

## I. COMPANY OVERVIEW

### 1. COMPANY HISTORY

Nam Viet Joint Stock Company:

- ❖ License No. 0302205973, granted by Department of Planning and Investment Ho Chi Minh City on February 01, 2001. The eighth amendment was on August 12, 2011.
- ❖ Company's Vietnamese name : CÔNG TY CỔ PHẦN NAM VIỆT
- ❖ Company's English name : NAM VIET JOINT-STOCK COMPANY
- ❖ Abbreviation/transaction name : NAVIFICO
- ❖ Stock Symbol : NAV
- ❖ Head office : 18 F Tang Nhon Phu Street, Phuoc Long B Ward, District 9, Ho Chi Minh City, Vietnam
- ❖ Tel : 84-8-37313443 84-8-37313992
- ❖ Fax : 84-8-37313641
- ❖ Email : naviinfo@navifico-corp.com
- ❖ Website: www. navifico.vn

- Nam Viet Joint Stock Company (NAVIFICO) formerly Nam Viet Company, was established in 1963. NAVIFICO is the first mover of manufacturing fiber cement boards in Vietnam.
- In 1975, NAVIFICO transformed into State-Owned enterprise under the People's Committee of Ho Chi Minh City.
- In 2001, Nam Viet Company transformed into Nam Viet Joint Stock Company.
- December 22, 2006 NAVIFICO listed company's shares on Ho Chi Minh City stock exchange.

### 2. BUSINESS FIELDS

- ❖ Processing wood furniture
- ❖ Manufacturing and trading building materials
- ❖ Mechanical engineering
- ❖ Designing and constructing industrial and civil projects
- ❖ Real estate
- ❖ Tourism

### BOARD OF MANAGEMENT

Mr. TÔN THẮT MẠNH	CHAIRMAN
Mr. LÊ HỮU THUẬN	VICE-CHAIRMAN
Mr. NGUYỄN VĂN NAM	MEMBER
Mr. BÙI HẢI QUÂN	MEMBER
Mr. LÊ QUANG THIỆN	MEMBER
Mr. NGUYỄN VŨ THỊNH	MEMBER
Mr. VŨ HẢI BẰNG	MEMBER

## **SUPERVISORY BOARD**

Mr. NGUYỄN ĐÌNH MINH	HEAD OF SUPERVISORY BOARD
Mr. VŨ THÁI HOÀ	MEMBER OF SUPERVISORY BOARD
Mr. NGUYỄN NGỌC DŨNG	MEMBER OF SUPERVISORY BOARD

## **BOARD OF EXECUTIVE**

Mr. LÊ HỮU THUẬN	VICE-CHAIRMAN, GENERAL DIRECTOR
Mr. NGUYỄN TRUNG HIẾU	DEPUTY GENERAL DIRECTOR

## **NAVIFICO HAS 5 SUBSIDIARIES AND 6 DEPARTMENTS.**

### **3. SUBSIDIARIES**

#### **3.1 Fiber cement roofing and concrete components enterprise (NAVI 1)**

Industry activity: manufacturing fiber cement roofing sheets, fiber cement boards, concrete blocks, paving bricks.

#### **3.2 Mechanical engineering enterprise (NAVI 2)**

Industry activity: fabricating fiber cement production line, the advanced optiflow vacuum dust collector system, wood processing machines, installation of compressed air system and industrial cable ladder.

#### **3.3 Trading enterprise (NAVI 3)**

Business activity: import and export

#### **3.4 NAVI – FURNITURE ENTERPRISE (NAVI 4)**

Business activity: industrial wood processing specialized in interior wood furniture.

