



For a green earth

# THE PATH & THE LIGHT

ANNUAL STATEMENT 2014

TRUONG THANH FURNITURE CORPORATION







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- ▶ *Business industries and areas*
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# TRUONG THANH FURNITURE CORPORATION

STOCK CODE: TTF

**English name:** Truong Thanh Furniture Corporation

**The abbreviation:** TTFC or TTF

**Certificate of business registration:** No. 3700530696 granted by Binh Duong province Department of Planning and Investment and modified for the 14th time on January 13th, 2015

## CHARTERED CAPITAL:

**1.000.671.000.000 VND**

*(One thousand billion, six hundred seventy one million dong)*

## OWNER'S CAPITAL:

**1.155.954.108.898 VND**

*(One thousand one hundred fifty five billion, nine hundred fifty four million, one hundred and eight thousand, eight hundred ninety eight dong)*

## Main business industries:

- ▶ Producing, trading and exporting woodworks of all kind, particle board, plywood, veneer and floorboard;
- ▶ Afforesting, producing;
- ▶ Trading timber processing materials;
- ▶ Producing and trading paper packing

## Business areas:

- ▶ In 30 countries, including Europe (U.K., French, Germany, Italia, Spain...), U.S., Canada, Japan, Korea, Australia, South Africa, Russia...
- ▶ In Vietnam, including HCMC, Tay Ninh, Binh Duong, Da Lat, Dak Lak, Dak Nong, Ben Tre, Dong Thap, Can Tho, An Giang, Kien Giang, Nha Trang, Binh Dinh, Da Nang, Hue, Ha Noi...

## THE CORPORATION'S LOGO:



**Headquarters:** DT 747 Street, Quarter 7, Uyen Hung Ward, Tan Uyen County Town, Binh Duong Province

**Tel:** (84-0650) 3642 004

**Fax:** (84-0650) 3642 006

**Email:** [ir@truongthanh.com](mailto:ir@truongthanh.com)

**Website:** [www.truongthanh.com](http://www.truongthanh.com)



TYPICAL PRODUCTS



INTERIOR PRODUCTS



EXTERIOR PRODUCTS

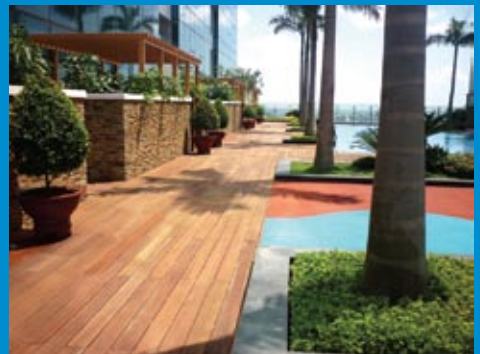
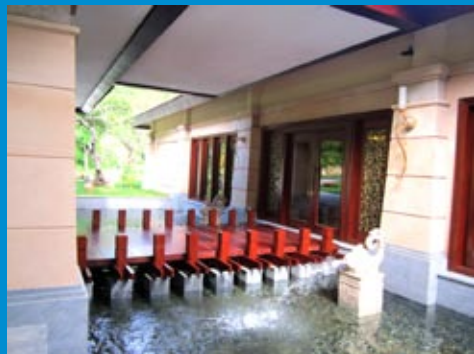




FLOORBOARD PRODUCTS



WOODEN DOOR PRODUCTS



PRODUCTS FOR CONSTRUCTION PROJECTS AND INTERIOR DECORATION



SUMMARIZATION  
OF

**BUSINESS INCOME IN 2014**

Total  
consolidated  
revenue:

**VND 1,461,989,162,084**  
decreasing 5.74% in  
comparison with 2013

Profit  
after tax  
of Parent  
company's  
shareholders:

