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SUMMARY

ECONOMY

World economy: There are signs of recovery, yet stimulus packages are still needed

Vietnam: 3Q and 2009 GDP growth prospect are positive. The next stimulus package will be discussed by the Prime Minister in the first half of November.

STOCK MARKET

Global markets: Global markets continued to advance in Sep and reached new highs but later on began to see some corrections, especially on the first days of October. Earnings announcements will start in October and earnings growth will become an important factor to keep up the market. We continue to lean towards a slight uptrend in October.

Vietnam markets: Positive news on earnings results, bonus share issuance, as well as a strong rally of real estate stocks resulted in a firm uptrend of the market in September, despite narrow trading band of banks and insurance stocks. Yet, the market might face correction in October as the supporting news for the next rally are not yet present, and as 3Q earnings result may not surpass current expectations. Concerns that 4Q and 2009 earnings will not see significant growth are quite reasonable, yet we believe that a strong plunge is not likely to happen given firms' current fundamentals. Performance in October of market and sectors under our coverage will be discussed on page 7 of this report (Coal, construction plastics, tire, steel, real estate, electricity, banks, pharmaceuticals, insurance, oil and gas, and transportation sectors).

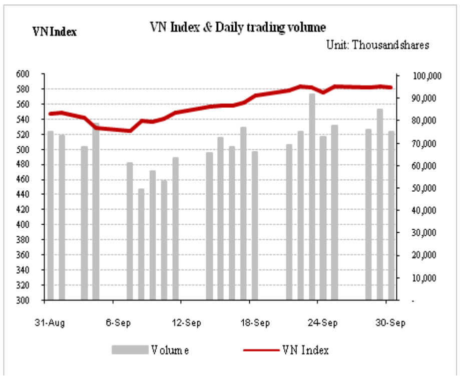
TECHNICAL ANALYSIS:

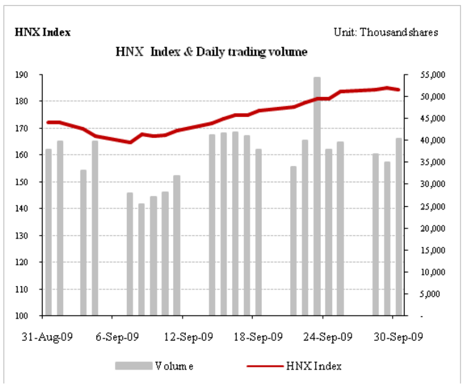
Strong plunge of the market at the end of the week coupled with strong selling pressure of investors using high financial leverage creates a short term Oversold pattern. The market wave might recover to some extent in the mid week, yet we believe that the market is not likely to rally again in the coming time.

COMMENTS ON SOME COMPANIES IN THE CONSUMER GOODS SECTOR: we will update news as well as our latest comments on companies in the consumer goods sectors, namely Hanoi Milk JSC (HNM), Tuong An Vegetable Oil JSC, and Kinh Do Corporation (KDC)

CONTENT

VNIndex & HNX Index





ECONOMY

GLOBAL ECONOMY: Recovery at sight, but economic stimulus package is still needed

- In the World Economic Outlook Report published on Oct 1, IMF raised its growth forecast for most economies. World economy would decline 1.1% in 2009 and grow 3.1% in 2010, better than the July forecast of 1.4% fall in 2009 and 2.5% growth in 2010. Developed economies, such as Germany, US, Japan would lead the decline (-3.4%) while emerging countries post a growth of 1.7% this year. In 2010, China GDP is expected to grow 9% (higher than the forecast of 8.5% for 2009), and this number for Japan is 1.7%, US 1.5% and EU 0.3%.

- On Oct 2, Dominique Strauss-Kahn, Director General of IMF said countries' budget mechanism should be changed 2 or 3 months before the unemployment rate starting to retreat. He estimated that unemployment is still rising in the next 10-12 months and economic stimulus package is still needed as private sector demand remains weak and the timing for stimulus exit would be mid-2010.

- US Department of Commerce on Sept,30 released the final reading of 2Q GDP data, in which it decreased only 0.7% yoy, lower than the previous reading of 1% decline in late August. Most economists thought US economy would grow 3-4% in 3Q 2009. Chief economist of Department of Commerce said the revision of GDP growth showed the stablity of the economy. He added that the economy was on its track and stimulus package would be needed for support this trend in the coming months. Consumer spending, which accounts for 70% of economic activities, declined 0.9% in 2Q, lesser than the previous release. In August, private consumption was quite positive, which increased 1.3% following the 0.3% growth in July.

VIETNAM ECONOMY

3Q2009 and 2009-2010 GDP growth prospect is positive.

- 1Q2009 GDP growth rate stood at 3.1% YoY, the lowest growth quarter in the recent years. However, GDP growth rate rose to 4.5% in 2Q09 and 5.8% in 3Q09. For 9 months 2009, GDP grew by 4.6% YoY, of which agriculture, forestry and fishery sector grew 1.6% and industrial sector grew 4.5% (industry subsector grew 3.3% while construction saw high growth at 9.7%), growth of service sector reached 5.9%.

- Industrial sector saw very positive improvement. Compared to the same period in 2008, industrial production increased by only 3.2% in 1Q09, by 7.6% in 2Q09 and reached 8.5% in 3Q09.

- On 2nd October, the National Assembly's Standing Committee had the 24th meeting, during which the Government highlighted the nation's economic and social conditions in 2009 and the development plan for 2010. Based on the world and the national ecnomic conditions in the first months of the year and projections for the remaining of the year, the Government expected GDP growth rate in 4Q09 to be 6.8% YoY, hence GDP growth rate for the whole year 2009 could reach 5.2%. 2010 is forecasted to have GDP growth rate of about 6.5% YoY.

The next stimulus package will be considered by the Prime Minister in the first half of November.

- Despite positive world and Vietnam economic recovery prospect and higher Vietnam GDP growth forecast in 2010 compared to 2009, the Ministry of Investment and Planning viewed that Vietnam will not be able to achieve GDP growth rate as high as in the pre-crisis period, hence stimulus packages are still needed.

- The Ministry of Investment and Planning revealed that the Government has decided to increase its 2009 state budget spending on investment using the advance budget to focus on important projects/programmes, which can be completed in 2009-2010. The advance budget in 2009 is expected to approximate 37.1 trillion VND, of which 21.1 trillion will be spent on stimulus economic packages and 18.2 trillion VND will be disbursed in 2009.

- At the moment, public investment plays a crucial role: the total spending on investment for 9 months 2009 was estimated to be 483.2 trillion VND, growing by 14.4% YoY, of which the State sector accounted for 36%

(increased by 45.5%), non-state sector accounted for 39.3% (increased by 12.6%). FDI accounted for 24.7%, decreased by 11.2%.

- Based on the opinions of the Minister of Investment and Planning, members of the Government and industries' representatives regarding the Government's interest rate subsidy program, the Prime Minister demanded the SBV to cooperate with related ministries and industries to prepare the details on the level of interest rate subsidy, the qualified loan applicants and the term of the subsidy so that the program will be considered by the Prime Minister in the first half of November.

- In our view, although there are only some early signs of consumer price increase, several factors can potentially push up inflation rate to the previous high level, namely: credit growth is currently at high level due to financial and monetary measures to avoid regression (please note the lagging time between monetary loosening measures and CPI rebound); price of imported goods may rise due to the world economic recovery, especially price of energy and food & foodstuff items, which accounts for a high proportion in CPI basket). In adition to that, the base salaries will rise by 10-15% from 1 Jan 2010, thus will have an impact on CPI. Given inflation concerns in the coming time, we incline to the view that interest rate subsidy will play a minor role in the next stimulus program, and a bigger role will be the Government's large investment in infrastructure, especially when FDI continues to decline; by doing that the Government can support long term growth while still be very cautious with inflation threat.

