencies into Vietnam Dong at the actual rate and book rate.

Principles for determining the actual rate

All transactions denominated in foreign currencies which arise during the period (recording receivables and payables) are converted at the actual exchange rates ruling at the transaction dates.

Closing balance of monetary items (demand deposit, bank loans and receivables) denominated in foreign currencies are revaluated at the actual rate ruling at the balance sheet date.

- The actual exchange rates upon revaluation of monetary assets denominated in foreign currencies which have been classified as assets will be the buying rate of Vietinbank - Eastern Saigon Branch. The buying rate as at December 31, 2018: 23.150 VND/USD.

- The actual exchange rates upon revaluation of monetary assets denominated in foreign currencies which have been classified as payables will be the selling rate stated by Vietinbank - Eastern Saigon Branch. The exchange rate as at December 31, 2018: 23.240 VND/USD.

Foreign exchange differences, which arise from foreign currency transactions during the period, shall be included in the income statement. 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 in the income statement.

Principle for determining book rate

When recovering receivables, payments for payables in foreign currencies, the Company uses specific identification book rate.

When making payment by foreign currencies, the Company uses moving weighted average rate.

2. The actual interest rate (effective rate) for discounting the cash flows

The actual exchange rate for discounting the cash flows in relation to the items being recorded at the present value is determined on the basis of the market rate.

3. Principles for recording cash and cash equivalents

Cash includes cash on hand, demand deposit and cash in transit.

Cash equivalents comprise term deposits and other short-term investments with an original maturity of three months or less, highly liquid, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

4. Principles for accounting financial investments

Principles for recording financial investments in Associates

The investment in associate is recorded when the Company has 20% - 50% of voting right in those companies and has considerable influence over their decisions on financial policies.

Investments in associates are initially stated at original cost and will not be adjusted thereafter for change in the investor's share of the investee's net assets. The original cost includes purchase price and costs attributable to the investment. In case the investment is by non-monetary assets, the investment fee should be recorded at the fair value of the non-monetary assets at the date of occurrence.

Provision for loss of investments in subsidiaries, joint-ventures, associates is made when the investee suffers from loss and thus the Company possibly loses its capital or the investments' value is devalued. Basis for making provision for loss of investments is financial statements of the investee.

5. Principles for recording trade receivables and other receivables:

Principle for recording receivables: At original cost less provision for doubtful debts.

Method of making provision for doubtful debts: Provision for doubtful debts is estimated for the loss value of the receivables, other held-to-maturity investments similar to doubtful debts that are overdue and undue, but are likely to become possibly irrecoverable due to insolvency of debtors who go bankruptcy, making procedures for dissolution, go missing or run away....

6. Principles for recording inventories:

Principles adopted in recording inventory: Inventories are stated at original cost less (-) the provisions for the decline in value of inventories and obsolete, deteriorated inventories. Original costs are determined as follows:

- The original cost of materials, merchandises consists of costs of purchase, costs of transportation and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods: costs of materials, direct labor and manufacturing overheads which are

allocated on the basis of major materials costs.

Work in progress: costs of raw materials, labor and other directly costs for producing inventories incurred in the duration of production.

Method of calculating inventories' value: Weighted average method.

Method of accounting for the inventories: Perpetual method.

Method of making provision for decline in value of inventories: Provision for decline in value of inventories is made when the net realisable value of inventories is lower than their original cost. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses. Provision for decline in value of inventories is the difference between the cost of inventories greater than their net realisable value. Provision for decline in value of inventories is made for each inventory with the cost greater than the net realisable value.

7. Principles for recording fixed assets:

7.1 Principles for recording tangible fixed assets:

Tangible fixed assets are stated at original cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises all expenditures of bringing the asset to its working condition and location for its intended use. The expenditures incurred beyond their originally assessed standard of performance are capitalised as an additional cost of tangible fixed assets when they have resulted in an increase in the future economic benefits expected to be obtained from the use of those tangible fixed assets. The expenditures which do not meet the above conditions are charged to the expenses in the year.

When the assets are sold or disposed, their original costs and the accumulated depreciation which have been written off and any gain or loss from disposal of assets are recorded in the income statement.

Determination of original costs of tangible fixed assets:

Tangible fixed assets purchased

The original cost of purchased tangible fixed assets shall consist of the actual purchase price less (-) trade discounts or reduction plus (+) taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when such fixed assets are put into operation such as fees for installation and trial operation of fixed assets; specialists and other direct costs.

The original cost of a tangible fixed asset formed from capital construction under the mode of tendering shall be the finalisation price of the construction project, other relevant fees plus (+) registration fee (if any).

Fixed assets which are buildings, structures attached to land use right, the value of land use right is computed separately and recorded as intangible fixed assets.

7.2 Principles for recording intangible fixed assets:

Intangible fixed assets are stated at cost less accumulated amortization. The original cost of a intangible fixed asset comprises all costs of owning the asset to the date it is put into

operation as expected.