**VND 70,619,947,535**  
increasing 18 times in  
comparison with 2013



# BASIC FINANCIAL INFORMATION

## A. Income statement:

Calculation unit: billion dong

Content	2010	2011	2012	2013	2014
Total revenue	2.188	3.015	2.625	1.550	1.461
Gross profit	357	362	335	305	276
Rate of gross profit/ net revenue	16,46%	12,07%	12,75%	19,74%	18,89%
Financial expenses	208	292	241	219	63
Sales expenses	29	28	18	13	20
General expenses	96	109	89	78	104
Profit before tax	43,72	16,99	(0,70)	(4,17)	105
Profit after tax of parent company's shareholders	39,02	9,29	2,50	3,87	71
EPS (dong)	1.249	297	74	76	911

## B. Balance sheet on December 31st:

Calculation unit: billion dong

Content	2010	2011	2012	2013	2014
Short-term assets	1.955	2.559	2.539	2.786	3.255
Long-term assets	680	780	759	732	758
<b>Total assets</b>	<b>2.635</b>	<b>3.339</b>	<b>3.298</b>	<b>3.518</b>	<b>4.013</b>
Short-term liabilities	1.720	2.418	2.318	2.418	2.628
Long-term liabilities	120	124	192	152	133.348
<b>Total liabilities</b>	<b>1.840</b>	<b>2.542</b>	<b>2.510</b>	<b>2.570</b>	<b>2.762</b>
Owner's equity	678	687	682	852	1.155
Benefits of minority shareholders	117	110	96	106	
<b>Total liabilities and owner's equity</b>	<b>2.635</b>	<b>3.339</b>	<b>3.298</b>	<b>3.518</b>	<b>4.012</b>



THE MESSAGE OF  
CHAIRMAN OF BOARD  
OF DIRECTORS





## *Dear Shareholders!*

*We have been through over a year since the very first day we started the TTF re-structuring project; and according to assessment of Board of directors, our corporation has met 70% of defined goal; remaining 30% shall be completed in June 2015.*

*At present, production capacity of most of our factories has exceeded the break - even point and has prospect of strongly increasing in the end of this year – assigning two more Vice directors as well as re-structuring human resource organization also have been performed promptly and absolutely as planned. What we need to do now is to successfully issue 40 million shares before the 30th date of June, 2015. The increase of owner’s equity this time has not only balanced financial leverage ratios but also changed the situation of cash flow in order to create favorable conditions for our Corporation to be able to develop its ability of production and business up to the point of designed output, an important factor in its operation effect. This is our core abilities.*

### *Dear Shareholders!*

*This issue is an important one. Its success shall put an end to the re-structuring stage in order to focus on recovering and developing our core abilities, production and business effect and waiting in front of new opportunity: the transfer of order forms from China through Vietnam at the same time with the interior decoration market served for domestic real properties which are strongly recovering. I believe that this business plan in 2015 with total revenue of 1,830 billion dong and profit after tax of 170 billion dong is feasible in such a situation that in Quarter 1, we have reached 728 billion dong of revenue and 27 billion dong of profit. In this Quarter 2, we shall definitely show an even better business results.*

*Our country has been integrating strongly into the world and TPP has showed many advantages for TTF with the material resource which has been planting and taking care of in previous years. This not only creates a favorable condition of zero tax rate put on TTF products as being imported to U.S., Japan... - but also allow FDI companies in wood industry to purchase wood materials, plywood, veneer and artificial boards from TTF with higher quantity and price in order to enjoy the advantage as importing to TPP market instead of continuously importing from China as current situation.*



*Dear Shareholders!*

*In spite of giant and clear prospect, our Board of Directors and Executive Board know that: in order to complete the very last stage of said re-structuring project, there are still many things to do, many difficulties to overcome. That is why we still need to try our best and work in such a creative and confidential way to successfully fulfil the project entrusted by our shareholders. This time, I am writing this message in truly cheerful and expecting state of mind, thing I have been got no chance to do in previous years, because of not only significantly better macroscopic information or peripheral factors such as new customers and orders keeping flying to us, but also the fact that our corporation has been recovered its Management and operation abilities; and I am sure that our core abilities shall recover soon and strongly develop thanks to above recovered Management and operation abilities.*

*I hope all of you still keep supporting and being our fellow-travelers throughout the process of recovering and developing, especially, responding to this issue. Thank you for your valuable support in previous stage of time, which plays a big part in TTF's stable and impressive recovery.*

*On behalf of Board of Directors and Executive Board, I respectfully wish you a successful, healthy and happy year.*

*Best regards,*

**Chairman of Board of Directors cum CEO**

A handwritten signature in blue ink, appearing to read 'Thanh', with a long horizontal stroke underneath.

