

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

NAM VIET CORPORATION

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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Nam Viet Corporation (hereinafter referred to as “the Corporation”) presents this statement together with the Consolidated Financial Statements for the fiscal year ended 31 December 2017 including the Financial Statements of the Corporation and those of its subsidiaries (hereinafter collectively referred to as “the Group”).

Business highlights

Nam Viet Corporation is a joint stock company, which has been operating under the Business Registration Certificate No. 1600168736, registered for the 1st time on 02 October 2006 and amended for the 11th time on 14 September 2017, granted by the Department of Planning and Investment of An Giang Province.

Head office

- Address : No. 19D, Tran Hung Dao Street, My Quy Ward, Long Xuyen City, An Giang Province.
- Tel. : (84-296) 3834060
- Fax : (84-296) 3834054

The Corporation has an affiliate which is the Aquatic Feed Processing Plant - Branch of Nam Viet Corporation located at Thot Not Industrial Park, Thoi Thuan Ward, Thot Not District, Can Tho City.

Principal business activities of the Corporation as in the Business Registration Certificate are:

- Building civil construction works;
- Building industrial construction works;
- Building transportation works (bridges, roads, drains, etc.);
- Building irrigation works;
- Growing fish;
- Manufacturing paper packages;
- Printing packages of all kinds;
- Manufacturing, processing and preserving aquatic products;
- Manufacturing Bio-diesel oil;
- Processing fish oil and fish powder;
- Producing Gentaline and Glycerin glue;
- Trading fish and aquatic products;
- Exploiting minerals such as Chromites, industrial halite, and non-ferrous metals (iron, copper, lead, zinc, etc.);
- Manufacturing and trading fertilizers;
- Trading metals and metal ores;
- Manufacturing, processing and trading aqua feeds for aquatic animals;
- Transmitting and distributing electricity;
- Installing electric systems.

Board of Management and Executive Officers

The Board of Management and the Executive Officers of Nam Viet Corporation during the year and as of the date of this statement include:

The Board of Management

| Full name | Position | Appointing/ Re-appointing date |
|---------------------|---------------|--------------------------------|
| Mr. Doan Toi | Chairman | Re-appointed on 31 May 2016 |
| Mr. Nguyen Duy Nhut | Vice Chairman | Re-appointed on 31 May 2016 |
| Mr. Doan Chi Thanh | Member | Re-appointed on 28 May 2016 |
| Mr. Do Lap Nghiep | Member | Re-appointed on 28 May 2016 |
| Mr. Tran Minh Canh | Member | Re-appointed on 28 May 2016 |
| Mr. Doan Chi Thien | Member | Appointed on 28 May 2016 |

NAM VIET CORPORATION**STATEMENT OF THE BOARD OF MANAGEMENT (cont.)*****The Control Board***

| Full name | Position | Re-appointing date |
|----------------------|--------------------|--------------------|
| Mr. Duong Minh Phong | Chief of the Board | 31 May 2016 |
| Ms. Le Thi Tuyet Mai | Member | 28 May 2016 |
| Mr. Nguyen Van Bay | Member | 28 May 2016 |

The Board of Directors

| Full name | Position | Appointing/ Re-appointing date |
|-------------------------|-------------------------|--------------------------------|
| Mr. Doan Toi | General Director | Re-appointed on 31 May 2016 |
| Ms. Duong Thi Kim Huong | Deputy General Director | Appointed on 27 July 2007 |
| Mr. Nguyen Duy Nhut | Deputy General Director | Appointed on 09 October 2008 |
| Mr. Do Lap Nghiep | Deputy General Director | Appointed on 03 August 2011 |

Legal Representative

The Corporation's legal representative during the year and as of the date of this statement is Mr. Doan Toi – Chairman of the Board of Management (re-appointed on 31 May 2016).

Mr. Doan Toi authorized Mr. Nguyen Duy Nhut to sign on these Consolidated Financial Statements for the fiscal year ended 31 December 2017 according to the Power of Attorney No. 36/GUQ-KTTC dated 02 January 2018.

Auditors

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the audit on the Group's Consolidated Financial Statements for the fiscal year ended 31 December 2017.

Responsibilities of the Board of Directors

The Board of Directors of the Corporation is responsible for the preparation of the Consolidated Financial Statements to give a true and fair view of the consolidated financial position, the consolidated financial performance and the consolidated cash flows of the Group during the year. In order to prepare these Consolidated 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 Group are followed or not, and all the material differences from these standards are disclosed and explained in the Consolidated Financial Statements;
- prepare the Consolidated Financial Statements of the Group 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 Consolidated 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 Group have been fully recorded and can fairly reflect the financial position of the Group 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 Group'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 Consolidated Financial Statements.

NAM VIET CORPORATION

STATEMENT OF THE BOARD OF MANAGEMENT (cont.)

Approval on the Financial Statements

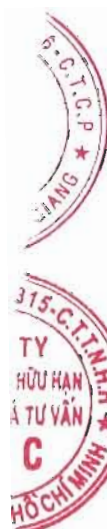
The Board of Management hereby approves the accompanying Consolidated Financial Statements, which give a true and fair view of the consolidated financial position of the Group as of 31 December 2017, the consolidated financial performance and the consolidated cash flows for the fiscal year then ended in accordance with the Vietnamese Accounting Standards and System as well as other legal regulations related to the preparation and presentation of the Consolidated Financial Statements.

For and on behalf of the Board of Management,



Nguyen Duy Nhut
Vice Chairman

Date: 15 March 2018



No. 1.0392/18/TC-AC

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS NAM VIET CORPORATION

We have audited the accompanying Consolidated Financial Statements of Nam Viet Corporation (hereinafter referred to as "the Corporation") and its subsidiaries (hereinafter collectively referred to as "the Group"), which were prepared on 10 March 2018 (from page 06 to page 43) including the Consolidated Balance Sheet as of 31 December 2017, the Consolidated Income Statement, the Consolidated Cash Flow Statement for the fiscal year then ended and the Notes to the Consolidated Financial Statements.

Responsibility of the Board of Directors

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

Responsibility of Auditors

Our responsibility is to express an opinion on these Consolidated 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 Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and true and fair presentation of the Consolidated 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 Group'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 Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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

Opinion of Auditors

In our opinion, the Consolidated Financial Statements referred to above, give a true and fair view, in all material respects, of the consolidated financial position as of 31 December 2017 of the Group, its consolidated financial performance and its consolidated cash flows for the fiscal year then ended in conformity with the Vietnamese Accounting Standards and System as well as the other legal regulations relevant to preparation and presentation of Consolidated Financial Statements.

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



Nguyễn Minh Trí, Deputy General Director
Audit Practice Registration Certificate No. 0089-2018-008-1

Phan Vu Cong Ba - Auditor
Audit Practice Registration Certificate No. 0197-2018-008-1

Hồ Chí Minh City, 15 March 2018

NAM VIET CORPORATION

Address: No. 19D, Tran Hung Dao Street, My Quy Ward, Long Xuyen City, An Giang Province

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

CONSOLIDATED BALANCE SHEET

As of 31 December 2017

Unit: VND

| ITEMS | Code | Note | Ending balance | Beginning balance |
|--|------------|------------|--------------------------|--------------------------|
| A - CURRENT ASSETS | 100 | | 1.317.061.126.495 | 1.907.896.274.682 |
| I. Cash and cash equivalents | 110 | V.1 | 25.901.681.098 | 21.796.050.462 |
| 1. Cash | 111 | | 25.901.681.098 | 17.026.050.462 |
| 2. Cash equivalents | 112 | | - | 4.770.000.000 |
| II. Short-term financial investments | 120 | | - | 900.000.000 |
| 1. Trading securities | 121 | | - | - |
| 2. Provisions for devaluation of trading securities | 122 | | - | - |
| 3. Held-to-maturity investments | 123 | | - | 900.000.000 |
| III. Short-term receivables | 130 | | 383.435.171.495 | 643.133.691.739 |
| 1. Short-term trade receivables | 131 | V.2a | 430.413.531.906 | 516.875.410.432 |
| 2. Short-term prepayments to suppliers | 132 | V.3 | 8.472.312.504 | 76.361.567.909 |
| 3. Short-term inter-company receivables | 133 | | - | - |
| 4. Receivable according to the progress of construction contract | 134 | | - | - |
| 5. Receivables for short-term loans | 135 | V.4 | 9.336.378.107 | 22.122.378.107 |
| 6. Other short-term receivables | 136 | V.5a | 24.380.344.061 | 133.518.360.562 |
| 7. Allowance for short-term doubtful debts | 137 | V.6 | (89.167.395.083) | (105.744.025.271) |
| 8. Deficit assets for treatment | 139 | | - | - |
| IV. Inventories | 140 | | 873.818.902.160 | 1.195.089.723.644 |
| 1. Inventories | 141 | V.7 | 887.129.231.895 | 1.195.358.129.153 |
| 2. Allowance for inventories | 149 | V.7 | (13.310.329.735) | (268.405.509) |
| V. Other current assets | 150 | | 33.905.371.742 | 46.976.808.837 |
| 1. Short-term prepaid expenses | 151 | V.8a | 9.845.717.118 | 9.954.472.525 |
| 2. Deductible VAT | 152 | | 24.059.654.624 | 37.022.336.312 |
| 3. Taxes and other receivables from the State | 153 | | - | - |
| 4. Trading Government bonds | 154 | | - | - |
| 5. Other current assets | 155 | | - | - |

NAM VIET CORPORATION

Address: No. 19D, Tran Hung Dao Street, My Quy Ward, Long Xuyen City, An Giang Province

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

Consolidated Balance Sheet (cont.)

| ITEMS | Code | Note | Ending balance | Beginning balance |
|--|------------|-------|--------------------------|--------------------------|
| B - NON-CURRENT ASSETS | 200 | | 1.385.253.645.302 | 1.109.929.599.966 |
| I. Long-term receivables | 210 | | 252.862.460.778 | 263.998.413.348 |
| 1. Long-term trade receivables | 211 | V.2b | 246.750.000.000 | 246.750.000.000 |
| 2. Long-term prepayments to suppliers | 212 | | - | - |
| 3. Working capital in affiliates | 213 | | - | - |
| 4. Long-term inter-company receivables | 214 | | - | - |
| 5. Receivables for long-term loans | 215 | | 26.000.000 | - |
| 6. Other long-term receivables | 216 | V.5b | 7.175.460.778 | 18.337.413.348 |
| 7. Allowance for long-term doubtful debts | 219 | V.6 | (1.089.000.000) | (1.089.000.000) |
| II. Fixed assets | 220 | | 518.591.662.283 | 489.430.373.886 |
| 1. Tangible fixed assets | 221 | V.9 | 197.284.981.385 | 161.518.100.654 |
| - Historical cost | 222 | | 986.815.165.173 | 857.047.908.265 |
| - Accumulated depreciation | 223 | | (789.530.183.788) | (695.529.807.611) |
| 2. Financial leased assets | 224 | V.10 | 78.041.134.502 | 116.987.912.113 |
| - Historical cost | 225 | | 108.366.446.670 | 174.399.362.908 |
| - Accumulated depreciation | 226 | | (30.325.312.168) | (57.411.450.795) |
| 3. Intangible fixed assets | 227 | V.11 | 243.265.546.396 | 210.924.361.119 |
| - Initial cost | 228 | | 250.503.910.452 | 215.716.373.091 |
| - Accumulated amortization | 229 | | (7.238.364.056) | (4.792.011.972) |
| III. Investment property | 230 | | - | - |
| - Historical costs | 231 | | - | - |
| - Accumulated depreciation | 232 | | - | - |
| IV. Long-term assets in process | 240 | | 66.176.144.368 | 125.878.060.932 |
| 1. Long-term work in process | 241 | | - | - |
| 2. Construction-in-progress | 242 | V.12 | 66.176.144.368 | 125.878.060.932 |
| V. Long-term financial investments | 250 | | 477.905.690.150 | 155.190.111.859 |
| 1. Investments in subsidiaries | 251 | | - | - |
| 2. Investments in joint ventures and associates | 252 | V.13b | 2.041.276.183 | 6.798.483.688 |
| 3. Investments in other entities | 253 | V.13c | 166.304.000.000 | 166.304.000.000 |
| 4. Provisions for devaluation of long-term financial investments | 254 | V.13c | (18.739.586.033) | (17.912.371.829) |
| 5. Held-to-maturity investments | 255 | V.13a | 328.300.000.000 | - |
| VI. Other non-current assets | 260 | | 69.717.687.723 | 75.432.639.941 |
| 1. Long-term prepaid expenses | 261 | V.8b | 69.182.937.723 | 75.432.639.941 |
| 2. Deferred income tax assets | 262 | V.14 | 534.750.000 | - |
| 3. Long-term components and spare parts | 263 | | - | - |
| 4. Other non-current assets | 268 | | - | - |
| 5. Goodwill | 269 | | - | - |
| TOTAL ASSETS | 270 | | 2.702.314.771.797 | 3.017.825.874.648 |

