



ANNUAL REPORT 2012

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KINH BAC CITY DEVELOPMENT HOLDING CORPORATION
STOCK CODE: KBC

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LIST OF ABBREVIATION:

KBC: Kinh Bac City Development Holding Corporation

IP: Industrial park

OVERVIEW



1. Overview

● Transaction Name:

- Vietnamese Name: TỔNG CÔNG TY PHÁT TRIỂN ĐÔ THỊ KINH BẮC - CTCP
- English Name: KINHBAC CITY DEVELOPMENT HOLDING CORPORATION
- Short Name: KINHBAC CITY GROUP

● Certificate of Business Registration: 2300233993, granted by Bac Ninh Department of Planning and Investment on March 27, 2002, 13th amendment on 25 October 2012

● Charter capital: 3.000.000.000.000 dong

● Paid-in capital: 2.957.111.670.000 dong

● Address: Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province, Vietnam

● Phone: 0241 3634034

● Fax: 0241 3634035

● Website: <http://www.kinhbaccity.com>

● Stock Code: **KBC**

2. ABOUT US

2.1. History and development

KINH BAC CITY DEVELOPMENT HOLDING CORPORATION (KBC), formally KINH BAC CITY DEVELOPMENT SHARE HOLDING CORPORATION, was established on 27 March 2002 and was officially put in to operation in April 2003, with initial capital of 20 billion dong. Its core business is investing and developing industrial park (IP). The very first project of KBC is Que Vo IP with total area of 311.6 ha was granted by the Prime Minister on 19 December 2002. This project not only coin KINH BAC CITY brand but also improve living standard of people in Que Vo and simultaneously contribute to the industrialization and modernization of Bac Ninh Province.

Followed the initial success, KBC has expanded its business to invest in many other IPs through the establishment of subsidiaries and associates as well as acquired a huge land bank for development within the next 10 to 20 years.

On 26 April 2005, KBC established its first subsidiary namely Saigon - Bac Giang Industrial Park JSC which is responsible for developing Quang Chau IP in Bac Giang province.

After five years of development, on 18 December 2007, 88,000,000 shares of Kinh Bac City were officially listed on Hanoi Stock Exchange market and one of stock codes with large volume of transaction and strong impact on the stock exchange.

To be better suit the development scale of the Company, on 26/05/2009 KBC changed its name to be Tổng công ty Phát triển Đô thị Kinh Bắc - CTCP. In the same year, KBC decided to move to Ho Chi Minh Stock Exchange on 18/12/2009 with 199.124.330 shares. 2009 was a remarkable year with much progress in the field of commercial real estate to become investor of three big

projects in Hanoi, of which the most prominent one is Lotus, a six-star hotel project which is now named Diamond Rice Flowers.

As of 31/12/2012, registered capital of KBC increased to 3,000 billion dong, of which paid-in capital was 295,711,167,000 dong, equivalent to 295,711,167,000 shares. Besides the core business, KBC expanded its business to other areas such as energy, mining, etc.

After eleven years of development, KBC has become a well-known brand domestically and internationally; especially as for foreign investors, KBC has been one of the big prestigious companies developing industrial parks in Vietnam. In companion with business activities, KBC has also been actively participated in social activities, community support; "development associates with public interest" is one of our mottoes.



2.2. Events and awards

- Mr Dang Thanh Tam - The Chairman of KBC - elected National Assembly Delegate at 13th session.
- Received Competitive flags from the Government in 7 consecutive years (2004-2011).
- Be honor to received Third-Class Labor Medal in 2007.
- Be honor to received Second-Class Labor Medal in 2012.
- Mr. Dang Thanh Tam - awarded First-Class Labor Medal from the President in 2011.
- Mr. Dang Thanh Tam - was honored to be one of five excellent Vietnamese businessmen awarded "Ernst & Young Entrepreneur award 2011".
- Received "ASEAN Excellent Award" in 2010.
- Continuously on Top enterprises awarded Vietnamese Golden Star: Top 10 in 2009, Top 100 in 2010.
- Continuously achieved Best Annual Report of 2008,2009,2010, 2011.
- Received "National Famous Brand Award" in 2010.
- Continuously achieved "Prestige security brand" since 2008 and Star Outstanding Enterprise Integration Award in 2007.
- Received Typical Enterprise and Typical Businessman of Three countries Laos-Combodia-Vietnam.
- Awarded "Golden Globe Award" since 2008.
- Received Vietnam Top Trade Services since 2008.

3. LINES OF BUSINESS AND BUSINESS LOCATION

3.1. Lines of business:

The core business of the Company: Mainly focus on investment, construction and leasing land and infrastructure, leasing and selling warehouses, offices built in IPs; financial investment. Of which, annual industrial park sales accounts for over 70% of total revenue of the Company.

3.2. Business location:

With more than 20 IPs of over 200 ha each, including IPs of KBC's subsidiaries and associates across the country from the North to the South. In the last 2 years, in addition to business operation at the Parent Company, subsidiaries have contributed significantly to the total revenue. A number of key business locations of the Company are as follows:

- Que Vo Industrial Park (Bac Ninh Province)
- Expanded Que Vo Industrial Park (Bac Ninh Province)
- Quang Chau Industrial Park (Quang Chau Province)
- Trang Due Industrial Park (Hai Phong City)
- Tan Phu Trung Industrial Park (Ho Chi Minh City)

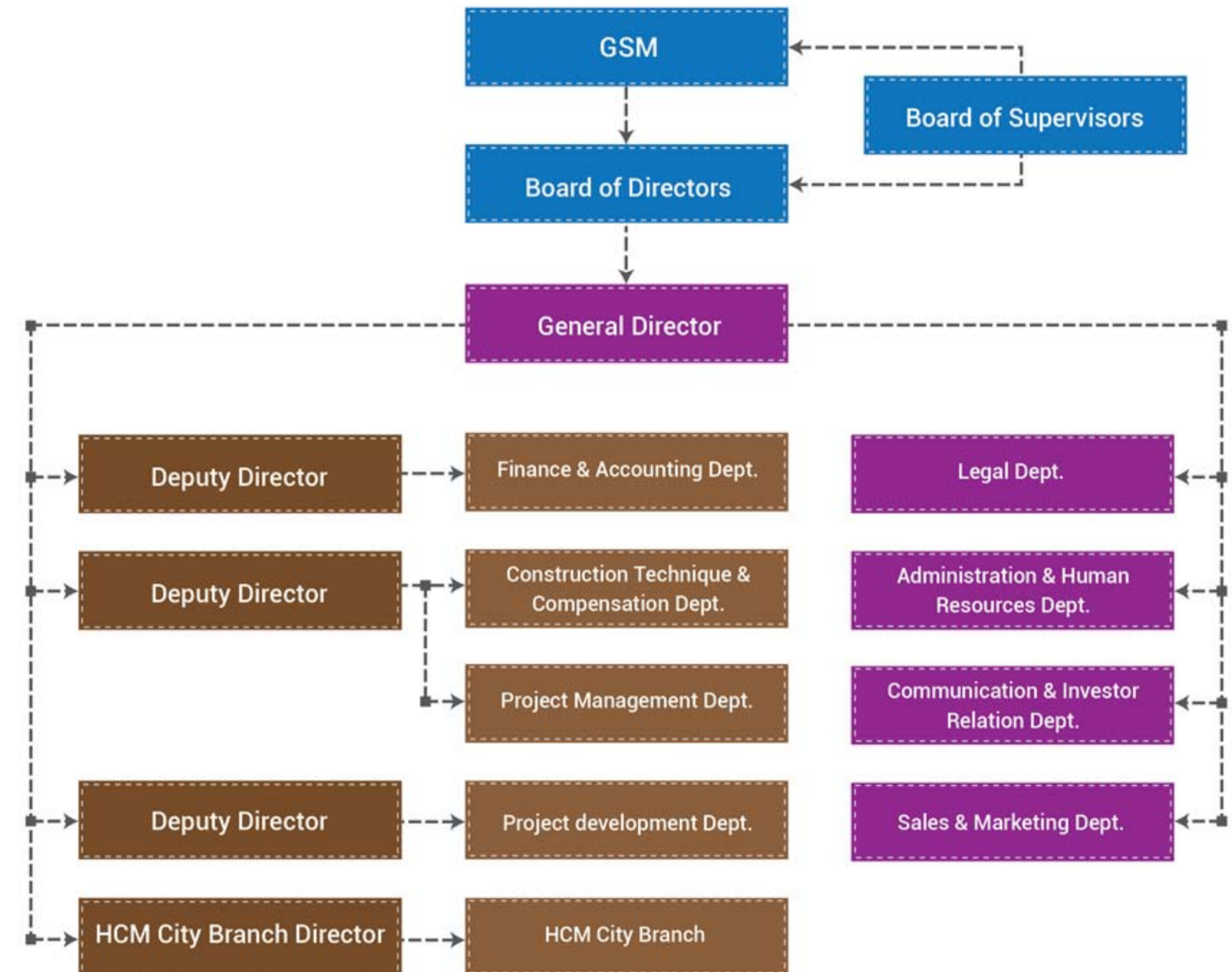


4. ORGANIZATION STRUCTURE, MANAGEMENT APPARATUS

4.1. Organization structure

Organization structure of the Group is built on functional model, in which the manager of each department is responsible for report to the Management Board. This structure creates profound specialization, allow each staff to focus on their expertise, facilitates recruitment of qualified staffs with skills suitable for each department.

Table 4.2: Organization structure



4.2. Management Apparatus

Below are lists of the Board of Directors and Board of Supervisors reelected at the Annual General Shareholders' Meeting in 2012, five-year term 2012 – 2017.

BOARD OF DIRECTORS

NO.	NAME	POSITION
1	Mr. Dang Thanh Tam	Chairman
2	Mrs. Dang Thi Hoang Phuong	Member
3	Mrs. Nguyen Thi Thu Huong	Member
4	Mr. Chung Tri Phong	Member
5	Mr. Ngo Manh Hung	Member

BOARD OF SUPERVISORS

NO.	NAME	POSITION
1	Mrs. Nguyen Thi Chung Thuy	Head
2	Mr. Bui Ngoc Quan	Member
3	Mrs. Le Thi Thu Hang	Member

Below is the list of the Board of Management. Mrs. Nguyen Thi Thu Huong was appointed as General Director, replacing Mr. Dang Thanh Tam from 21/11/2012. Mr. Pham Phuc Hieu was appointed as Deputy Director and Chief Accountant, replacing Mr. Tran Ngoc Diep from 08/12/2012. Mr. Ngo Tuan Dung was appointed as Deputy Director from 26/03/2013.