STOCK MARKET

THE GLOBAL STOCK MARKETS

Global stock market extended its gain in September and hit the fresh high before correcting, especially in the begin of October. Earnings season starts this month and revenue growth is a must for justifying the current rally. It is likely that a modest gain might be witnessed in October.

Major world stock market indexes movement last week

Indices	31/08/2009	02/10/2009	% Change
DJI AVE	9496.28	9487.67	-0.09%
S&P500	1020.62	1025.21	0.45%
NASDAQ COMPOSITE INDEX	2009.06	2048.11	1.94%
NIKKEI	10,492.53	9731.87	-7.25%
HANG SENG	19,724.19	20375.49	3.30%
SHANGHAI COMPOSITE	2,667.75	2779.426	4.19%
DAX	5,464.61	5467.9	0.06%
FTSE 100	4908.9	4988.7	1.63%
CAC 40	3,653.54	3649.9	-0.10%

Source: Bloomberg

- Global stock market extended its gain in September and the indexes hit a fresh peak of 2009 in Sept 22 before coming to the correction phase, especially in start of October to pare most of the previous gain. This is in line with our forecast in the last month's newsletter that world stock market would increase slightly but correction would happen if data could not meet investors' expectation. The rally was supported by the return of M&A wave and positive comment on the economy by large institutions. Trading volume rose after the summer holiday, implying that the gain is quite grounded. However worse-than-expected data on housing and labour markets have pushed the market to the correction. It should be noted that USD fell consecutively in September and the jump of gold price, which broke and stayed above the 1000 USD/ounce price level.

- Earnings season for 3Q 2009 starts in October and it is a vey important factor to define the next market trend. In this quarter investor would pay special attention on the revenue growth (not just boosting earnings by cost-cutting in the 2Q) as it is a must for the recovery. Beside monhtly macro data release, 3Q GDP growth (announced on Oct 29) and meeting minute of FOMC meetings in September would be also on focus.

- A bumpy start is seen for October, and it is reasonable after a a long and fast rally. Historically, October is not a terrible month like September, as Reuters statistics showed that normally (2/3 of the time) October posted a gain after a winning September. However expectation on business performance would be set higher than last quarter. We believe that the actual performance would meet or beat the estimates, as the 3Q earnings forecast of S&P500 in 3Q is at 24.8% decline yoy and revenue at 11.4% decline yoy (lower than the 14% decrease in 2Q). Revenue growth might not happen across the board, but many companies can enjoy it and it is a clear signal for investors to justify the recovery. Weaken of US dollar in 3Q (7% fall against JPY in 3Q) would help the exporters and multinational companies to boost their earnings and revenue. We therefore bet on a modest gain of US stock market indexes in October.

VIETNAM STOCK MARKET

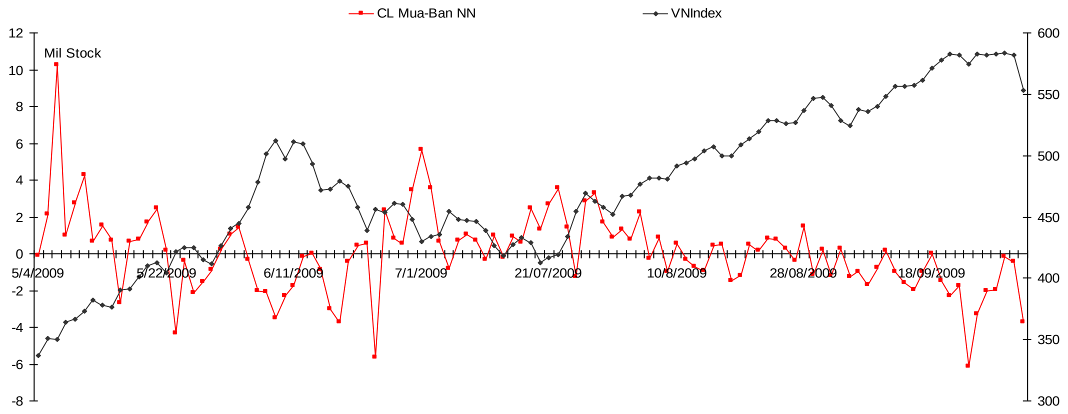
Encouraging news on earnings, stock dividends & bonus and the energetic rise in real estate stock prices created a strong momentum for September's gains in spite of razor-thin movements of insurance, banking and finance stocks. October may be facing some correction given lack of support information and apprehension about Q3' performance unable to beat investors' current expections. Though concerns over Q4 and 2010's earnings may be underlined by some rationale we propose that it be hard for the markets to nose dive substantially due to the businesses' rather solid fundamentals. We shall update our comment on October together with our covered sectors.

1. September review

a. Market movements

This past September witnessed numerous happenings to Vietnam stock exchanges. Firstly, a strong demand in late August helped the markets make a quick comeback following the world stock markets' downbeat news. VnIndex's new highs was reached on Sept. 23 at 594.32 points speedily followed by a retreat as a result of lacking support information.

Chart 1. VNIndex and Foreign Investors' net trading value since May, 2009.



b. September's milestones:

- Sept. 3 – 7: retreating sessions owning to concerns over world markets' pulling back. However, VNIndex bounced back swiftly on Sept. 8 gaining 13.3 points (2.54%), which implied a high demand and good expectations from investors in Vietnam. That helps built up a solid platform for the market to take off in September.

- Sept. 10 – 22: 9 up sessions in a row, the longest up streak since VnIndex bottomed out in February. Blue chips took turn to gain/shed points boosting up Vn-Index.

- Sept. 23: VnIndex' new highs was hit. However, VnIndex closed shedding a minor point due to the mighty sell side, which recorded the total trading volume of 91.8 million shares, standing next to the record session of 101 million units on June 10, 2009. That might have signaled correction.

- Sept. 1 - 30: Foreign investors was net-selling continuously, resulting in a net sell volume of 30 million shares on HoSE. In July, foreign investors bought 33.7 million shares net and the figure declined to 1.8 million units. They sold fast-rising stocks like SJS, VNM, VCG, SD5.

c. Points in focus in September

- **News on earnings and stock dividend:** As we mentioned in our August's report, the information associated with August's business performance, projection on Q3's earnings and stock dividends would create a constructive momemtum to the stock markets. What actually happended had been foreseen. However, the news impacted on stock prices in multiple ways.

  News on GMD and KDC's asset revaluation was supporting the two stocks in several sessions. In the mean time, information on Quarter 3's earnings from SSI and DHG's profits increasing by 61% in Quarter 2 after being audited exerted an impact in very few sessions. That was miror what investors may expect from various sectors. The sectors of ports and consumer goods were favorite ones while the financial sector with risks and pharmaceutical sectors faring a bit more slowly than the market found it hard to attract the buy side for long. Additionally, the issue of asset reassessment will a long-haul effect on businesses while quarterly incomes affected in a short term.

- **Real estate stocks' proceedings:** these stocks were incremental in sustaining VNIndex in September. Incentives to speed up project execution and to sell projects to book revenues towards end-2009 enabled real estate stocks to be attractive since end-August. One of the characterics to make real estate stocks important is their interdependence, especially when some of those companies operate in nearby locations or cross-share capital like Song Da companies or Vinaconex.

However since Sept. 26 when the law on taxing incomes from transfer of land use rights and from capital contribution became effective, real estate stocks' increase has slowed down or pulled back. In fact, the news on lagging proceedings in real estate markets after the law being effective has impacted on real estate stocks negatively.

- **Happenings from sectors related to exports – Fisheries, Apparels, Natural rubber:** Investors were betting on better business performance from exports companies together with the global economic recovery. Additionally, it is rumored that those companies might be receiving further support from another possible stimulus package, which was helping boosting up demand for exports companies.

  Wood and garment stocks were paring better while those of natural rubber attracting investors' attention in these past few sessions were associated with expection for further support to exports. We also propose that other good news linked with the sector's busines performance had already factored into stock prices before.

  In general, fishery stocks gained more points throughout September and moved better than VnIndex. However, the number of listed stocks produced a huge difference among movements of those stocks. For instance, BAS demonstrated a remarkable gain of 100% in September followed by ABT and MPC which were stable in the month due to supporting information on Q3' business performance and new stock issue.