NAM VIET CORPORATION

Address: No. 19D, Tran Hung Dao Street, My Quy Ward, Long Xuyen City, An Giang Province

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

Consolidated Balance Sheet (cont.)

| ITEMS | Code | Note | <u>Ending balance</u> | <u>Beginning balance</u> |
|--|------------|-------|--------------------------|--------------------------|
| C - LIABILITIES | 300 | | 1.308.352.616.500 | 1.708.818.166.318 |
| I. Current liabilities | 310 | | 1.232.274.555.975 | 1.486.752.388.722 |
| 1. Short-term trade payables | 311 | V.15 | 99.773.110.619 | 221.494.985.597 |
| 2. Short-term advances from customers | 312 | V.16 | 16.163.545.710 | 10.741.229.924 |
| 3. Taxes and other obligations to the State Budget | 313 | V.17 | 24.178.765.781 | 16.305.407.688 |
| 4. Payables to employees | 314 | V.18 | 49.981.226.561 | 32.555.101.320 |
| 5. Short-term accrued expenses | 315 | V.19 | 7.375.465.170 | 10.323.747.285 |
| 6. Short-term inter-company payables | 316 | | - | - |
| 7. Payable according to the progress of construction contracts | 317 | | - | - |
| 8. Short-term unearned revenue | 318 | | - | - |
| 9. Other short-term payables | 319 | V.20 | 8.979.495.672 | 32.741.059.513 |
| 10. Short-term borrowings and financial leases | 320 | V.21a | 1.025.231.967.157 | 1.161.786.878.090 |
| 11. Provisions for short-term payables | 321 | | - | - |
| 12. Bonus and welfare funds | 322 | V.22 | 590.979.305 | 803.979.305 |
| 13. Price stabilization fund | 323 | | - | - |
| 14. Trading Government bonds | 324 | | - | - |
| II. Non-current liabilities | 330 | | 76.078.060.525 | 222.065.777.596 |
| 1. Long-term trade payables | 331 | | - | - |
| 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 | | - | - |
| 8. Long-term borrowings and financial leases | 338 | V.21b | 76.078.060.525 | 222.065.777.596 |
| 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 | | - | - |

NAM VIET CORPORATION

Address: No. 19D, Tran Hung Dao Street, My Quy Ward, Long Xuyen City, An Giang Province

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

Consolidated Balance Sheet (cont.)

| ITEMS | Code | Note | <u>Ending balance</u> | <u>Beginning balance</u> |
|---|------------|------|---------------------------------|---------------------------------|
| D - OWNER'S EQUITY | 400 | | 1.393.962.155.297 | 1.309.007.708.330 |
| I. Owner's equity | 410 | | 1.393.962.155.297 | 1.309.007.708.330 |
| 1. Capital | 411 | V.23 | 1.250.446.250.000 | 660.000.000.000 |
| - Ordinary shares carrying voting right | 411a | | 1.250.446.250.000 | 660.000.000.000 |
| - Preferred shares | 411b | | - | - |
| 2. Share premiums | 412 | V.23 | 21.519.209.100 | 611.965.459.100 |
| 3. Bond conversion options | 413 | | - | - |
| 4. Other sources of capital | 414 | | - | - |
| 5. Treasury stocks | 415 | V.23 | (27.417.629.848) | (27.417.629.848) |
| 6. Differences on asset revaluation | 416 | | - | - |
| 7. Foreign exchange differences | 417 | | - | - |
| 8. Investment and development fund | 418 | | - | - |
| 9. Business arrangement supporting fund | 419 | | - | - |
| 10. Other funds | 420 | | - | - |
| 11. Retained earnings | 421 | V.23 | 153.314.011.705 | 69.992.175.173 |
| - Retained earnings accumulated to the end of the previous period | 421a | | 10.947.450.173 | 69.992.175.173 |
| - Retained earnings of the current period | 421b | | 142.366.561.532 | - |
| 12. Construction investment fund | 422 | | - | - |
| 13. Benefits of non-controlling shareholders | 429 | V.23 | (3.899.685.660) | (5.532.296.095) |
| 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 | | <u>2.702.314.771.797</u> | <u>3.017.825.874.648</u> |



Tran Thi Quy
Preparer



Le Tien Dung
Chief Accountant



An Giang, 10 March 2018

Nguyen Duy Nhut
Deputy General Director



NAM VIET CORPORATION

Address: No. 19D, Tran Hung Dao Street, My Quy Ward, Long Xuyen City, An Giang Province

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

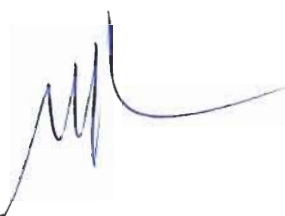
CONSOLIDATED INCOME STATEMENT

For the fiscal year ended 31 December 2017

Unit: VND

| ITEMS | Code | Note | Current year | Previous year |
|--|------|-------|-------------------|-------------------|
| 1. Sales | 01 | VI.1 | 2.962.439.024.515 | 2.847.113.325.051 |
| 2. Sales deductions | 02 | VI.2 | 13.298.465.255 | 22.587.958.113 |
| 3. Net sales | 10 | | 2.949.140.559.260 | 2.824.525.366.938 |
| 4. Cost of sales | 11 | VI.3 | 2.516.690.402.944 | 2.463.126.958.386 |
| 5. Gross profit | 20 | | 432.450.156.316 | 361.398.408.552 |
| 6. Financial income | 21 | VI.4 | 19.624.551.613 | 154.496.068.178 |
| 7. Financial expenses | 22 | VI.5 | 63.841.930.045 | 89.338.096.955 |
| In which: Loan interest expenses | 23 | | 56.834.291.215 | 76.318.357.966 |
| 8. Gain or loss from joint ventures, associates | 24 | V.13a | (4.757.207.505) | (117.272.700.123) |
| 9. Selling expenses | 25 | VI.6 | 145.839.451.266 | 135.790.798.077 |
| 10. General and administration expenses | 26 | VI.7 | 39.379.588.561 | 134.238.562.073 |
| 11. Net operating profit | 30 | | 198.256.530.552 | 39.254.319.502 |
| 12. Other income | 31 | VI.8 | 2.694.196.930 | 4.101.208.373 |
| 13. Other expenses | 32 | VI.9 | 34.344.473.534 | 14.516.961.415 |
| 14. Other profit/ (loss) | 40 | | (31.650.276.604) | (10.415.753.042) |
| 15. Total accounting profit before tax | 50 | | 166.606.253.948 | 28.838.566.460 |
| 16. Current income tax | 51 | V.17 | 23.141.831.981 | 14.776.154.904 |
| 17. Deferred income tax | 52 | V.14 | (534.750.000) | 630.000.000 |
| 18. Profit after tax | 60 | | 143.999.171.967 | 13.432.411.556 |
| 19. Profit after tax of the Parent Company | 61 | | 142.366.561.532 | 19.442.612.617 |
| 20. Profit/ (loss) after tax of non-controlling shareholders | 62 | | 1.632.610.435 | (6.010.201.061) |
| 21. Basic earnings per share | 70 | VI.10 | 1.142 | 144 |
| 22. Diluted earnings per share | 71 | VI.10 | 1.142 | 144 |

An Giang, 10 March 2018


Tran Thi Quy
Preparer

Le Tien Dung
Chief AccountantNguyen Duy Nhut
Deputy General Director

NAM VIET CORPORATION

Address: No. 19D, Tran Hung Dao Street, My Quy Ward, Long Xuyen City, An Giang Province

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the fiscal year ended 31 December 2017

Unit: VND

| ITEMS | Code | Note | Current year | Previous year |
|--|-----------|----------------------------|--------------------------|------------------------|
| I. Cash flows from operating activities | | | | |
| 1. Profit before tax | 01 | | 166.606.253.948 | 28.838.566.460 |
| 2. Adjustments | | | | |
| - Depreciation of fixed assets and investment properties | 02 | V.9, V.10, V.11 | 80.285.483.388 | 77.338.281.979 |
| - Provisions and allowances | 03 | V6, V.7, V.13 | (784.281.758) | 74.862.791.760 |
| - Exchange gain/ (loss) due to revaluation of monetary items in foreign currencies | 04 | VI.4, VI.5 | (229.013.154) | 3.736.447.667 |
| - Gain/ (loss) from investing activities | 05 | VI.4, VI.8, V.13 | (5.283.675.555) | (21.636.553.340) |
| - Interest expenses | 06 | VI.5 | 56.834.291.215 | 76.318.357.966 |
| - Others | 07 | | - | - |
| 3. Operating profit before changes of working capital | 08 | | 297.429.058.084 | 239.457.892.492 |
| - Increase/ (decrease) of receivables | 09 | | 342.128.002.043 | (108.515.898.633) |
| - Increase/ (decrease) of inventories | 10 | | 308.228.897.258 | 123.648.344.387 |
| - Increase/ (decrease) of payables | 11 | | (137.516.300.675) | 83.523.177.584 |
| - Increase/ (decrease) of prepaid expenses | 12 | | 7.777.955.089 | 7.058.340.711 |
| - Increase/ (decrease) of trading securities | 13 | | - | - |
| - Interests paid | 14 | VI.5, V.19 | (57.321.774.657) | (76.396.631.748) |
| - Corporate income tax paid | 15 | V.17 | (14.778.030.812) | (3.997.464.816) |
| - Other cash inflows | 16 | | - | - |
| - Other cash outflows | 17 | V.22 | (213.000.000) | (609.272.392) |
| Net cash flows from operating activities | 20 | | 745.734.806.330 | 264.168.487.585 |
| II. Cash flows from investing activities | | | | |
| 1. Purchases and construction of fixed assets and other non-current assets | 21 | V.9, V.10, V.11, V.12; VII | (55.854.873.338) | (58.122.159.290) |
| 2. Proceeds from disposals of fixed assets and other non-current assets | 22 | V.9, V.11; VI.8 | 2.949.178.452 | 819.845.455 |
| 3. Cash outflow for lending, buying debt instruments of other entities | 23 | | (352.790.000.000) | (26.384.276.760) |
| 4. Cash recovered from lending, selling debt instruments of other entities | 24 | | 24.630.000.000 | 4.846.898.653 |
| 5. Investments into other entities | 25 | | - | - |
| 6. Withdrawals of investments in other entities | 26 | | - | 166.561.000.000 |
| 7. Interest earned, dividends and profits received | 27 | VI.4, V.5 | 5.601.305.381 | 13.648.733.684 |
| Net cash flows from investing activities | 30 | | (375.464.389.505) | 101.370.041.742 |

NAM VIET CORPORATION

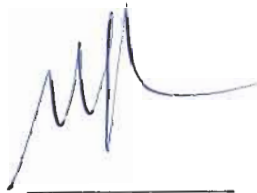
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CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

Consolidated Cash Flow Statement (cont.)

| ITEMS | Code | Note | Current 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.21 | 3.387.762.606.581 | 4.703.475.025.011 |
| 4. Repayment for loan principal | 34 | V.21 | (3.636.945.273.110) | (4.979.319.844.715) |
| 5. Payments for financial leased assets | 35 | V.21 | (33.206.612.575) | (49.465.263.494) |
| 6. Dividends and profit paid to the owners | 36 | V.20, V.23 | (83.763.543.191) | (31.605.118.059) |
| <i>Net cash flows from financing activities</i> | <i>40</i> | | <i>(366.152.822.295)</i> | <i>(356.915.201.257)</i> |
| Net cash flows during the year | 50 | | 4.117.594.530 | 8.623.328.070 |
| Beginning cash and cash equivalents | 60 | V.1 | 21.796.050.462 | 12.707.313.325 |
| Effects of fluctuations in foreign exchange rates | 61 | | (11.963.894) | 465.409.067 |
| Ending cash and cash equivalents | 70 | V.1 | 25.901.681.098 | 21.796.050.462 |



Tran Thi Quy
Preparer



Le Tien Dung
Chief Accountant



10 March 2018
Nguyen Duy Nhut
Deputy General Director



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CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

I. GENERAL INFORMATION**1. Ownership form**

Nam Viet Corporation (hereinafter referred to as “the Corporation” or “the Parent Company”) is a joint stock company.