BOARD OF MANAGEMENT

NO.	NAME	POSITION
1	Mrs. Nguyen Thi Thu Huong	General Directy
2	Mr. Phan Anh Dung	Deputy Director
3	Mr. Pham Phuc Hieu	Deputy Director Chief Accountant
4	Mr. Ngo Tuan Dung	Deputy Director

4.3. Subsidiaries and Associates

Table 4.2: List of subsidiaries and associates

NO.	COMPANY NAME	ADDRESS	BUSINESS FIELD	PAID-IN CAPITAL (billion dong)	OWNERSHIP RATE OF KBC (31/12/2012)
a. Subsidiaries					
1	Saigon - Bac Gian Industrial Park JSC.	Quang Chau IP, Quang Chau commune, Viet Yen district, Bac Giang province	IP real estate	220	59,5%
2	Saigon - Hai Phong Industrial Park JSC.	Trang Due IP, Le Loi commune, An Duong District, Hai Phong City	IP real estate	200	90%
3	Northwest - Saigon City Development Corporation	Tram Bom hamlet, Highway 22, Tan Phu Trung commune, Cu Chi district, HCM. City	IP real estate	500	60,52%
4	Saigon - Long An Industrial park Investment & Construction JSC.	Hamlet 4, Tan Dong commune, Thach Hoa district, Long An province	IP real estate	2.3	51%
5	Trang Cat City Development One member Limited Company	Bai Trieu Area, Trang Cat ward, Hai An district, Dinh Vu economic zone - Cat Hai, Hai Phong	IP and urban area real estate	1,500	100%
6	Bac Giang Thermal Power Corp.	Quang Chau IP, Viet Yen district, Bac Giang province	Thermal power	10.05	51%
b. Associates					
1	SGI - Lao Hydropower Corp.	20 Mac Dinh Chi, Truc Bach ward, Hanoi	Hydro power	912.9	32,54%
2	Saigon Telecommunication & Technology Corp.	Lot 46, Quang Trung Sorftware Park, Tan Chanh Hiep ward, 12 district, HCM. City	Telecommunication	74	21,48%
3	Saigon Hi-tech Park Infrastructure Development JSC.	Lot 6-1, Ree Building, 364 Cong Hoa road, 13 ward, Tan Binh district, HCM City	Comercial real estate	288.8	27,44%
4	Nam Viet Land JSC.	Mai Thi Luu, DaKao ward, 1 district, HCM City	Comercial real estate	100	20%
5	Saigon - Camau Infrastructure Corp.	IP ward 8, Le Hong Phong road, Ca Mau City, Ca Mau province	IP real estate	70	20%
6	Saigon - Dung Quat Investment & Development Corp.	340 Phan Dinh Phung, Quang Ngai City, Quang Ngai province	IP real estate	4.75	40%



5. DEVELOPMENT ORIENTATION

5.1. Key objectives

Growth target: Push up growth rate of the Company, especially revenue and profit of the next years, maintain sustainable growth of capital and assets of the Company.

Product and market target: Maintain the number one position in providing IPs accompanied convenient services in Vietnam; become one of top 5 civil real estate companies in Vietnam; continue to invest in related industries including energy and related services.

Corporate customer target: Be the first choice of foreign customers when they invest in Vietnam; focus on customers in the field of hi-tech and environment - friendly.

Individual customer target: Create opportunities for individual investors to satisfy their demand of using houses and apartments in new urban areas that KBC develops, and manages.

Administration target: Attract and use high-quality human resources and build creative and environment-friendly working space.

5.2. Long and medium-term development strategy

5.2.1. Investment attraction

KBC has been one of the leading enterprises of Vietnam in attracting FDI into IPs. In 2012, although the difficult economic situation KBC has been sticking to promote investment attraction abroad and has initially achieved important agreements with corporations in Taiwan, Japan, Korea ... at the end of 2012. The objective of investment attraction of KBC in the coming year is implementing these agreements, negotiating to have new agreements, actively expanding customers from familiar and new markets. To successfully attract customers, KBC is aware that the quality of the products and services of the Company plays the most important role. KBC has been constantly striving to improve the quality to please the most fastidious customers. Simultaneously, KBC also focuses on domestic customers to ensure that KBC's IPs are always the first choice.

5.2.2. Effectively use current land bank

Currently, KBC has 7 IPs available for investment attraction with the total area of 3,000 ha, of which 70% of the area has been compensated. The land bank includes IPs of KBC and its subsidiaries and associates to ensure enough land to develop in 10 to 20 years. This is the biggest assets that KBC has been building in the past 11 years and the most significant advantage of KBC in this current condition when the Directive of the Prime Minister No. 07/CT-TTG dated 2/3/1012 on limiting new unnecessary IPs. Thus, to compete with other enterprises in the same industry, KBC's strategy is to mainly focus on deploying and developing available IPs most effectively.

5.2.4. Develop modern and environment-friendly industrial park model

KBC continues to develop the model of modern and environment-friendly industrial park - urban area complex through attracting domestic and foreign customers manufacturing with advanced and environment-friendly technology. Concurrently, KBC also continues to develop modern green urban areas to serve foreign experts, staffs and workers working inside and outside the IPs. With this model, KBC ensures enhancement of economic growth of provinces, suppliance of modern and non-polution living environment.

5.2.5. Develop commercial real estate projects

As for commercial real estate projects, KBC owns a number of projects at golden land areas in Hanoi such as 2ha of the Diplomatic Project - Tu Liem, Hanoi, 4ha of Diamond Rice Flowers project in My Dinh, Hanoi, 23ha of Tan Lap Urban area Project in Dan Phuong district, Hanoi. As for this segment, KBC is at the period of completing legal procedures. However, in the context of freezing market and in the dearth of macroeconomic policy to support, the resonable strategy at this moment is investment extention to wait for the stars are aligned.

Besides, in accompany with developing real estate projects, KBC also expands investment in a number of key industrial sectors with long-term potential such as energy, mining, etc.

5.2.3. Focus on IP development

In the long and medium-term strategy, KBC together with its subsidiaries and associates will continue to execute more than 20 IPs across the country and merger well-developed IPs of associates into KBC to become subsidiaries. In the near future, in addition to developing main IPs, we will continue to develop specialized IPs such as Vietnam - Japan specialized IP in Trang Cat - Hai Phong IP.

5.2.6. Capital arrangement

To ensure sufficient fund to develop our projects, KBC will have flexible plans to mobilize capital from various sources such as deposits from customers, bond and share issuance, borrows, depending on real situations.

5.3. Environment and society objectives

Throughout the last 11 years, KBC has developed the business model of hi-tech IP without chimney and non-pollution. Thus, 90% of KBC's customers are hi-tech corporations. Presently, KBC has 5 operating IPs attracting hundreds of corporations such as Canon, Wintek, Foxconn, Mitac, Toyo Ink, Nippon Steel, etc. That's why our IPs are non-pollution IPs.

Besides our business activities ensuring environmental protection objective, our annual social activities allways aims at environmental conservation and society objectives.

From the establishment to date, KBC has been spending billions dong and doing many activities to support the poors, charity funds, people in flooding areas, equipments for schools, scholarships for excellent students and students who overcome difficulties.

Particularly in 2012, KBC's fund for enviroment protection and society was over 10 billion dong, including outstanding activities such as: 6 million dong to support Gratitude Fund, 100 million dong to support for the poor Fund, 10 million dong to support artistic program of giving gifts to students who overcame difficulties, etc. Especially, KBC has supported Hanoi city to complete Trung Van Lake renovation project in Tu Liem - Hanoi with the total fund of over 10 billion dong.

In the upcoming plan for these community activites, KBC will keep on implementing in spite of ongoing economic difficulty. Our next project is to construct a lake in Phuc Ninh - Bac Ninh and a children palace in Hanoi City (waiting for the City to choose location).



RISKS

6. RISKS

In 2012, KBC encountered inevitable systematic risks as follows:

6.1. FDI attraction

KBC's revenue is generated mainly from land leasing, warehouse and office leasing and selling in IPs. The target customers of the Company are foreign investors manufacturing in hi-tech field. Therefore, our business depends significantly on Vietnam's FDI attraction in this field. In 2012, KBC encountered many difficulties in generating revenue because of the decline in Vietnam's FDI attraction of 2012 compared to that of 2011.

According to statistics of Vietnam's Foreign Investment Agency, for year 2012, Vietnam attracted USD13.013 billion including newly registered and additional capital, accounting for 84.4% of that in 2011. During the period, of the total FDI, USD10.46 billion dong was disbursed, equivalent to 95.1% of that in 2011. Additionally, FDI investment concentrated mainly on Southeast Vietnam, making up 42.7% of the total figure. Moreover, crisis in European countries is still under tension, therefore this target market is nearly frozen. Even with familiar market like Japan, many companies downsized its operation such as Sanyo which closed its Sanyo OPT Vietnam factory in Quang Chau IP.

6.2. Policy risks

Risk from tight monetary policy to real estate business:

In 2012, The State Bank of Vietnam continuously cut lending interest rates from over 20% per year down to 12-13% per year. In reality, real estate enterprises were not entitled to this preference and reluctant to approach funds from banks. It was not until 11 April 2012, the Government and the State Bank allowed real estate projects to borrow from banks. However, lines of products permitted to borrow were limited and not in the lines of products of KBC. In fact, the number of real estate companies accessed the credit funds is limited and those companies still coped with high interest rate burden up to 20-21%. Besides, because of the rising bad debt in banking system especially debt of real estate companies, banks said no to real estate companies, including KBC. Therefore, when monetary policy is not really open for real estate companies, then companies such as KBC are always in difficulty to execute their projects, especially big commercial property projects.

Industrial park development policy:

After 20 years of building and development, the development of IPs in Vietnam has achieved considerable outcome contributing to the modernization and industrialization of the Country. However, besides these achievements, there are still some negativities such as fragmented planning, ineffective operating, failed to attract investment, etc. Therefore, the Prime Minister issued Directive NO.07/CT-TTg dated 2/3/2012 on reorganizing management and increasing efficiency in the activities of economic zones, industrial zones, industrial clusters. This Directive also delays new projects licensed and limits and fund for IP development, causing stereotyping and loose investment opportunities for efficient operating enterprises.

As for KBC, although it currently owns many IP projects and a huge land bank to develop in 10 to 20 years, but we are aware that land limitation is a potential risk, requiring suitable orientation and strategy for development.



6.3. Stock exchange market risk

Last year, the stock market declined sharply; thus, raising capital in this channel was nearly closed. Last year, the stock market declined sharply, leading raising capital via this market was nearly closed and difficult to find strategic investors; besides, the fact that there were many provisions for financial portfolios is one of the reasons for business loss.

Real estate market risk:

General risk: In 2012, Vietnam real estate market was nearly frozen. Although KBC has no property product in progress but the downturn market affected indirectly on commercial property projects of KBC. Therefore, the Company has to change its short and midium-term strategies.

Competitive risk: As for industrial park market, besides domestic competitors such as Viglacera, KBC also competes with many oversea rivals such as Nomura, VSIP, ...that makes the competition more severe. Across the country, there are hundreds of IPs including professional and fragmented ones, leading KBC's competitive strategy has to be changed flexibly.

2012 BUSINESS PERFORMANCE



1. BUSINESS PERFORMANCE

2012 was a difficult year for KBC, profit after tax of the Company was minus 483.9 billion dong. This was the first loss year of the past 11 years, which means that the Company did not complete the plan. Specifically, total revenue was only 330.63 billion dong, accounting for 37% of that of year 2011 and 33% of that of the plan. Its core business revenue decreased to only 281.37 billion dong, equivalent to 44.41% of that of 2011. Revenue from financial activity dropped to 44.47 billion dong, making up of 18.77% of that of 2011. Meanwhile, financial costs of the Company up to 345 billion dong (mainly interest expense of bonds issued in 2009) was the main reason of loss of 483.9 billion dong.

2012 business performance

Unit: VND

ITEMS	2012	2011	% CHANGE
Total revenue	330.636.793.750	891.694.945.852	37,08%
Revenue from sales of goods and rendering of services	281.370.296.960	633.628.337.768	44,41%
Financial income	44.475.294.521	236.918.644.378	18,77%
Other incomes	4.791.202.269	21.147.963.706	22,66%
Financial costs	345.413.104.260	324.547.590.521	106,43%
Profit after tax	-483.912.418.102	77.791.211.288	-622,07%
Profit/loss of Parent company	-435.644.344.014	35.730.016.956	-1219,27%

Total revenue and profit compared with those of plan

Unit: billion VND

ITEMS	IMPLEMENTED	PLAN	% CHANGE
Total revenue	330,6	1.000	33,06%
Profit after tax	-483,9	200	-241,95%

With the above unexpected business result, we, the Board of Management, firstly beg the shareholders' tolerance and we would like to share with the Shareholders the difficulties we encountered and overcame in 2012. In the context of Vietnam's gloomy economy of 2012, the macro economy was complex with unprecedented issues in financial sector such as because of high bad debts, enterprises found it so difficult to operate and just waited for better macro-economic change. KBC was one of the companies suffered from that adverse factors. Besides, real estate market of 2012 was nearly frozen, credit institutions said No with real estate loans. Enterprises like KBC had to coped with payables such as interest expenses of current portion of debts. In this situation, KBC's leaders have also made greatest effort to focus on IP investment with our own internal resources. However, our core business is IP investment which depends on Vietnam's FDI attraction, especially in hi-tech fields.