- **Financial and banking stocks:** though holding a significant weight in VnIndex, those stocks were almost in down trends. Potential risks from monetary policies and Quater 2 business outcomes's failure to beat expectations kept those stocks from picking up. Affirmative news from Sacombank (STB) was helping push the stock up only in two sessions on 25 and 28, September and the stocks backed to where it started prior to the rally. The insurance sector found it hard to expect attractive earnings given the fact that sources of financial income may be hard hit amid the typhoon season which is likely to keep their redemption costs up.

d. Reasons for the stock market correction late September and early October:

In our view, there are many reasons for the correction

- Firstly, as stated in our recent Client Meeting Report on 25 Sep 2009, Vietnam stock market increased far more rapidly than other markets in the region. In the last 6 months, VNIdex rose by over 110% while the second highest increasing market, Indonesia, only rose 87% and the other markets only increased by 55% on average. This means that positive information was reflected in Vietnam stock market by greater extent, which will naturally lead to corrections of stock price to get closer to their intrinsic value.

- Secondly, after the market rally for an extended period and sideaways later on, most of positive information was already reflected on stock price, a number of investors saw little chance for a strong rally, so decided to sell out, leading to continuously strong supply force. Buyers saw the selling forces and waited to buy at lower price zones. Therefore, even in the drastic fall trading session on 2 Oct, trading volume of the market still reached 77.2 million units.

- Thirdly, the large-cap stocks including banks, insurance, real estate stocks all stagnated. Banks and insurance stocks are unlikely to go up and real estate stocks have already advanced for some time, thus will need longer period to create a new balance. If these large-cap stocks unlikely to advance, so as the VNIndex.

- Forthly, foreign investors' net-selling even at the end of the quarter not only created extra selling pressure but also influenced local investors' sentiment. In the past time, foreign investors had quite wise movement by buying in at low price range and selling at high price range. They were net-buyers at the beginning of May and turned to net-sellers at the end of May-beginning of June as the VNIndex climbed up to the high level. Coming to July, they were again net-buyers and then net-sellers in September. (See Chart 1).

- Lastly, the use of leverage in the last months caused selling out pressure in corrected trading sessions.

2. October Outlook:

a. **How long will the correction last?** In our view, selling pressure is still large but buying interest will increase rapidly as the VNIndex declined, so the Vietnam stock market will likely be choppy in the coming week (and may even choppy within each trading session). The adjustment (if any) would be short term and the market will go sideways expecting new information to define the next trend.

In our view, the following noticeable factors will have an impact on the market in Oct:

- Cash flow of the market is still stabe, which will be the foundation for a firm demand force. Other investment channels such as gold, real estate all are stagnating. There are also not many investment opportunities in OTC stocks, hence, a great amount will be poured in the listed market.

- 3Q bussiness results release will affect stocks individually. However, when most of the expected information has been reflected in stock price, there would be not much momentum for a market upside. Under this condition, investors should pay attention to the possibility that if bussiness results are not by far higher than expectation, there is likelihood that the earning release will have negative impact on stock price.

- In the next October meeting, the National Assembly will assess the effect of the first economic stimulus package and the interest rate subsidy program starting from the beginning ot the year. The next stimulus package will not take place until Nov, thus its positive impact (if there is any) will only realize in the later half of Oct. The level of impact will be scattered and may not be able to create a large change.

- Foreign investors' buying and selling movement is worth to notice they moved rather reasonably in the last several months.

b. Our view on several sectors in October:

- **Coal:** Price of coal sold to cement, paper, and fertilizer producers have been adusted upwards on 29/09. This is positive news for coal mining companies. According to this decision, coal price will be 25% - 30% higher, depending on coal type and buyers.

- **Construction Plastic:** Estimated P/E's 2009 of companies in this sector are still attractive (7x-8x) and expectation on stock splits/bonuses still exists. Hence, this sector's stocks probably will outperform the market. In addition, 3Q reports on business performances will have decent impacts on stock prices if earnings keep growing rapidly compared to the estimated figures (as it happened in 2Q).

- **Tire:** News on impressive 3Q earnings has pushing tire stocks up strongly recently. Estimated PE's of DRC and CSM are 7x and 9.7x respectively. There should be no new positive news in October as news on 3Q earnings was already out. However, there's still news on raising additional capital from some companies, though time for these actions have not been determined.

- **Fishery:** Initial news on earnings of companies in this sector showed that there's a high possibility that 3Q business performances of fishery firms were good. Export volume is normally better in 4Q than in 3Q, so we expect even better business performance in 4Q. In addition, expection on another stimulus package aiming to support exporting activities is also a supportive news for this sector in October. On the other hand, VND will probaly depreciate against the USD, this will help fishery firms get additional income from foreign exchange movement.

- **Natural Rubber:** 3Q business performance was as good as expected, and this news was partial priced in. We are looking forward to more news on the details of the next stimulus package. Notice that, among stocks in this sector, PHR had the biggest drop in September (probably because of the selling presure from ICV). Its price now is 38,000, close to the initial listed price. Besides, its 3Q business performance was also good, hence PHR probably will be attractive in the coming time.

- **Steel:** October is the peak time for building material comsumption, however there will be not much good news. Moreover, steel price in the world market is decreasing, hence in October, it's expected that there will be not much good news for steel sector.

- **Cement:** Increase in coal price is not good news for cement stocks. However, there's a good posiibility that cement price will be higher as demand is still strong since the construction season is coming. News on 3Q business performance will not affect stock price that much, unless the earning is exceptionally high. If cement companies are allowed to increase cement price, this is going to be good news for cement stocks.

- **Real Estate**: Only exceptionally high business performance in 3Q could be good news. Expectation on business performance for 4Q will be the main driver for the stock price in October and afterwards. In October, tax will continue to have negative impact on real estate stocks. Investors will continue to pay attention to firms having stable sales and incomes in 4Q and 2010 from selling medium-price home.

- **Pharmaceutical**: There was much news on 3Q business performance in September already, so the effects of this news on stocks will be limited in October.

- **Electricity**: Electricity stocks are defensive stocks so they have not increased as much as the market has. Electricity companies' business activities are still stable. TBC got more attention since it's going to change its listing to HOSE. There will be no special news for electricity stocks in October. If the market retreats, electricity stocks would not drop as much.

- **Bank**: Embedding high risk and being expected to have 3Q business performance worse than in 2Q, bank stocks would hardly attract attention, unless there is surprising news that can pull up the demand for some specific stocks for a short period of time.

- **Insurance**: There would be no supportive news in October. Moreover, bad weather condition with storms like this will affect insurance companies' incomes. There also would be no significant change in income from financial investment.

- **Petroleum**: Petroleum stocks always gained at a slower speed than the market's in 2009, this is opposite to the heat of the petroleum sector in 2008. The first reason is oil price this year was very low, this made the sector less attractive. In detail, PVD had to sign new drilling contract at lower price, compared to last year. PVT realized net loss. The second reason we observe was that, in 2008, Petroleum Financial Corporation bought a lot of petroleum stocks; however, this year, they sold more, leaving an obvious negative effect on investors' sentiment. Besides, PVT was affected by low transportation fees; PVS issued more stocks, increasing the number of free-floating stocks; and PVD will have a large number of converted stocks in 4Q, making it difficult for the stock price to increase much. However, we see that PVS (HNX) even though has stable earning growth and is not coupled to the low oil price, its price has nearly not changed. Hence, this is a typical defensive stock and can be put into a long- or mid-term portfolio. There might be some reasons why PVS have not been that attractive. First, it's listed on HNX, so not much information is published. Second, this corporation is too big and institutional investors as well as individual investors hardly know all about the company. And third, PVS has stable growth while domestic investors like firms that have surprise earning.

