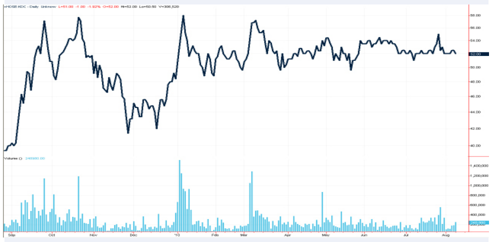
Price chart



Stock Data as of August 09th 2010	
Price (VND)	52,000
Current listed share	101,276,588
Outstanding shares	100,243,402
52 Week high	58,000
52 week low	30,900
Price change (3 months)	2.0%
Price change (6 months)	1.6%
Price change (12 months)	56.9%
Trading volume (share)	249,980
Trading value (VNDmil)	12,961
Market Cap (VNDmil)	5,212,657
Market Cap (US$mil)	273.20
Total room (no. of share)	49,625,528
Current room (no. of share)	19,928,174
Foreign owned ratio (%)	29.3%
Foreign ownership limit (%)	49.0%

Source: HSC

Key Numbers

(VNDmil)	2008	2009
Total assets	2,983,410	4,247,601
Owner's equity	2,075,923	2,413,130
Net sales	1,455,768	1,529,355
Pre-tax profit	(61,689)	572,309
After-tax profit	(85,316)	480,524

Source: KDC

Main Ratios	2008	2009
Liquidity		
- Current ratio	2.2	1.5
- Quick ratio	1.9	1.4
Profitability		
- Gross margin	25.4%	33.0%
- Net margin	-5.9%	31.4%
- ROE	-3.8%	21.4%
- ROA	-2.8%	13.3%
Operating Efficiency		
- Receivable turnover	7.1	8.7
- Inventory turnover	6.8	6.0
- Asset turnover	0.5	0.4
- Equity turnover	0.6	0.7

Source: KDC

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1H FY2010 Result

Unit: VNDbillion	1H FY2009	1H FY2010	y/y%	FY2010 target	% fulfilled	FY2009	FY2010F	y/y%
Net sales	532.7	585.2	9.8%	1,881	31.1%	1,526.8	1,698.2	11.2%
Gross profit	134.4	165.4	23.1%			506.8	546.1	7.7%
Financial income	219.4	614.3	180.1%			266.4	651.2	144.5%
Financial expenses	157.9	222.2	40.7%			201.2	252.1	25.3%
Selling expenses	49.8	91.9	84.6%			158.3	212.3	34.1%
Administration expenses	48.2	61.1	26.8%			104.3	118.9	14.0%
Pre tax profit	107.1	425.2	297.0%	850	50.0%	581.6	644.2	10.8%
Net profit	97.0	311.3	221.0%			484.4	473.3	-2.3%
Gross margin	25.2%	28.3%				33.2%	32.2%	
Selling expenses/ sales	9.3%	15.7%				10.4%	12.5%	
Administration expenses/sales	9.0%	10.4%				6.8%	7.0%	
Pre tax margin	20.1%	72.7%				38.1%	37.9%	
Net margin	18.2%	53.2%				31.7%	27.9%	
EPS							4,673	
P/E							11.2	

Source: KDC, HSC forecast

Kinh Do Corporation (KDC - HoSE) – 1H FY2010 result. Below expectation as core business stalls.

- *The confectionery business in 1-H came in well under expectation with low volume growth although average prices rise 6% y/y. Gross margin improved a little bit as a result of the higher selling price, but on the other hand SG&A as of % sales increased sharply due to higher marketing costs and some restructuring in distribution network.*

- *Financial investment is not expected to contribute any profit this year. Meanwhile real estate will be the key profit driver.*

- *In FY2010 profit before tax is estimated to be even higher than last year due to the contribution of a VND425 billion gain from transferring a key real estate project.*

- *At our FY2010 forecast EPS of VND4,673 KDC is trading at forward P/E of 11x. Given the vague outlook for its confectionery business and the upcoming merger plans, we should watch the stock for now.*

Recently KDC reported 1H FY2010 consolidated result. Net sales came to VND585 billion, up 9.8% y/y while net profit minus minority interests came to VND311 billion, up 221% y/y.