Meanwhile, in 2012, Vietnam's FDI attraction had been on the down trend since 2010. According to statistics of Vietnam's Foreign Investment Agency for year 2012, Vietnam attracted USD13.013 billion including newly registered and additional capital, accounting for 84.4% of that in 2011. During the period, of the total FDI, USD10.46 billion dong was disbured, equivalent to 95.1% of that in 2011, while investment capital mainly focused on manufacturing, processing, retails, wholesales, repair industries, etc. FDI in hi-tech sectors is limited and the expansion and construction of new plants in IPs is declined. This is one of the main reasons why KBC's core business, in spite of highly focused in 2012, did not bring positive results with revenue from core business of only 281.37 billion dong, accounting for 44.41% compared with that of 2011.

Moreover, real interest rate was high throughout 2012 and the ability of approaching banking loans was very low, especially for real estate enterprises like KBC which absolutely had no chance to access the credit funds. Therefore, almost new investment projects was down-sized and delayed. Because of the frozen situation of real estate market, the Company's business plans were also be stopped. Moreover, the sharp decline of the stock market over the last year has weakened a funding chanel for business, resulting many provisionsk for financial portfolios.

Besides, KBC is an enterprise depending on macroeconomic factors and state's policies; thus, when there is any negative change to policies of the economy and politics will negatively affect KBC's business.





2. ORGANIZATION AND PERSONEL

2.1. Management Board

No.	Name	Position	Ownership rate
1	Ms. Nguyen Thi Thu Huong	General Director	0,1%
2	Mr. Phan Anh Dung	Deputy Director	0,004%
3	Mr. Pham Phuc Hieu	Deputy Director and Chief Accountant	0,01%
4	Mr. Ngo Tuan Dun g	Deputy Director	0%

Ms. NGUYEN THI THU HUONG, born in 1971, was appointed General Director replacing Mr. Dang Thanh Tam from 21/11/2012. Ms. Nguyen Thi Thu Huong had been Deputy Director of KBC for 10 years. Accompanying with current Chairman Mr. Dang Thanh Tam, they have been steering KBC to success of today. With her excellent diplomatic ability, she has made significant contribution in foreign investment attraction of KBC as well as in establishing big projects. Ms. Nguyen Thi Thu Huong has a PhD in Economic Science and a Master of Business Administration.

Mr. PHAN ANH DUNG, born in 1969, is currently Deputy Director in charge of project management and là construction technique of the Company. He has much experience in management of urban housing projects as well as technical management. He had been previously Technical Manager of KBC then was appointed Deputy Manager from 1/6/2011. Mr. Phan Anh Dung has Master degree in Business Administration and a Degree in construction engineering.

Mr. PHAM PHUC HIEU, born in 1978, has been appointed Deputy Director and Chief Accountant replacing Mr. Tran Ngoc Diep from 8/12/2012. Mr. Pham Phuc Hieu has deep knowledge in financial field as well as KBC's business acitivities. With over 10 years working in KBC and over 10 years of experience working in financial field in KBC's subsidiaries and associates, he is eligible to the position of Deputy Director and Chief Accountant to become one of the most important members of Management Board to direct KBC overcome this gloomy period. Mr. Pham Phuc Hieu has a Bachelor in Finance and Banking.

Mr. NGO TUAN DUNG, born in 1969, has been appointed Deputy Director since 26/03/2013. Mr. Ngo Tuan Dung has a Master Degree of Cambridge University in Development Research. He is in charge of developing KBC's projects.

2.2. Changes in Management Board

Many changes in KBC's Management Board in 2012 as follow:

- Mr. Dao Hung Tien resigned from Deputy Director from 14/2/2012
- Mr. Pham Ngoc Nam resigned from Deputy Director from 5/5/2012
- Ms. Nguyen Thi Thu Huong was appointed General Director replaceng Mr. Dang Thanh Tam from 21/11/2012
- Mr. Pham Phuc Hieu was appointed Deputy Director and Chief Accountant replacing Mr. Tran Ngoc Diep from 8/12/2012.

2.3. Personnel policies

As at 31/12/2012, the total number of employees in the Group is 203, increasing by 32 people compared to that of 2011 (171 persons).

Recruitment and training policies:

Recruitment policy of KBC could be expressed in 4 words "right people, right job". Chính sách tuyển dụng của KBC có thể gói gọn trong 4 chữ "đúng người, đúng việc". All KBC's employees are assigned jobs suitable with their specialization and skills. Besides, the Company always creates favourable conditions to foster each individual to develop their careers such as motivating employees to participate in management courses and let employees leave work with full salary to study and take professional certificates. Employees of the Group are mainly university graduates and technical workers. KBC has found a professional, qualified and dynamic team of employees to develop the Company sustainably.

Salary policy:

Currently, the average amount of salary of employees is 9 million dong/person/month. Consideration for salary promotion will be made based on the entire working process of each staff during the year and on recommendation of their managers. Salary promotion also will be implemented in accordance with their new higher positions right after the promotion decision. Each year, staffs get paid at least 13 month's salary. Besides, people also receive bonus based on business results, contribution of individuals and teams as well as rewards on holidays.

Allowances, social insurance, leave policy:

Employees of the Company also receive some other allowances depending on job specificities such as: allowances for responsibility, support for other departments, plurality, lunch, business expense, mobile phone, travel, etc. In addition, the Company usually hosts a holiday excursion for the entire staffs, as well as many team activities such as dancing, singing and sport, etc. All employees of the Group are paid for social insurance, health insurance, and have leave day policy under the Labor Law. Particularly, female employees are fully paid on maternity leave.

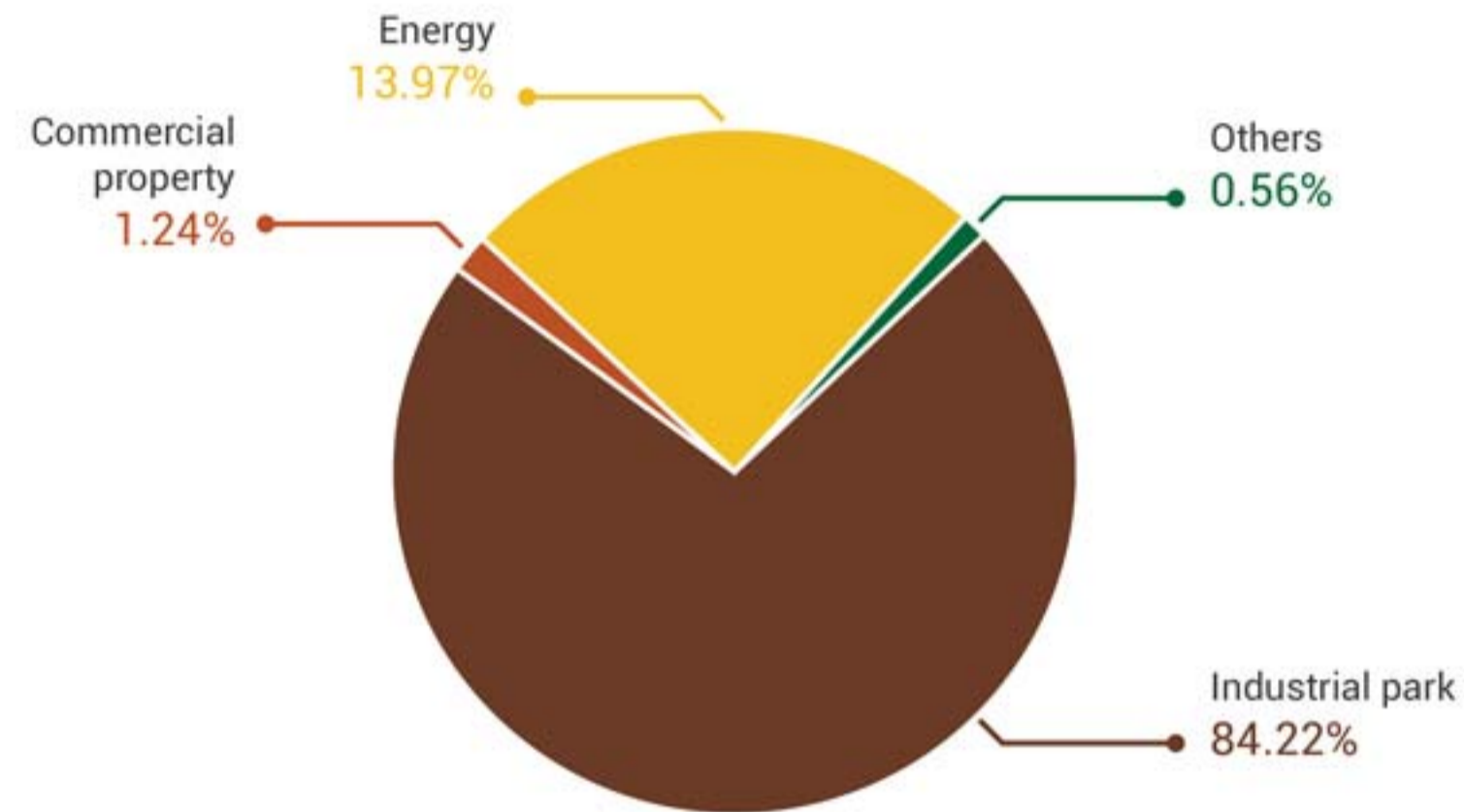
KBC has been trying to build human resources policy that bring biggest benefit to employees, especially female ones. At KBC, personnel staffs are the most valuable assets to ensure sustainable development of the Company.



