

Chart 1A - Price Chart

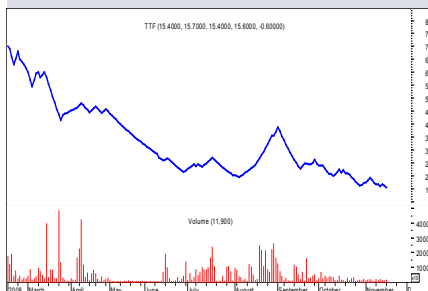


Chart 1B: Stock Data

Stock Data as of 12 November 2008

Price	16,200
Outstanding no of shares	15,000,000
Current room (no. of share)	1,799,491
52 Week high	70,000
52 week low	16,100
52 week total return	N/A
Market capitalization (VND)	243,000,000,000

Source: Company, HSC

Chart 1C: Key Numbers

Unit: VND million

Item	2006	2007
Total Assets	489,659	1,373,331
Owers' Equity	60,942	664,579
Revenue	357,142	603,130
Pre-tax profit	22,861	58,304
Net profit	16,036	52,245

Source: Company, HSC

Chart 1D - Main Ratios

Ratio	2006	2007
Liquidity		
- Current Ratio	1.1	1.5
- Quick Ratio	0.3	0.3
Profitability		
- Gross profit margin	25.8%	23.7%
- Net profit margin	4.5%	8.7%
- ROE	44.6%	14.4%
- ROA	5.0%	5.6%
Operating Efficiency		
- Receivable Turnover	8.2	7.3
- Inventory Turnover	1.3	0.8
- Asset Turnover	1.1	0.6
- Equity Turnover	9.9	1.7

Source: Company, HSC

Q3 2008 result comment

Table 1- TTF financial snapshot

(Million VND)	FY2006	FY2007	FY2008 (Target)	FY2008 (HSC Forecast)	First 9 months FY2008	% Fulfilled	First 9 months FY2007	% Change Y/Y	Q3 result	% Change Y/Y
Net sales	357,142	603,130	1,131,000	781,913	526,507	47%	409,616	86%	149,011	130%
Cost of goods sold	265,107	460,312	870,760	605,983	404,779		319,642	110%	114,892	163%
Gross profit	92,035	142,819	260,240	175,931	121,728		89,974	21%	34,119	104%
Financial income	3,917	20,089	26,000	20,029	15,021		9,109	37%	4,325	92%
Financial expense	23,554	35,518	83,000	92,982	60,934		20,493	1502%	23,186	357%
Net financial income	(19,637)	(15,429)	(57,000)	(72,954)	(45,912)		(11,384)		(18,861)	
Operating profit	22,549	54,354	93,240	32,063	22,630		28,943		1,474	-38%
Pretax profit	22,861	58,304	99,240	34,906	23,773	24%	30,320		2,089	-38%
Net profit	22,701	56,030	87,340	30,721	21,837	25%	30,258		2,089	-34%
Gross margin	26%	24%	23%	23%	23%		22%		23%	
Pre-tax margin	6%	10%	9%	4%	5%		7%		1%	
Net margin	6%	9%	8%	4%	4%		7%		1%	
Chartered Capital	50,114	150,000	150,000	150,000	150,000		150,000		150,000	
Market price (VND)				16,200						
Market Capitalization				243,000						
EPS (VND)				2,048						
PE (time)				7.9						
BV (VND)				44,367						
PB (time)				0.4						

Source - TTF financial statements, all forecasts by HSC

Investment conclusion: Truong Thanh Furniture Corporation (TTF) looks likely to come in well below target for both sales and especially profits this year as slowing demand and soaring interest rate costs has hurt their business. However with a new factory coming on stream and the recent reduction in interest rate costs TTF is well placed to benefit from any recovery going forward. Well managed and having the number one slot in the furniture industry TTF is a leveraged recovery play. Their long term plan to grow timber in Vietnam also makes sense from the standpoint of controlling costs in the future. As a deep cyclical TTF is one of our favourite choices for long-term investment with a forward P/E at 8 times and historic P/B at 0.4 times.

The company has chartered capital of VND150 billion, outstanding shares total 15 million and based on the current share price of VND16,200, a current market capitalization of VND243 million or US\$15 million. TTF is number one amongst local wooden furniture manufacturers, with three key products: outdoor furniture, indoor furniture and planking. The sales breakdown is as follows; outdoor furniture accounting for 65% of sales followed by indoor furniture with 25% and then planking accounting for the balance of 10%.