2. Operating field

The Corporation’s operating fields are manufacturing and processing.

3. Principal business activities

Principal business activities of the Corporation are growing fish; manufacturing paper packages; printing packages of all kinds; manufacturing, processing and preserving aquatic products; processing fish oil and fish powder; trading fish and aquatic products; manufacturing aqua feeds for aquatic animals.

4. Normal operating cycle

Normal operating cycle of the Corporation is within 12 months.

5. Effects of the Corporation’s operation during the year on the Consolidated Financial Statements

The profit before tax of current year dramatically increased as compared to that of previous year mainly due to the increase in selling price and the decrease in loss of joint venture, associate, i.e. DAP No. 2 - VinaChem Joint Stock Company (in the current year, the loss from this Company has not included since this investment was transferred in the previous year) and due to the decrease in allowance for doubtful debts.

6. Structure of the Group

The Group includes the Parent Company and 02 subsidiaries under the control of the Parent Company. All the subsidiaries are consolidated in these Consolidated Financial Statements.

6a. Information on the Group’s restructuring

During the year, the Group has no additional business acquisition, liquidation or capital withdrawal in its subsidiaries.

6b. List of subsidiaries to be consolidated

| Subsidiaries | Address | Principal business activities | Benefit rate | | Voting rate | |
|-----------------------------|---|--|----------------|-------------------|----------------|-------------------|
| | | | Ending balance | Beginning balance | Ending balance | Beginning balance |
| Indian Ocean Co., Ltd. | Thot Not Industrial Park, Thoi Thuan Ward, Thot Not District, Can Tho City. | Processing aquatic products, trading foodstuff | 100% | 100% | 100% | 100% |
| Bien Dong Seafood Co., Ltd. | No. 19D, Tran Hung Dao Street, My Quy Ward, Long Xuyen City, An Giang Province. | Trading exported aquatic products | 90,91% | 90,91% | 90,91% | 90,91% |

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CONSOLIDATED FINANCIAL STATEMENTS

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Notes to the Consolidated Financial Statements (cont.)

6c. List of associates reflected in the Consolidated Financial Statements in accordance with the owner's equity method

The Group only invested in an associate which is Fresh Fruits Corporation located at Thot Not Industrial Park, Thoi Thuan Ward, Thot Not District, Can Tho City. The principal business activities of this associate are processing and preserving vegetables and fruits. As of the balance sheet date, the Corporation's ownership rate and voting rate at this associate are 44,4% (beginning balance: 44,4%).

7. Statement on information comparability on the Consolidated Financial Statements

The corresponding figures of the previous year can be comparable with figures of the current year.

II. FISCAL YEAR AND ACCOUNTING CURRENCY

1. Fiscal year

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

2. Accounting currency unit

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

III. ACCOUNTING STANDARDS AND SYSTEM

1. Accounting System

The Group applies the Vietnamese Accounting Standards and System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 guiding the Vietnamese Accounting System, the Circular No. 202/2014/TT-BTC dated 22 December 2014 guiding preparation and presentation of the Consolidated Financial Statements as well as other Circulars guiding the implementation of Vietnamese Accounting Standards of the Ministry of Finance in preparation and presentation of the Consolidated 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, the Circular No. 202/2014/TT-BTC dated 22 December 2014 as well as other Circulars guiding the implementation of Vietnamese Accounting Standards of the Ministry of Finance in preparation and presentation of the Consolidated Financial Statements.

IV. ACCOUNTING POLICIES

1. Accounting convention

All the Consolidated Financial Statements are prepared on the accrual basis (except for the information related to cash flows).

2. Consolidation bases

The Consolidated Financial Statements include the Financial Statements of the Parent Company and those of its subsidiaries. A subsidiary is an enterprise that is controlled by the Parent Company. The control exists when the Parent Company has the power to directly or indirectly govern the financial and operating policies of the subsidiary to obtain economic benefits from its activities. In determining the control power, the potential voting right arising from options or debt and capital instruments that can be converted into common shares as of the balance sheet date should also be taken into consideration.



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Notes to the Consolidated Financial Statements (cont.)

The financial performance of subsidiaries, which is bought or sold during the year, are included in the Consolidated Income Statement from the date of acquisition or until the date of selling investments in those subsidiaries.

The Financial Statements of the Parent Company and those of subsidiaries used for consolidation are prepared in the same accounting period and apply consistently accounting policies to the same types of transactions and events in similar circumstances. In the case that the accounting policy of a subsidiary is different from the accounting policy applied consistently in the Group, the Financial Statements of that subsidiary will be properly adjusted before being used for the preparation of the Consolidated Financial Statements.

Intra-group balances in the Balance Sheet and intra-group transactions and unrealized profits resulting from these transactions must be completely eliminated. Unrealized losses resulting from intra-group transactions are also eliminated unless costs cannot be recovered.

Benefits of non-controlling shareholders reflect profit or loss and net assets of subsidiary, which are not hold by the Group and presented in a separate item of the Consolidated Income Statement and Consolidated Balance Sheet (classified under "Owner's equity"). Benefits of non-controlling shareholders include the values of their non-controlling benefits at the initial date of business combination and those arise within the ranges of changes in owner's equity from the date of business combination. The losses arising in the subsidiaries are attributed equally to the ownership rate of non-controlling shareholders, even if such losses are higher than the interest owned by these shareholders in net assets of the subsidiaries.

3. 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.

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 approximate the average transfer exchange rate of the bank where the Group frequently conducts transactions. The approximate exchange rate does not exceed +/- 1% compared with the average transfer exchange rate. The average transfer exchange rate is determined daily based on the average between the daily buying transfer rate and selling transfer rate of the commercial bank where the Group frequently conducts transactions.

The exchange rates used to re-evaluate the ending balances of monetary items in foreign currencies are the average wire-transfer rate of commercial banks where the Group frequently conducts transactions).

4. Cash and cash equivalents

Cash includes cash on hand and demand deposits in banks. Cash equivalents are short-term investments of which the due dates cannot exceed 03 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 balance sheet date.

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CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

Notes to the Consolidated Financial Statements (cont.)

5. Financial investments

Held-to-maturity investments

Investments are classified as held-to-maturity investments that the Group intends and is able to hold to maturity. Held-to-maturity investments include term deposits (including debentures and promissory note), bonds, preferred shares that the issuer are required to re-purchase at a certain date in the future and held-to-maturity loans for the purpose of receiving periodical interest as well as other held-to-maturity investments.

Held-to-maturity investments are initially recognized at cost including the purchase cost and other transaction costs. After initial recognition, these investments are recorded at recoverable value. Interest from these held-to-maturity investments after acquisition date is recognized in the profit or loss on the basis of the interest income to be received. Interests arising prior to the Group's acquisition of held-to-maturity investments are recorded as a decrease in the costs as at the acquisition time.

When there are reliable evidences proving that a part or the whole investment cannot be recovered and the loss are reliably determined, the loss is recognized as financial expenses during the year while the investment value is derecognized.

Loans

Loans are determined at original costs less allowance for doubtful debts. Allowance for doubtful debts of loans is made on the basis of estimated losses.

Investments in associates

An associate is an entity which the Group 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 in associates are recorded as in the owner's equity method. Accordingly, the investment into associate is initially recorded at costs on the Consolidated Financial Statements and then adjusted for the post acquisition change in the Group's share of net assets of the associate. If the Group's share of loss of an associate exceeds or equals the carrying amount of an investment, the investment is then reported at nil (0) value on the Consolidated Financial Statements, except when the Group has obligations to pay on behalf of the associate to satisfy obligations of the associate.

The Financial Statements of the associate are prepared for the accounting period that is the same with the Consolidated Financial Statements of the Group. In the case that the accounting policy of an associate is different from the accounting policy applied consistently in the Group, the Financial Statements of that associate will be properly adjusted before being used for the preparation of the Consolidated Financial Statements.

Unrealized profits/ (losses) arising from transactions with associates are eliminated in proportion to the amount under the Group's ownership in the preparation of the Consolidated Financial Statements.

Investments in equity instruments of other entities

Investments in equity instruments of other entities include such investments in equity instruments that do not enable the Group to have the control, joint control or significant influence on these entities.

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CONSOLIDATED FINANCIAL STATEMENTS

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Notes to the Consolidated Financial Statements (cont.)

Investments in equity instruments of other entities are initially recognized at costs, including cost of purchase plus other directly attributable transaction costs. Values of these investments are derecognized for dividends and profits arising in the periods prior to the acquisition of such investments. Dividends and profit arising in the periods after the acquisition of investments are recorded into the Group's revenue. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity of shares is followed up.

Provisions for impairment of investments in equity instruments of other entities are made as follows:

- For investments in listed shares or fair value of investments which is reliably measured, provisions are made on the basis of the market value of shares.
- For investments of which the fair value cannot be measured at the time of reporting, provisions are made on the basis of the losses suffered by investees, at the rate equal to the difference between the actual capital invested by investors and the actual owner's equity multiplying (x) by the Group's rate of capital contribution over the total actual capital invested by investors in these investees.

Increases/ (decreases) in the provisions for impairment of investments in equity instruments of other entities as of the balance sheet date are recorded into "Financial expenses".

6. 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 Group and customers who are independent to the Group, 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 debts:
 - 30% of the value of debts outstanding from over 06 months to under 01 year.
 - 50% of the value of debts outstanding from 01 year to under 02 years.
 - 70% of the value of debts outstanding from 02 years to under 03 years.
 - 100% of the value of debts outstanding from over 03 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".

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

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Notes to the Consolidated Financial Statements (cont.)

Stock-out costs 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".

8. Prepaid expenses

Prepaid expenses comprise actual expenses arising and relevant to financial performance in several accounting periods. Prepaid expenses of the Group mainly include expenses of tools, land rental and repair expenses. These prepaid expenses are allocated over the prepayment period or period of corresponding economic benefits generated from these expenses.

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.

Land rental

Prepaid land rental reflects the rental already prepaid for the land being used by the Group and is allocated into expenses in accordance with the straight-line method over the lease term.

Repair expenses

Expenses on large repair of fixed assets reflect the expenses related to the repair of plants, machinery and equipment. Expenses on large repair of fixed assets are allocated in accordance with the straight-line method for the maximum period of 03 years.

9. Operating leased assets

A lease is classified as an operating lease if it transfers substantially all the risks and rewards incident to ownership belonging to the lessor. The lease expenses are allocated in the operation costs in accordance with the straight-line method over the lease term and do not depend on the method of lease payment.