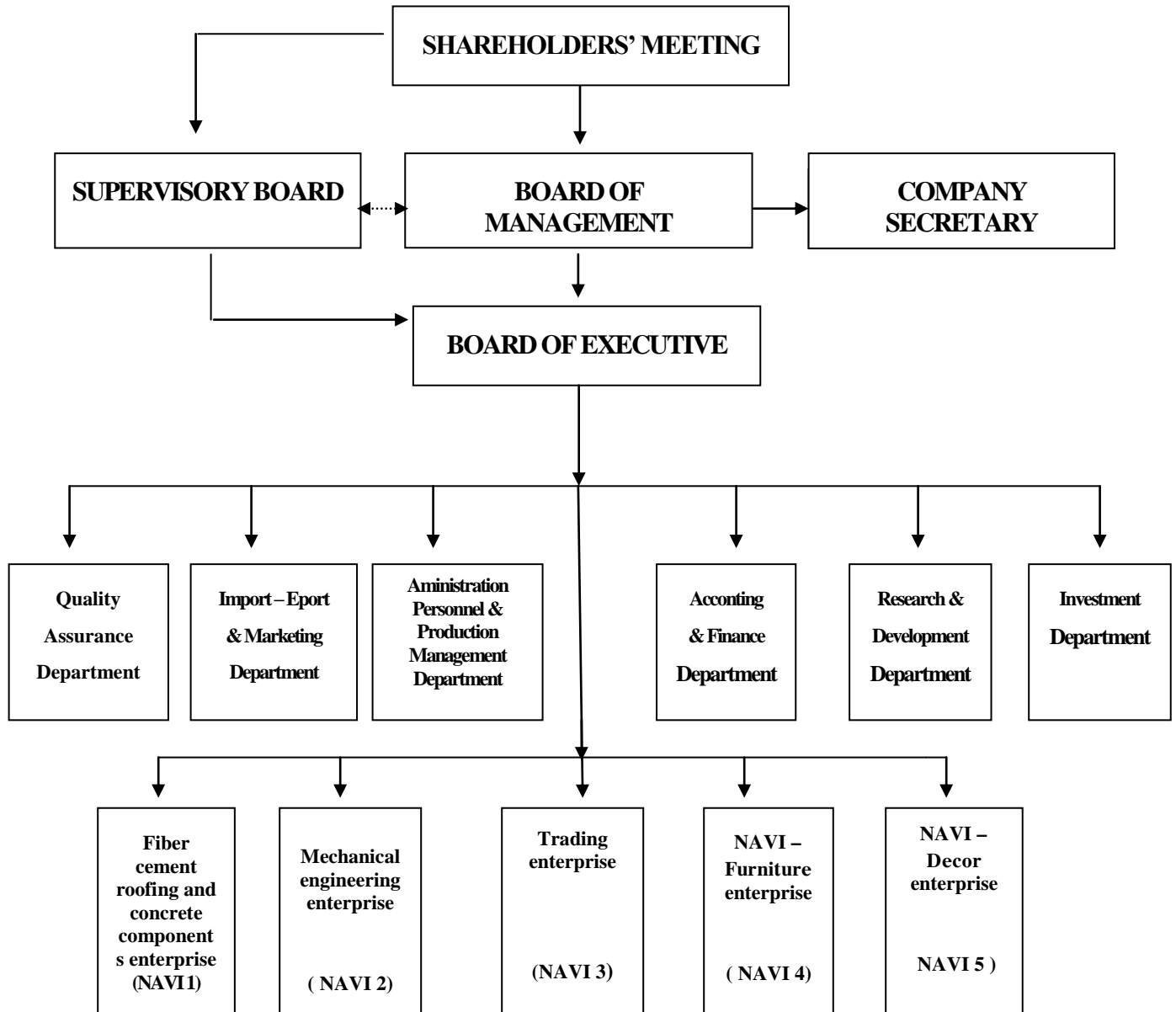
#### **3.5 NAVI – DECOR ENTERPRISE (NAVI 5)**

Business activity: wood processing specialized in interior decoration for the projects.

### **DEPARTMENTS:**

- ADMINISTRATION, PERSONNEL & PRODUCTION MANAGEMENT DEPARTMENT
- ACCOUNTING & FINANCE DEPARTMENT
- RESEARCH & DEVELOPMENT DEPARTMENT
- INVESTMENT DEPARTMENT
- QUALITY ASSURANCE DEPARTMENT
- IMPORT – EXPORT & MARKETING DEPARTMENT