- **Transport**: Transport stocks had impressive growth in September due to expectation on recovery of this sector and good business performances. We have seperated monthly newsletter on transport sector. We believe investors can pick firms from this sector if they have good busines performances in 2009 & 2010. However, investors should not expect to see long continuous uptrend, because this sector is still in the beginning phase of recovery, and this process will be very long. We like GMD, VST, and VIP, representing for 3 sub-sectors: portation, dry-buk transport, and liquid transport.

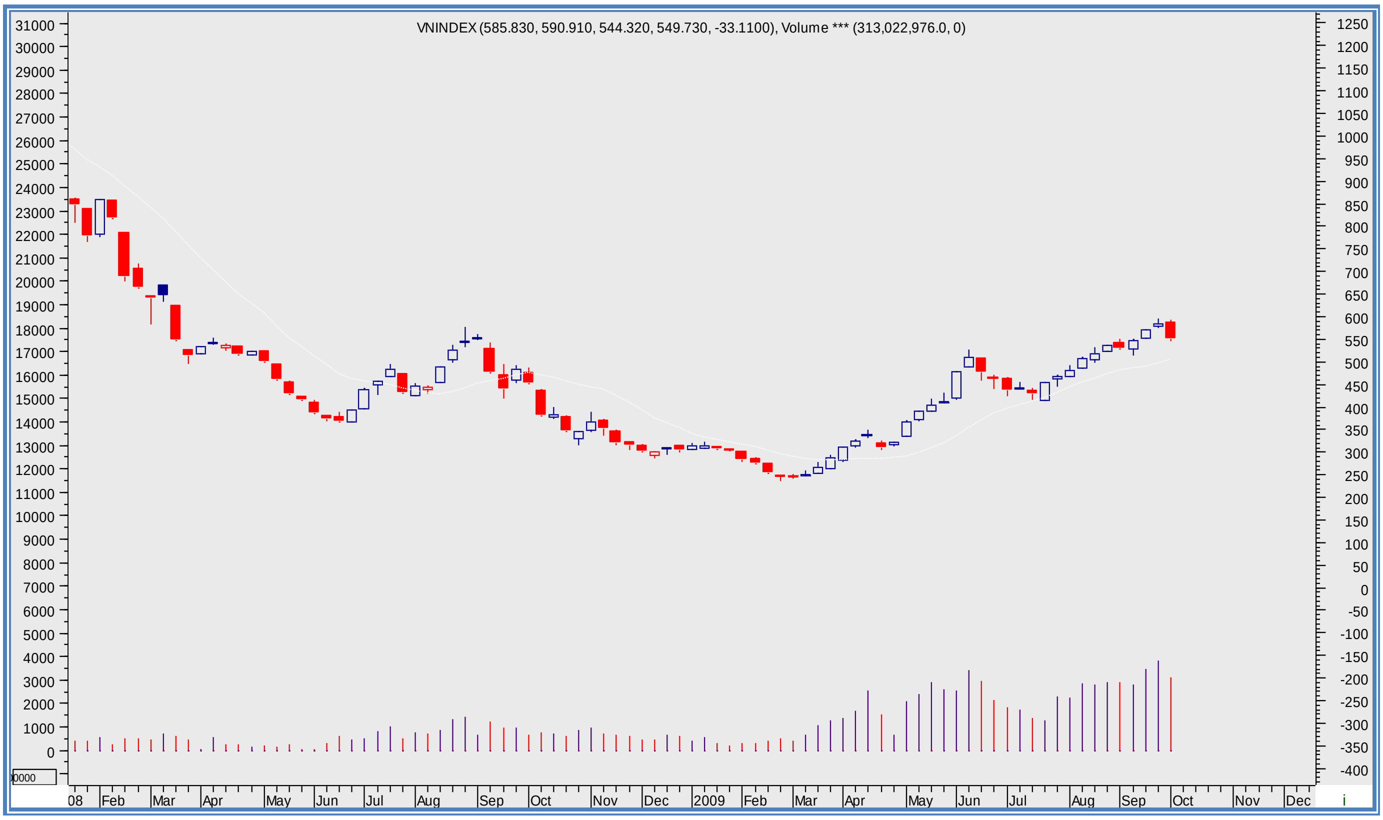
Conclusion: The market is correcting in the short-term, but a deep correction is unlikely to happen, however we suggest investors be cautious. Investors should reduce leverage level and only buy stocks that have good fundamentals and have low prices. Investing based on rumors or in stocks that have high prices will face T+4 risk in this market condition.

TECHNICAL ANALYSIS

VnIndex closed at 549.73 point in Oct 2, lost 33.11 points from the previous week close. The VnIndex closed at 580.9 points on September or 34.12 point higher than August close, or 6.24% increase. The two losing sessions later last week pushed the index lower than the 20-day moving average line and above its lower band about 23 points.

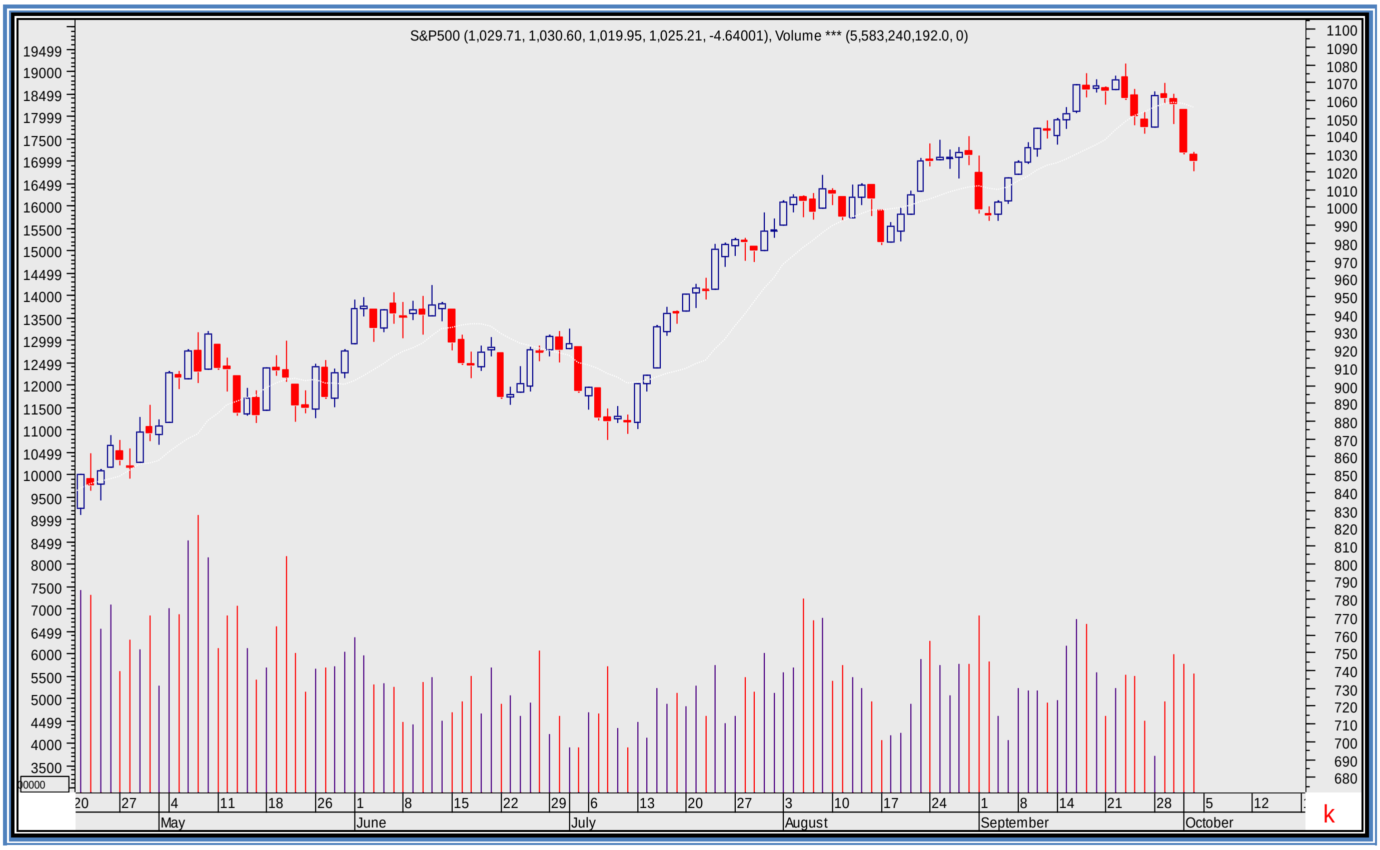
Daily Vn-Index chart

The black candle last Friday implied the escalation of sell-side, possibly of the stocks bought on leverage recently. VnIndex dropped quickly to break the support level of 559 and 552 but the trading volume was high, indicating the bottom fishing investors has joined the market.