10. 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 Group 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.

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Notes to the Consolidated Financial Statements (cont.)

Computer software

Expenses attributable to computer software, which is not a part associated with the relevant hardware, will be capitalized. Costs of computer software include all the expenses paid by the Group until the date the software is put into use. Computer software is amortized in accordance with the straight-line method from 03 – 06 years.

13. Construction-in-progress

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

14. Business combination and goodwill

The business combination is accounted by applying acquisition method. The costs of business combination include the fair values as at the acquisition date of the exchanged assets, the incurred or assumed liabilities as well as the equity instruments issued by the Group in exchange for control of the acquiree, plus any cost directly attributable to the business combination. The acquired assets, the identifiable and contingent liabilities assumed from the business combination are recognized at their fair values as at the acquisition date.

If the business combination covers some accounting periods, the cost of business combination equals the total investment made at the date of obtaining the control of subsidiaries plus the amount of previous investments which are re-evaluated at fair value as at the date of obtaining the control of subsidiaries. The difference between the re-evaluated amount and the cost of investment shall be recorded in the financial performance provided that the Group does not have any significant influence on subsidiaries prior the date of obtaining the control and the investment in subsidiaries is presented in line with the cost method. In case where the Group has significant influence on the subsidiaries prior the date of obtaining the control the investment in subsidiaries is presented in line with the equity method, the difference between the re-evaluated amount and the cost of investment determined in line with the equity method shall be recorded in the financial performance; and the difference between the investment determined in line with the equity method and the cost of investment shall be directly recorded in “Retained earnings” of the Consolidated Balance Sheet.

The excess of the cost of business combination over the ownership share of the Group in the net fair value of the assets, the identifiable and contingent liabilities of acquiree which are recognized at the date obtaining the control of subsidiaries is recognized as goodwill. If the ownership share of the Group in the net fair value of the assets, the identifiable and contingent liabilities of acquiree which are recognized at the date of obtaining the control of subsidiaries exceeds the cost of business combination, the difference will be included in the financial performance.

The benefit of non-controlling shareholders as at the date of business combination is initially measured on the basis of the ownership share of non-controlling shareholders in the fair values of the assets, the liabilities and the inherent liabilities recognized.

15. Payables and accrued expenses

Payables and accrued expenses are recorded for the amounts payable in the future associated with the goods and services already received. 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:

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Notes to the Consolidated Financial Statements (cont.)

- Trade payables reflect payables of commercial nature arising from the purchase of goods, services, or assets, of which the seller is an independent entity with the Group, including 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.

The payables and accrued expenses are classified as short-term and long-term items in the Balance Sheet on the basis of their remaining term as of the balance sheet date.

16. Owner's equity

Capital

The capital is recorded according to the actual amount already invested by the Corporation's shareholders.

Share premiums

Share premiums are recorded in accordance with the difference between the issuance price and face value upon the IPO, additional issue or the difference between the re-issuance price and carrying value of treasury shares and the equity component of convertible bonds upon maturity date. Expenses directly related to the additional issue of shares and the re-issuance of treasury shares are recorded as a decrease in share premiums.

Treasury shares

When a share capital in the owner's equity is re-purchased, the amount payable including the expenses related to the transaction is recorded as treasury shares and is recorded as a decrease in owner's equity. When this share capital is re-issued, the difference between the re-issuance price and carrying value of treasury shares is recorded in "Share premiums".

17. Profit distribution

Profit after tax is distributed to the shareholders after appropriation for funds under the Charter of the Corporation as well as legal regulations and approved by the General Meeting of Shareholders.

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 General Meeting of Shareholders.

18. Recognition of sales and income

Sales of merchandises, finished goods

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

- The Group transfers most of risks and benefits incident to the ownership of products or goods to customers.
- The Group 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. When the contracts stipulate that buyers have the right to return products, goods purchased under specific conditions, sales are recorded only when those specific conditions are no longer exist and buyers retains no right to return products, goods (except for the case that such returns are in exchange for other goods or services).

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Notes to the Consolidated Financial Statements (cont.)

- The Group received or shall probably 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 service provision

Sales of service provision 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 provided 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 provided.
- The Group received or shall probably receive the economic benefits associated with the provision 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.

Interest

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

Dividends and profit shared

Dividends and profit shared are recognized when the Group has the right to receive dividends or profit from the capital contribution. Particularly, the dividends paid in form of shares are not recorded as an increase in value, but the increasing quantity is followed up.

19. Sales deductions

Sales deductions include trade discounts, sales allowances, sales returns incurred in the same period of providing goods, merchandises, services, in which revenues are derecognized.

In case of goods, merchandises, services provided in the previous years but trade discounts, sales allowances, sales returns incurred in the current year, revenues are derecognized as follows:

- If sales allowances, trade discounts, sales returns incur prior to the release of the Consolidated Financial Statements, revenues are derecognized on the Consolidated Financial Statements of the current year.
- If sales allowances, trade discounts, sales returns incur after the release of the Consolidated Financial Statements, revenues are derecognized on the Consolidated Financial Statements of the following year.

20. Borrowing costs

Borrowing costs are interests and other costs that the Group 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.

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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 year, except for particular borrowings serving the purpose of obtaining a specific asset.

21. Expenses

Expenses are those that result in outflows of the 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.

22. 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.

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 Group shall offset deferred tax assets and deferred tax liabilities if:

- The Group 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:

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Notes to the Consolidated Financial Statements (cont.)

- Of the same subject to corporate income tax; or
- The Group 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.

23. Related parties

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

24. Segment reporting

A business segment is a distinguishable component of the Group 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 Group 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.

The segment information is prepared and presented in conformity with the accounting policies applicable to the preparation and presentation of the Consolidated Financial Statements of the Group.

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

1. Cash and cash equivalents

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|----------------------|------------------------------|------------------------------|
| Cash on hand | 6.624.030.200 | 671.137.520 |
| Deposits in banks | 19.277.650.898 | 16.354.912.942 |
| Cash equivalents (*) | - | 4.770.000.000 |
| Total | <u>25.901.681.098</u> | <u>21.796.050.462</u> |

(*) This item reflects bank deposits of which the principal maturity is under 03 months.

2. Short-term/ long-term trade receivables

2a. Short-term trade receivables

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--|-------------------------------|-------------------------------|
| <i>Receivables from related parties</i> | <i>88.158.582.608</i> | <i>267.019.123.969</i> |
| Triple T Corporation (USA) | 47.174.431.572 | 67.639.033.478 |
| Navifeed Co., Ltd. | 40.984.151.036 | - |
| Atlantic Ocean Co., Ltd. | - | 199.300.136.840 |
| Mr. Doan Quoc Hoi | - | 79.953.651 |
| <i>Receivables from other customers</i> | <i>342.254.949.298</i> | <i>249.856.286.463</i> |
| Overseas customers | 303.988.452.959 | 207.894.094.992 |
| Local customers | 38.266.496.339 | 41.962.191.471 |
| Total | <u>430.413.531.906</u> | <u>516.875.410.432</u> |

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This item reflects long-term receivables from Atlantic Ocean Co., Ltd. (a related party).

3. Short-term prepayments to suppliers

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--|-----------------------------|------------------------------|
| <i>Prepayments to related parties</i> | <i>600.000.000</i> | - |
| Fresh Fruits Corporation (FFCO) | 600.000.000 | - |
| <i>Prepayments to other suppliers</i> | <i>7.872.312.504</i> | <i>76.361.567.909</i> |
| Overseas suppliers | 28.734.475 | 13.680.000 |
| Local suppliers who are owners of fish farms | 1.762.958.333 | 67.381.360.000 |
| Other local suppliers | 6.080.619.696 | 8.966.527.909 |
| Total | <u>8.472.312.504</u> | <u>76.361.567.909</u> |

4. Receivables for short-term loans

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|---|-----------------------------|------------------------------|
| <i>Loans given to related parties</i> | <i>7.940.378.107</i> | <i>20.690.378.107</i> |
| Loan given to FFCO | 7.940.378.107 | 7.840.378.107 |
| Loan given to Atlantic Ocean Co., Ltd. | - | 12.850.000.000 |
| <i>Loans given to other organizations and individuals</i> | <i>1.396.000.000</i> | <i>1.432.000.000</i> |
| Lending to Ms. Cao Thi Kim Thanh (*) | 896.000.000 | 932.000.000 |
| Lending to Ms. Nguyen Thao Trang (*) | 500.000.000 | 500.000.000 |
| Total | <u>9.336.378.107</u> | <u>22.122.378.107</u> |

(*) These receivables have been overdue and are made allowance by the Group.

5. Other short-term/long-term receivables**5a. Other short-term receivables**

| | <u>Ending balance</u> | | <u>Beginning balance</u> | |
|---|------------------------------|-----------------------------|-------------------------------|-----------------------------|
| | Value | Allowance | Value | Allowance |
| <i>Receivables from related parties</i> | <i>543.977.889</i> | <i>(132.871.914)</i> | <i>290.012.402</i> | - |
| FFCO – Interest receivable | 442.906.379 | (132.871.914) | 218.516.920 | - |
| Atlantic Ocean Co., Ltd. – Interest receivable | 79.071.510 | - | 45.509.722 | - |
| Mr. Doan Chi Thien - Advance | - | - | 25.985.760 | - |
| Mr. Do Lap Nghiep - Advance | 22.000.000 | - | - | - |
| <i>Receivables from other organizations and individuals</i> | <i>23.836.366.172</i> | <i>(815.052.141)</i> | <i>133.228.348.160</i> | <i>(635.046.029)</i> |
| Advances | 10.069.452.926 | - | 4.383.811.671 | - |
| Term deposit interest | 4.593.320.833 | - | 561.813.418 | - |
| Interest on loans given | 476.479.546 | (459.284.546) | 476.479.546 | (386.008.712) |
| Pledges, deposits, mortgages | 4.475.690.643 | - | 121.729.224.000 | - |
| Other short-term receivables | 4.221.422.224 | (355.767.595) | 6.077.019.525 | (249.037.317) |
| Total | <u>24.380.344.061</u> | <u>(947.924.055)</u> | <u>133.518.360.562</u> | <u>(635.046.029)</u> |

5b. Other long-term receivables

This item reflects long-term mortgages and deposits, in which the overdue amount has been made allowance as of the balance sheet date for the amount of VND 1.089.000.000.

