

ANNUAL REPORT

NAM VIET JOINT STOCK COMPANY (NAV)

2018

I. General Information

1. Summary Information

(1) Trading name: Nam Viet Joint Stock Company

- 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
- Address: 18 F Tầng Nhon Phú 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

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

2 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).

3 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:

- 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

1. Activities Orientation of the Company

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

The key 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 Tăng Nhơn Phú 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.

2. 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 is located and the adjustment of State policies on land lease contract to the enterprises.

Trading 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.

II. Business activities in the year 2018

1. The situation of production and business activities

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 figures:

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 and 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)

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.

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 obligations 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

2. Organization and personnel

BOARD OF DIRECTORS

Mr. VŨ HẢI BĂNG	Chairman of the Board of Directors
Mr. TÔN THẮT MẠNH	Member of the Board of Directors
Mr. NGUYỄN LÊ PHONG	Member of the Board of Directors
Mr. NGUYỄN QUANG HÙNG	Member of the Board of Directors

BOARD OF SUPERVISORS

Mr. NGUYỄN ĐÌNH MINH	Head of the Board of Supervisors
Mr. NGUYỄN TÔN NHÂN	Member of the Board of Supervisors
Mr NGUYỄN NGỌC PHI	Member of the Board of Supervisors

MANAGEMENT BOARD

Mr. TÔN THẮT MẠNH	General Director
Mr. PHẠM MINH TUYẾN	Deputy General Director
Mr. NGUYỄN TRUNG MINH ANH	Deputy General Director

CHIEF ACCOUNTANT

Ms. TRẦN THỊ MỸ THANH

COMPANY SECRETARY

Mr. NGUYỄN TRUNG MINH ANH

Number of the staff:

Total number of employees by 31/12/2018: 190 persons

Classification by professional level:

✓ Postgraduate	1	persons
✓ University	21	persons
✓ College	6	persons
✓ Intermediate	5	persons
✓ Technical worker	3	persons
✓ Skilled labor force	154	persons

3. The situation of investment and implementation of the projects

- Focusing in cooperation with Hưng Thịnh Corp to develop business of the land at 18F Tầng Nhon Phú.
- 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.

4. Financial situation

The financial situation is improving 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%

5. Shareholders structure, change of investment capital of the owners.
Total number of shares: 8,000,000 shares, all are common shares

Institution shareholder		Individual shareholder	
Domestic shareholder		Foreign shareholder	
State shareholder		Other shareholder	

6. Report on the impact of the Company to environment and society
The compliance with the environmental laws and the regulations at the Company is strickly, so there is no breach of environment in 2018.

III.REPORT AND EVALUATION OF MAMAGEMENT BOARD

1. Evaluation of 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.

2. 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%

IV. Evaluation on the activities of the Board of Directors

1 Evaluation 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, the duties 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
- #### 2 Evaluation of the Board of Directors on the activities of the Management Board.

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

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

3. Corporate Governance

The Board of Directors

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

Name	Position	Education	Total shares held (NAV)	Ownership ratio (%)	Professional Level	Role	Other positions
Vũ Hải Bằng	Chairman of the Board	12/12	1.051.496	13.14	Bachelor of Law	Non-executive	Chairman of the Board WOODLAND VĨNH PHÚC
Tôn Thất Mạnh	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)
Nguyễn Quang Hưng	Member of the Board	12/12	324.380	4.05	Business Management University	Non-executive	Chairman of the Board VIỆT HẢI Co
Nguyễn Lê Phong	Member of the Board	12/12			Irrigation Engineer	Non-executive	Deputy General Director of

Activities of the Board of Directors

No	Resolution/Decision No.	Date	Contents
1	01/NQ-HĐQT-2018-NAV	14/3/2018	Annual Shareholders General Meeting on 27/4/2018
2	02/TB-HĐQT-2018-NAV	14/3/2018	Notice of closing list of Shareholders attending the Annual Shareholders General Meeting 2018
3	03/NQ-HĐQT-2018-NAV	27/4/2018	Resolution on approving salary unit price 2018
4	04/NQ-HĐQT-2018-NAV	24/8/2018	Resolution of the Board of Directors agreed on the policy of selling all used production line and auxiliary equipment to Saigon Development Corporation (SDC)
5	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	Vũ Hải Bằng	Chairman of the BOD		X
2	Tôn Thất Mạnh	Member of the BOD	x	X
3	Nguyễn Lê Phong	Member of the BOD		X

4	Nguyễn Quang Hưng	Member of the BOD		X
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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
Nguyễn Đình Minh	Head of the Board of Supervisors	12/12			University of Economics HCM	Non-executive	Head of the Board of Supervisors of SDC
Nguyễn Tôn Nhân	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
Nguyễn Ngọc Phi	Member of the Board of Supervisors	12/12			University	Independent	

V. 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.

1. Monitoring the implementation of the Resolutions of the General Meeting of Shareholders 2018.

Results of business activities

Items	Unit	Resolution SGM 2018	Implementation 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	

2. 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.

Monitoring results to 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 unusual cases of the members of the Board of Directors, the member of the Management Board and other Managers of the Company.

1. 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			
Vũ Hải Bằng	21.909.289		Chairman
Tôn Thất Mạnh	21.909.289	526.666.000	General Director
Nguyễn Lê Phong	10.954.645		
Nguyễn Quang Hưng	21.909.645		
Board of Supervisors			
Nguyễn Đình Minh	21.909.645	120,000,000	
Nguyễn Tôn Nhân	21.909.645	173.777.000	
Nguyễn Ngọc Phi	21.909.645		
Nguyễn Trung Minh Anh		126.666.000	Deputy General Director
Trần Thị Mỹ Thanh		393.333.000	Chief Accountant

VI. BUSINESS PLAN 2019

1. Business Plan 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 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.

2. Plan to setting up the Company funds and paying dividends 2019
 - Bonus and Welfare fund : 4% profit after tax
 - Paying dividend 2019 by cash: 10% face value of the stocks
3. Remuneration of the Board of Directors and the Board of Supervisors 2019: 3% profit after tax and after setting up the Company's funds.

FINANCIAL STATEMENT (attached)
AUDITOR'S OPINION
AUDITED FINANCIAL STATEMENT