Sales

- Sales growth of 9.8% y/y was primarily driven by an increase in the average selling price of nearly 6%. That means volume growth was very low at 3.8% during the period. And in Q2 alone, sales growth was very low at just 1.4% y/y which means KDC actually saw negative volume growth in Q2.

- ***Cookie***: Cookie sales in 1H FY2010 appeared to grow strongly at a rate of 18.6% y/y. However this was mainly because Tet this year came later than Tet last year. Therefore the bulk of Tet sales were booked in Q1 instead of in Q4 as happened during last year's Tet and therefore the base was very low. We can understand this more clearly if we recall that cookies sales growth in 1H FY2009 came to -3%. Cookies are mostly used as a gift item during Tet.

- ***Cracker***: Crackers showed very modest sales growth in the 1-H of just 0.3% y/y. This is the slowest growth rate we have seen in cracker sales so far. KDC was the first mover in cracker production and this was a great advantage for them in winning market share. By the end of FY2009 Kinh Do was still the leader with total market share of 35% (25% for KDC and 10% for NKD). However we note that as recently as FY2007, KDC's cracker sales grew 29% y/y%, although growth has slowed steadily since then. One reason was the late launch of a new cracker product. However apart from note it seems the cracker market has reached maturity.

- ***Bun***: This segment saw decent sales growth of 21.2% y/y in the 1-H. With the introduction of the roasted chicken bun in FY2009 and a restructuring of the distribution channel in 1-H FY2010 KDC's bun have clearly recovered from the sales drop of 12% y/y seen in FY2009. However since FY2008, due to the delay in launching a meat bun, KDC had been losing market share to Huu Nghi. However, despite some recovery sales in 1-H FY2010 was still lower than two years ago. The company has just introduced a new bun product called "super soft bun" in July and this is expected to lead growth in the 2-H and over the next few years.

- Cake sales grew 6.8% in the 1-H although the company launched a new cake product in March. Last year cake sales did grow faster at 14.5% y/y. But while the Kinh Do group does still hold a dominant market share of nearly 30%, the cake market has become far more competitive than before with presence of many strong brands such as Hura (Bibica), Custas (Orion) and Chocopie (Orion).

- Candy meanwhile saw the strongest segmental growth of 44.5% y/y but its contribution to the overall result is still very small. And snack sales continued its downtrend and it is not under expectation as it has been the weakest product group of KDC for 2 years.

Gross margin

- Gross margin in 1-H FY2010 improved on the same period last year to 28.3% vs. 25.2%. Production cost rose about 5-8% y/y but as the company also increased the average selling price by nearly 10% at beginning of the year this more than compensated. But we suspect this increase in the ASP was the main reason for the almost zero volume seen in 1-H.

SG&A

- During the last six months, KDC has set up a separate sales team for the fast growing bun segment. About 100 new sales staffs have been hired which in addition to the existing sales team means the company now has 400 salespersons. And the company also spent more on new product advertising. As a result selling expenses rose by 85% y/y. However, the result in terms of higher sales has not been seen yet. Therefore, selling expenses as a % of sales increased significantly from 9.3% in 1H FY2009 to 15.7% in 1H FY2010.

- Administration expenses also went up sharply by 26.8% y/y due to some human resource restructuring. Three new Deputy CEOs have been hired and the company also increased salaries for senior management.

Financial income and expenses

- As of 30th June, short term investment was reported at VND833 billion, up 56% YTD. Most of the increase came from short term loans to outside parties (VND100 billion to a bank; VND50 billion to a securities company and VND21.5 billion to a private company). Loans to related companies in the Kinh Do Group also rose from VND510 billion as at the end of last year to VND639 billion as of 30th June 2010. Therefore interest income reached VND29.5 billion, up 34% y/y.