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Notes to the Consolidated Financial Statements (cont.)**6. Doubtful debts**

| | Ending balance | | Beginning balance | | | |
|------------------------------------|--------------------|-----------------------|----------------------|---------------------------------|------------------------|----------------------|
| | Outstanding period | Original costs | Recoverable amount | Outstanding period | Original costs | Recoverable amount |
| Trade receivables | | 87.579.347.856 | 1.715.907.232 | | 108.951.082.702 | 4.342.103.460 |
| From 06 months to under 01 year | | 33.850.000 | 23.695.000 | From 06 months to under 01 year | 752.895.000 | 527.026.500 |
| From 01 year to under 02 years | | 3.302.642.124 | 1.651.321.062 | From 01 year to under 02 years | 1.703.823.964 | 851.911.982 |
| From 02 years to under 03 years | | 136.303.900 | 40.891.170 | From 02 years to under 03 years | 67.745.878.478 | 2.963.164.978 |
| Over 03 years | | 84.106.551.832 | - | Over 03 years | 38.748.485.260 | - |
| Receivables for loans given | | 5.492.101.347 | 3.136.070.943 | | 500.000.000 | - |
| From 06 months to under 01 year | | 4.096.101.347 | 2.867.270.943 | From 06 months to under 01 year | - | - |
| From 02 years to under 03 years | | 896.000.000 | 268.800.000 | From 02 years to under 03 years | - | - |
| Over 03 years | | 500.000.000 | - | Over 03 years | 500.000.000 | - |
| Other receivables | | 2.364.153.520 | 327.229.465 | | 1.921.247.141 | 197.201.112 |
| From 06 months to under 01 year | | 442.906.379 | 310.034.465 | From 06 months to under 01 year | - | - |
| From 01 year to under 02 years | | - | - | From 01 year to under 02 years | 57.316.667 | 28.658.333 |
| From 02 years to under 03 years | | 57.316.667 | 17.195.000 | From 02 years to under 03 years | 561.809.262 | 168.542.779 |
| Over 03 years | | 1.863.930.474 | - | Over 03 years | 1.302.121.212 | - |
| Total | | 95.435.602.723 | 5.179.207.640 | | 111.372.329.843 | 4.539.304.572 |

Fluctuations in allowances for doubtful debts and loans are as follows:

| | Short-term receivables, loans given | Long-term receivables, loans given | Total |
|-----------------------|-------------------------------------|------------------------------------|-----------------------|
| | Beginning balance | 105.744.025.271 | 1.089.000.000 |
| Reversal | (14.653.420.188) | - | (14.653.420.188) |
| Writing debts | (1.923.210.000) | - | (1.923.210.000) |
| Ending balance | 89.167.395.083 | 1.089.000.000 | 90.256.395.083 |

7. Inventories

| | Ending balance | | Beginning balance | |
|----------------------|------------------------|-------------------------|--------------------------|----------------------|
| | Original cost | Allowance | Original cost | Allowance |
| Goods in transit | 638.847.142 | - | 85.426.211.696 | - |
| Materials, supplies | 104.809.626.291 | - | 107.078.052.436 | - |
| Tools | 8.195.859.517 | - | 8.962.734.636 | - |
| Work-in-process | 448.918.854.648 | - | 333.825.709.763 | - |
| Finished goods | 287.763.413.487 | (13.310.329.735) | 621.068.098.648 | (268.405.509) |
| Goods on consignment | 36.802.630.810 | - | 38.997.321.974 | - |
| Total | 887.129.231.895 | (13.310.329.735) | 1.195.358.129.153 | (268.405.509) |

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Inventories valued at VND 110.526.335.129 (beginning balance: VND 315.230.545.435) have been mortgaged to secure the loans from BIDV.

Fluctuations in allowances for inventories are as follows:

| | <u>Current year</u> | <u>Previous year</u> |
|-------------------------------------|------------------------------|---------------------------|
| Beginning balance | 268.405.509 | 1.660.540.609 |
| Extraction/ (reversal) of allowance | 13.041.924.226 | (1.392.135.100) |
| Ending balance | <u>13.310.329.735</u> | <u>268.405.509</u> |

8. Short-term/ long-term prepaid expenses

8a. Short-term prepaid expenses

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|-----------------------------------|-----------------------------|-----------------------------|
| Land rental | 3.398.440.081 | 2.865.106.749 |
| Tools | 1.228.252.862 | 2.298.317.318 |
| Other short-term prepaid expenses | 5.219.024.175 | 4.791.048.458 |
| Total | <u>9.845.717.118</u> | <u>9.954.472.525</u> |

8b. Long-term prepaid expenses

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|----------------------------------|------------------------------|------------------------------|
| Land rental | 62.898.275.619 | 64.698.142.735 |
| Tools | 1.762.703.245 | 2.685.021.944 |
| Repair expenses | 3.647.602.710 | 4.238.776.794 |
| Other long-term prepaid expenses | 874.356.149 | 3.810.698.468 |
| Total | <u>69.182.937.723</u> | <u>75.432.639.941</u> |

9. Tangible fixed assets

| | <u>Buildings and structures</u> | <u>Machinery and equipment</u> | <u>Vehicles</u> | <u>Office equipment</u> | <u>Other tangible fixed assets</u> | <u>Total</u> |
|---|---------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------------|-------------------------------|
| Historical costs | | | | | | |
| Beginning balance | 306.345.223.623 | 485.289.257.255 | 55.411.282.485 | 10.002.144.902 | - | 857.047.908.265 |
| Acquisition during the year | 150.000.000 | 7.167.451.854 | 824.641.000 | 90.712.728 | - | 8.232.805.582 |
| Completed construction | 19.982.881.609 | 15.763.206.003 | 3.944.071.231 | 1.085.177.331 | 17.590.305.424 | 58.365.641.598 |
| Repurchase of financial leased assets | - | 70.727.216.268 | 3.832.952.000 | - | - | 74.560.168.268 |
| Re-classification | (19.349.305.657) | - | - | - | 19.349.305.657 | - |
| Liquidation, disposal | (264.725.534) | (9.578.166.677) | (1.185.086.329) | (48.160.000) | - | (11.076.138.540) |
| Other decrease | - | (315.220.000) | - | - | - | (315.220.000) |
| Ending balance | <u>306.864.074.041</u> | <u>569.053.744.703</u> | <u>62.827.860.387</u> | <u>11.129.874.961</u> | <u>36.939.611.081</u> | <u>986.815.165.173</u> |
| <i>In which:</i> | | | | | | |
| Assets fully depreciated but still in use | 221.507.615.938 | 288.951.483.811 | 40.886.663.947 | 8.529.955.887 | - | 559.875.719.583 |
| Assets waiting for liquidation | - | - | - | - | - | - |
| Depreciation | | | | | | |
| Beginning balance | 247.754.495.762 | 392.906.974.917 | 45.984.190.530 | 8.884.146.402 | - | 695.529.807.611 |
| Depreciation during the year | 8.560.005.167 | 41.321.513.395 | 3.030.716.822 | 295.914.270 | 2.578.132.937 | 55.786.282.591 |
| Repurchase of financial leased assets | - | 47.128.011.352 | 2.010.975.988 | - | - | 49.138.987.340 |
| Liquidation, disposal | (129.421.380) | (9.562.226.045) | (1,185,086,329) | (48,160,000) | - | (10,924,893,754) |
| Re-classification | (4,342,829,035) | - | - | - | 4,342,829,035 | - |
| Ending balance | <u>251.842.250.514</u> | <u>471.794.273.619</u> | <u>49.840.797.011</u> | <u>9.131.900.672</u> | <u>6.920.961.972</u> | <u>789.530.183.788</u> |

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| | <u>Buildings and structures</u> | <u>Machinery and equipment</u> | <u>Vehicles</u> | <u>Office equipment</u> | <u>Other tangible fixed assets</u> | <u>Total</u> |
|--------------------------------|---------------------------------|--------------------------------|-----------------------|-------------------------|------------------------------------|------------------------|
| Net book values | | | | | | |
| Beginning balance | 58.590.727.861 | 92.382.282.338 | 9.427.091.955 | 1.117.998.500 | - | 161.518.100.654 |
| Ending balance | <u>55.021.823.527</u> | <u>97.259.471.084</u> | <u>12.987.063.376</u> | <u>1.997.974.289</u> | <u>30.018.649.109</u> | <u>197.284.981.385</u> |
| <i>In which:</i> | | | | | | |
| Assets temporarily not in use | - | - | - | - | - | - |
| Assets waiting for liquidation | - | - | - | - | - | - |

10. Financial leased assets

| | <u>Machinery and equipment</u> | <u>Vehicles</u> | <u>Total</u> |
|---------------------------------------|--------------------------------|----------------------|------------------------|
| Historical costs | | | |
| Beginning balance | 164.921.676.362 | 9.477.686.546 | 174.399.362.908 |
| Financial leases during the year | 31.849.280 | - | 31.849.280 |
| Transfer from construction | 8.495.402.750 | - | 8.495.402.750 |
| Repurchase of financial leased assets | (70.727.216.268) | (3.832.952.000) | (74.560.168.268) |
| Ending balance | <u>102.721.712.124</u> | <u>5.644.734.546</u> | <u>108.366.446.670</u> |
| Depreciation | | | |
| Beginning balance | 54.238.167.810 | 3.173.282.985 | 57.411.450.795 |
| Depreciation during the year | 20.877.688.326 | 1.175.160.387 | 22.052.848.713 |
| Repurchase of financial leased assets | (47.128.011.352) | (2.010.975.988) | (49.138.987.340) |
| Ending balance | <u>27.987.844.784</u> | <u>2.337.467.384</u> | <u>30.325.312.168</u> |
| Net book values | | | |
| Beginning balance | 110.683.508.552 | 6.304.403.561 | 116.987.912.113 |
| Ending balance | <u>74.733.867.340</u> | <u>3.307.267.162</u> | <u>78.041.134.502</u> |

11. Intangible fixed assets

| | <u>Land use right</u> | <u>Computer software</u> | <u>Total</u> |
|---|------------------------|--------------------------|------------------------|
| Initial costs | | | |
| Beginning balance | 215.354.374.991 | 361.998.100 | 215.716.373.091 |
| Completed construction | 37.435.352.010 | - | 37.435.352.010 |
| Liquidation, disposal | (2.647.814.649) | - | (2.647.814.649) |
| Ending balance | <u>250.141.912.352</u> | <u>361.998.100</u> | <u>250.503.910.452</u> |
| <i>In which:</i> | | | |
| Assets fully amortized but still in use | - | 361.998.100 | 361.998.100 |
| Amortization | | | |
| Beginning balance | 4.430.013.872 | 361.998.100 | 4.792.011.972 |
| Amortization during the year | 2.446.352.084 | - | 2.446.352.084 |
| Ending balance | <u>6.876.365.956</u> | <u>361.998.100</u> | <u>7.238.364.056</u> |
| Net book values | | | |
| Beginning balance | 210.924.361.119 | - | 210.924.361.119 |
| Ending balance | <u>243.265.546.396</u> | <u>-</u> | <u>243.265.546.396</u> |
| <i>In which:</i> | | | |
| Assets temporarily not in use | - | - | - |
| Assets waiting for liquidation | - | - | - |

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Some intangible fixed assets, of which the net book values are VND 189.150.016.921, have been mortgaged to secure the Group's loans from Vietcombank and BIDV.

12. Construction-in-progress

| | <u>Beginning balance</u> | <u>Increases during the year</u> | <u>Inclusion into fixed assets during the year</u> | <u>Other decrease</u> | <u>Ending balance</u> |
|--|-------------------------------|----------------------------------|--|-------------------------------|------------------------------|
| Acquisition of fixed assets | - | 440.500.000 | (440.500.000) | | - |
| Construction-in-progress | 124.468.059.825 | 49.285.212.146 | (104.296.396.358) | (3.280.731.245) | 66.176.144.368 |
| <i>Aquatic growing area project - land</i> | <i>93.819.435.032</i> | <i>1.082.956.600</i> | <i>(37.435.352.010)</i> | <i>(800.000.000)</i> | <i>56.667.039.622</i> |
| <i>Expenses for construction of aquatic growing area</i> | <i>13.316.730.532</i> | <i>19.642.460.807</i> | <i>(27.661.526.164)</i> | <i>(2.359.746.023)</i> | <i>2.937.919.152</i> |
| <i>Food processing plant</i> | <i>16.119.816.453</i> | <i>17.689.289.636</i> | <i>(33.443.175.859)</i> | <i>(97.830.731)</i> | <i>268.099.499</i> |
| <i>Other constructions</i> | <i>1.212.077.808</i> | <i>10.870.505.103</i> | <i>(5.756.342.325)</i> | <i>(23.154.491)</i> | <i>6.303.086.095</i> |
| Large repair of fixed assets | 1.410.001.107 | 609.838.178 | - | (2.019.839.285) | - |
| Total | <u>125.878.060.932</u> | <u>50.335.550.324</u> | <u>(104.736.896.358)</u> | <u>(5.300.570.530)</u> | <u>66.176.144.368</u> |

13. Financial investments

The financial investments of the Group include held-to-maturity investments, investments into associates and investments into other entities. The Group's financial investments are as follows:

13a. Held-to-maturity investments

The 18-month deposits in VIB is mortgaged to secure the loans from this bank.