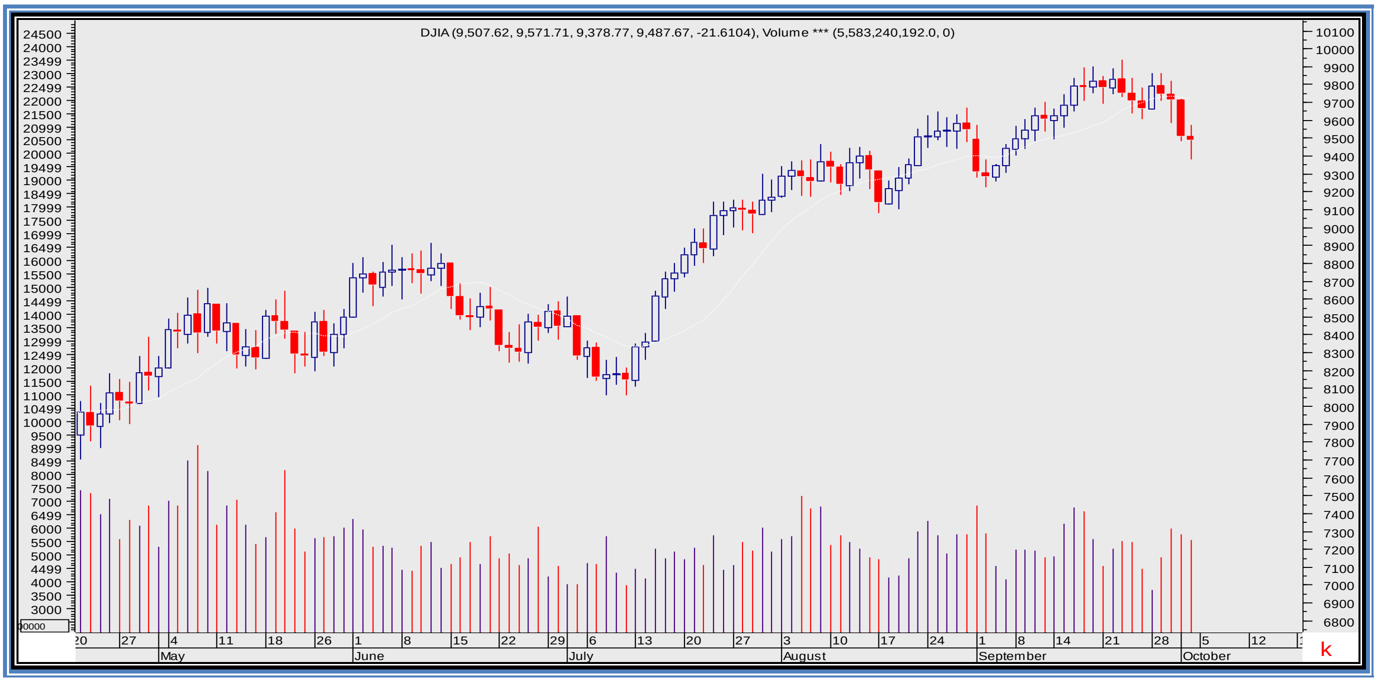


Weekly Vn-Index Chart

The weekly chart showed the black candle after the Spinning Top candle, so our concern on the market in our last newsletter became true. Liquidity was lower than last week, but remained at high level.



Monthly S&P 500 chart



Daily Dow Jones chart

S&P500 and DJIA indexes enjoyed another winning month. But they fell strongly last week, in the 4-day- losing streak and we expected those indexes rebound in this mid-week as the earnings season kicking in.

Conclusion and recommendation

Strong decline last week and the selling pressure on investors who were highly leveraged has built the oversold pattern in the short term and the market could rebound mid-week, however it is not likely that there is a robust rally.

Liquidity may still remain high this week as short term bottom fishing investors may join the market. Short term investors who hold a high level of stocks should not be panic and could consider the rebounce mid-week to make decision on their position.

Next support level was 525-541 range and the resistant level was in 559-570 range. Important levels of VnIndex on October are as follows:

Support range 1	Support range 2	*Resistant range 1*	*Resistant range 2*
512-525	*482-504*	*559-570*	*584-597*

We had a lot of opportunities on August and September as we noted in our previous newsletter, but there should be no robust rally on October, especially after the 3Q corporate earnings being released. The market has priced in much of this expectation and only who post impressive October performance or 3Q earnings could win investors' attention. Timeframe analysis show that there is opportunity for longer term investor in November and December 2009.

We provide our detailed comment on the market actual movement on our weekly and daily newsletters.

COMMENTS ON SOME COMPANIES IN THE CONSUMER GOODS SECTOR

Hanoi Milk JSC – Ticker HNM

	2007A	2008A	1Q2009	2Q2009
Net Revenue	**334,660,077,234**	**349,843,023,715**	**56,859,317,288**	**96,348,503,865**
Cost of Goods Sold	(256,075,510,430)	(284,416,604,056)	(41,043,828,523)	(66,008,571,522)
Gross Profit	**78,584,566,804**	**65,426,419,659**	**15,815,488,765**	**30,339,932,343**
Selling Expenses	(50,722,815,134)	(76,889,930,724)	(11,728,816,469)	(16,668,545,409)
G&A	(7,823,558,164)	(9,360,335,223)	(1,732,708,256)	(2,548,700,462)
Operating Income (EBIT)	**20,038,193,506**	**(20,823,846,288)**	**2,353,964,040**	**11,122,686,472**
Financial income	1,452,278,890	2,896,902,106	21,729,459	67,527,199
Financial expense	(9,488,025,687)	(17,046,408,345)	(1,996,366,012)	(2,739,806,751)
Extraordinary	1,127,598,573	(2,303,702,261)	1,832,966	44,460,359
Total Non-Operating Income	**(6,908,148,224)**	**(16,453,208,500)**	**(1,972,803,587)**	**(2,627,819,193)**
Pre-Tax Income	13,130,045,282	(37,277,054,788)	381,160,453	8,494,867,279
Income Taxes	(1,130,093,908)	-		
Net Income	**11,999,951,374**	**(37,277,054,788)**	**381,160,453**	**8,494,867,279**
EPS	*1,408*	*(3,728)*	*38*	*849*

After a tough period in 2008 due to the melamine scandal, Hanoi Milk JSC has undergone significant reform aiming at restructuring the company in the times of crisis and re-positioning itself in Vietnam's milk market.

- ***Human resources:*** After the replacement of key persons, management board has recruited new personnel from large international corporations (new CEO from Coca-Cola Vietnam, Deputy CEO cum chief accountant from Panasonic Vietnam, Sales/Marketing Director from Unilever/Heineken Vietnam, and new Chairman, etc)

- ***Distribution and sales:*** HNM currently has 65 distributors all over the country and 23,000 retail outlets. The company plans to focus on reconstructing distribution and sales network, branding and expanding the Southern market.