- During the period, the company did not buy or sell any stock. However, in Q2 they reported a stock provision of VND49 billion for the devaluation of EIB shares. As at the end of Q2, KDC held 4,348,296 shares of EIB with a book value of VND135.5 billion. This was the main reason for the loss of VND31.6 billion seen

VND billion	1H FY2008	1H FY2009	y/y%	1H FY2010	y/y%
SBU Cookie	48.3	46.9	-3.0%	55.6	18.6%
SBU Cracker	108.1	158.7	46.9%	159.2	0.3%
SBU Snack	50.5	35.7	-29.3%	35.1	-1.6%
SBU Bun	149.2	103.3	-30.7%	125.2	21.2%
SBU Cake	124.5	171.0	37.3%	182.6	6.8%
SBU Candy	15.6	10.1	-34.9%	14.6	44.5%
Others	17.7	6.4	-63.9%	12.9	101.4%
Total	513.9	532.7	3.7%	585.2	9.8%

Source: KDC

in Q2. Total balance of short term stock investments and long term stock investments (including strategic investments such as Nutifoods and Tribeco Binh Duong) as of 30th June 2010 were VND23 billion and VND470.6 billion respectively.

- The biggest part of financial income in 1-H was the VND425 billion gain from transferring a 50% stake in Sai Gon Kim Cuong JSC, the developer of SJC Tower Project, at a selling price of VND718 billion. The project is located in HCMC's CBD in a land lot surrounded by Le Loi, Le Thanh Ton, Nguyen Trung Truc and Nam Ky Khoi Nghia Streets. Back in 2007, Sai Gon Kim Cuong Joint Stock Company was established to develop the project.

- As of December 2009, Sai Gon Kim Cuong had chartered capital of VND586 billion, in which SJC contributed by transferring 2,505 square meters of land valued at VND234.4 billion (40% of the company), KDC also contributed VND293 billion in cash (50%), and Dong A Securities contributed VND53.4 billion in cash (10%). And besides the 2,505 square meters land lot contributed by SJC, Sai Gon Kim Cuong Company was also given the right to use the adjacent land lot of 1,300 square meters.

FY2010 forecast

- We forecast whole year sales to come to VND1,698 billion, up 11% y/y. This number looks much higher than 1-H sales growth as we believe moon cake sales (will is booked in Q3) will come at VND319 billion, up 16% y/y. And we also believe other products such as cracker and bun will see stronger growth in 2H as a result of some new product launches and restructuring in distribution and sales.

- Profit before tax is forecasted by HSC to come to VND644 billion, up 11% y/y. However we estimate net profit will come to VND473 billion, slightly lower than last year as this year profit from real estate which carries a full tax rate of 25%, is expected to have a higher weight than last year.