Principles for recording intangible fixed assets:

Purchase of separate intangible fixed assets

The original cost of purchased intangible fixed assets shall consist of the actual purchase price payable less (-) trade discounts or reduction plus (+) taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when such fixed assets are put into operation. The land use rights which are purchased together with buildings, structures will be determined separately and recorded as intangible fixed assets.

Computer software

The original cost of a intangible fixed asset which is the computer software shall be the total of actual expenses incurred by the Company to obtain the computer software.

7.3 Method of depreciating and amortizing fixed assets

Depreciation is charged to write off the cost of fixed assets on a straight line basis over their estimated useful lives. Useful life means the duration in which the tangible fixed assets produce their effect on production and business.

The estimated useful life for assets is as follows:

Buildings and structures	5 - 50 years
Machinery and equipment	3 - 10 years
Transportation and facilities	3 - 10 years
Office equipment	3 - 5 years
Intangible fixed assets	maximum 20 years

Land use rights which are granted for a definite term are amortized in conformity with the term stated in the certificate of land use right.

Land use rights which are granted for an indefinite term are carried at cost and not amortised.

8. Principles for recording construction in progress:

Construction in progress is stated at original cost. These are all necessary costs for purchasing fixed assets, building or repairing, improving, extending or equipping of the works such as construction of factory, installation auxiliary equipment for the purpose of production.

These costs are capitalised as an additional cost of asset when the works have been completed. After the works have been finalized, the asset will be handed over and put into use.

9. Principles for recording prepaid expenses

Prepaid expenses are all expenses that actually incurred but relate to the operating result of several accounting periods. The Company's prepaid expenses include: insurances, labor clothes, tools and supplies...

Method of allocating prepaid expenses: The determining and allocating of prepaid expenses into costs of production and doing business of each period is on a straight-line basis. Based on the nature and level of each expense, the term of allocation is defined as follows: short-term prepaid expenses should be allocated within one year; Long-term expenses should be

allocated in the term from 12 months to 36 months.

Method of allocating goodwill: Goodwill should be included in the costs of production and doing business or gradually allocated over the estimated useful life, which is not over 10 years since the date of record.

10. Principles for recording liabilities

Liabilities are recorded at original cost and not lower than the payment obligation.

Liabilities shall be classified into trade payables, inter-company payables and other payables depending on the nature of transactions and relationship between the Company and debtors.

Liabilities must be kept records in detail according to payment schedule, creditor and other factors according to requirements of the enterprise.

At the reporting date, if it is evident that there is an unavoidable loss, an amount payable shall be recorded according to cautious rules.

11. Principles for recording borrowings

Borrowings are total amounts the Company owes to banks.

Borrowings and financial lease liabilities are monitored in detail according to creditor, agreement and borrowed asset.

12. Principles for recording and capitalizing borrowing costs:

Principles for recording borrowing costs: Borrowing costs are loan interest and other costs incurred in direct relation to borrowings of an enterprise; Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs related to borrowings in respect of the construction or production of uncompleted assets, in which case the borrowing costs incurred during the period of construction are computed in those assets' value (capitalised) as part of the cost of the assets concerned when they satisfy conditions stipulated in the VAS No. 16 "Borrowing costs".

13. Principles for recording accruals:

Accruals include power, loan interests and production expenses...which have been arised in the reporting period, but have not been settled. These costs are recognised on the basis of reasonable estimates on the amounts to be paid in accordance with contracts, agreements.....

14. Principles for recoding unearned revenue

Unrealized revenue is the revenue which will be recorded in correspondence with the obligations that the Company must perform in one or more following accounting periods.

Unearned revenue include amounts of customers paid in advance for the contract value of services supply and installation of interior decoration which have not been completed.

Method of allocating unearned revenue is on the principle of conformity with obligations that the Company will perform in next one or several accounting periods.

15. Principles for recording owner's Equity

Principles for recording owner's paid-in capital

The paid-in capital is the amount that is contributed by members and supplemented from the profit after tax. The owners' equity will be recorded at the actual contributed capital by cash or assets in the early establishment period or additional mobilization to expand operation.

Principles for recognising undistributed profit:

The undistributed profit is recorded at the profit (loss) from the Company's result of operation after deducting the current year corporate income tax and the adjusted items due to the retroactive application of changes in accounting policy and adjustments for material misstatement of the previous year.

The distributing of profit is based on the charter of the Company approved by the annual shareholder meeting.

16. Principles for recording treasury shares

The owners' equity instruments acquired by the Company (treasury share) are recorded at original cost and deducted into the owners' equity. The Company does not record gain (loss) when purchasing, selling, issuing or cancelling its equity instruments. Upon reissue, the difference between reissue price and cost will be recorded in item "Share premium".