For the first 9 months of FY2008, TTF saw net sales of VND527 billion generating pretax profit of VND21.8 billion. Comparing with the annual target, 9-months sales and pretax profit fulfilled only 47% and 24% of the full year plan respectively. Gross margins stayed at 23% for the first nine months similar to the 1-H (gross margins in Q1 was 18% and in Q2 jumped to 33%) and came to 24% in FY2007. Net financial income came to VND(45.9) billion on interest payments of VND51.7 (compared to VND33 billion in all of FY2007) and net margins were 4.1% compared to 8.7% in FY2007.

Poor performance in the first 9 months was due to a combination of poor sales due to the global slowdown in the housing sector and record interest payments. TTF is heavily dependent on two key markets; US and Euro which currently account for 80% of TTF's annual turnover. Europe accounts for 65% while the US accounts for the balance of 15%. In addition, the cost of debt is up 185% y/y comparing with the first 9 months in FY2007 hurting the bottom line.

For Q3 only, sales came to VND149 billion, up 12% q/q and up 130%y/y generating gross profit of VND34 billion, down 24% q/q. The strong sales growth in Q3 was underpinned by a new factory (TTBD2) coming on stream in July. However, due to higher input cost (labor and raw material) the gross profit was negatively impacted. Gross margin decreased sharply to 23% in Q3 from 33% in Q2. Lower income from financial activity added to this and Q3 net profit fell to VND2.1 billion, down 75% q/q, and the lowest quarterly profit since FY2006.

As of ending September, TTF carried a large debt burden totaling VND863 billion, of which short-term debt accounted for 96% or VND827 billion carrying monthly interest rates of 1.5-1.7%. Q3 interest payments amounted to 14% of sales compared to 8% in the 1-H and 5% for FY2007. As a large-scale manufacturer, TTF has to finance working capital via short-term loans. With the sales growing 47% y/y, short-term debt has increased by 46% year to date, showing a direct relationship between the two. And the soaring cost of debt doubling since early this year has ruined the bottom lines of the company. However the recent drop in interest rates should boost profitability from Q4 onwards.

We think Q4 may show some improvement in sales also. The key outdoor furniture product, which contributes 65% of annual sales, is highly seasonal with peak demand from October to March. So we believe Q4 sales will contribute 30-35% of annual sales as usual despite the still poor outlook for the housing market internationally.

However, we have to take into account the likely provisioning against short-term stock investment to be made at the year-end. TTF currently holds a portfolio worth about VND37 billion which is invested at beginning of this year. So far they haven't provisioned against this portfolio which consist largely of listed stocks.

By our own rough estimates (we don't yet have a full earnings model), we forecast full year sales may come in at about VND782 billion (up 30% y/y) generating pretax profits of VND34.9 billion (down 40% y/y). These numbers would come to 70% and 35% of the target for sales and pretax profit respectively. Basing on this we forecast EPS of VND2,048, which would generate forward PE of 8 times combining with historic P/B of only 0.4 times. Remember this P/B valuation is pre-provisioning but then the EPS is close to trough earnings. Overall then this represents a fairly reasonable level for long-term investment.

With its new factory doubling capacity and high debt burden TTF is very highly leveraged to cuts in interest rates and any improvement in underlying demand. We expect demand to start to recover from the summer of next year. Meantime profit margins will start to recover as interest costs fall from now. Our house view is that the prime rate will be cut another 200 basis points before the end of January. This will yield significant savings.

The company has bought 3,000 ha of forested land (4 to 13 years old) consisting mostly of Eucalyptus trees. The idea is to reduce import dependence but so far this the effects haven't kicked in because the timber is still too young to exploit. Longer term the company has been allocated 50,000 hectares of artificial forest in Dak Lak and Phu Yen. Of this about 5,000 hectares is covered with 3-7 year old trees. Of the 50,000 ha of forest, 50% will consist of Acacia trees, 45% will be Eucalyptus and 5% will be Teak. Therefore, from 2012, TTF hopes to self-supply its non-teak timber and lumber needs (up to 80% of total needs).