COMPANY PROFILE

Kinh Do Corporation_Ticker: KDC - HoSE — Monday, August 09th 2010

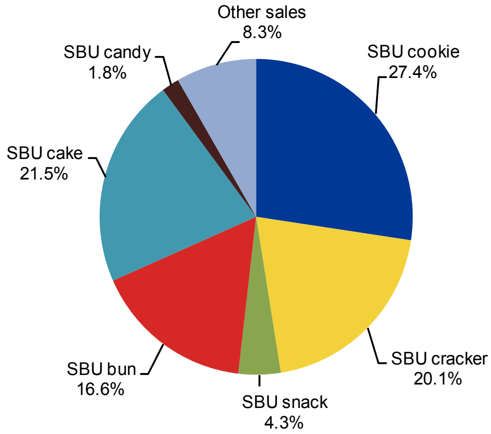
Annual Income Statement *(Unit: VNDmil)*	FY2007	*y/y%*	FY2008	*y/y%*	FY2009	*y/y%*
Net sales	1,230,802	*23.3%*	1,455,768	*18.3%*	1,529,355	*5.1%*
Cost of goods sold	908,825	*26.8%*	1,085,980	*19.5%*	1,023,963	*-5.7%*
Gross profit	321,978	*14.5%*	369,789	*14.8%*	505,393	*36.7%*
Net financial income	52,691	*123.1%*	(194,841)	*-469.8%*	72,661	*NA*
Selling and general administration expenses	149,414	*0.0%*	255,060	*70.7%*	276,265	*8.3%*
Net profit from operating activities	225,255	*44.9%*	(80,112)	*-135.6%*	301,789	*NA*
Other profit	10,149	*-8.7%*	19,566	*92.8%*	257,840	*1217.8%*
Profit before tax	222,469	*30.8%*	(61,689)	*-127.7%*	572,309	*NA*
Net profit after tax	224,127	*31.3%*	(60,602)	*-127.0%*	522,943	*NA*
Profit after tax of parents' shareholders	224,138	*31.3%*	(85,316)	*-138.1%*	480,524	*NA*

Source: KDC, HSC

Company History

1993 Kinh Do Food-processing and Construction Company Limited was established as a former of Kinh Do Corporation. Invested capital: VND1.4 billion
1994 Increased the charter capital to VND14 billion
1999 Increased the charter capital to VND40 billion
2000 Increased the charter capital to VND51billion , established North Kinh Do food joint-stock company
2001 Provided with the certificate for ISO 9002
2002 Kinh Do Corporation was established with the charter capital of VND150 billion(Kinh Do Food-processing and Construction Company Limited contributed VND50 billion)
Replaced ISO 9002 with 9001:2000
2002 Increased the charter capital to VND200 billion
2003 Bought an ice scream factory from Unilever and established KIDO ice-scream joint stock company
2005 Listed on Hose, invested in Tribeco
2006 Contracted Kinh Do Binh Duong plant
2008 Cooperated with Nutifood, invested in Vinabico

Sales breakdown in FY2009



Source - KDC

Scope of business

Processing food and agricultural products
Producing confectionery, pure water and fruit juice

Products, Services and Market

KDC has a diversified products strategy. The company produces cookie, moon cake, cracker, bun, cake, snack, wafer, candy and chocolate. More than 90% of KDC sales comes from local market while export accounts for the remaining of nearly 10%. The company's local market spreads from Quang Binh to Ca Mau. And key oversea markets consist of Japan, the US, Cambodia and Taiwan.

Position in the industry

At the moment, Kinh Do Group, including both KDC and NKD, is the leading confectionery manufacturer in local market with overall market share of 28%. The group is dominating four key segments of confectionery market including moon cake, cookie, cracker and cake with market share of 75%, 25%, 34% and 29% respectively.

Corporate Actions	Ex-Date	Amount/share (VND)	Fiscal Year
Cash Dividend	6th Nov 09	2,400	FY2009

Business strategy

Focusing more on growth products and high margin products
Expanding and investing comprehensively to the distribution system and penetrating deeply into the domestic market in order to win more market share; Strengthening management system.

Ownership structure as of Aug. 9	Number of shares	As of %
Kinh Do Holding Co. Limited	11,529,000	11.5%
Tran Kim Thanh	9,615,209	9.6%
Tran Le Nguyen	9,599,835	9.6%
Vuong Buu Linh	3,272,441	3.3%
Vuong Ngoc Xiem	3,272,441	3.3%
Foreigners	29,697,354	29.6%
Others	33,257,122	33.2%

Contact Information	
Head Office	141 Nguyen Du, Ben Thanh Ward, Dist. 1, HCMC
Telephone	(84) (8) 38270838
Fax	(84) (8) 38270839
Website	www.kinhdo.vn
Chartered capital (Aug. 10th 2010)	VND1,012,765,880,000

SWOT	
Strengths	**Weaknesses**
Extensive sales network; Strong brand name; Good R&D capability; Good management system; Potential real estate projects.	Some product segments are seeing mature growth or losing market share.
Opportunities	**Threats**
The coming merger between KDC, NKD and Kido will help to improve corporate governance and financial strength; Strong cash flow from real estate business will be a valuable resource for the company to invest more in F&B business in the future.	Risks relating to aggressive expansions to other F&B sectors and real estate.