17. Principles for recording revenues

Revenue from goods sold

Revenue from the sale of good should be recognised when all the five (5) following conditions have been satisfied: 1) The enterprise has transferred to buyer the significant risks and rewards of ownership of the goods; 2) The enterprise retains neither continuing managerial involvement as an owner nor effective control over the goods sold; 3) The amount of revenue can be measured reliably; When the contract specifies that buyers are entitled to return products, goods they have bought under specific conditions, the enterprise will record the revenue only when those conditions no longer exist and the buyers do not have right to return products, goods (except for changing to other goods, services) 4) The economic benefits associated with the transaction has flown or will flow to the enterprise; 5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from service rendered

Revenue from services rendered is recorded when the result of the supply of services is determined reliably. In case where the services are rendered in several periods, the revenue will recorded by the part of completed works at the balance sheet. Revenue from services rendered is determined when the following four conditions have been satisfied: 1. The revenue is determined firmly; When the contract specifies that buyers are entitled to return the service they have bought under specific conditions, the enterprise will record the revenue only when those conditions no longer exist and the buyers do not have right to return service; 2. The economic benefits associated with the transaction has flown or will

flow from the supply of the provided service; 3. Part of completed works can be determined at the balance sheet date; 4. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If the contract's results can not be determined firmly, the revenue will be recorded at the recoverable level of expenses recorded.

Principles for recording financial income

Financial incomes include interests, distributed dividends and profits and income from other financing activities (Foreign exchange gains).

Income arising from interests, royalties, distributed dividends and profits of the enterprises shall be recognized if they simultaneously satisfy the two (2) conditions below 1. It is possible to obtain economic benefits from the concerned transactions; 2. Income is determined with relative certainty.

- Interests recognized on the basis of the actual time and interest rates in each period;
- Distributed dividends and profits shall be recognized when shareholders are entitled to receive dividends or the capital-contributing parties are entitled to receive profits from the capital contribution.

When an amount which has been recorded as an income becomes irrecoverable, such irrecoverable or uncertainly recoverable amount must be accounted as expense incurred in the period, but not recorded as income decrease.

18. Principles and method of recording cost of goods sold

Cost of goods sold is the cost of products, goods, services sold in the period. The cost of goods sold is recorded at the date the transaction incurs or likely to incur in the future regardless payment has been made or not. The cost of goods sold and revenue shall be recorded simultaneously on conformity principles. Expenses exceeding normal consumption level are recorded immediately to the cost of goods sold on prudent principle.

19. Principles and method of recording financial expenses

Financial expenses include loan interests, foreign exchange loss.

Financial expenses are recorded in details by their content and determined reliably when there are sufficient evidences on these expenses.

20. Principles and methods of recording taxes

Corporate income tax includes current corporate income tax and deferred corporate income tax incurred in the year and set basis for determining operating result after tax in current fiscal year.

Current tax: is the tax payable on the taxable income and tax rate enacted in current year in accordance with the law on corporate income tax.

Deferred income tax liabilities are the amounts of income tax payable in the future periods arising from the recording of the deferred income tax payable in the year and reversing the

deferred income tax being recorded from prior years. The Company does not record in this account the deferred income tax assets or deferred income tax liabilities arising from the transactions being recorded directly in the owners' equity.

The tax amounts payable to the State budget will be finalized with the tax office. Differences between the tax amounts payable specified in the book and the tax amounts under finalization will be adjusted when the tax finalization has been issued by the tax office.

The Company pays tax at 20%.

21. Principles for recording earnings per share

Basic earnings per share is calculated by dividing net income available to common shareholders before appropriating to Bonus and Welfare Fund by the weighted-average number of common shares outstanding during the period.

Diluted EPS is calculated by dividing net income available to common shareholders (after adjusting dividends of preferred convertible shares) by the weighted-average number of common share outstanding and the weighted-average number to be issued in case where all dilutive potential common are converted into common shares.

22. Financial instruments:

Initial recognition

Financial assets

According to Circular No. 210/2009/TT-BTC dated November 06, 2009 (Circular No. 210), financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial assets which are stated at fair value through the Income Statement, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company decides to classify these assets at the date of initial recognition. At the date of initial recognition, the financial assets are recognized at cost plus transaction cost that are directly attributable to the acquisition of the financial assets.

Financial assets of the Company comprise cash, short-term deposits, trade accounts receivables and other receivables.

Financial liabilities

According to Circular 210, financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial liabilities which are stated at fair value through the Income Statement, financial liabilities determined on amortised cost basis. The Company decides to classify these liabilities at the date of initial recognition.

At the date of initial recognition, the financial liabilities are recognized at cost plus transaction cost that are directly attributable to the acquisition of the financial liabilities.

Financial liabilities of the Company comprise trade payables, other payables, borrowings from banks.

Re-measurements after initial recognition

Currently, there are no requirements for the re-measurement of the financial instruments after initial recognition.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the report on financial position if, and only if, there is a currently enforceable legal right to offset the financial assets against financial liabilities or vice-versa and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously.

23. Related parties

Related parties include: Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

24. Principles for presenting assets, revenue and operating results by segment

A reportable segment includes business segment or a geographical segment.

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related 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 an enterprise that is engaged in 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.

For the purpose of management, the Company operates in a large scale of the country, so it presents major segment reporting by business sector, the minor segment reporting by geographical segment.

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