#### 4. COMPANY STRUCTURE



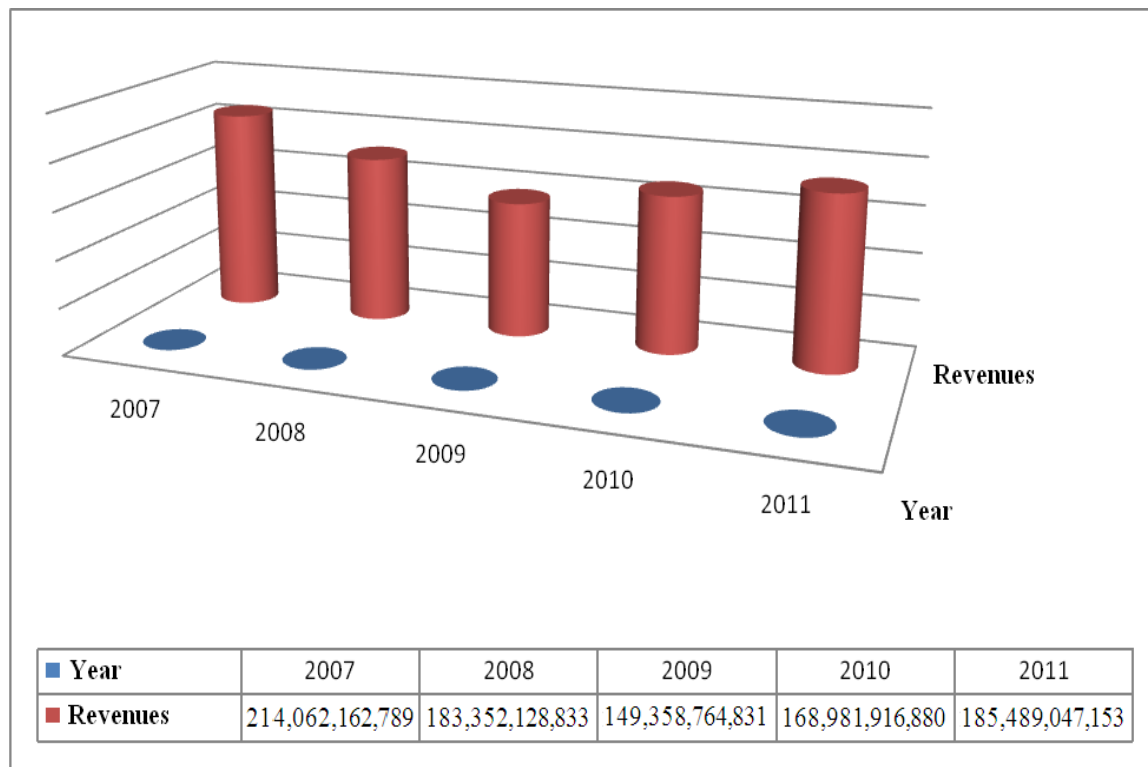
## 5. RESULTS OF BUSINESS ACTIVITIES IN 5 YEARS 2007-2011

VND BILLION

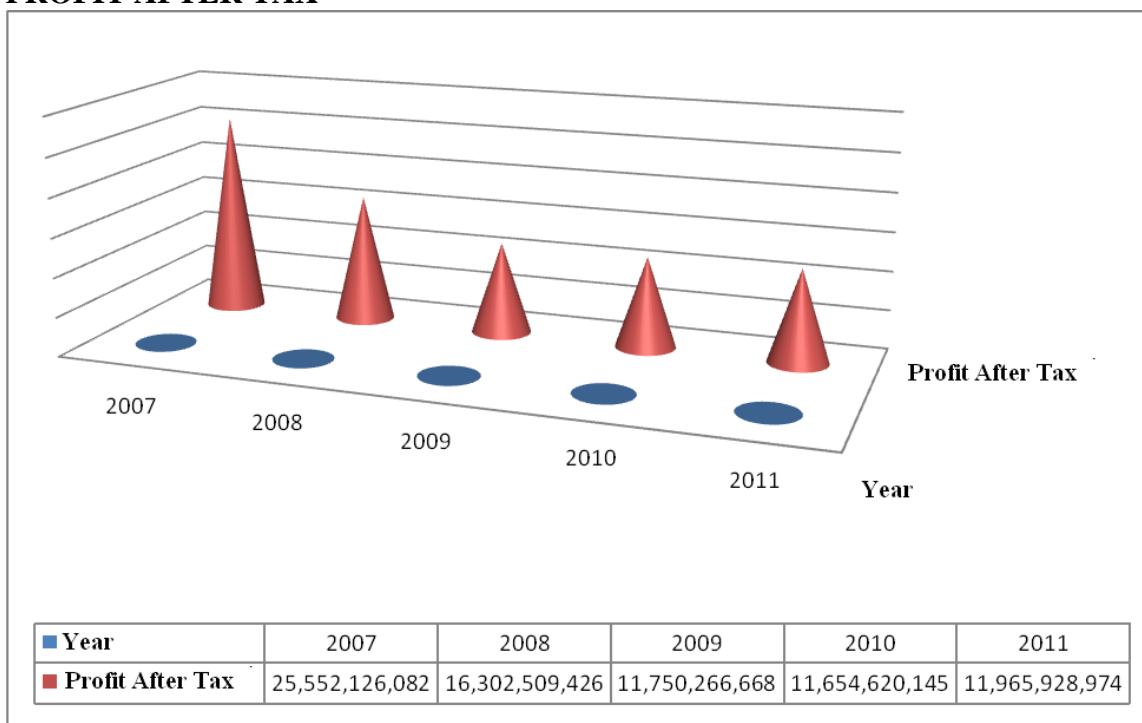
Items	2007	2008	2009	2010	2011
Chartered capital	50,00	80,00	80,00	80,00	80,00
Chartered capital (average)	33,33	55,09	80,00	80,00	80,00
Revenues	214,06	183,35	149,36	168,98	185,49
Profit after tax	25,55	16,30	11,75	11,65	11,97
Profit after tax / Chartered capital (average)	78,05%	29,59%	14,69%	14,57%	14,96%
Profit after tax / Revenues	11,94%	8,89%	7,87%	6,90%	6,45%
Dividends & bonus shares	30,00	9,6	9,6	9,6	9,6
Average annual dividend (%)	20,00%	12%	12%	12%	12%
Dividend payout for bonus shares (%)	40,00%	0,00%	0,00%	0,00%	