	Name & Position	Qualifications
Board of Directors	**Tran Kim Thanh - Chairman**	**Bachelor of Business Administration**
	Tran Le Nguyen - Vice Chairman	Bachelor of Business Administration
	Wang Ching Hua - Board Member	Engineer of Food Technology
	Vuong Buu Linh - Board Member	Bachelor of Business Administration
	Co Gia Tho - Board Member	NA
Supervisory Board	**Ma Thanh Danh - Head of Supervisory Board**	**Bachelor of Business Administration. Electricity Engineer**
	Luong My Duyen - Member of Supervisory Board	Bachelor of Finance and Accounting
	Vo Long Nguyen - Member of Supervisory Board	NA
Board of Management	**Tran Le Nguyen - CEO**	**Bachelor of Business Administration**
	Nguyen Khac Huy - COO	NA
	Le Phung Hao - Deputy CEO	Engineer of Mechanics; Bachelor of Economics; Bachelor of Law
	Vuong Buu Linh - Deputy CEO	Bachelor of Business Administration
	Vuong Ngoc Xiem - Deputy CEO	Bachelor of Business Administration
	Mai Xuan Tram - Deputy CEO	NA
	Bui Thanh Tung - Deputy CEO	NA
	Nguyen Xuan Luan - Deputy CEO	Bachelor of Economics
	Luong Quang Hien - Deputy CEO	Bachelor of Foreign Trade
	Wang Ching Hua - Deputy CEO	Engineer of Food Technology
	Le Anh Quan - Deputy CEO	MBA
	Jimmy Foo - Deputy CEO	NA

Source - KDC

FINANCIAL RATIO

Kinh Do Corporation_Ticker: KDC - HoSE Monday, August 09th 2010

Unit: VNDmil

ANNUAL BALANCE SHEET	FY2007	FY2008	FY2009
Current Assets	1,754,629	1,474,434	2,510,074
Cash and cash equivalents	530,438	206,808	984,611
Short term investments	522,518	584,291	518,184
Receivables	560,318	489,407	825,183
Inventories	136,272	181,656	162,476
Other current assets	5,082	12,271	19,621
Long-term Assets	1,312,846	1,508,976	1,737,527
Long-term receivables	30,911	31,059	22,553
Fixed assets	480,860	787,519	656,085
Investment Properties	-	-	-
Long-term investments	797,350	673,385	994,535
Other long-term assets	3,725	17,012	32,318
Goodwills	-	-	32,036
Total Assets	3,067,474	2,983,410	4,247,601
Liabilities	593,513	835,926	1,767,440
Current Liabilities	467,800	663,885	1,632,683
Long-term Liabilities	125,713	172,041	134,757
Owners' Equity	2,447,396	2,080,814	2,413,130
Owners' Equity	2,447,396	2,075,923	2,413,130
Other capital and funds	-	4,891	-
Minority Interest	20,468	71,561	62,140
Total Resources	3,061,377	2,988,301	4,242,710

ANNUAL CASHFLOW STATEMENT	FY2007	FY2008	FY2009
Net cash flow from operating activities	(148,742)	386,959	913,631
Net cash flow from investment activities	(1,202,184)	(535,261)	(36,181)
Net cash flow from financing activities	1,830,538	(175,327)	(100,103)
Net cash flow of the year	479,612	(323,630)	777,347
Cash & cash equivalents at the beginning of year	50,826	530,438	206,808
Effect of foreign exchange differences	-	-	456
Cash & cash equivalents at the end of year	530,438	206,808	984,611