And the new factory (TTBD2) which came on stream since last July in Tan Uyen, Binh Duong province has doubled the available capacity. TTF needs to install more machinery and the plant should be 70-80% operational in FY2009 and fully operational by FY2010. With this additional capacity TTF should maintain y/y sales growth of 30% this year basing on our own forecasts, which is higher than average sector growth of roughly 20%. With their extra capacity in hand, when the housing market starts to recover sales should accelerate rapidly.

In the future the company will focus more on both the US and domestic markets. They forecast that domestic sales may account for up to 10% of total sales by FY2010 up from 2% currently. To this end they are planning to build around new 12 distribution centers to bring the total to 20. As of September, TTF had invested VND31.5 billion for setting up their distribution network.

This year, TTF has no plan to issue additional share or increase chartered capital. The convertible bond issuing plan has also been delayed. We expect them to issue a bond in the 2-H FY2009.

Appendix: Company Profile

CORPORATE ACTIONS

TTF: Trading Result of a Major Shareholder

The following is the trading result of a major shareholder of Truong Thanh Furniture Corporation:

Stock symbol: TTF

Trader: VOF Investment Limited

Owning volume before trading: 750,000 shares (5.00 %)

Sold volume: 50,000 shares

Owning volume after trading: 700,000 shares (4.67 %)

Trading day: Aug 26, 2008

TTF: Insider Trading (Vo Truong Thanh)

Truong Thanh Furniture Corporation has announced insider trading as follows:

Stock symbol: TTF

Trader: Mr. Vo Truong Thanh

Position in the listed firm: Chairman and CEO

Current owning volume: 2,250,544 shares

Volume registered to buy: 100,000 shares

Owning volume after trading: 2,350,544 shares

Trading time: as of 08/28/2008

Trading method: order matching

TTF: Insider Trading

Truong Thanh Furniture Corporation has disclosed insider trading as follows:

Stock symbol: TTF

Trader: Ms. Ngo Thi Hong Thu

Position in the listed firm: Deputy CEO

Current owning volume: 80,000 shares

Bought volume: 10,150 shares

Owning volume after trading: 90,150 shares

Trading method: order matching.

Trading period: from 07/07/2008 to 13/8/2008

TTF: Insider Trading

Truong Thanh Furniture Corporation has disclosed insider trading as follows:

Stock symbol: TTF

Trader: Ms. Ngo Thi Hong Thu

Position in the listed firm: Deputy CEO

Current owning volume: 80,000 shares

Volume registered to buy: 10,000 shares

Owning volume after trading: 90,000 shares

Trading method: order matching

Trading period: from July 2nd, 2008

Table 2 - Income Statement

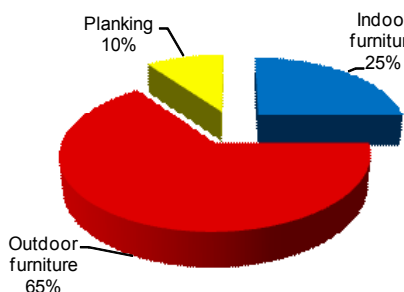
(Million VND)	FY2006	FY2007	FY2008 (HSC Forecast)	Q1 FY2008	Q2 FY2008	Q3 FY2008
Net sales	357,142	603,130	781,913	244,270	133,226	149,011
Cost of goods sold	265,107	460,312	605,983	201,281	88,605	114,892
Gross profit	92,035	142,819	175,931	42,988	44,621	34,118
Financial income	3,917	20,089	20,029	3,396	7,301	4,325
Financial expense	23,554	35,518	92,982	12,004	25,743	23,186
Net financial income	(19,637)	(15,429)	(72,954)	(8,609)	(18,442)	(18,861)
Operating profit	22,549	54,354	32,063	13,391	7,764	1,474
Pretax profit	22,861	58,304	34,906	13,856	8,658	2,089
Net profit	22,701	56,030	30,721	13,303	8,381	2,089
Gross margin	26%	24%	23%	18%	33%	23%
Pre-tax margin	6%	10%	4%	6%	6%	1%
Net margin	6%	9%	4%	5%	6%	1%
Chartered Capital	50,114	150,000	150,000	150,000	150,000	150,000
Market price (VND)			16,100			
Market Capitalization			273,700			
EPS (VND)			2,048			
PE (time)			7.9			
BV (VND)			44,367			
PB (time)			0.4			

Source - Company, HSC

Scope of business

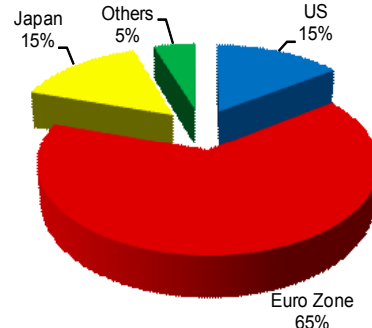
- The company primarily manufactures wooden furniture products.
- It also engages in forest plantation, transportation of goods, and trading of industrial supplies and equipment.