### GROWTH CHART (2007 -2011)

#### REVENUES



## PROFIT AFTER TAX



## II- BOARD OF EXECUTIVE REPORTS ON BUSINESS ACTIVITIES IN 2011.

### A. Activity Results in 2011

- Total Revenues: 185.489.047.153 VND, increased by 9,77% compared to 2010 and attained to 87,86 % compared to plan.
- Profit Before Tax: 15.954.571.965 VND, increased by 5,82% compared to 2010 and attained 103,22 % compared to plan.
- Profit After Tax / Owners Equity: 14,96%

Items	Implementation 2010	Plan 2011	Implimentaion 2011	COMPARE (%)	
				2010	PLAN
Total Revenues	168.981.916.880	211.112.000.000	185.489.047.153	109,77%	87,86%
Profit Before Tax	15.076.694.127	15.456.500.000	15.954.571.965	105,82%	103,22%

**In 2011, the plan has completed effectively, but Growth Scale and Sale Volume were not attained 2011 plan.**

There are several reasons:

- Due to the downturn of global economic, it is difficult to export furnitures to the U.S. and Europe market;

On the other hand, construction activities and real estate markets are cooling down and waiting for opportunities in domestic market.

Inflation causes life more difficult to employees, raw materials and labours are increased. Bank's interest rate was sometimes exceeded 20%/year; Loanings from

financial intermediaries were more difficult, especially loaning foreign currencies to import raw material.

- Due to market downturn, contract's offers were low and not frequent, small quantities and wide variety of goods. Therefore, they caused production to be inefficiency and low labor productivity.

The demand for Asbestos fiber cement roofing sheets was decreased.

- Businesses are faced with the strengthening of legal institutions:

- Against piracy of softwares and intellectual properties
- Strengthen environmental monitoring (smoke, gas, discharged water)
- To export goods into the U.S. market, Europe, the United Kingdom, NAVIFICO

has to overcome the technical barriers and the strict increasing of environmental regulations ( to enter Australia wood furnitures market, must perform fumigation 02 times from processing raw materials to finished goods ...)

### **The implemented solutions in 2011:**

- Wooden furnitures aim to trade in domestic market, especially aim to hotel investment project in order to compensate for the decline of the export market.

- "Production efficiency" aims to be good price, quality-based competition, flexible business strategies and prices. To ensure employees's jobs, maintain production and business activities, Navifico accepts to sell at breakeven price as necessary.

- Consolidating sales system, flexible solutions to regional markets.

- Balancing operating capital, adjusting the scale of production, inventory.

- Adjusting wages to keep workers and stabilize labour force.