GROWTH RATE (%)	FY2007	FY2008	FY2009
Sales growth	23.3%	18.3%	5.1%
Pre-tax profit growth	30.8%	-127.7%	-1027.7%
Net profit growth	31.3%	-127.0%	-962.9%

FY2010 PLAN	
Revenue *(VNDmillion)*	1,881,000
y/y growth (%)	*23%*
Profit before tax *(VNDmillion)*	850,000
y/y growth (%)	*48.5%*

VALUATION			As of Aug. 9th 2010
Outstanding share			100,243,402
Market price			52,000
Market Cap (VNDmil)			5,212,657
	FY2007	**FY2008**	**FY2009**
Year-end OS	46,999,665	57,114,876	79,546,259
Average OS	36,921,381	52,810,321	56,081,690
EPS (VND)	6,071	(1,616)	8,568
P/E	8.6	-32.2	6.1
EV/EBITDA	18.1	92.9	9.0
BVPS (VND)	52,073	36,346	30,336
P/B	1.0	1.4	1.7
Sales per share (VND)	33,336	27,566	27,270
P/Sales	1.6	1.9	1.9
DPS (VND)	1,800	1,800	2,400
Dividend yield	3.46%	3.46%	4.62%
Payout ratio	29.7%	-111.4%	28.0%

OPERATING EFFICIENCY	FY2007	FY2008	FY2009
Receivable Turnover	6.66	7.12	8.71
Inventory Turnover	7.08	6.83	5.95
Payables Turnover	6.86	7.87	7.33
Total Asset Turnover	0.61	0.48	0.42

LIQUIDITY	FY2007	FY2008	FY2009
Current ratio	3.8	2.2	1.5
Quick ratio	3.5	1.9	1.4
Cash ratio	2.3	1.2	0.9

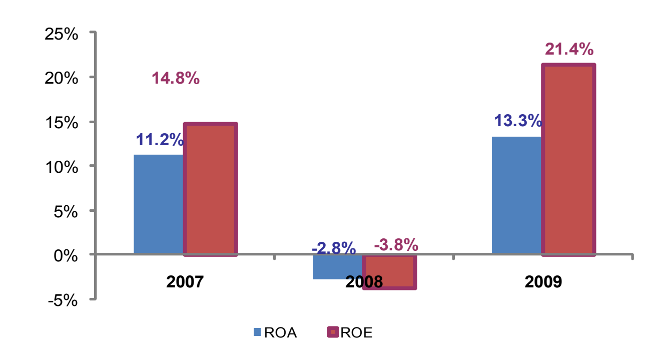
PROFITABILITY (%)	FY2007	FY2008	FY2009
Gross profit margin	26.2%	25.4%	33.0%
PBT margin	18.1%	-4.2%	37.4%
Net profit margin	18.2%	-5.9%	31.4%
ROA	11.2%	-2.8%	13.3%
ROE	14.8%	-3.8%	21.4%

DUPONT ANALYSIS	FY2007	FY2008	FY2009
Net profit margin	18.21%	-5.86%	31.42%
Asset turnover	0.61	0.48	0.42
Equity multiplier	1.32	1.34	1.61
ROE	14.75%	-3.77%	21.39%

CAPITAL STRUCTURE	FY2007	FY2008	FY2009
Debt to Equity	0.24	0.40	0.73
Debt to Total asset	0.19	0.28	0.42

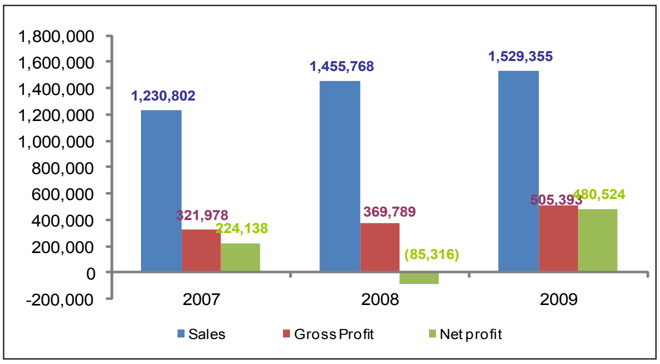
Source - KDC, HSC

ROA - ROE movement (%)