Chart 1- Sales breakdown in the first 9 months of 2008



Source - Company, HSC

Chart 2 - Export market in the first 9 months of 2008



Main products , Services and Market

- Main products:** Outdoor furniture accounts for 65% of sales, followed by indoor furniture with 25% and then planking balances the rest of 10%.
- Market:** At the current, export turnover accounts for about 98% annual sales. Major export markets consist of the US (15%), EU (65%), Japan (15%) and others (5%);
- In the future the company will focus more on US and domestic sales. They forecast that domestic sales may account for up to 10% of total sales by 2010 (up from 2% currently). To this end they are planning to build around new 12 distribution centers to bring the total to 20.

Business strategy

- Continuing to maintain and develop the leading position in the wooden product export industry in Vietnam, with the growth rate of turnover and profit at least at 30% per year;
- Investing to establish some plantation companies to meet the demand for wood of the whole group in the coming years;
- Concentrating on human resource development plans, in order to meet requirements of multi-industry development strategy from 2010.

Basic information

Name:	Truong Thanh Furniture Corporation
Abbreviation:	TTFC
Company logo:	
Headquarter:	Binh Phuoc B hamlet, Binh Chuan commune, Thuan An Dist., Binh Duong Province
Telephone:	(84 - 650) 3 740 690
Fax:	(84 - 650) 3 740 692
Web site:	www.truongthanh.com
Chartered capital as of 30/09/2008	VND150,000,000,000

Market position

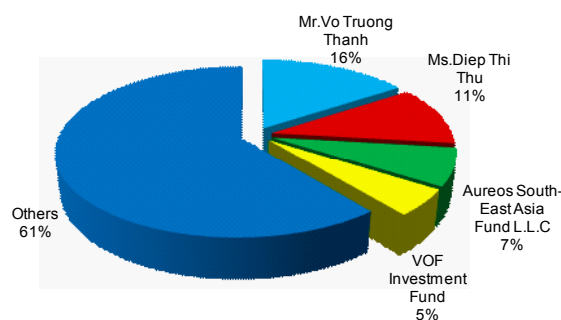
- TTF is the fifth largest player among Vietnam wood furniture manufacturers in terms of export sales, following Scancom, Green River Wood and Lumber, Theodore Alexander and Poh Huat.
- The company is also ranked as the top among local wood furniture exporters, with retail chains and distributors in 30 countries around the world.
- TTF is one of three domestic furniture companies who are members of the World Wildlife Organization “WWF”, a global organization working for the sustainable development of the world’s forests.

Ownership structure

Chart 5 - Ownership structure as of 30th Jun 2008

Ownership structure	Number of shares	Rate (%)
1. Vo Truong Thanh	2,350,544	15.7%
2. Diep Thi Thu	1,683,328	11.2%
3. AUREOS SOUTH-EAST ASIA FUND L.L.C.	1,087,229	7.3%
4. VOF Investment Fund	750,000	5.0%
5. Others	9,129,000	60.9%

Source - Company Annual Report 2008



Source - Company Annual Report 2008

Management

	Position	Qualifications
Board of Directors	Vo Truong Thanh - Chairman of BOD.	Master of Business Administration
	Ta Van Nam - Member of BOD	Bachelor of Sciences in Chemistry - Physics
	Ngo Thi Hong Thu - Member of BOD	Master of Business Administration
	Huynh Phu Quoc - Member of BOD	Bachelor of Arts in Foreign Language
	Diep Thi Thu - Member of BOD	Bachelor of Pedagogics
	Nguyen Dinh Nghia - Member of BOD	Bachelor of Economics
	Liam Pius Cully - Member of BOD	Bachelor of Accounting
Supervisory Board	Nguyen Dang Dinh Nguyen - Head of Supervisory Board	Master of IT, University of California
	Pham Thi My Ha - Member of Supervisory Board	Bachelor of Arts in Foreign Language
	Truong Nu Bich Van- Member of Supervisory Board	Bachelor of Accounting
Board of Management	Vo Truong Thanh - CEO	Master of Business Administration
	Ta Van Nam - Deputy CEO	Bachelor of Sciences in Chemistry - Physics
	Vo Van Huy - Deputy CEO	Ph.D. in Business Administration
	Ngo Thi Hong Thu - Deputy CEO	Master of Business Administration