### **In 2011, Board of Management was unified the issues that will change Navifico's business plans and investments:**

- Production and business activities aim to domestic market.
- Withdrawal and termination of two projects:
  - Navifico wooden products industrial park – Hung Loc industrial zone – Dong Nai province.  
Due to the recession of world economy since 2008, the project is no longer appropriate to the development trends of the company.
  - For the villas project in Hiep Binh Phuoc, because of real estate freeze, project was slow in implementation. Hence, company terminated project and focused on withdrawing capital.
- Deploying the preparation of the land at 18F Tang Nhon Phu Street.  
Constructing residential and commercial complexes project – 18F Tang Nhon Phu Street, District 9. Navifico has negotiated with consulting firm to establish procedures for planning and investing in the future. Attracting individual investors and organizations to participate in this project at the same time.
- Board of Management also authorizes the General Director to deploy and improve the economic and technical issues of the project and submit to Board of Management. Board of Management will make decision on investing in PVA fiber cement boards (air-cured) and Cellulose fiber cement boards (auto-claved)

projects.

- Searching locations for future relocation of company factory.

ACCUMULATION		VND	
No.	Items	2010	2011
1	Investment and development Fund	932.291.866	957.274.318
2	Financial Reserve Fund	233.072.967	239.318.579
3	Undistributed Earnings	172.579.938	176.187.974
	<b>Total</b>	<b>1.337.944.771</b>	<b>1.372.780.871</b>

#### ACCUMULATION (31/12/2011)

		VND
No.	Items	2011
1	Investment and development Fund	7.755.493.629
2	Financial Reserve Fund	2.296.495.741
3	Undistributed Earnings	6.393.891.008
	<b>Total</b>	<b>16.445.880.378</b>

## 2. INCREASING IN CHARTERED CAPITAL

In 2011, due to the unfavorable economy of Vietnam, Navifico was not carrying out the plan to increase charter capital from 80 billion to 160 billion.

## 3. PROGRESS OF PROJECT

### 3.1 FIBER CEMENT BOARD PROJECTS

#### 3.1.1 PVA fiber cement boards project (air-cured):

- Navifico negotiated with Dipro (Singapore Company) for production technology transfer and along with Kuraray company (Japan) to develop applications for PVA fiber products.
- Conducting equipment evaluation, estimating investment, doing market survey.

#### 3.1.2 Cellulose fiber cement boards project ( autoclaved ):

\* **Investment:** Setting up Hong Liem Joint Stock Company in Binh Thuan province.

- Project preparation team Includes: Binh Thuan Building Materials & Minerals Joint Stock Company – Phuc Hung Holdings Construction Joint Stock Company – Nam Viet Joint Stock Company.
- Updating economic and technical issues and preparing documents to establish Hong Liem Joint Stock Company.
- Conducting equipment evaluation, estimating investment, doing market survey; doing survey and evaluation of project feasibility.

- People's Committee of Binh Thuan province issued Document No. 792/UBND-KTN 07/3/2012 to be uniform guidelines and investment scale of the business proposal.
- Location of project investment: close to sand mine - Hong Liem – Ham Thuan Bac. If People's Committee of Binh Thuan Province disapproves location of the business proposal, companies will terminate the project.

### **3.2 Constructing residential and commercial complexes project – 18F Tang Nhon Phu Street, District 9.**

- Navifico signed a consultant contract with Saigon Engineering Construction Investment Corporation (E.C.I SAIGON) to plan in ratio 1/500.
- The design was agreed by both parties, planning design needs explanation and Navifico has to contacts to City Planning and Architecture Department to review the appropriateness of planning design at 18F Tang Nhon Phu, District 9.

## **4. MARKET DEVELOPMENT**

- Domestic market:

- Asbestos fiber cement:

Company will monitor market developments and set up flexible policies for sales, coordinate with agents for the maintenance and development of sales system.

- For wood products, besides participating in the project, Navifico cooperated with professional furniture distributors in Vietnam and initially introduced products to domestic customers. In 2011 domestic sales occupy 57% and export occupies 43%.

-Export market: besides seeking new customers, company will be continue to share difficulties with current customers, accepting all orders to maintain operations.

## **5. FINANCIAL MANAGEMENT**

- Compliance with government provisions about the accounting regime.
- Performing capital balance and raw materials inventories regularly to ensure efficient use of capital.

## **6. HUMAN RESOURCE MANAGEMENT**

- Company shall arrange labours, adjust the working time in flexible way to ensure that production activities are convenient and effective.
- Adjusting income and flexible wage policies to ensure lives for employees and retain skilled workers.