13b. Investments into associates

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--------------------------------------|-----------------------------|-----------------------------|
| Original costs | 12.000.000.000 | 12.000.000.000 |
| Profit arising after investment date | (9.958.723.817) | (5.201.516.312) |
| Total | <u>2.041.276.183</u> | <u>6.798.483.688</u> |

As of the balance sheet date, the Group invested in Fresh Fruits Corporation for the amount of VND 12.000.0000.000, equivalent to 44,44% of charter capital (beginning balance: VND 12.000.0000.000, equivalent to 44,44% of charter capital).

The ownership rate of the Group in associates is as follows:

| | <u>Current year</u> | <u>Previous year</u> |
|------------------------------|-----------------------------|-----------------------------|
| Beginning balance | 6.798.483.688 | 557.023.581.882 |
| Gain or loss during the year | (4.757.207.505) | (117.272.700.123) |
| Value of the transfer | - | (432.952.398.071) |
| Ending balance | <u>2.041.276.183</u> | <u>6.798.483.688</u> |

Operation of associates

Fresh Fruits Corporation has temporarily ceased its operation.

Transactions with associates

The Group has transactions with Fresh Fruits Corporation as follows:

| | <u>Current year</u> | <u>Previous year</u> |
|--------------------------------------|---------------------|----------------------|
| Sales of materials and supplies | 266.699 | 96.725.081 |
| Sales of finished goods and packages | 16.075.200 | 1.848.585.591 |
| Loans given | 100.000.000 | 11.594.276.760 |
| Loan interest receivable | 275.937.752 | 391.553.031 |
| Purchase of supplies and tools | 158.471.606 | 349.371.779 |

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| | Ending balance | | Beginning balance | |
|-----------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | Original costs | Provisions | Original costs | Provisions |
| Maritime Bank (MSB) | 135.000.000.000 | - | 135.000.000.000 | - |
| Co Dinh Thanh Hoa Chromites J.S.C | 20.304.000.000 | (7.739.586.033) | 20.304.000.000 | (6.912.371.829) |
| Nam Viet Chromites J.S.C | 11.000.000.000 | (11.000.000.000) | 11.000.000.000 | (11.000.000.000) |
| Total | 166.304.000.000 | (18.739.586.033) | 166.304.000.000 | (17.912.371.829) |

Fair value

The Group has not determined the fair value of the investments because there is no specific instruction on determination of fair value.

Provisions for investments into other entities

Fluctuations of provisions for investments into other entities are as follows:

| | Current year | Previous year |
|-----------------------|-----------------------|-----------------------|
| Beginning balance | 17.912.371.829 | 17.468.819.930 |
| Additional extraction | 827.214.204 | 443.551.899 |
| Ending balance | 18.739.586.033 | 17.912.371.829 |

14. Deferred income tax assets

This item reflects deferred income tax assets related to temporarily deductible differences. Details of increase/ (decrease) during the year are as follows:

| | Current year | Previous year |
|----------------------------------|--------------------|---------------|
| Beginning balance | - | 630.000.000 |
| Inclusion into operation results | 534.750.000 | (630.000.000) |
| Ending balance | 534.750.000 | - |

The corporate income tax rate used for determining deferred income tax assets is 15%.

15. Short-term trade payables

| | Ending balance | Beginning balance |
|------------------------------------|-----------------------|------------------------|
| <i>Payables to related parties</i> | <i>9.728.665.078</i> | <i>10.746.690.108</i> |
| Atlantic Ocean Co., Ltd. | 9.728.665.078 | 10.746.690.108 |
| <i>Payables to other suppliers</i> | <i>90.044.445.541</i> | <i>210.748.295.489</i> |
| Overseas suppliers | 16.888.300.340 | 86.732.205.246 |
| Local suppliers | 73.156.145.201 | 124.016.090.243 |
| Total | 99.773.110.619 | 221.494.985.597 |

The Group has no outstanding trade payable.

16. Short-term advances from customers

| | Ending balance | Beginning balance |
|--------------------------------------|-----------------------|-----------------------|
| <i>Advances from other customers</i> | | |
| Overseas customers | 11.403.812.097 | 7.510.760.446 |
| Local customers | 4.759.733.613 | 3.230.469.478 |
| Total | 16.163.545.710 | 10.741.229.924 |

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Notes to the Consolidated Financial Statements (cont.)**17. Taxes and other obligations to the State Budget**

| | Beginning balance | Amount payable | Amount already paid | Ending balance |
|----------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| VAT on local sales | 694.222.893 | 8.206.717.108 | (8.005.314.318) | 895.625.683 |
| VAT on imports | - | 1.088.249.516 | (1.088.249.516) | - |
| Import-export duties | - | 1.684.750.635 | (1.684.750.635) | - |
| Corporate income tax | 14.745.946.687 | 23.141.831.981 | (14.778.030.812) | 23.109.747.856 |
| Personal income tax | 849.055.308 | 4.751.491.091 | (5.428.154.957) | 172.391.442 |
| Natural resource tax | 16.182.800 | 119.520.720 | (134.702.720) | 1.000.800 |
| License duty | - | 9.000.000 | (9.000.000) | - |
| Total | 16.305.407.688 | 39.001.561.051 | (31.128.202.958) | 24.178.765.781 |

Value added tax (VAT)

The Group has to pay VAT in line with the deduction method. The VAT rates applied are as follows:

| | |
|--|--------------------|
| - Exporting finished goods | 0% |
| - Fish materials | |
| + Fish grown by the Corporation itself and sold to organizations and individuals | |
| + Fish externally bought by the Corporation itself and sold to organizations | Not subject to tax |
| + Fish externally bought by the Corporation itself and sold to individuals | Not declared 5% |
| - Other products and services | 10% |

Import - export duties

The Group has declared and paid these duties according to the Customs' notices.

Corporate income tax

Pursuant to the Law No. 71/2014/QH13 amending and supplementing a number of Articles of the Law on Corporate Income Tax approved by the 13th National Assembly of the Socialist Republic of Vietnam at its 8th session on 26 November 2014, the income from processing of aquatic products is subject to the tax rate of 15% from 01 January 2015.

Income from other activities is subject to corporate income tax at the tax rate of 20%.

Details of corporate income tax payable are as follows:

| | <u>Current year</u> | <u>Previous year</u> |
|---|-----------------------|-----------------------|
| Corporate income tax payable based on income subject to tax of the current year | 23.129.234.587 | 14.745.946.687 |
| Adjustments of corporate income tax of the previous years | 12.597.394 | 30.208.217 |
| Corporate income tax payable | 23.141.831.981 | 14.776.154.904 |

Determination of corporate income tax liability of the Group companies is based on prevailing regulations on tax. Nonetheless, these tax regulations may change from time to time and tax regulations applicable to variety of transactions can be interpreted differently. Hence, the tax amounts presented in the Consolidated Financial Statements can be changed upon the inspection of tax authorities.

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The Group companies have to pay natural resources tax imposed on water exploitation at the price of VND 5.000/m³ x 8%.

Property tax

Property tax is paid according to the notices of the tax department.

Other taxes

The Group has declared and paid these taxes in line with the prevailing regulations.

18. Payables to employees

This item reflects the salary of December and 13th-month to be paid to employees.

19. Short-term accrued expenses

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|---|-----------------------------|------------------------------|
| <i>Payables to other organizations and individuals</i> | | |
| Loan interest expenses | 810.401.959 | 1.297.885.401 |
| Shipping freights | 4.026.122.100 | 3.640.296.150 |
| Brokerage commission | 2.047.518.157 | 3.014.182.987 |
| Meals | - | 993.136.099 |
| Other short-term accrued expenses | 491.422.954 | 1.378.246.648 |
| Total | <u>7.375.465.170</u> | <u>10.323.747.285</u> |

20. Other short-term payables

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|---|-----------------------------|------------------------------|
| <i>Payables to related parties</i> | | |
| Mr. Doan Toi – dividends payable | - | 24.771.933.491 |
| Mr. Doan Chi Thien - dividends payable | - | 9.547.556.891 |
| | - | 15.224.376.600 |
| <i>Payables to organizations and individuals</i> | 8.979.495.672 | 7.969.126.022 |
| Excessive assets for treatment | 21.139.970 | 772.466.040 |
| Social insurance premiums, health insurance premiums, unemployment insurance premiums | 324.611.500 | 2.642.279.155 |
| Receipt of short-term deposits and mortgages | 1.662.876.087 | 1.527.905.480 |
| Dividends, profit payable | 1.507.016.700 | 1.453.901.400 |
| Other short-term payables | 5.463.851.415 | 1.572.573.947 |
| Total | <u>8.979.495.672</u> | <u>32.741.059.513</u> |

The Group has no other outstanding payables.

21. Short-term/long-term borrowings and financial lease**21a. Short-term borrowings and financial lease**

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|---|--------------------------|--------------------------|
| <i>Short-term loans and financial lease payable to related parties</i> | | |
| Loan from Mr. Doan Toi | - | 103.102.500.000 |
| Loan from Ms. Duong Thi Kim Huong | - | 3.102.500.000 |
| | - | 100.000.000.000 |
| <i>Short-term loans and financial lease payable to other organizations and individuals</i> | 1.025.231.967.157 | 1.058.684.378.090 |
| Short-term loans from banks | 993.333.002.235 | 978.301.253.265 |
| Loan from BIDV ^(a) | 370.614.618.764 | 313.646.004.657 |

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| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--|---------------------------------|---------------------------------|
| <i>Loan from SHB</i> | - | 91.068.840.000 |
| <i>Loan from TPBank</i> | - | 73.609.680.410 |
| <i>Loan from Vietcombank ^(b)</i> | 149.853.202.599 | 299.817.788.647 |
| <i>Loan from United Overseas Bank ^(c)</i> | 39.645.830.300 | 42.980.833.741 |
| <i>Loan from VIB ^(d)</i> | 433.219.350.572 | 154.532.145.810 |
| <i>Loan from Techcombank</i> | - | 2.645.960.000 |
| Current portions of long-term loan (see Note No. V.21b) | 14.625.000.000 | 48.725.000.000 |
| Current portions of financial lease (see Note No. V.21b) | 17.273.964.922 | 31.658.124.825 |
| Total | <u>1.025.231.967.157</u> | <u>1.161.786.878.090</u> |

The Group is solvent over short-term loans and financial leases.

- (a) The loan from BIDV is to supplement the working capital at the interest rate released upon each loan receipt. The loan period is 12 months. This loan is secured by mortgaging the land use right (see Note No. V.11).
- (b) The loan from Vietcombank is to supplement the working capital at the interest rate released upon each loan receipt. The loan period is 12 months. This loan is secured by mortgaging the land use right (see Note No. V.11).
- (c) The loan from United Overseas Bank is to supplement the working capital at the interest rate applied to each loan receipt. This loan is guaranteed by the Corporation's Chairman of the Board of Management.
- (d) The loan from VIB is to supplement the working capital at the interest rate released upon each loan receipt. The loan period is 12 months. This loan is secured by mortgaging term deposits (see Note No. V.13) under the ownership of the Group along with securities and shares owned by members of the Board of Management.