- ***Production:*** The company turned to import raw materials from New Zealand and terminated purchase contracts with China. Raw materials, purchased at the fixed price stated in the contract will be sufficient for production in 8-9 months. The products will get strict quality checks before being sold to the market and HNM will publicize its quality control policies to the consumers to change their perception of the company's brand. HNM is currently focusing on maintaining current production line in cooperation with Tetra Pak, rather than investing in capacity expansion. In case company sales see growth, HNM will continue construction of the plant in Binh Duong (HNM is still paying land rent annually).

- ***Other issues:*** HNM continues to concentrate on the market segment of children aged 1-8 where they compete, rather than confront, with their peers, namely Vinamilk, Dutch Lady, etc. The company mostly applies cash sales, and credit sales payable in 30 days for their key clients. Capital structure to finance its future operations will be 30% onwer's equity and 70% loans.

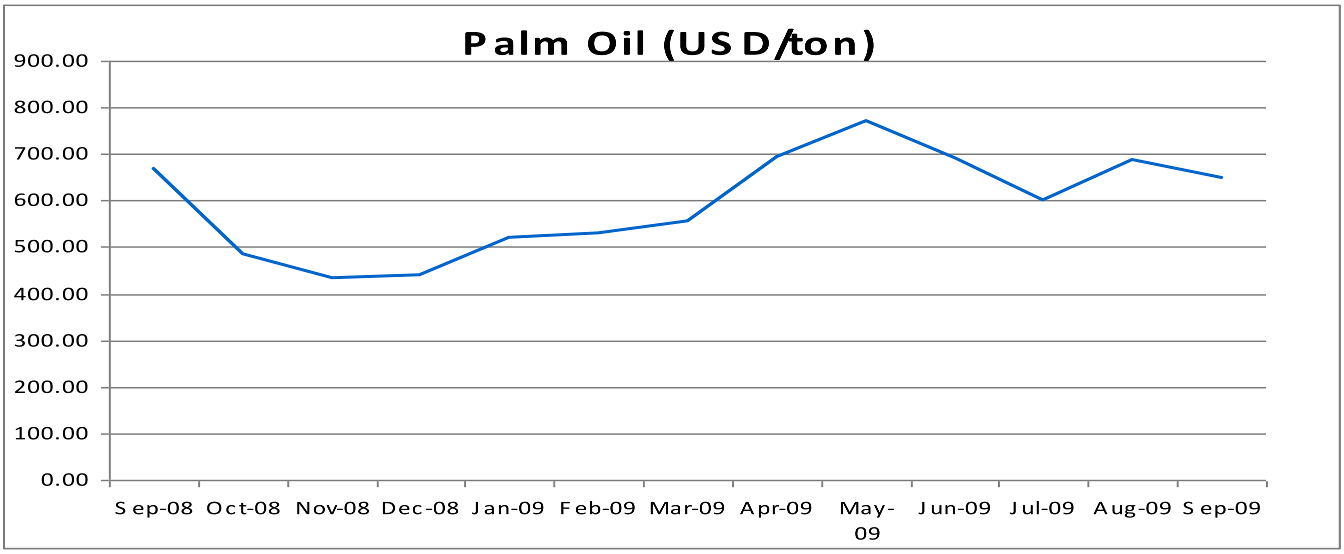
HNM's development plant for 2009-2015

2009-2010: Reform and restructuring period, rebuilding production line procedures, sales, internal control
2009: Projected sales of 350 billion VND
2010: Projected sales of 400 billion VND
2011-2013: Period for development and re-positioning in Vietnam's milk market
2011: Projected sales of 600 billion VND (50% growth)
2012: Projected sales of 900 billion VND (50% growth)
2013: Target to rank the third in terms of UHT milk and children market segment in the North
2014-2015: Top children milk producer in Vietnam

Investment highlights: We believe that HNM is making efforts to regain its previous position in the market. As currently the company is in the broad orientation process and the concrete plan for restructuring and development has not yet been clearly drawn, this might result in high risk. Besides, the general theme for 2009-2010 period is only restructuring and increasing quality and effectiveness of production line, thus no extraordinary factors are expected in this period. Also, we concern over unfavorable raw material price fluctuation as HNM is currently purchasing raw material at fixed price stated in the contract. Another concern is HNM's debt structure. As the company only recently recovered from the crisis and generated low profit margin, the policy of financing main business operations with 70% of debts will create significant pressure to HNM profitability.

However, we had good impression with HNM's new board of management, with high profile, active and disciplined personnel. Thus we believe HNM should be watched closely. In case clear and effective restructuring/development plans are announced, investors might want to consider to invest in HNM.

Tuong An Vegetable Oil JSC - Ticker: TAC



(Source: IMF)

Tuong An Vegetable Oil JSC not yet announced Q3 earnings. However, we would like to discuss our observations related to the output market, raw material price movements and investor expectations, which might significantly affect Q3 earnings of TAC.

- **Output market: in Q3**, there was strong competition among oil producers, the companies in the industry continued to copy each others promotional campaigns and to reduce price. TAC's current top priority is to maintain market share and reach target sales. In such fierce competitive market, TAC will not likely be able to increase price as this might immediately affect the company's market share, contrary to 1H2009, when raw material price hiked, TAC could increase price to maintain or increase their profit. Thus we believe coming up with a business strategy for Q3 was not easy for TAC when the company had to chose between maintaining market share to ensure sales target and remaining profit margin as high as in Q1 and Q2 2009.

	2006	2007	2008	1H2009	2H2009
Inventory turover	14.41x	17.55x	13.07x	7.94x	6.69x
DIO, DOH	25.33 days	20.80 days	27.92 days	45.92 days	53.79 days

- **Input materials**: At the beginning of Q3, palm oil price in the global markets at times fluctuated around 800 USD/ton, but later on continued to decline to around 650 USD/ton at the end of Q3 and is estimated to approach

600 USD/ton in the coming time. Raw material purchase contracts signs when material price was high will have negative impact on TAC's production costs. We observed that historically material inventory of TAC is only sufficient for 20-30 days, however, since the beginning of 2009 average turnover tends to nearly double to one and a half months or nearly two months. If this trend continues in Q3, there is high chance that materials bought at the peak price at the beginning of Q3 will remain high, resulting in high COGS in Q3 or even part of Q4. Thus we concern over cost management of the company in the 2H2009. As for cooking oil sector with low profit margin of 3-5%, strong fluctuations in material price will negatively affect companies' profit.

- **Reversal gain from provision for decline in value of inventories:** As material price reduced, likelihood that most of the provisions (7.7 billion by the end of 2008, equivalent to 15% of 2009's projected net profit) being reversed is not high. We should notice that some investors already priced this factor in the stock price, which will create selling pressure on the stock should the expectation not be fulfilled.

Investment recommendation: With the above pressures, we are concerned about the company's 3Q business result and the coming movement of the stock. If material is mostly purchased at peak price at the beginning of 3Q, it will be a short term pressure on profit and TAC price when 3Q business performance is announced. Therefore, risk-adverse investors might consider reduced holding of TAC in portfolio.

However, in the long run, TAC operates in the industry that has stably sustainable demand. The company also has large market share, well-recognized brand name, big capacity with high quality standard from Phu My Tuong An production line which was just put into operation at the end of 2008. Moreover, after Tuong An production line being removed to Vung Tau, TAC's 2.1 ha land in Tan Binh District will probably be re-evaluated or used as a capital contribution to real estate projects (trade center/office), which is expected to have positive effects on the stock's price. Besides, Vocarimex's equitisation (TAC's parent company), which is expected to take place in 2010, will help cease shareholders' concern about TAC's material cost management, and will also have positive effect on the company's autonomy and future net profit. Therefore, we believe after 3Q financial result is fully priced in and global oil material price becomes more stable, investors may consider investing in TAC.

Kinh Do Joint Stock Company – Ticker KDC.

In 3Q09, KDC stock had an impressive jump from the price of 41,900 VND/share to 89,000 VND/share. The reasons for this impressive returns include:

- Investors' expectations about the company's core businesses (confectionery) result during Mid Autumn Festival, which revenue and profit could be twice as much as that of 1H2009. However, due to the actual sales in Mid Autumn Festival and given that the Lunar New Year next year will come late, we think that KDC may not be able to fulfil its revenue target, besides profit from confectionery business may not achieve high growth compared to 2008.