3. INVESTMENT PROJECTS

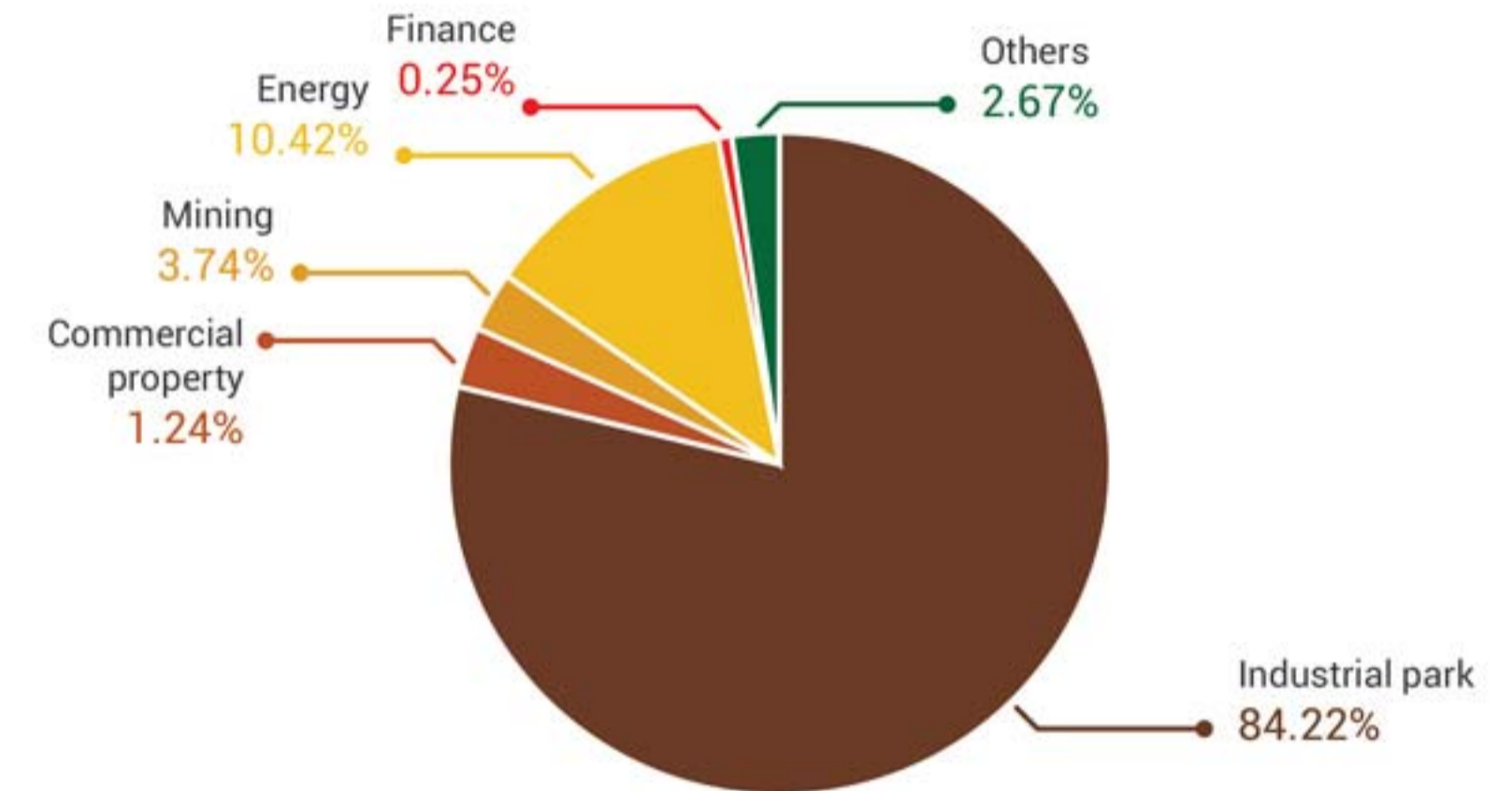
3.1. Major investments

2012 INVESTMENT STRUCTURE



In year 2012, total investment of the Company was nearly 1,522 billion dong. The Company continued to focus on the core business of industrial park development, accounting for 84% of total investment of 2012, of which mainly in Trang Cat Urban area and Industrial park project of 1,086 billion dong and 85.7 billion dong invested in Quang Chau IP, 75.4 billion dong invested in Tan Phu Trung IP. Follow was energy industry accounting for 14% (212.6 billion dong) as long-term financial investment in Hydropower project in Laos invested by SGI-Laos Investment JSC. More than 1% (18.9 billion dong) was invested in 2 commercial property projects in Hanoi and Phuc Ninh Urban area project. The remaining 0.56% was primarily cost of construction in progress. Notably, in 2012, the Company divested in financial and banking industry to focus on its core business.

INVESTMENT STRUCTURE AS AT 31/12/2012



Compared to 2011, investment structure as at 31/12/2012 had some changes as follows: Proportion of industrial park investment still accounted for the largest rate of 79%, increasing by 6% compared with that of 2011; Proportion of investment on energy and commercial real estate also increased slightly (over 1%) and rate of investment in mining decreased slightly while proportion of investment in finance and banking dropped heavily due to the transfer of 265.5 billion dong in Westernbank and divestment in infrastructure sector in Vietnam Infrastructure Development and Finance Investment JSC-Vidifi.

3.2. Implementation of big projects

Que Vo Industrial Park: total area scale of 311.6 ha in Bac Ninh province, nearly full-occupied. In 2012, this IP had been leased additional 11.2 ha and had occupancy rate of 97.6% by the end of 2012. This is where big corporations from Japan and Taiwan locate such as Mitac, Canon, Foxconn, etc. The total number of foreign investors are more than 60 companies.

Que Vo Expanded Industrial Park: Total area scale of 300 ha, adjacent to Que Vo IP. Most customers in this IP are from South Korea and Japan. In 2012, this IP had been leased additional 3,65 ha and had occupancy rate of 60.7% by the end of 2012. Revenue from Que Vo IP and Que Vo Expanded IP of 2012 was 212.8 billion dong.

Quang Chau Industrial Park: KBC holds 59.5%. The IP's total area is 426 ha, of which 414 ha has been compensated, is the project to be levelled and attract investment most quickly. Big corporations are operating in this IP such as Umec, Wintek, etc. In 2012, this IP had been leased additional over 3.5 ha and had occupancy rate of 42% by the end of 2012. Revenue from Quang Chau IP of 2012 was 21.9 billion dong.

Tan Phu Trung Industrial Park: Total area scale of 542.64 ha in Ho Chi Minh City, KBC holds 60.52%. Presently, the IP has been compensated of over 400 ha. In 2012, this IP had been leased additional over 3.03 ha and had occupancy rate of 17.6% by the end of 2012. Revenue from this IP of 2012 was 1.8 billion dong.

Trang Due Industrial Park: KBC holds 90%. The project has total area of 600 ha dividing in 2 phases including industrial park, urban area and housing for workers. Phase 1 of the project of 150 ha is implementing, 176 ha has been compensated. In 2012, the IP had been leased additional 2.9 ha and had occupancy rate of 43% by the end of 2012. Revenue from this IP of 2012 was 24.9 billion dong. Trang Due IP focuses on attracting companies manufacturing in footwear, apparel, electronics, high-tech industries, etc.

Trang Cat Urban Area: Total area scale of 548 ha in Hai Phong City, of which 540 ha has been compensated and levelled.

Nam Son-Hap Linh IP: Total area scale of 402.5ha with commercial area of 283.1 ha. Currently, the project has been compensated of 100 ha, equivalent to 70 ha commercial area.

Bac Giang Thermal Power: The project is in the stage of application for investment certificate and calling for capital investment.

Lotus six-star Hotel (currently Diamond Rice Flowers): Currently the project is still in the application for approval of architecture planning.

Phuc Ninh Urban Area: Total area of 136.47 ha in Bac Ninh province. The project has been approved 1/500 detail plan, compensated of 75 ha or 56.86%. The project is to be compensating and levelling.

Housing for workers projects: Total area of 6 ha, currently have made pile foundation of two housing blocks of which one is raw built.



3.3. Subsidiaries and Associates

3.3.1. Subsidiaries:

NAME	FIELDS OF BUSINESS	REGISTERED CHARTER CAPITAL (VND billion)	OWNERSHIP RATE OF KBC
Sai Gon-Bac Giang Industrial Park Corporation	Industrial parks	220	59,5%
Sai Gon-Hai Phong Industrial Park Corporation	Industrial parks	200	90%
Northwest Sai Gon City Development Corporation	Industrial parks	500	60,52%
Sai Gon-Long An Investment and Development Corporation	Industrial parks	200	51%
Trang Cat Urban Development One Membet Ltd.	Industrial parks	1.500	100%
Bac Giang Thermal Power JSC.	Thermal power	3.000	51%

a) Sai Gon-Bac Giang Industrial Park Corporation

The core business field of the Company is to invest and develop industrial parks with the key project of developing Quang Chau industrial park and urban zone in Bac Giang province. KBC currently holds 59,5% stake in this subsidiary. In 2012, the total revenue of the Company is VND 41,9 billion, just equal to 15% of that in 2011; on the other hand, due to cost adjustment from previous years by auditors, that makes the rate of COGS/revenue increase remarkably up to 124% (COGS is VND 51,9 billion), and high rise of financial cost (VND 59,9 billion) and management cost (VND 73,1 billion), the Company has a loss of over VND 143 billion.

b) Sai Gon – Hai Phong Industrial Park Corporation

The core business field of the Company is to invest and develop industrial parks with the key project of developing Trang Due industrial park in Hai Phong city. In 2012, the total revenue of the Company is nearly VND 24,9 billion, increase by 47% compared to 2011 year; but because of cost adjustment from previous years by auditors, that makes the rate of COGS/revenue raise up to 103% (COGS is over VND 25,6 billion); and high rise of financial cost (over VND 11,9 billion), the Company has a loss of VND 18 billion.

c) Northwest Sai Gon City Development Corporation

The core business field of the Company is to invest and develop industrial parks with the key project of developing Tan Phu Trung industrial park and urban zone in Ho Chi Minh city. KBC currently holds 60,52% stake in this subsidiary. In 2012, the total revenue of the Company decreases strongly, gains nearly VND 1,8 billion, equal to 1,2% of that in 2011, cost accounts can not be covered, so the Company has a loss of over VND 20 billion.

d) Sai Gon – Long An Investment and Development JSC

The core business field of the Company is to invest and develop industrial parks. Presently, the Company is still in the process of receiving capital of investors, not yet conducting business activities. In 2012, profit/loss of the Company is VND 0,00. The total assets reach VND 5,96 billion.

e) Trang Cat Urban Development One Member Ltd.

The core business field of the Company is to invest and develop industrial parks with the key project of developing Trang Cat industrial park and urban zone in Hai Phong city. Currently, the Company is in the process of completing legal procedures and constructing infrastructure, so not yet conducting business activities. The total assets and loss after tax of the Company in 2012 are respectively VND 3.537 billion and VND 1,7 billion.

f) Bac Giang Thermal Power JSC

The core business field of the Company is thermal power with the key project of constructing Bac Giang thermal power plant in Bac Giang province. In 2012, the Company is in the process of receiving capital from investors, not yet conducting business activities. The total assets at the end of 31/12/2012 and loss after tax of the Company are respectively VND 225,66 billion and VND 719 million.



3.3.2. Associates:

NAME	FIELDS OF BUSINESS	REGISTERED CHARTER CAPITAL(VND billion)	OWNERSHIP RATE OF KBC
SGI-Lao Hydroelectric Corporation	Hydroelectricity	1.000	29,86%
Sai Gon Telecommunication and Technologies Corporation	Telecommunication & Real estate	672,7	21,48%
Sai Gon High-tech Park Investment and Development JSC	Industrial parks	300	27,44%
Nam Viet Real Estate Corporation	Real estate	100	20%
Sai Gòn - Cà Mau Infrastructure JSC	Industrial parks	70	20%
Sai Gon – Dung Quat Investment and Development JSC	Industrial parks	200	40%

a) SGI-Lao Hydroelectric Corporation

The core business field of the Company is hydroelectricity with the key project of constructing Nam Sun hydroelectric plant in Huaphanh province, Laos country. The Company is now still in the process of completing legal procedures, not yet conducting business activities. After-tax loss in 2012 of the Company is VND 784 triệu million. The total assets are over VND 1.052 billion.

b) Sai Gon Telecommunication and Technologies Corporation

The core business fields of the Company are to provide telecommunication services and real estate. After-tax loss of the Company in 2012 is VND 235,5 billion.

c) Sai Gon High-tech Park Investment and Development JSC

The core business of the Company is to invest and develop industrial parks with the key project of developing Ho Chi Minh city high-tech park. the Company is now still in the process of receiving capital from investors, not yet conducting business activities. The total revenue is from financial activities. The total assets and after-tax profit of the Company in 2012 are respectively VND 289,6 billion and more than VND 196 million.

d) Nam Viet Real Estate Corporation

The core business field of the Company is commercial real estate. In 2012, the Company not yet accure revenue of goods and services, all of revenue comes from financial revenue and other income, after-tax loss is VND 1,57 billion and at 31/12/2012, the total assets gain VND 96,6 billion.

e) Sai Gon - Ca Mau Infrastructure JSC

The core business field of the Company is to invest and develop industrial parks with the key project of developing Khanh An industrial park in Ca Mau province. Now, the Company is in the process of receiving capital from investors, not yet conducting business activities. The total assets at 31/12/2012 and after-tax in 2012 are respectively nearly VND160 billion and VND 257 million.

f) Sai Gon – Dung Quat Investment and Development JSC

The core business field of the Company is to invest and develop industrial parks with the key project of developing Sai Gon – Quang Ngai industrial park in Quang Ngai province. Now, the Company is in the process of receiving capital from investors, not yet conducting business activities. The total assets at 31/12/2012 are about VND 4,83 billion. After-tax profit of the Company is VND 11 million.