Source - KDC, HSC

Sales - Net profit movement (VNDmil)



Source - KDC, HSC

Unit: VNDmillion

QUARTERLY BALANCE SHEET	Q4 FY2008	Q1 FY2009	Q2 FY2009	Q3 FY2009	Q4 FY2009	Q1 FY2010	Q2 FY2010
Current Assets	1,409,149	1,352,676	1,465,913	1,745,188	2,437,422	2,307,078	2,152,708
Cash and cash equivalents	206,901	225,029	108,731	324,582	834,704	681,197	381,916
Short term investments	579,963	622,188	561,421	629,557	668,393	738,679	818,832
Receivables	425,314	351,150	616,958	635,128	753,953	716,875	788,893
Inventories	186,209	135,146	154,164	139,224	159,173	131,867	143,274
Other current assets	10,761	19,163	24,639	16,697	21,199	38,460	19,793
Long-term Assets	1,758,478	1,526,854	1,568,041	1,877,503	1,812,146	1,518,118	1,477,969
Long-term receivables	103,955	34,405	682	71,829	95,853	107,982	117,716
Fixed assets	789,234	755,361	739,324	668,950	665,340	639,245	644,337
Investment Properties	-	-	-	-	-	-	-
Long-term investments	858,112	716,836	776,729	1,082,163	998,624	709,215	662,419
Other long-term assets	7,178	20,251	17,329	21,554	20,292	30,612	23,402
Goodwills	-	-	33,978	33,008	32,037	31,066	30,095
Total Assets	3,167,627	2,879,530	3,033,954	3,622,691	4,249,567	3,825,197	3,630,677
Liabilities	818,256	712,630	789,224	1,020,419	1,760,199	1,000,225	830,775
Current Liabilities	650,558	541,825	632,233	824,064	1,574,738	817,553	697,881
Long-term Liabilities	167,697	170,806	156,990	196,354	185,461	182,672	132,894
Owners' Equity	2,279,653	2,087,270	2,162,416	2,498,388	2,426,041	2,757,032	2,728,514
Owners' Equity	2,281,850	2,095,054	2,157,167	2,493,592	2,421,445	2,752,696	2,728,514
Other capital and funds	(2,196)	(7,784)	5,248	4,796	4,596	4,336	-
Minority Interest	69,718	79,629	82,315	103,884	63,327	67,939	71,388
Total Resources	3,167,627	2,879,530	3,033,954	3,622,691	4,249,567	3,825,197	3,630,677

QUARTERLY INCOME STATEMENT	Q4 FY2008	Q1 FY2009	Q2 FY2009	Q3 FY2009	Q4 FY2009	Q1 FY2010	Q2 FY2010
Net sales	385,329	257,593	275,039	546,392	447,755	306,134	279,030
Cost of goods sold	301,201	194,635	199,124	331,300	294,879	217,333	202,427
Gross profit	84,128	62,959	75,915	215,092	152,876	88,802	76,603
Net financial income	(14,537)	(4,552)	66,278	12,816	(9,373)	424,717	(32,534)
Selling & general administration expenses	84,361	38,187	67,905	82,296	74,165	68,357	84,646
Net profit from operating activities	(14,770)	20,219	74,289	145,611	69,337	445,161	(40,576)
Other profit	15,906	1,053	3,313	251,052	4,084	8,893	1,294
Profit before tax	1,136	21,273	77,601	396,663	76,364	456,732	(31,558)
Net profit after tax	2,309	21,100	76,753	355,146	72,484	355,906	(35,363)
Profit after tax of parents' shareholders	7,516	13,711	75,437	334,516	59,136	349,458	(38,129)

Global Disclaimer

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