## **7. SOCIAL ACTIVITIES**

Navifico will motivate and encourage employees to maintain blood donation, participate in social activities, support local people affected by natural disasters, contribute to education funds and support poor people in Tet holidays.

## **III- BUSINESS PLAN IN 2012**

### **1. BUSINESS PLAN**

- Total Revenues: 241.978.000.000 VND ( 130 % compare to 2011 )
- Profit Before Tax: 16.900.000.000 VND ( 106 % compare to 2011 )

Profit Before Tax / Total Revenues: 6,98%-



Profit Before Tax / Chartered Capital:	21,13%-
Profit After Tax / Chartered Capital:	16,63 %

## **2 . COMPANY’S FUNDS, BOARD OF MANAGEMENT REMUNERATION, SUPERVISORY BOARD REMUNERATION AND DIVIDED PAYOUT.**

### **\* Company’s fund :**

- Investment and development fund :	8% Profit after tax
- Financial reserved fund :	2% Profit after tax
- Bonus fund :	2% Profit after tax
- Welfare fund :	2% Profit after tax
* Board of management, supervisory remuneration :	3% Profit after tax and after extracted fund
* Dividend payout ratio :	12% / year

## **3. PROJECT INVESTMENT**

### **Cellulose fiber cement boards (autoclaved)**

If People's Committee of Binh Thuan province approve location of the business proposal (near sand mine - Hong Liem – Ham Thuan Bac), Navifico will continue to conduct survey and deploy project.

In 2012, Navifico will apply for investment licenses, approve investment location of the People's Committee of Binh Thuan Province, establish Hong Liem Joint Stock Company, conduct survey and compensate to local people.

### **4. Fiber cement board production line improvement**

Navifico will improve fiber cement board production line in order to produce PVA fiber cement boards (roofing sheets, flat sheets).

## **IV- ORIENTATION ACTIVITIES IN 2012**

1. Building brand name, ensuring product quality, expanding fiber cement markets and conducting strategy of competitive price, flexible business policy.
2. Wood processing aim to consolidate and develop the domestic market, seek for potential export customers.
3. Implementing projects in accordance with schedule.
4. Building and developing relationships with strategic partners through capital investment, technology transfer, market share.
5. Other issues
  - a. Factory relocation plan
  - b. Preparing human resource for future business roles

**NAM VIET JOINT STOCK COMPANY**



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## FINANCIAL REPORT 2011

TOTAL REVENUES (VND)	185,489,047,153
PROFIT BEFORE TAX (VND)	15,954,571,965
PROFIT AFTER TAX (VND)	11,965,928,974
CHARTERED CAPITAL (VND)	80,000,000,000
STOCK SYMBOL	NAV
TOTAL NUMBER OF SHARES	8,000,000
COMMON SHARES	8,000,000
OWNERSHIP STRUCTURE	
STATE SHAREHOLDER	20%
FOPREIGN SHAREHOLDERS & INLAND SHAREHOLDERS	80%
<b>ASSET STRUCTURE</b>	
SHORT-TERM ASSETS/ TOTAL ASSTES	73.97%
LONG-TERM ASSETS/ TOTAL ASSTES	26.03%
<b>RESOURCES STRUCTURE</b>	
LIABILITIES/ TOTAL RESOURCES	42.78%
OWNERS' EQUITY/ TOTAL RESOURCES	57.22%
<b>PROTABILITY ABILITY</b>	
RATIO OF RETURN / SALES	
PROFIT BEFORE TAX / SALES	8.60%
PROFIT AFTER TAX / SALES	6.45%
<b>RATIO OF RETURN / ASSETS</b>	
PROFIT BEFORE TAX / ASSETS	9.41%
PROFIT AFTER TAX / ASSETS	7.06%
<b>RATIO OF RETURN / OWNERS' EQUITY</b>	
PROFIT AFTER TAX / OWNERS' EQUITY	12.33%
PROFIT AFTER TAX / CHARTERED CAPITAL	14.96%
<b>LIQUIDATION</b>	
CURRENT LIQUIDATION	2,34
LIQUIDATION OF CURRENT ASSET TO CURRENT LIABILITIES	1,75
QUICK LIQUIDATION	0,18
BOOK VALUE/SHARE (31/12/2011) (VND)	12.127