4. FINANCIAL STATUS

4.1. Financial status

Currency: VND

CRITERIA	2012	2011	%UP/ DOWN
Net sales	281.370.296.960	633.628.337.768	-55,6%
Financial income	44.475.294.521	236.918.644.378	-81,2%
Financial expenses	345.413.104.260	324.547.590.521	6,4%
Administration costs	207.178.405.821	139.659.602.472	48,3%
Net Profit/Loss from operations	-411.793.077.990	110.162.227.135	-473,8%
Other profit	1.912.108.820	18.991.181.036	-89,9%
Loss from associates	-76.769.682.455	-33.346.259.356	130,2%
Profit/Loss before tax	-486.650.624.626	95.807.148.815	-607,9%
Profit/Loss after tax	-483.912.418.102	77.791.211.288	-722,1%
Profit/Loss after tax of the parent company	-435.644.344.014	35.730.016.956	-1.219%
Earnings per share	-1.503	123	-1.322%

Criteria measuring business performance in 2012 fall sharply compared to 2011. Net sales fall by 55,6% to VND 281,37 billion. Financial income drops drastically to nearly VND 44,5 billion; while financial expenses (primarily interest expense) increase slightly and account for the highest proportion in expenses with over VND 345 billion. Moreover, administration costs almost double and account for a large portion of the total cost. Low income and high costs are the reason that making the profit down strongly with the net loss from operations up to approximately VND 412 billion. In addition, other income also declines deeply in comparison with 2011, and loss from associates goes up to over VND 76,7 billion. The result is that the Group records after-tax loss of VND 483,9 billion.

4.2. The key financial criteria

Currency: VND

CRITERIA	2012	2011	%UP/ DOWN
Total assets	11.778.305.074.388	11.947.343.426.676	-1,41%
Equity	3.977.981.376.277	4.413.625.720.291	-9,87%

In 2012, total assets and equity decline by 1,41% and 9,87% respectively in comparison with 2011. Equity decreases by VND 435,6 billion, equivalent to the loss after tax of the parent company. This loss reduces undistributed after-tax profit, leading to reduction of equity and total assets of the Group

CRITERIA	UNIT	2012	2011
1. Liquidity	Time		
Current ratio		3,56	2,76
Quick ratio		0,94	0,76
2. Capital structure	Time		
Liabilities/Total assets		0,59	0,56
Liabilities/Equity		1,75	1,50
3. Operation capacity	Time		
Inventory turnover		0,03	0,06
Net sales/Total assets	%	0,02	0,05
4. Profitability			
After-tax profit/Net sales		-172,0%	12,3%
After-tax profit/Equity		-12,2%	1,8%
After-tax profit/Total assets		-4,1%	0,7%
Profit from operations/Net sales		-146,4%	17,4%

As for liquidity ratios, current ratio grows 1,3 times larger than the year before, while quick ratio rises slightly. The sharp increase of current ratio is due to dramatic growth of current assets, by nearly VND 1.517 billion. However, the increase in current assets is mainly due to the significant rise in inventory by over VND 1.212 billion. When excluding inventory from formula calculating current ratio, this ratio is still higher than the year before and approximately 1, the main reason is the drastic reduction of current liability (primarily due to decrease of loans from bank and related parties). It may be concluded that liquidity ratios of the Group remain well controlled in the difficult business context. Because of decrease of total assets and equity, ratios of capital structure increase slightly. While, due to strong down of revenue and profit, ratios of operation capacity and profitability fall sharply.

5. SHAREHOLDER STRUCTURE, CHANGES IN PAID-IN CAPITAL

5.1. Shares

At 31/12/2012, the amount of shares of the Group as follows:

The amount of issued shares	295.711.167
Common shares	295.711.167
Preferred shares	0
The amount of outstanding shares	289.760.188
Common shares	289.760.188
Preferred shares	0
The amount of treasury shares	5.950.979
Common shares	5.950.979
Preferred shares	0

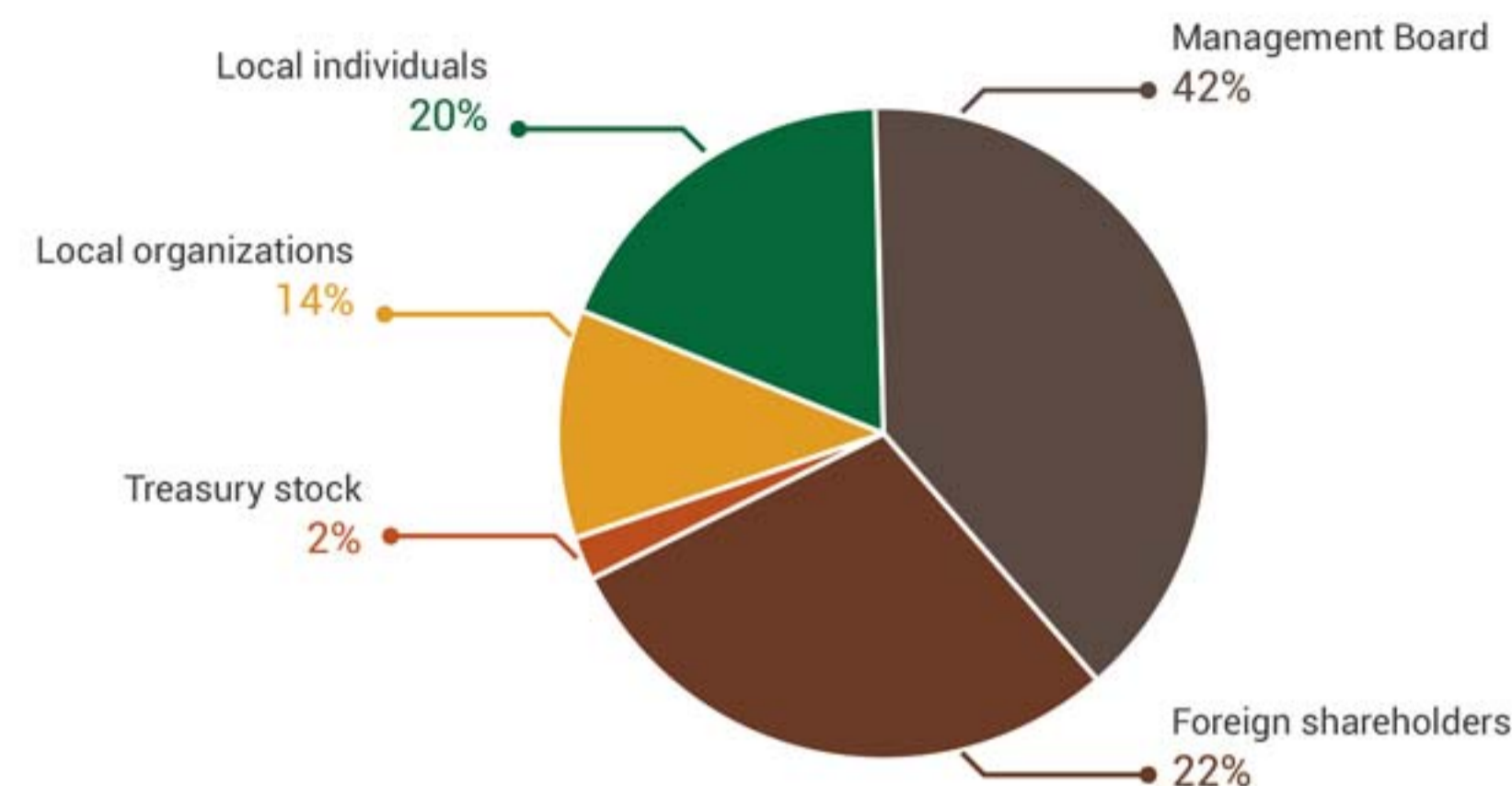
Par value of outstanding shares: VND 10.000 per share

5.2. Shareholder structure

According to the shareholder list closing at 22/03/2013

Changes compared with the list closing at 15/03/2013

SHAREHOLDERS	SHARES	PROPORTION	UP/DOWN
Organizations:	63.040.613	21%	-2%
Local	41.902.316	14%	0%
Foreign	21.138.297	7%	-2%
Individuals:	226.719.576	77%	2%
Local	181.833.586	61%	1%
Foreign	44.885.990	15%	0%
Treasury stock	5.950.978	2%	0%



BIG SHAREHOLDERS:

No.	NAME	SHARES	PROPORTION
1	Dang Thanh Tam	101.250.000	34,24%
2	Dang Thi Hoang Phuong	21.937.500	7,42%
3	Sai Gon Invest JSC	16.875.000	5,71%
4	Nguyen Thi Kim Xuan	43.432.647	14,69%

5.3. Changes in paid-in capital

In 2012, the Group does not make any activity that changing paid-in capital.

5.4. Treasury stock transaction

Presently, the Group has 5.950.979 of treasury shares. In 2012, the Group does not make any transaction of treasury stock.

REPORT OF THE MANAGEMENT BOARD

1. ASSESSMENT ON BUSINESS RESULTS

1.1. Assessment on business results

Currency: VND

ITEMS	2012	2011	% UP/DOWN
Net revenue from sales and rendering services	281,4	633,9	-56%
- Revenue from leasing land	237,9	538,9	-56%
- Revenue from leasing and selling factories	14,8	79,1	-81%
- Revenue from providing clean water, electricity and treating wastewater	28,8	15,9	81%
Financial revenue	44,5	236,9	-81%
Other income	4,8	21,1	-77%
Total revenue	330,7	892,0	-63%
After-tax profit	-483,9	77,8	-722%

According to the consolidated financial statements 2012

2012 year is the extremely difficult year for the Group: revenue could not offset interest expenses, some large provisions for financial investments were made, that resulted in the loss of VND 483,9 billion. The main reasons are analyzed and presented in detail in Section 1 of Part II (*Business situation 2012, page 19-20*).

Although the Group has poor business results, the Management Board has made great effort to maintain operation of the Group, to arrange funds for payment of current portions of debts, and to attract investments to help the Group to get through this hard period. A large-scale real estate company as KBC seems to lie dormant in the complicated macroeconomic context; Credit institutions did not make loan to real estate companies. The result is that the Group had to reschedule a lot of projects: The decline in attracting FDI leads to the decline in KBC's core business with FDI enterprises accounting for over 90% of customers. In our industrial parks, some FDI enterprises had to stop operation. Because of the freezing of real estate market, investment plans in commercial real estate projects of KBC were postponed in 2012, even though KBC has no inventories in commercial real estate; The plunge of stock market caused KBC to make provisions for financial investments, which resulted in the going down of assets and profit of the Group, etc. 2012 is a terrible year for KBC during the past 11 years, the Management Board of the Group had to face a lot of difficulties to save the Group.

1.2. Achievements

Although the efforts of the Management Board have been not yet recognized by numbers in 2012, by the end of 2012 due to their efforts, investment attraction had some positive changes. The largest achievement the Group in the difficult context of 2012 is to negotiate successfully with some big corporations and their satellite companies to invest in industrial parks of KBC.

We would like to share something with you, our shareholders: A contract is not simply negotiated for a few months but years. To attract some big corporations and their satellite companies to invest in industrial parks is a very long and hard process. So, we hope for your trust, our shareholders, in that efforts of the Management Board in 2012 will be recorded by numbers in 2013.

2. FINANCIAL STATUS

2.1. Assets situation

<i>Currency: VND</i>			
ITEMS	2012	2011	% UP/DOWN
Current assets	9.582	8.065	18,8%
Long-term assets	2.195	3.881	-43,4%
Total assets	11.778	11.947	-1,4%
Total revenue/Total assets	2,75%	7,28%	
Total provisions	65	29,4	121%
- Provision for impairment of short-term investments	6,1	6	1,6%
- Provision for impairment of long-term investments	42	20	110%
- Provision for doubtful receivables	16,9	3,4	397%

According to the consolidated financial statements 2012

2012 is the first year that the scale of assets of KBC declines after 10 years of consecutive growth. The total assets go down by 2,75% in comparison with 2011, due to the sharp decline in business results with the loss of VND 483,9 billion. The rate of Total revenue/Total assets decreases sharply from 7,28% in 2011 to 2,75% in 2012, the efficiency of using assets reached the lowest level ever. However, bad debts and bad assets are negligible compared to total assets and made for a provision of VND 65 billion, equal to 0,55% of total assets.