Unit: Thousand VND	1H2008	2008	1H2009	KH 2009
Revenue	513,863,218	1,455,768,275	532,696,004	1,747,000
Pretax profit from confectionery business	44,357,952	114,728,838	36,450,504	256,000****

*****: Pretax profit target for the whole year*

- **Investors' expectation about reversal gain of financial investment** in 3Q09. The major portion in KDC's current portfolio is its investment in 5.2 million shares of Eximbank with average cost of about 32,000-33,000 VND/share. Price of Eximbank shares at the beginning of July was about 27,000 VND and is currently about 29,000, thus our quick estimate for KDC's reversal gains of Eximbank stock in the 3Q will be more or less 10.4 trillion VND.

- **Investors' expectation about the revaluation of the 5.1 ha of land in Thu Duc**. The land will be Kinh Do's contribution of capital in the An Phuoc residential building project. However, with a rough estimate of over 200 billion of revaluation gains of this piece of land, the revaluation gains can only add about 3,500 VND to each KDC share. In our view, the market was over-reacting to the news related to land revaluation, and consequently corrected downwards on the concerns of whether the revaluation gains will be booked to this year's profit or booked directly to the company's balance sheet as well as on the concern about tax implication.

- **Market related news** such as payment of 24% cash dividend, stock bonus 10:4, and KDC's General Director purchasing 101,000 KDC shares (1.77% of the total outstanding shares). We note that such news only have psychological effect and does not mean any significant changes of the company's fundamentals.

Investment Recommendation: With EPS 2009 of about 3,589 VND (in case the revaluation gains will not be booked into this year's profit), P/E of KDC is about 24.79x. In case revaluation gains is booked into this year profit, EPS will reach 7,089 VND, equivalent to P/E of 12.55x. We believe, with the view about growth this year of KDC's confectionery business, as well as the view over the sustainability of KDC's once-off profit (revaluation gains, reversal gains of financial investment ...), investors should be cautious in investment decision in KDC stock. This would place a pressure on the growth potential of KDC stock price until the year end. This investment was already expressed in our Weekly Newsletter 28 Sep 2009 right before KDC share's downward correction.

SSI 30 UPDATE

Ticker	Sector	Closed Price 30/09/2009	Weekly Performance	Monthly Performance	YTD Performance	Market Cap (VND Billion)	P/E 2009	P/B	P/EBIT 2009	Growth 2009 vs 2008	
										EBIT	Net Earning
DPM	Basic Materials	47,200	-2.1%	-5.6%	37%	17,889	11.4	3.4	2.8%	16.5%	13.9%
DPR	Basic Materials	60,000	2.6%	-4.8%	97%	2,400	16.0	3.6	2.5%	-33.3%	-35.7%
HPG	Basic Materials	71,500	-1.4%	2.9%	127%	14,040	11.0	3.1	4.2%	11.8%	48.9%
TRC	Basic Materials	67,000	8.1%	0.8%	176%	2,010	13.9	3.9	2.2%	-32.5%	-27.0%
ANV	Consumer Goods	26,400	6.5%	10.5%	40%	1,732	LN âm	1.2	1.9%	-33.2%	-135.0%
KDC	Consumer Goods	89,000	-11.0%	27.1%	196%	4,994	28.1	2.3	2.7%	29.0%	Negative 2008 Net earnings
TAC	Consumer Goods	46,000	-1.1%	-0.6%	95%	873	10.1	2.9	3.5%	336.4%	633.8%
VNM	Consumer Goods	90,000	-1.3%	13.9%	117%	31,550	18.1	2.8	3.3%	13.1%	39.3%
PET	Consumer Services	32,500	4.5%	4.8%	134%	1,595	9.1	2.7	3.1%	n.a	98.1%
ACB	Financials	46,400	-0.9%	-3.5%	67%	29,491	13.2	3.9	5.0%	n.a	1.1%
PVI	Financials	31,000	-1.9%	-12.4%	-3%	3,210	15.6	1.4	3.2%	n.a	19.7%
SJS	Financials	190,000	-4.5%	24.2%	252%	7,553	14.4	6.5	1.1%	n.a	341.9%
SSI	Financials	83,000	2.5%	8.5%	221%	12,479	n.a.	3.0	n.a.	n.a	-100.0%
STB	Financials	33,000	0.3%	9.7%	133%	21,947	15.1	2.6	n.a.	n.a	52.7%
TDH*	Financials	108,000	-8.5%	31.7%	265%	2,592	13.5	2.7	2.8%	n.a	-3.0%
VIC	Financials	64,000	-4.5%	-0.8%	36%	12,109	82.4	5.4	n.a.	n.a	17.9%
DHG	Healthcare	165,000	9.3%	13.0%	39%	3,300	13.0	4.3	1.5%	3.3%	97.5%
CII	Industrials	61,000	-1.6%	21.2%	133%	2,440	9.3	2.9	2.6%	4.4%	110.9%
GMD	Industrials	105,000	-4.5%	27.3%	250%	4,982	7.0	2.3	n.a.	-7.1%	Negative 2008 Net earnings
NTP**	Industrials	99,000	3.0%	7.0%	174%	2,145	7.4	4.9	3.0%	73.6%	87.7%
PVT*	Industrials	20,700	-1.0%	-4.2%	27%	3,055	239.8	2.1	n.a.	23.6%	-81.6%
REE	Industrials	55,000	-2.7%	10.7%	165%	4,457	11.1	1.9	1.8%	20.6%	Negative 2008 Net earnings
VIP*	Industrials	20,800	-4.1%	10.1%	102%	1,220	10.6	1.6	4.8%	n.a	53.5%
VTO*	Industrials	15,900	-3.0%	6.7%	35%	948	45.8	1.2	n.a.	n.a	-27.2%
PVD	Oil & Gas	97,500	2.6%	2.1%	15%	12,886	16.0	4.9	n.a.	-21.3%	-12.9%
PVS	Oil & Gas	40,200	0.8%	-0.5%	31%	7,035	13.9	3.0	3.7%	10.1%	-6.0%
FPT***	Technology	86,500	-0.6%	-2.8%	76%	12,446	9.8	4.5	n.a.	8.6%	51.7%
SAM	Technology	35,300	2.9%	1.4%	154%	2,238	9.7	1.0	n.a.	-62.9%	Negative 2008 Net earnings
PPC	Utilities	27,500	-1.8%	-8.3%	47%	8,942	10.4	2.2	1.8%	-25.3%	Negative 2008 Net earnings
VSH	Utilities	39,300	0.3%	-8.2%	40%	5,404	15.3	2.4	3.8%	-7.5%	-4.8%
SSI30						**237,961**	**14.7**	**3.4**			**51.0%**

**: Company targets*

***: According to the company, the CIT amount due for 2007-2008 will be booked into the beginning balance of retained earnings, hence net profit in 2009 will not be impacted.*

****: 2009 net profit before minority interest deduction.*

MARKET STATISTICS

VN Index & HNX Index Statistics

Week 1 Sep	28/08/2009	04/09/2009	Point change in the week	% change in the week	Daily average Trading Volume	Daily average Trading Value
HOSE	536.53	528.49	-8.04	-1.5%	73,771,146	3,071,642,958
HNX	167.64	166.92	-0.72	-0.43%	37,575,800	1,321,147,820
Week 2 Sep	**04/09/2009**	**11/09/2009**	**Point change in the week**	**% change in the week**	**Daily average Trading Volume**	**Daily average Trading Value**
HOSE	528.49	547.99	19.5	3.69%	56,594,418	2,477,664,348
HNX	166.92	169.18	2.26	1.35%	28,035,366	972,076,495
Week 3 Sep	**11/09/2009**	**18/09/2009**	**Point change in the week**	**% change in the week**	**Daily average Trading Volume**	**Daily average Trading Value**
HOSE	547.99	571.01	23.02	4.20%	69,715,376	3,381,830,566
HNX	169.18	176.46	7.28	4.30%	40,652,760	1,447,639,102
Week 4 Sep	**18/09/2009**	**25/09/2009**	**Point change in the week**	**% change in the week**	**Daily average Trading Volume**	**Daily average Trading Value**
HOSE	571.01	582.84	11.83	2.07%	77,247,622	3,784,165,522
HNX	176.46	183.47	7.01	3.97%	41,008,397	1,621,214,393
Week 5 Sep	**25/09/2009**	**30/09/2009**	**Point change in the week**	**% change in the week**	**Daily average Trading Volume**	**Daily average Trading Value**
HOSE	582.84	580.90	-1.94	-0.33%	78,587,153	3,859,250,834
HNX	183.47	184.29	0.82	0.45%	37,343,300	1,568,209,900