Source - Company

Financial ratios

Chart 6 - Balance sheet

Unit: VND million	31/12/06	31/12/07	30/06/08	30/09/08
Current Assets	429,265	997,994	1,070,029	1,167,850
Cash and cash equivalents	30,358	13,663	9,552	22,241
Short term investments	-	59,996	101,470	117,226
Receivables	48,841	116,308	105,379	183,907
Inventories	329,686	767,777	793,212	776,346
Other current assets	20,380	40,250	60,416	68,131
Long-term Assets	60,393	375,337	458,164	460,002
Long-term receivables	-	-	-	-
Fixed assets	53,445	146,109	146,805	145,453
Investment Properties	-	-	-	-
Long-term investments	5,475	224,377	305,853	307,726
Other long-term assets	1,473	4,850	5,505	6,823
Total Assets	489,659	1,373,331	1,528,193	1,627,852
Liabilities	413,574	687,651	835,276	937,917
Current Liabilities	397,908	659,152	797,422	901,275
Long-term Liabilities	15,666	28,499	37,854	36,641
Owners' Equity	60,942	664,818	672,301	669,265
Owners' Equity	60,942	664,579	668,605	665,510
Other capital and funds	-	238	3,696	3,755
Total Resources	489,659	1,373,331	1,528,193	1,627,852

Chart 7 - Cashflow Statement

Unit: VND million	2006	2007	Q2 2008	Q3 2008
Net cash flow from operating activities	(117,419)	(474,654)		
Net cash flow from investment activities	(17,743)	(469,712)		
Net cash flow from financing activities	160,826	927,671		
Net cash flow of the year	25,665	(16,695)		
Cash and cash equivalents at the beginning of year	4,694	30,358		
Effect of foreign exchange differences				
Cash and cash equivalents at the end of year	30,358	13,663		

Chart 8 - Growth rate (%)

	2006	2007
Sales growth	112.0%	68.9%
Pre-tax profit growth	352.0%	155.0%
Net profit growth	348.8%	146.8%

Chart 9 - FY 2008 plan

	FY2008
Sales (VND million)	1,131,000
Growth y/y (%)	85%
Profit before tax (VND million)	87,930
Growth y/y (%)	68%

Chart 10 - Valuation

	2006	2007
Outstanding shares	5,011,440	15,000,000
Average outstanding shares	5,011,440	15,000,000
Market price (VND)	16,200	16,200
Market capitalization	81,185	243,000
EPS (VND)	3,200	3,483
P/E	5.1	4.7
EV/ EBITDA	7.8	11.0
BVPS	12,161	44,305
P/B	1.3	0.4
Sales per share (VND)	71,265	40,209
P/Sales	0.2	0.4
DPS (VND)	na	na
Dividend yield	na	na
Payout ratio	na	na

Chart 11- Operating Efficiency

	2006	2007
Receivable Turnover	8.2	7.3
Inventory Turnover	1.3	0.8
Payables Turnover	5.6	7.2
Total Asset Turnover	1.1	0.6

Chart 12 - Liquidity

	2006	2007
Current ratio	1.1	1.5
Quick ratio	0.3	0.3
Cash ratio	0.1	0.1

Chart 13- Profitability (%)

	2006	2007
Gross profit margin	25.8%	23.7%
PBT margin	6.4%	9.7%
Net profit margin	6.4%	9.3%
ROA	7.0%	6.0%
ROE	63.2%	15.4%

Chart 14- Dupont Analysis

	2006	2007
Net profit margin	4.5%	8.7%
Asset turnover	1.1	0.6
Equity multiplier	9.0	2.6
ROE	44.6%	14.4%

Chart 15- Capital structure

	2006	2007
Debt to Equity	6.8	1.0
Total Debt	0.8	0.5

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