In 2012, some significant restructurings of assets outside the core business of the Group are recorded: KBC has successfully divested long-term investments in Western Commercial Joint Stock Bank with the total amount of VND 265 billion at face price, equal to the initial amount. At the same time, KBC has divested capital in Viet Nam Financial Investment and Infrastructure Development Corporation with the total amount of VND 300 billion.

Beside, within the year, KBC collected most of long-term receivables, this account decreases from VND 1.199,8 billion in 2011 to VND 44,7 million in 2012.

2.2. Liabilities situation

ITEM	2012	2011	% UP/DOWN
Current liabilities	2.688	2.925	-8,1%
<i>Among</i>			
Bank loan and borrowings	29	666	-95,6%
Long-term debt	4.255	3.710	14,6%
<i>Among</i>			
Bank loan and borrowings	3.831	3.607	6,2%
Total liabilities	6.944	6.635	4,6%
<i>Among</i>			
Total bank loan and borrowings	3.860	4.273	-9,6%

According to the consolidated financial statements 2012

As of 31/12/2011, total liabilities of the Group is VND 6.944 billion, up 4,6% more than 2011. However, there is only VND 3.860 billion of bank loan and borrowings, equivalent to 55% of total liabilities, and among of VND 3.831 billion of long-term debt, there is VND 3000 billion of bonds maturing in 2014.

"For bonds maturing in 2014, the Group made plans of cash flow estimation and of restructuring investments in order to balance liabilities in 2014".

Beside of bank loan and borrowings, in 2012 due to hard credit, the Group has to borrow from related parties with the total amount of VND 145 billion. This loans are not pressure to the Group.

Other liabilities are temporary debts recorded in liabilities account and VND 350 billion of advances from customers is future revenue.

In addition, among of VND 1.137 billion of accrued expenses, the amount of VND 485 billion is recorded in interest expense payable account. Some portion of this payable is paid in January and March, 2013. Another VND 652 billion is accrued cost of recorded revenue before, this amount will be used to reinvest.

Effects of changes in foreign exchange rates on business results

In 2012, fluctuations of foreign exchange rates have positive impact on business results of the Group: specifically, profit from difference in exchange rates is VND 5,6 billion, up by 10,4% compared to 2011, while loss from difference in exchange rates is only VND 430 million, down strongly by 98% compared to 2011.

Effects of changes in interest rates on business results

As of 31/12/2012, except for bonds at low interest rates of 11.5 % /year – 12.5%/year, other bank loan and borrowings of KBC have very high interest rates of 18% – 24%/year in the first half of year and 15% - 18%/year in the second half of year. In fact, difference in interest rates between the first half and the second half of year is quite small. Therefore, in 2012 KBC has still suffered high interest rates, the result is that profit of the Group decreases.



3. IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE AND MANAGEMENT POLICIES

In spite of difficulties, policies of management, business development and promotion of KBC have been still maintained well. By all means, KBC has made every effort to keep its basis and strengths in attracting FDI in Viet Nam, to improve competitiveness with other companies in the same industry. In 2012, we have still maintained promotion campaigns in Japan, Korea and other countries. KBC builds a very professional management model, business development programs for each separate group of customers. We set up professional staffs having qualification and experience in developing industrial parks and they also have deep understanding of business culture of different countries. They are those who have contributed a lot to promote investment policies of Viet Nam to the world.

Business model of the Group is still maintained in the model of centipede legs. When customers come to KBC, they will be presented to the whole system of industrial parks of KBC so that customers will be provided with the best choice.

4. FUTURE DEVELOPMENT PLAN

4.1. Business plan

Focus on attracting investments in industrial parks which is active and available for rent such as: Que Vo II, Quang Chau, Trang Due, Tan Phu Trung, Nam Son Hap Linh v.v. Focus on attracting large corporations in the world and their satellite companies to invest in industrial parks. Specially, in 2012, in Trang Due industrial park - Hai Phong, 150ha of the first phase is mostly occupied, starting to conduct the second phase to prepare ground to attract large-scale corporations of 50ha - 100ha.

Focus on boosting promotion campaigns abroad, strive for the goal that KBC will always be the best choice when foreign corporations want to invest and build plants in Viet Nam.

Schedule of other key projects such as Trang Cat Industrial Park and Urban Zone– Hai Phong, Diamond Rice Flowers, Diplomatic Area, Tan Lap Urban Zone, Phuc Ninh Urban Zone and Quang Chau Urban Zone will be implemented in accordance with fluctuation of real estate market.

Boost investment activities in southern area, specially projects of the subsidiaries - North West Sai Gon Urban Development Corporation - the investor of Tan Phu Trung industrial park with the aim of building stronger image of KBC in southern region.

Set up relationship with foreign financial institutions and investment funds that own strong financial capacity as well as experience in real estate market to cooperate in projects.

4.2. Fund arrangement plan

Depending on changes in monetary policies, we will set up detailed plans and make timely adjustments to balance capital to serve business and investment activities of the Group. In 2013, firstly the Group still mostly relies on capital from investments attracted in industrial parks. Up to the present time, we have negotiated some large contracts with the scale of hundreds of millions. This is the basic financial fund to serve business activities in 2012 in the context of limited funding channels.

4.3. Plans to overcome difficulties, target of sales and profit in 2013

In 2013, the Group mainly focuses on taking investment promotion campaigns abroad, taking advantage every possible opportunity to attract investors in industrial parks; restructuring financial investments; possibly restructuring some debts to ensure the profitability and payment capacity for interest expense and principal of bank loan and borrowings.

As of 4/2013, KBC has signed several contracts of leasing land and selling factories with the total revenue of VND 500 billion and cash flow starts to generate since 4/2013. Besides, KBC is negotiating with some other potential customers to sign contracts with the total value of nearly VND 200 billion, right in 5/2013.

Although business activities of KBC have some positive signs, interest expense and principal of loans in due are estimatedly over VND 400 billion. Thus, the Management Board proposes the target of sales and profit in 2013 as follows:

● Total revenue: VND 979 billion

● After - tax profit: VND 68 billion

THE BOARD'S ASSESSMENT ON THE GROUP'S OPERATION

Business
Plan

1. THE BOARD'S ASSESSMENT ON THE GROUP'S OPERATION

In the hard and challenging context of 2012, the Board has continually adjusted plans and strategies for development of the Group, to ensure stability and overcoming difficulties.

To business activities: 2012 is the first year that the Group has a big loss of VND 483,9 billion. KBC's core business is investing and managing industrial parks and in the first stage of developing urban areas. Thus, objective factors such as complicated macroeconomic situation, the decline of attracting FDI, the freezing of real estate market, the plunge of stock market, the incidents in financial market, the changes in monetary policies, etc, have relatively large impact on business activities of KBC.

Besides, KBC has been influenced by not only uncertainties of domestic macroeconomy but also uncertainties of big economy in the world and in the region such as: the sharp drop of purchasing power and production of goods all around the world, production narrowing of Corporations. Therefore, although the Board's members have set up diplomatic relationship with a lot of large corporations in Asia and in Europe through economic forums in the region and in the world, the Group has just gained initial agreements with them. For example:

In 5/2012, the Board Chairman of KinhBac City Development Holding Corporation (KBC) attended the conference "Future of Asia" in Tokyo - Japan organized by the famous magazine Nikkei. There, Mr. Tam and Mr. Doan Xuan Hung - Ambassador Extraordinary and Plenipotentiary of Viet Nam in Japan has exchanged information and discussed about solutions to promote investment of Japanese corporations into Viet Nam and to enhance friendly relationship between 2 countries.

In 9/2012, at the headoffice of Tuscany Economic Promotion Agency held the conference "Tuscany-Viet Nam Commerce and Economic Cooperation". Within the framework of the conference, the representative of the Board of KBC introduced Italian entrepreneurs to policies of attracting foreign investment in industrial parks and economic zones of Viet Nam as well as advantages of Viet Nam in comparison with other countries in the region such as land renting price, factory price and special incentives for entrepreneurs when they invest in economic zones. This is one of activities of KBC in promotion campaign in Europe this time.

In addition to attending big forums, investment promotion campaigns that are annually conducted by KinhBac City Development Corporation in Japan and Korea... has also achieved success when thanks to that, KBC has signed many significant agreements with large corporations in these countries. Because that the economy of Viet Nam still sees no positive signs, these agreements just stay at the early stage, but they will be continued further in the coming years. However, among hardest negotiations of 2012 with large corporations, KBC signed a land renting contract with the scale of nearly 50ha vào thời điểm cuối tháng 12/2012. Although the efforts of KBC has not yet recognized in 2012, they will become visible in the first months of 2013.

To investment activities: In 2012, KBC has just focused in Trang Cat Industrial park and Urban zone with the investment of VND 1.086 billion, to turn Trang Cat project to become the key project in next years. Be the largest project until now, Trang Cat project is developed to become the joint venture with foreign partners to turn into Viet Nam - Japan specialized industrial park supported by the Government of 2 countries.

Other commercial projects were rescheduled, stopped investing more in 2012 because of the freezing of real estate market, KBC does not want to bury capital in these projects.

To fund arrangement: 2012 is the year full of difficulties of funding of the Group. Total revenue of core business is VND 281,4,6 billion, very lower rather than interest expense of VND 322,6 billion. While, banks said no with new loans. Thus, the Board approved the plan of restructuring loans and borrowings to submit to banks, at the same time borrowing from related parties to supplement capital for core business of the Group in 2012. Up to 3/2013, at the time of writing this report, some of restructured loans were paid in the first 3 months of 2013, thanks to business situation getting better.

2. THE BOARD'S ASSESSMENT ON OPERATION OF THE MANAGEMENT BOARD

Overcoming a very hard 2011 year, the Board and the Management Board foresaw another more hard year in 2012 to the Group but could not foresee that incidents of macroeconomy and financial market have so huge influence on business activities of the Group. Under the direction of the Board, the Management Board has taken lots of adjustments to improve situation, although these measures has not yet shown effectiveness in 2012, in 2013 we hope that business result will be improved such as the reduction of short-term loans and borrowings, restructuring of investments, the decline in investments in financial institutions, focusing on developing core business, developing key industrial park projects as turning Trang Cat into Viet Nam - Japan specialized industrial park.

In 2012, the Board approved many promotion campaigns local and abroad of the Management Board, in traditional markets of KBC as Japan, Korea... and expanding to promote in Europe with the hope that when the economy in this area recovers, investors will look at Viet Nam as a very potential investment place as well as consider KBC's industrial parks as their first choice to build plants.

Regarding to accounting and finance of the Group, the Group has complied with standards of current accounting system, implemented fully preparing financial statements, and disclosing these reports periodically to Securities Commission and HOSE.

In addition to focusing on core business, the Management always keeps the tradition of doing business in accompany with doing social activities, supporting community and building nice image of the Group in the eye of people.

3. PLANS AND STRATEGIES OF THE BOARD

Focus on investing in active industrial parks such as Que Vo, Quang Chau, etc. Specially, focus on investing and developing Trang Cat industrial park and urban zone project, seeking partners to build Trang Cat project into Viet Nam - Japan specialized industrial park. Restructure long-term financial investments to arrange capital for business and paying banks.

Continue to deploy and complete legal procedures of commercial real estate projects such as submitting for approval of architectural design criteria for Diamond Rice Flower hotel project, continuing compensation and ground clearance and applying for land for Phuc Ninh Urban zone project, building housing blocks for Housing project for low - income people.

Enhance supervising risk management, ensure that financial indicators stay at average level of the industry or better. Supervise implementation of internal procedures and regulations, have reasonable reward and penalty regime.

Maintain experts to regularly update macroeconomic situation, financial situation, changes in policies of the

State to timely recommend the Board and the Management HDQT to give new strategies and policies appropriate to new situation.

Boost promotion activities, appoint representatives to attend conferences of the world economic forums and senior economic conferences..., welcome and work with foreign investors. Beside of maintain tradition markets, consider to promote in new market.

Perform shareholder relations activities finely, regularly monitor changes in shareholders' ownership. Disclose information timely in accordance with regulations of Securities Commission and HOSE and other agencies involved.