Details of increases/ (decreases) of short-term loans and financial leases during the year are as follows:

| | <u>Beginning balance</u> | <u>Increases during the year</u> | <u>Transfer from long-term borrowings</u> | <u>Exchange difference</u> | <u>Amount already paid during the year</u> | <u>Ending balance</u> |
|------------------------------------|---------------------------------|----------------------------------|---|-----------------------------|--|---------------------------------|
| Short-term loans from banks | 978.301.253.265 | 3.387.762.606.581 | - | (118.084.501) | (3.372.612.773.110) | 993.333.002.235 |
| Short-term loans from individuals | 103.102.500.000 | - | - | - | (103.102.500.000) | - |
| Current portion of long-term loans | 48.725.000.000 | - | 27.750.000.000 | - | (61.850.000.000) | 14.625.000.000 |
| Current portion of financial lease | 31.658.124.825 | - | 18.047.077.001 | (6.764.959) | (32.424.471.945) | 17.273.964.922 |
| Total | <u>1.161.786.878.090</u> | <u>3.387.762.606.581</u> | <u>45.797.077.001</u> | <u>(124.849.460)</u> | <u>(3.569.989.745.055)</u> | <u>1.025.231.967.157</u> |

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Notes to the Consolidated Financial Statements (cont.)**21b. Long-term borrowings and financial lease**

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|---|------------------------------|-------------------------------|
| Long-term loans and financial leases payable to related parties | 37.248.000.000 | 76.628.000.000 |
| Loan from Mr. Doan Toi | - | 20.000.000.000 |
| Loan from Atlantic Ocean Co., Ltd. ^(a) | 37.248.000.000 | 56.628.000.000 |
| Long-term loans and financial leases payable to other organizations and individuals | 38.830.060.525 | 145.437.777.596 |
| Long-term loans from banks | 14.625.000.000 | 102.375.000.000 |
| Loan from TPBank | - | 78.000.000.000 |
| Loan from Vietcombank ^(b) | 14.625.000.000 | 24.375.000.000 |
| Financial leases | 24.205.060.525 | 43.062.777.596 |
| Financial lease from Asia Commercial Bank Leasing Company Limited to purchase machinery and equipment | 6.121.608.330 | 11.136.881.912 |
| Financial lease from Chailease International Leasing Co., Ltd. to purchase machinery and equipment | - | 881.174.727 |
| Financial lease from Vietnam International Leasing Co., Ltd. to purchase machinery and equipment | 18.083.452.195 | 31.044.720.957 |
| Total | <u>76.078.060.525</u> | <u>222.065.777.596</u> |

The Group is solvent over long-term loans and financial leases.

- (a) The loan not secured by any collateral from Atlantic Ocean Co., Ltd. is to supplement the working capital at the interest rate of 0%. The loan period is 36 months.
- (b) The loan from Vietcombank is to invest in the expansion of pangasius growing area. The loan period is 60 months. This loan is repaid once in every 06 months. This loan is secured by mortgaging the land use right (see Note No. V.11).

Payment schedule of long-term loans and financial leases is as follows:

| | <u>Total debts</u> | <u>Under 01 year</u> | <u>From 01 year to 05 years</u> | <u>Over 05 years</u> |
|--|-------------------------------|------------------------------|---------------------------------|----------------------|
| Ending balance | | | | |
| Long-term loans from banks | 29.250.000.000 | 14.625.000.000 | 14.625.000.000 | - |
| Long-term loans from other organizations | 37.248.000.000 | - | 37.248.000.000 | - |
| Financial lease | 41.479.025.447 | 17.273.964.922 | 24.205.060.525 | - |
| Total | <u>107.977.025.447</u> | <u>31.898.964.922</u> | <u>76.078.060.525</u> | <u>-</u> |
| Beginning balance | | | | |
| Long-term loans from banks | 151.100.000.000 | 48.725.000.000 | 102.375.000.000 | - |
| Long-term loans from other organizations | 56.628.000.000 | - | 56.628.000.000 | - |
| Long-term loans from individuals | 20.000.000.000 | - | 20.000.000.000 | - |
| Financial lease | 74.720.902.421 | 31.658.124.825 | 43.062.777.596 | - |
| Total | <u>302.448.902.421</u> | <u>80.383.124.825</u> | <u>222.065.777.596</u> | <u>-</u> |

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Details of increase/ (decrease) of long-term loans and financial leases are as follows:

| | <u>Beginning balance</u> | <u>Exchange difference</u> | <u>Amount already paid during the year</u> | <u>Transfer to short-term borrowings</u> | <u>Ending balance</u> |
|--|--------------------------|----------------------------|--|--|-----------------------|
| Long-term loans from banks | 102.375.000.000 | - | (60.000.000.000) | (27.750.000.000) | 14.625.000.000 |
| Long-term loans from other organizations | 56.628.000.000 | - | (19.380.000.000) | - | 37.248.000.000 |
| Long-term loans from individuals | 20.000.000.000 | - | (20.000.000.000) | - | - |
| Financial lease | 43.062.777.596 | (28.499.440) | (782.140.630) | (18.047.077.001) | 24.205.060.525 |
| Total | 222.065.777.596 | (28.499.440) | (100.162.140.630) | (45.797.077.001) | 76.078.060.525 |

The Group has no outstanding loans and financial leases.

22. Bonus and welfare funds

| | <u>Beginning balance</u> | <u>Disbursement during the year</u> | <u>Ending balance</u> |
|--------------|--------------------------|-------------------------------------|-----------------------|
| Bonus fund | 118.631.160 | - | 118.631.160 |
| Welfare fund | 685.348.145 | (213.000.000) | 472.348.145 |
| Total | 803.979.305 | (213.000.000) | 590.979.305 |

23. Owner's equity**23a. Statement on fluctuations in owner's equity**

Information on the fluctuation in owner's equity is presented in the attached Appendix.

23b. Details of capital contribution of the owners

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--------------------|--------------------------|--------------------------|
| Mr. Doan Toi | 569.050.000.000 | 299.500.000.000 |
| Mr. Doan Chi Thanh | 171.000.000.000 | 90.000.000.000 |
| Mr. Doan Chi Thien | 170.999.990.000 | 90.000.000.000 |
| Other shareholders | 335.448.760.000 | 176.552.500.000 |
| Total | 1.246.498.750.000 | 656.052.500.000 |

During the year, Nam Viet Corporation issued bonus shares to the current shareholders at the rate of 10:9 (i.e. shareholders holding 10 shares will receive 9 bonus shares) from share premiums in accordance with the Resolution No. 23/NQ.ĐHĐCĐ dated 20 May 2017 of the 2017 Annual General Meeting of Shareholders. Accordingly, the Group recognized the increase in owners' capital and decrease by VND 590.446.250.000 in share premiums. On 14 September 2017, the Corporation received the 11th amended Business Registration Certificate granted by the Department of Planning and Investment of An Giang Province regarding the increase of charter capital by VND 1.250.446.250.000.

23c. Shares

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|---|-----------------------|--------------------------|
| Number of shares registered to be issued | 125.044.625 | 66.000.000 |
| Number of shares already sold to the public | 125.044.625 | 66.000.000 |
| - Common shares | 125.044.625 | 66.000.000 |
| - Preferred shares | - | - |
| Number of shares repurchased | 394.750 | 394.750 |
| - Common shares | 394.750 | 394.750 |
| - Preferred shares | - | - |

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| | <u>Ending balance</u> | <u>Beginning balance</u> |
|------------------------------|-----------------------|--------------------------|
| Number of outstanding shares | 124.649.875 | 65.605.250 |
| - <i>Common shares</i> | 124.649.875 | 65.605.250 |
| - <i>Preferred shares</i> | - | - |

Face value of outstanding shares: VND 10.000.

23d. Profit distribution

According to the Resolution No. 23/NQ.ĐHĐCĐ dated 20 May 2017 of 2017 Annual General Meeting of Shareholders, Nam Viet Corporation distributed dividends of VND 59.044.725.000 to the shareholders.

24. Off-consolidated balance sheet items**24a. Foreign currencies**

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|----------------------------|-----------------------|--------------------------|
| United States Dollar (USD) | 220.726,88 | 244.039,22 |
| Euro (EUR) | 2.342,23 | 3.895,14 |

24b. Treated doubtful debts

| | <u>Ending balance</u> | | <u>Beginning balance</u> | |
|--------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
| | <u>Original currency</u> | <u>VND</u> | <u>Original currency</u> | <u>VND</u> |
| Overseas customers | 8.514.932,03 | 162.835.282.607 | 8.424.932,03 | 160.912.072.607 |
| Local customers | - | 19.369.736.628 | - | 19.369.736.628 |
| Total | | <u>182.205.019.235</u> | | <u>180.281.809.235</u> |

Reason for writing-off: debts overdue for many years are unrecoverable.

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

| | <u>Current year</u> | <u>Previous year</u> |
|-------------------------|---------------------------------|---------------------------------|
| Sales of merchandises | 1.174.864.597 | 40.493.130 |
| Sales of finished goods | 2.953.779.545.328 | 2.827.715.724.299 |
| Sales of materials | 1.465.032.146 | 2.660.958.017 |
| Others | 6.019.582.444 | 16.696.149.605 |
| Total | <u>2.962.439.024.515</u> | <u>2.847.113.325.051</u> |

1b. Sales to related parties

Apart from transactions of sales of goods and service provisions with associates presented in Note No. V.2b, the Group also has transactions of sales of goods and service provisions with related parties which are not joint ventures and associates as follows:

| | <u>Current year</u> | <u>Previous year</u> |
|--------------------------|---------------------|----------------------|
| Mr. Doan Quoc Hoi | - | 393.985.233 |
| Atlantic Ocean Co., Ltd. | 88.930.806 | 165.774.854 |
| Navifeed Co., Ltd. | 63.600.128.818 | - |

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Notes to the Consolidated Financial Statements (cont.)**2. Sales deductions**

| | <u>Current year</u> | <u>Previous year</u> |
|------------------|------------------------------|------------------------------|
| Trade discounts | 344.065.000 | 432.865.000 |
| Sales returns | 7.333.236.200 | 16.252.481.246 |
| Sales allowances | 5.621.164.055 | 5.902.611.867 |
| Total | <u>13.298.465.255</u> | <u>22.587.958.113</u> |

3. Costs of sales

| | <u>Current year</u> | <u>Previous year</u> |
|--|---------------------------------|---------------------------------|
| Costs of merchandises sold | 1.193.048.800 | - |
| Costs of finished goods sold | 2.488.334.628.819 | 2.446.419.575.106 |
| Costs of materials sold | 1.465.828.000 | 2.666.312.577 |
| Other costs | 12.654.973.099 | 15.433.205.803 |
| Allowance for/ (Reversal) of allowance for inventories | 13.041.924.226 | (1.392.135.100) |
| Total | <u>2.516.690.402.944</u> | <u>2.463.126.958.386</u> |

4. Financial income

| | <u>Current year</u> | <u>Previous year</u> |
|--|------------------------------|-------------------------------|
| Term deposit interest | 8.865.657.778 | 5.407.929.735 |
| Demand deposit interest | 58.158.373 | 102.011.181 |
| Interest on loans given | 1.025.106.265 | 648.316.175 |
| Dividends and profit received | - | 4.437.147.313 |
| Exchange gain arising | 9.421.133.145 | 12.724.544.945 |
| Exchange gain due to the revaluation of monetary items in foreign currencies | 254.496.052 | 98.086.044 |
| Interests on sales with deferred payment | - | 440.430.856 |
| Proceeds from liquidation of short-term and long-term investments | - | 130.637.601.929 |
| Total | <u>19.624.551.613</u> | <u>154.496.068.178</u> |

5. Financial expenses

| | <u>Current year</u> | <u>Previous year</u> |
|--|------------------------------|------------------------------|
| Loan interest expenses | 56.834.291.215 | 76.318.357.966 |
| Exchange loss arising | 6.154.941.728 | 8.741.653.379 |
| Exchange loss due to the revaluation of monetary items in foreign currencies | 25.482.898 | 3.834.533.711 |
| Provision for devaluation of trading securities and investment loss | 827.214.204 | 443.551.899 |
| Total | <u>63.841.930.045</u> | <u>89.338.096.955</u> |

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Notes to the Consolidated Financial Statements (cont.)**6. Selling expenses**

| | <u>Current year</u> | <u>Previous year</u> |
|------------------------------|-------------------------------|-------------------------------|
| Expenses for employees | 7.651.582.579 | 8.402.407.290 |
| Materials, packages | 39.082.164 | 61.548.027 |
| Tools | 56.997.534 | 275.719.851 |
| Depreciation/ (amortization) | 75.937.440 | 125.035.686 |
| Commission | 40.659.375.676 | 23.259.873.673 |
| Transportation costs | 70.665.276.569 | 70.440.335.491 |
| External services rendered | 20.921.315.624 | 27.986.729.295 |
| Other expenses | 5.769.883.680 | 5.239.148.764 |
| Total | <u>145.839.451.266</u> | <u>135.790.798.077</u> |