Top 10 Shares with highest trading volume (01/09 – 30/09)			
Ho (Shares)		HNX (Shares)	
STB	150,004,740	VCG	72,357,900
SSI	65,711,340	KLS	72,186,600
VFMVF1	56,146,770	SHB	41,362,800
REE	47,747,160	ACB	39,808,800
SAM	38,387,350	KBC	25,921,087
HPG	33,108,810	VSP	22,169,800
HAG	32,929,640	PVS	21,161,500
GMD	32,042,293	SHS	18,982,200
CII	27,616,470	BCC	17,351,900
SBT	25,429,050	CTS	17,347,300

Top 10 Shares with lowest trading volume (01/09 – 30/09)			
Ho (Shares)		HNX (Shares)	
VPH	30,810	HSC	-
BT6	101,190	CTB	22,000
COM	106,520	SGH	24,900
VPL	150,310	VBH	30,700
RDP	175,620	SDN	33,800
ST8	296,180	HEV	36,600
LGC	308,350	QST	39,900
TNA	311,150	SVI	52,000
VNL	441,710	YSC	57,000
FPC	482,240	CAP	63,600

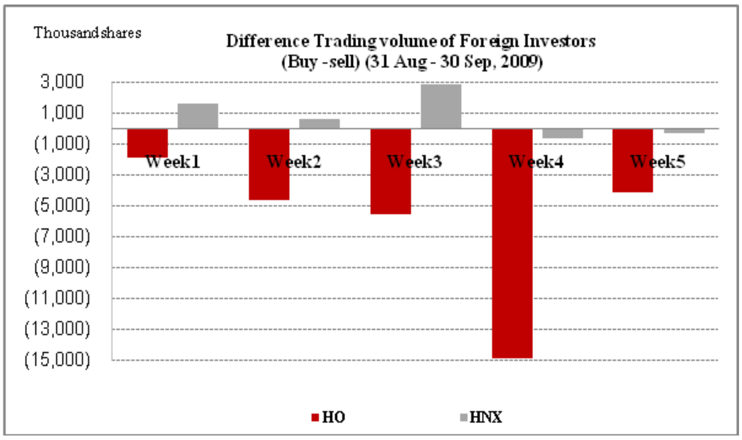
Top 10 Shares with highest trading value (01/09 – 30/09)			
Ho (mill)		HNX (mill)	
STB	5,232,153	VCG	3,540,168
SSI	5,209,352	KLS	3,060,886
HAG	3,838,876	ACB	1,873,759
GMD	3,158,278	SHB	1,306,531
SJS	2,509,559	KBC	1,150,606
REE	2,471,518	BVS	1,105,703
HPG	2,366,418	PVS	863,528
LCG	1,955,863	VSP	799,350
CII	1,602,005	STL	768,698
DIG	1,547,344	SHS	747,561

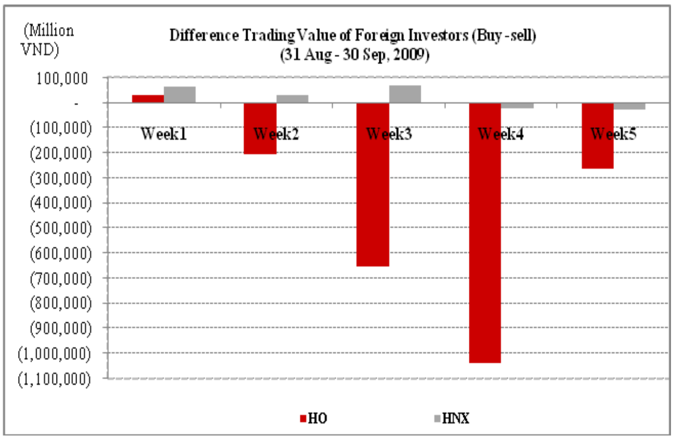
Top 10 Shares with lowest trading value (01/09 – 30/09)			
Ho (mill)		HNX (mill)	
VPH	1,797	HSC	-
RDP	3,980	VBH	370
BT6	4,659	CTB	402
COM	5,696	QST	536
IFS	6,434	HEV	549
VPK	6,547	ECI	847
FPC	6,637	PTM	880
TTC	7,152	SDN	888
TNA	7,654	SRA	1,025
MAFPF1	9,409	DAD	1,111

Top 10 price gainers (01/09 – 30/09)				Top 10 price losers (01/09 – 30/09)			
Ho		HNX		Ho		HNX	
KSH	144.81%	S96	205.08%	SZL	-15.00%	SRB	-16.49%
BAS	138.66%	SPP	158.19%	TPC	-13.94%	MDC	-14.29%
DRC	65.38%	VC3	127.14%	TSC	-11.86%	PVX	-14.02%
CSM	63.52%	SJC	127.13%	BMI	-11.71%	QST	-14.01%
VIS	49.58%	S91	109.87%	PIT	-11.29%	TLC	-11.65%
DIG	40.21%	MIC	108.32%	HAS	-11.23%	HAI	-10.42%
CNT	40.08%	VC6	96.39%	TYA	-10.83%	PVI	-10.37%
FMC	38.16%	VC1	84.62%	RIC	-10.34%	ECI	-9.60%
GMC	37.28%	VC7	84.57%	VID	-9.77%	DAD	-9.33%
HTV	36.59%	S12	83.44%	SFI	-9.47%	VE1	-8.87%

Top 10Shareswith highest BUY by foreign investor Trading volume (Buy- Sell)				Top 10Shareswith highest SELL by foreign investor Trading volume (Buy- Sell)			
HOSE (Shares)		HNX (Shares)		HOSE (Shares)		HNX (Shares)	
CTG	1,797,660	BCC	1,667,100	HPG	-5,281,630	SD5	-510,600
FPT	1,790,180	PVS	1,492,300	VFMVF1	-4,799,050	HPC	-507,900
CSM	870,050	KBC	1,446,400	VNM	-4,797,236	HOM	-496,200
SSI	855,330	SHB	643,900	REE	-3,361,030	PVI	-464,900
BCI	773,900	BTS	392,700	SJS	-3,000,780	VSP	-237,500
MPC	767,400	VFR	365,300	GMD	-2,828,063	SHS	-229,500
PVD	730,090	DXP	194,100	VSH	-2,733,460	KKC	-138,800
HAG	635,010	DBC	168,100	KDC	-1,540,461	PLC	-137,800
STB	620,750	UNI	147,000	ITA	-1,249,880	VCS	-136,800
HT2	603,910	CAN	121,200	CII	-1,174,080	BVS	-112,800

Period	HOSE- Excessive Buy over Sell volume (Unit : Stocks)	HNX- Excessive Buy over Sell volume (Unit : Stocks)
Week 1 (01/09 – 04/09)	-994,270	-10,002,200
Week 2 (07/09 – 11/09)	47,676,070	38,098,600
Week 3 (14/09 – 18/09)	48,184,830	44,198,500
Week 4 (21/09 – 25/09)	112,726,800	42,105,800
Week 5 (28/09 – 30/09)	6,145,240	13,731,100
Total excess of buy over sell in Sep 09	**239,499,960**	**131,479,600**





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