Set up and develop professional staffs having qualification, experience and enthusiasm. Appoint staffs to attend courses of improving corporate administration skills. Continue to improve policies of salary, bonus and other allowances, create professional working environment, safe and comfortable, encouraging creation of each staff.





1. THE BOARD OF DIRECTORS

1.1. Members and structure of the Board of Directors

MEMBER	TITLE	OWNERSHIP RATE	NUMBER OF COMPANIES IN WHICH EACH PERSON SERVES AS BOARD MEMBER
Dang Thanh Tam	Chairman - nonexecutive	34,24%	4
Dang Thi Hoang Phuong	Member - nonexecutive	7,42%	2
Nguyen Thi Thu Huong	Member - executive	0,1%	4
Chung Chi Phong	Member - nonexecutive	0.03%	2
Ngo Manh Hung	Member - nonexecutive	0,11%	5

1.2. The sub-committees of the Board

The Board of KBC does not establish its sub-committees but appoints its members to take charge of each issues such as finance - accounting, human resources, sales and marketing and project management.

1.3. Activities of the Board of Directors

In 2012, the Board of Directors has performed properly and completely in accordance with its functions and duties specified in the Chapter of the Group, the Enterprise Law on sense of responsibility, honesty and enthusiasm. On basis of combination between resolutions approved by General Shareholders' Meeting and actual circumstances in macroeconomy, the Board set out strategies and business plans; directed the Management Board and supervised their actions in implementing business plans, investment projects and financial arrangements. However, in 2012, due to incidents in mac-

roeconomy and financial market having direct impact on business activities of the Group, some contents approved in resolutions by Shareholder General Meeting have been not yet conducted. Specially, negative profit is one of the worst things ever happening to the Group so far, despite of best effort of the Board.

In the past year, the Board organized a total of 13 regular meetings and extraordinary meetings in accordance with the Charter of the Group, the Enterprise Law and requirements in corporate governance. Content and results of meetings are presented in the table below:

DATE	CONTENT AND RESULTS
1 09/01/2012	Approval for investment and construction of Trang Cat urban zone project, building strategies to turn the project into Viet Nam - Japan intensive industrial park project, directing the Management Board to contact and work with foreign partners to call for their investment.
2 09/02/2012	Consent to resignation of Mr. Dao Hung Tien from Deputy Director position since 14/2/2012 to undertake other work.
3 13/02/2012	Approval for guarantee for the loan of Sai Gon Invest JSC & Sai Gon Construction JSC.
4 15/03/2012	Establishing the subsidiary: Trang Cat Urban Zone Development One Member Ltd.
5 20/03/2012	Appointing Mr. Pham Minh Toan Thu to Director of Ho Chi Minh branch of the Group and to bank account holder of the branch in Ho Chi Minh city.
6 05/04/2012	Approval for organization works of annual shareholder general meeting 2012, operational result reports of the Board, the Management Board, the Supervisory Board and setting up business plans for 2013.
7 02/05/2012	Election for the Chairman of Board of the term 2012 – 2017 and approval for restructuring bank loans.
8 03/05/2012	Consent to resignation of Mr. Pham Ngoc Nam from Deputy Director position by personal wish
9 02/07/2012	Approval for capital contribution into Trang Cat Urban Zone Development One Member Ltd.
10 01/08/2012	Approval for mortgaging contributed capital share of Kinh Bac city Development Holding Group in Trang Cat Urban Zone Development One Member Ltd.
11 08/11/2012	Changing the representative office in Ha Noi.
12 21/11/2012	Consent to resignation of Mr. Dang Thanh Tam from General Director position and appointing Mrs. Nguyen Thi Thu Huong to General Director position.
13 08/12/2012	Consent to resignation of Mr. Tran Ngoc Diep from Chief Accountant position and appointing Mr. Pham Phuc Hieu to Deputy Director and Chief Accountant position.

1.4. Activities of independent non-executive members of the Board

There is a total of 4 independent non-executive members in the Board of Directors. In particular, Mr. Dang Thanh Tam - the Chairman took many outstanding foreign activities as follows:

In 3/2012, Mr. Tam took the Barclays Capital delegation led by the Vice Chairman - Marc Holzman to greet and work with Deputy Prime Minister - Vu Van Ninh. Mr. Marc Holzman takes high appreciation of results achieved in meetings on strategic collaboration and partnership with Mr. Dang Thanh Tam, and also appreciates efforts and achievements of KBC group. Mr. Marc Holzman and the delegation also visited Que Vo industrial park of KBC group...

In 05/2012, Mr. Dang Thanh Tam attended the conference "The future of Asia - the 18th" held in Japan by Nikkei magazine with participation of the State heads, world leaders and leading economists. It is the first time that a Vietnamese entrepreneur is invited to be speaker in this conference. Here, Mr. Tam introduced an overview of the development of Viet Nam economy in recent years. Also, as a speaker, he joined in discussions about the world economy, the role of Asia – a dynamic area that is now the driving force behind the development of the world economy.

In 9/2012, at the headquarter of Tuscany Economic Promotion Agency, a conference on Tuscany-Viet Nam economic and commercial cooperation was held. In the framework of the conference, representatives of the KBC group introduced Italian entrepreneurs to the Viet nam policies on foreign investment attraction in industrial parks, economic zones, as well as advantages of Viet nam in comparison with other countries in the region such as land rental rate, factory price... and special incentive policies for companies investing in economic zones. This is one of activities of some members of the KBC Board during trade and investment promotion trip in Europe this time.

In 10/2012, The General Secretary - Nguyen Phu Trong, the President - Truong Tan Sang and the Prime Minister - Nguyen Tan Dung greeted the delegation led by the Chairman of European Commission - Herman Van Rompuy to visit Viet Nam from 31-10 to 2-11-2012. Mr. Dang Thanh Tam was the only Vietnamese entrepreneur to greet and have a private meeting with Mr. Herman Van Rompuy during his visit to Viet Nam this time. Mr. Tam also proposed several solutions to boost economic relationship between Viet Nam and EU.

1.5. List of the Board members participating in governance training courses in 2012

All members of the Board have ever participated in governance training courses at home and abroad to enhance management capacity and strategic vision for the development of the Group.

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2. THE SUPERVISORY BOARD

NAME	TITLE	OWNERSHIP RATE
Nguyen Thi Chung Thuy	Head	0,02%
Bui Ngoc Quan	Member	0,02%
Le Thi Thu Hang	Member	0%

There is a total 3 members of the Supervisory Board and elected by shareholders at the General Meeting. The Supervisory Board acts on basis of shareholders' interests and rights, responsible for checking the rationality and legality of governance activities of the Board of Directors; supervising business administration activities of the Management Board and accounting and financial management activities of the Group. The Supervisory Board operates independently of the Board of Directors and the Management Board. In the past year, the Supervisory has conducts necessary information exchanging activities with the leadership board as well as departments inside the Group to grasp real situation and to give timely ideas for the Board of Directors and the Management Board.

3. TRANSACTIONS, REMUNERATIONS AND ALLOWANCES FOR THE BOARD OF DIRECTORS, THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

3.1. Salary, bonuses, remunerations and allowances

For the Management Board: The total fund of salary, bonuses and remunerations for the Management Board is VND 2,87 billion in 2012. In addition, there are some other allowances such as: pick-up car everyday and when travelling for work, provided with a laptop and a cellphone.

For the Board of Directors: The total remuneration fund for the Board is VND 1 billion, that only consists of the remuneration for 2 foreign members who resigned since the end of 4/2012: Mr. Mitsuru Okada and Mr. Piet steel. The other members do not receive any remuneration.

For the Supervisory Board: the members of the Supervisory Board do not receive any remuneration.

3.2. Stock transactions of inside shareholders: *None*

3.3. Contracts and other transactions between the Group and inside shareholders:

During 2012, the Group has executed contracts and transactions with inside shareholders as members of the Board and of the Management Board and with other related parties as follows:

RELATED PARTIES	TITLE	TRANSACTIONS	THE AMOUNT OF
Mr. Dang Thanh Tam	Board chairman	Give advance	
		Receive reimbursement	4.917.492.619
		Receive loan	4.917.492.619
		Pay principal	31.281.000.000
Mrs. Nguyen Thi Thu Huong	Board Member	Give advance	112.938.776.155
	General Director	Receive reimbursement	6.419.778.058
Mr. Dao Hung Tien	Former Deputy Director	Receive reimbursement	8.192.331.620
		Give advance	6.930.248.000
Sai Gon - Da Nang Invest- ment JSC	- Board chairman: Mr. Dang Thanh Tam	Receive interest	662.630.000
	- General Director: Mr. Ngo Manh Hung	Receive long-term loan	113.745.452.055
Sai Gòn - Can Tho Indus- trial Park Corporation		Receive interest	4.000.000.000
		Payment via bank	101.640.575.342
Nam Viet Commercial Joint Stock Bank	Board member: Mr. Dang Thanh Tam, Mrs. Nguyen Thi Thu	Receive payment via bank	596.049.558.117
	Huong	Pay principal	596.069.009.193
		Receive loan	90.453.051.257
		Interest incurred	103.863.148.614
		Pay interest	63.294.035.289
			19.809.662.025
Sai Gon Telecommunica- tion and Technologies Corporation	- Board chairman: Mr. Dang Thanh Tam	Receive interest	9.630.836.994
		Receive deposit	3.635.000.000
	- Board member: Mr. Chung Tri Phong, Mrs Nguyen Thi Thu	Pay interest	3.000.000.000
	Huong	Pay principal	9.884.364.799
			316.764.696.000

3.4. Implementation of the regulations on corporate governance

In the past year, the Group has complied regulations on corporate governance fully and strictly in accordance with the Circular 121/2012/BTC dated 26/7/2012 by Ministry of Finance on corporate governance that is applied for public companies and in accordance with internal regulations as Regulation on internal management and the Charter.

However, among the board members, there is no member independent as defined under the Circular 121/2012/BTC dated 26/7/2012. Thus, the election of independent Board member will be conducted at Annual General Shareholders' Meeting 2013.

Reference: 60774739/15503513

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of KinhBac City Development Holding Corporation

We have audited the consolidated financial statements of KinhBac City Development Holding Corporation ("the Company") and its subsidiaries ("the Group") as set out on pages 5 to 65, including the consolidated balance sheet as at 31 December 2012, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

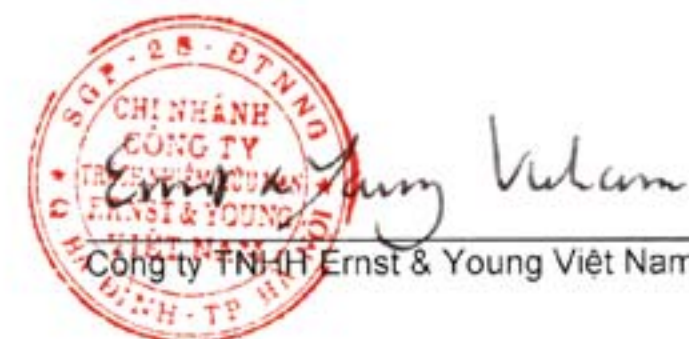
These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with Vietnamese standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

Opinion

For our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2012, the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with Vietnamese Accounting standards and comply with trelevant statutory requirements.