7. General and administration expenses

| | <u>Current year</u> | <u>Previous year</u> |
|---|------------------------------|-------------------------------|
| Expenses for employees | 35.905.500.077 | 35.074.749.653 |
| Office supplies | 1.174.265.944 | 1.359.880.988 |
| Office stationery | 448.693.239 | 419.967.917 |
| Depreciation/ (amortization) of fixed assets | 1.328.178.459 | 1.213.299.220 |
| Taxes, fees and legal fees | 5.224.108.317 | 6.761.423.397 |
| Allowance/ (Reversal) of allowance for doubtful debts | (14.653.420.188) | 75.811.374.961 |
| External services rendered | 2.337.102.902 | 3.164.345.368 |
| Other expenses | 7.615.159.811 | 10.433.520.569 |
| Total | <u>39.379.588.561</u> | <u>134.238.562.073</u> |

8. Other income

| | <u>Current year</u> | <u>Previous year</u> |
|---|-----------------------------|-----------------------------|
| Proceeds from liquidation, disposal of fixed assets | 150.119.017 | - |
| Fines for violation of the contract | 229.567.838 | 555.453.000 |
| Treatment for long-exist balance | 11.854.578 | 969.744.754 |
| Other income | 2.302.655.497 | 2.576.010.619 |
| Total | <u>2.694.196.930</u> | <u>4.101.208.373</u> |

9. Other expenses

| | <u>Current year</u> | <u>Previous year</u> |
|---|------------------------------|------------------------------|
| Loss from liquidation, disposal of fixed assets | - | 2.221.741.689 |
| Tax fines and tax collected in arrears | 1.195.566.362 | 9.359.137.932 |
| Fines for violation of the contract | 32.790.469.710 | - |
| Fines for administrative violation | 228.900.000 | - |
| Other expenses | 129.537.462 | 2.936.081.794 |
| Total | <u>34.344.473.534</u> | <u>14.516.961.415</u> |

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Notes to the Consolidated Financial Statements (cont.)**10. Earnings per share****10a. Basic/ diluted earnings per share**

| | <u>Current year</u> | <u>Previous year</u> |
|---|---------------------|----------------------|
| Accounting profit after corporate income tax | 142.366.561.532 | 19.442.612.617 |
| Appropriation for bonus and welfare funds | - | (1.500.000.000) |
| Increases/ (decreases) in accounting profit used to determine profit distributed to ordinary equity holders | - | - |
| Profit used to calculate basic/ diluted earnings per share | 142.366.561.532 | 17.942.612.617 |
| The average number of ordinary shares outstanding during the year | 124.649.875 | 124.649.875 |
| Basic/ diluted earnings per share | <u>1.142</u> | <u>144</u> |

10b. Other information

During the year, Nam Viet Corporation had raised its charter capital from share premiums. Basic/ diluted earnings per share of the previous year have been adjusted due to effects of this event. This adjustment resulted in the decrease of basic/ diluted earnings per share of the previous year from VND 273 to VND 144.

There is no transaction over the common share or potential common share from the balance sheet date until the date of these Consolidated Financial Statements.

11. Operating costs

| | <u>Current year</u> | <u>Previous year</u> |
|--|---------------------------------|---------------------------------|
| Materials and supplies | 1.635.723.914.394 | 1.663.142.927.780 |
| Labor | 351.418.903.195 | 414.096.651.502 |
| Depreciation/ (amortization) of fixed assets | 80.285.483.388 | 77.338.281.979 |
| External services rendered | 321.728.351.065 | 218.822.719.345 |
| Other expenses | 85.189.830.266 | 128.071.115.084 |
| Total | <u>2.474.346.482.308</u> | <u>2.501.471.695.690</u> |

VII. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED CASH FLOW STATEMENT

During the year, the Group has non-cash and cash transactions relevant to fixed assets as follows:

| | <u>Current year</u> | <u>Previous year</u> |
|--|-----------------------|--------------------------|
| Acquisition of assets by means of financial leases | - | 58.020.842.761 |
| Deductible VAT by means of financial leases | - | 5.189.507.715 |
| | <u>Ending balance</u> | <u>Beginning balance</u> |
| Acquisition of fixed assets by receiving debts | 4.420.538.728 | 1.274.908.621 |
| Advances on acquisition of assets | 4.721.871.325 | - |

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VIII. OTHER DISCLOSURES

1. Transactions and balances with related parties

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

1a. Transactions and balances with the key managers and their related individuals

The key managers include the members of the Board of Management and the Executive Officers (the Board of Directors, the Financial Director and the Chief Accountant). The key managers' related individuals are their close family members.

Transactions with the key managers and their related individuals

Transactions of sales of goods and service provisions with the key managers and their related individuals are presented in Note No. VI.1b. Other transactions with the key managers and their related individuals are as follows:

| | <u>Current year</u> | <u>Previous year</u> |
|---|---------------------|----------------------|
| Members of the Board of Management | | |
| Mr. Doan Toi | | |
| <i>Loan</i> | - | 6.495.000.000 |
| <i>Dividends sharing</i> | 26.955.000.000 | - |
| Mr. Doan Chi Thanh | | |
| <i>Advances</i> | 226.413.930 | 156.562.410 |
| <i>Dividends sharing</i> | 8.100.000.000 | - |
| Mr. Do Lap Nghiep | | |
| <i>Advances</i> | 50.000.000 | - |
| Mr. Doan Chi Thien | | |
| <i>Advances</i> | - | 90.000.000 |
| <i>Dividends sharing</i> | 8.100.000.000 | - |
| <i>Acquisition of assets</i> | - | 1.600.000.000 |
| Executive Officers | | |
| Ms. Duong Thi Kim Huong | | |
| <i>Loan</i> | - | 55.000.000.000 |

Guarantee commitments

Mr. Doan Toi has mortgaged his assets to secure the Corporation's loan from VIB and United Overseas Bank (see Note No. V.21).

Mr. Doan Chi Thien has mortgaged his assets to secure the Corporation's loan from VIB (see Note No. V.21).

Receivables from and payables to the key managers and their related individuals

Receivables from and payables to the key managers and their related individuals are presented in Notes No. V.2, V.5, V.20 and V.21.

Income of the key managers

The income of the key managers includes salary only and the total salary during the year is VND 1.278.032.863 (previous year: VND 1.335.542.566).

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1a. Transactions and balances with other related parties

Other related parties of the Group include:

| Other related parties | Relationship |
|------------------------------|--|
| Fresh Fruits Corporation | Associate |
| Atlantic Ocean Co., Ltd. | Company of the same investor |
| Thanh Thien Co., Ltd. | Company of the same investor |
| Nam Viet Chromites J.S.C | Company of the same investor |
| Triple T Corporation (USA) | Company established in USA by children of Chairman |
| Navifeed Co., Ltd. | Company established by children of Chairman |

Transactions with other related parties

Apart from transactions with associates presented in Note No. V.13 as well as transactions of sales of goods and service provisions with other related parties which are not its associates presented in Note No. VI.1b, the Group also has other transactions with Atlantic Ocean Co., Ltd. as follows:

| | Current year | Previous year |
|---------------------------------|---------------------|----------------------|
| Purchases of products, supplies | 160.483.557 | 181.805.217 |
| Power charges, other services | - | 11.448.848.609 |
| Loans | - | 13.683.750.000 |
| Loans given | 6.850.000.000 | 13.850.000.000 |
| Interest on loans given | 413.837.955 | 45.509.722 |
| Collection on other's behalf | - | 5.893.346 |
| Transfer of associate | - | 546.750.000.000 |
| Acquisition of assets | 2.660.940.000 | - |
| Leasing warehouse | 50.361.679.716 | - |

The prices of merchandises and services supplied to other related parties are agreed by the parties involved by themselves. The purchases of merchandises and services from other related parties are done at the agreed prices.

Receivables from and payables to other related parties

Receivables from and payables to other related parties are presented in Notes No. V.2, V.3, V.4, V.5, V.15 and V.21.

2. Segment information

The 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 Group.

2a. Information on geographical segment

Details of net external sales in respect of geographical segment based on the location of customers are as follows:

| | Current year | Previous year |
|--------------|--------------------------|--------------------------|
| Exports | 2.106.799.230.327 | 1.997.846.623.180 |
| Local sales | 842.341.328.933 | 826.678.743.758 |
| Total | 2.949.140.559.260 | 2.824.525.366.938 |

The Group has not followed up the information on financial performance, fixed assets, other non-current assets and large non-cash expenses of each geography-based segment according to the location of customers.

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Notes to the Consolidated Financial Statements (cont.)

2b. *Operating field*

The Group's business field only includes manufacturing and processing aquatic products.

3. **Other disclosures**

During the fiscal year ended 31 December 2017, Bien Dong Seafood Co., Ltd. (a subsidiary) has earned profit of VND 17.784.427.401 and its accumulated loss as to 31 December 2017 was totally VND 47.735.137.915. In addition, as at 31 December 2017, liabilities of this subsidiary exceeded its total assets by an amount of VND 42.477.871.168. Because there is no otherwise agreement, the exceeding loss assumed by non-controlling shareholders in proportion to their benefit rate (9,19%) is VND 3.899.685.660 as reflected in the Consolidated Financial Statements. The remaining assumed by the Group in proportion to the benefit rate (90,91%) is VND 38.578.185.508.

4. **Subsequent events**

There is no material subsequent event which is required to adjust figures or disclosures in the Consolidated Financial Statements.

An Giang, 10 March 2018



Tran Thi Quy
Preparer



Le Tien Dung
Chief Accountant



Nguyen Duy Nhut
Deputy General Director


NAM VIET CORPORATION

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Appendix: Statement on fluctuation in owner's equity

| | Capital | Share premiums | Other sources of capital | Treasury shares | Retained earnings | Benefits of non-controlling shareholders | Total |
|--|--------------------------|------------------------|--------------------------|-------------------------|------------------------|--|--------------------------|
| Beginning balance of the previous year | 660.000.000.000 | 611.965.459.100 | 29.000.000.000 | (27.417.629.848) | 21.749.562.556 | 477.904.966 | 1.295.775.296.774 |
| Profit during the year | - | - | - | - | 19.442.612.617 | (6.010.201.061) | 13.432.411.556 |
| Capital transferred to profit | - | - | (29.000.000.000) | - | 29.000.000.000 | - | - |
| Appropriation for bonus and welfare funds | - | - | - | - | (200.000.000) | - | (200.000.000) |
| Ending balance of the previous year | 660.000.000.000 | 611.965.459.100 | - | (27.417.629.848) | 69.992.175.173 | (5.532.296.095) | 1.309.007.708.330 |
| Beginning balance of the current year | 660.000.000.000 | 611.965.459.100 | - | (27.417.629.848) | 69.992.175.173 | (5.532.296.095) | 1.309.007.708.330 |
| Capital increase from share premiums | 590.446.250.000 | (590.446.250.000) | - | - | - | - | - |
| Profit during the year | - | - | - | - | 142.366.561.532 | 1.632.610.435 | 143.999.171.967 |
| Dividends shared during the year | - | - | - | - | (59.044.725.000) | - | (59.044.725.000) |
| Ending balance of the current year | 1.250.446.250.000 | 21.519.209.100 | - | (27.417.629.848) | 153.314.011.705 | (3.899.685.660) | 1.393.962.155.297 |

Unit: VND


 Tran Thi Quy
 Preparer


 Le Tien Dung
 Chief Accountant




 Nguyen Duy Nhut
 Deputy General Director