Tran Phu Son
Deputy General Director
Registered Auditor
Certificate No: 0637/KTV



Le Duc Truong
Auditor-in-charge
Registered Auditor
Certificate No: 0816/KTV

Kinh Bac City Development Holding Corporation
Consolidated financial statements
31 December 2012

 ERNST & YOUNG

CONSOLIDATED BALANCE SHEET

For the year ended 31 December 2012

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		9.582.850.064.453	8.065.551.266.970
110	I. Cash and cash equivalents	4	69.559.822.461	33.635.249.933
111	1. Cash		64.059.822.461	24.675.249.933
112	2. Cash equivalents		5.500.000.000	8.960.000.000
120	II. Short-term investment	5	1.333.855.300	92.419.002.000
121	1. Short-term investment		7.490.461.369	98.490.461.369
129	2. Provision for short-term investment		(6.156.606.069)	(6.071.459.369)
130	III. Current account receivables		2.390.847.305.009	2.010.191.433.230
131	1. Trade receivables	6	720.106.508.678	327.789.809.720
132	2. Advances to suppliers	7	1.365.090.808.807	1.213.352.666.172
135	3. Other receivables	8	322.598.365.616	472.478.968.260
139	4. Provision for doubtful debts	6	(16.948.378.092)	(3.430.010.922)
140	IV. Inventories	9	7.052.955.381.900	5.840.687.062.438
141	1. Inventories		7.052.955.381.900	5.840.687.062.438
150	V. Other current assets		68.153.699.783	88.618.519.369
151	1. Short-term prepaid expenses		228.862.586	82.438.973
152	2. Value added tax deductible		2.272.127.897	20.814.706.125
154	3. Taxes and other receivables from State	10	10.637.334.406	-
158	4. Other current assets	11	55.015.374.894	67.721.374.271

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		2.195.455.009.935	3.881.792.159.706
210	I. Long-term receivables		44.795.000	1.199.835.461.506
211	1. Long-term trade receivables	12	-	647.108.647.650
218	2. Other long-term receivables	13	44.795.000	552.726.813.856
220	II. Fixed assets		399.168.337.891	387.430.326.409
221	1. Tangible fixed assets	14	146.678.780.610	150.273.123.346
222	Cost		208.158.774.973	192.182.267.030
223	Accumulated depreciation		(61.479.994.363)	(41.909.143.684)
227	2. Intangible fixed assets		28.044.133	19.248.958
228	Cost		126.075.160	105.175.160
229	Accumulated depreciation		(98.031.027)	(85.926.202)
230	3. Construction in progress	15	252.461.513.148	237.137.954.105
240	III. Investment properties	16	56.597.837.798	19.281.946.368
241	1. Cost		63.275.975.089	22.458.459.700
242	2. Accumulated depreciation		(6.678.137.291)	(3.176.513.332)
250	IV. Long-term investments	18	1.698.264.454.973	2.200.323.688.818
252	1. Investment in associates	18.1	675.129.206.341	589.737.668.818
258	2. Other long-term investments	18.2	1.065.184.700.000	1.630.586.020.000
259	3. Provision for long-term investments	18.2	(42.049.451.368)	(20.000.000.000)
260	V. Other long-term assets		40.732.066.629	74.173.600.862
261	1. Long-term prepaid expense	19	40.712.335.365	50.278.869.600
268	2. Other long-term assets		19.731.264	23.894.731.262
269	VI. Goodwill		647.517.644	747.135.743
270	TOTAL ASSETS		11.778.305.074.388	11.947.343.426.676

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		6.944.002.852.209	6.635.832.559.299
310	I. Current liabilities		2.688.457.393.905	2.924.439.973.062
311	1. Short-term loans and borrowings	20	316.642.671.560	1.238.887.681.967
312	2. Trade payables	21	61.526.489.472	81.319.395.290
313	3. Advances from customers	22	350.080.562.741	538.868.923.404
314	4. Statutory obligations	23	70.955.815.149	259.218.203.676
315	5. Payables to employees		513.582.567	218.154.333
316	6. Accrued expenses	24	1.137.291.238.469	788.287.787.222
319	7. Other payables	25	744.312.754.637	10.454.147.862
323	8. Bonus and welfare fund		7.134.279.310	7.185.679.308
330	II. Non-current liabilities		4.255.545.458.304	3.711.392.586.237
331	1. Long-term trade payables	26	127.083.174.770	3.703.790.041
334	2. Long-term loans and debts	27	3.701.521.689.464	3.354.869.566.337
335	3. Deferred tax liabilities	35.3	418.767.958.424	351.475.873.907
338	4. Unrealized turnover		8.172.635.646	1.343.355.952
400	B. OWNERS' EQUITY		3.977.981.376.277	4.413.625.720.291
410	I. Capital	28	3.977.981.376.277	4.413.625.720.291
411	1. Paid-in capital		2.957.111.670.000	2.957.111.670.000
412	2. Share premium		611.603.430.000	611.603.430.000
414	3. Treasury shares		(364.466.650.000)	(364.466.650.000)
415	4. Investment and development fund		2.223.693.823	2.223.693.823
420	5. Undistributed earnings		771.509.232.454	1.207.153.576.468
439	C. MINORITY INTERESTS	29	856.320.845.902	897.885.147.086
440	TOTAL LIABILITIES AND OWNERS' EQUITY		11.778.305.074.388	11.947.343.426.67

OFF BALANCE SHEET ITEMS

Foreign currencies	Ending balance	Beginning balance
- United States dollar (US\$)	117.222	32.487
- Japanese Yen (JPY)	874.644	176.563

*(Signed)**(Signed)**(Signed)*

Vu Thanh Diu
Bookkeeper

Pham Phuc Hieu
Chief Accountant

Nguyen Thi Thu Huong
General Director

28 March 2013

CONSOLIDATED INCOME STATEMENT

B02-DN/HN

For the year ended 31 December 2012

Currency: VND

Code/ITEM	Notes	Current year	Previous year
01 1. Revenue from sale of goods and rendering of services	30.1	281.433.009.280	633.904.038.872
02 2. Deductions	30.1	62.712.320	275.701.104
10 3. Net revenue from sales of goods and rendering of services	30.1	281.370.296.960	633.628.337.768
11 4. Cost of goods sold and services rendered	31	173.539.678.364	276.552.876.580
20 5. Gross profit from sales of goods and rendering of services		107.830.618.596	357.075.461.188
21 6. Financial income	30.2	44.475.294.521	236.918.644.378
22 7. Financial expenses	32	345.413.104.260	324.547.590.521
23 <i>In which: interest expenses</i>		322.678.313.608	289.225.666.703
24 8. Selling expenses		11.507.454.026	19.624.685.438
25 9. General and administrative expenses		207.178.405.822	139.659.602.472
30 10. Operating profit		(411.793.050.991)	110.162.227.135
31 11. Other income	33	4.791.202.269	21.147.963.706
32 12. Other expenses	33	2.879.093.449	2.156.782.670
40 13. Other profit	33	1.912.108.820	18.991.181.036
45 14. Shares of loss/profit in associates	18.1	(76.769.682.455)	(33.346.259.356)
50 15. Profit before tax		(486.650.624.626)	95.807.148.815
51 16. Current enterprise income tax	35.1	(1.498.208.465)	27.295.467.072
52 17. Deferred income tax income	35.1	1.239.998.059	9.279.529.545
60 18. Net profit after tax		(483.912.418.102)	77.791.211.288
61 18.1. <i>Minority interests</i>	29	(48.268.074.088)	42.061.194.332
62 18.2. <i>Equity holders of the parent</i>		(435.644.344.014)	35.730.016.956
80 19. Earnings per share			
- <i>Basic</i>	37	(1.503)	123
- <i>Diluted</i>		(1.503)	123

(Signed)

(Signed)

(Signed)

 Vu Thanh Diu
Bookkeeper

 Pham Phuc Hieu
Chief accountant

 Nguyen Thị Thu Huong
General Director

28 March 2013

CONSOLIDATED CASH FLOW STATEMENT

B03-DN/HN

For the year ended 31 December 2012

Currency: VND

ITEMS	Notes	Current year	Previous year
I. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		(486.650.624.626)	95.807.148.815
01 <i>Adjustment for:</i>			
Depreciation and amortisation		23.039.254.374	20.738.728.368
02 Goodwill amortisation		50.838.398.121	50.838.398.121
Provisions		35.652.965.238	16.828.549.624
03 Unrealized foreign exchange gains	30.2	-	(8.179.884.743)
04 Profit from investing activities		42.400.050.587	(252.068.259.469)
05 Interest expense	32	322.678.313.608	289.225.666.703
06 Operating profit before in working capital		(12.041.642.698)	213.190.347.419
08 Increase/decrease in receivables		316.037.888.981	(192.184.080.485)
09 Increase in inventories		(1.212.268.319.462)	(2.298.733.191.578)
10 Increase in payables		546.155.805.572	28.742.134.678
11 Decrease in prepaid expenses		9.627.178.367	13.289.610.101
12 Interest paid	35.2	(90.615.019.631)	(318.385.784.796)
13 Enterprise income tax paid		(25.446.199.191)	(215.821.771.324)
14 Tiền thu khác cho hoạt động kinh doanh		34.680.124.215	-
15 Other cash outflows from operating activities		(51.400.001)	(22.502.365.295)
16 Net cash flows (used in)/from operating activities		(433.921.583.848)	(2.792.405.101.280)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
20 Purchase and construction of fixed assets and other long-term assets		(63.787.801.412)	(63.433.912.092)
21 Loans to other entities and payment for purchase of debt instruments of other entities		-	(2.851.128.404)
23 Collections from borrowers and proceeds from sale of debt instruments		91.000.000.000	1.714.000.000.000
24 Payment for investments in other entities		(213.000.000.000)	(558.801.320.000)
25 Purchase of subsidiaries, minus proceeds received		213.152.364.313	-
28 Proceeds from investments in other entities		565.501.320.000	635.747.024.000
29 Interest and dividends received		543.700.896.143	28.180.350.986
30 Net cash flows used in investing activities		1.136.566.779.044	1.752.841.014.490

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the year ended 31 December 2012

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOW FROM FINANCIAL ACTIVITIES			
33	Drawdown of borrowings		132.712.596.004	1.563.773.790.738
34	Repayment of borrowings		(799.433.218.672)	(934.885.154.525)
40	Net cash flow from financial activities		(666.720.622.668)	628.888.636.213
50	Net increase/ decrease in cash and cash equivalents		35.924.572.528	(410.675.450.577)
60	Cash and cash equivalents at the beginning of the year		33.635.249.933	444.017.037.338
61	Impact of exchange rate fluctuation		-	293.663.172
70	Cash and cash equivalents at the ending of the year	4	69.559.822.461	33.635.249.933

(Signed)

(Signed)

(Signed)

Vu Thanh Diu
Bookkeeper

Pham Phuc Hieu
Chief Accountant

Nguyen Thi Thu Huong
General Director

28 March 2013



LEADING WITH SAIGON INVEST GROUP

KINH BAC CITY DEVELOPMENT HOLDING CORPORATION
STOCK CODE: KBC

THE CONSOLIDATED FINANCIAL REPORT IS PUBLISHED IN FULL ON OUR WEBSITE:

<http://www.kinhbaccity.com> AND <http://www.hsx.vn>

THANK YOU VERY MUCH!



KINH BAC DEVELOPMENT HOLDING CORPORATION

HEAD OFFICE

Lot B7, Que Vo industrial park – Bac Ninh Province
Tel: (84-241) 3634034 - (84-241) 2214688
Fax: (84-241) 3634035
Email: kinhbaccity@hn.vnn.vn
www.kinhbaccity.com.vn

HO CHI MINH CITY BRANCH

No.20, Phung Khac Khoan street, Dakao ward,
Ba Dinh district, HCM City, Vietnam
Tel: (84 8) 38228290
Fax : (84 8) 38228291

REPRESENTATIVE OFFICES

Hanoi:

No.20, Mac Dinh Chi street,
Ba Dinh district, Hanoi, Vietnam
Tel: (84 4) 37346889
Fax : (84 4) 37346891

Taiwan:

12F-1, No10, Sec1,
Jilung Road Taipei, Taiwan, ROC
Tel: (886 2) 27666317
Fax: (886 2) 27533377

Ho Chi Minh City:

Lot 9A, Tan Tao industrial park,
Tan Tao ward, Binh Tan district, HCM.
Tel: (84 8) 38228290
Fax : (84 8) 38228291

Japan:

Osaka: Lipponbashi Asahi
Building 5F-5AB, 1-18-3
Lipponbashi, Chuo - ku,
Osaka 542- 0073 Japan
Tel: 06 6636 6868

Quang Ninh:

Bach Dang 1 village,
Phuong Nam commune,
Uong Bi town, Quang Ninh province
Tel: 0982 523 188