**VO TRUONG THANH**



# ABOUT THE CORPORATION

## 1. VISION

▶ **MAINTAINING THE POSITION OF LEADING VIETNAMESE WOOD PROCESSING INDUSTRY, AND BECOMING ONE OF TOP 50 OF INTERNATIONAL WOOD MANUFACTURERS, TRADERS AND EXPORTERS WITH HIGHEST REVENUE SINCE 2025**

▶ **MAINTAINING THE POSITION OF LEADING BRAND IN SUPPLYING WOOD PRODUCTS IN DOMESTIC MARKET;**

▶ **BECOMING ONE OF TOP 3 OF ASEAN PRIVATE AFFORESTATION COMPANIES (FOR THEIR WOOD PROCESSING OPERATIONS) WITH LARGEST AREA SINCE 2025.**

### **An explanation on TTF'S Vision:**

▶ With the scale of 3 factory groups from Phu Yen, Dak Lak to Binh Duong, TTF has designed capacity about 6,000 containers/year (equals to 54,000m<sup>3</sup> unit/year) in order to reach the revenue over 3,000 billion dong/year (has been reached in 2011). In 2014, the Corporation has tried to get up after a cash flow crisis and only reached 1,461 billion of revenue, which equals to 50% of designed capacity; although, in consideration of its revenue scale, TTF still has been there in TOP 5 of Vietnamese leading manufacturers – exporters. Meanwhile, Vietnam has been left Malaysia behind and become the country exported wood with highest quantity in local area. This is a motive for TTF to rise to local area and get into TOP 50 of the world since 2025.

▶ Beside of the advantage rose by the policy “retailing with wholesale price” in Domestic market, TTF has attached special importance to product quality, user safety and new designs. Therefore, after over 8 years of breaking into domestic market, the Corporation has got over 17 sale points all

the country and opened its very first interior supermarket in Hanoi in March 2015. According to its expectation, there shall be two more ones in Ho Chi Minh City in 2015.

▶ Besides, TTF also is a reliable interior decoration service supplier for luxury projects in Vietnam, such as projects of Vingroup, Coteccons, Sovico, Dat Xanh Furama and many popular real estate investors. Therefore, TTF is self-confident with its vision of maintaining the position of leading brand in domestic market of wood product field.

▶ Since 2007, TTF has started the project of purchasing wood and afforesting 100,000 ha of production wood in Vietnam. Today, the Corporation owns 13,000 ha of planted wood. In order to strengthen its financial potential, Truong Thanh Corporation has also formed a joint venture with a Japanese partner, OJI Paper Corporation (the leading company in Japan and one of international top 6) to perform its projects. Therefore, it is possible to believe we would become one of Top 3 of ASEAN private wood afforestation companies (for their wood processing operations) with largest area since 2025.





## 2. MISSION

- Bringing “opportunities of profit” to many wood importers, wholesalers and distributors all around the world as well as distribution agencies and systems in Vietnam;
- Always increasing customer’s satisfaction according to defined criteria: competitive price, on-time delivery, agreement-based quality, being ever-improved and ever-creative, best services;
- Providing eye-catching, handy, safely wood products which make users feel more comfortable, self-confident and happier;
- Building and bringing up a “grown-up culture” – a healthy and creative, respectful and happy working environment in which effort of the staff shall always be repaid fairly and adequately, at the same time, they shall be encouraged to respect their customers as well as the Corporation’s product quality. Always bringing to capable, enthusiastic and senior staff opportunities to become real owners of the Corporation through key personnel training programs and ESOP. Always attaching special importance to education – training missions in order to allow the employees feel self-confident and capable, increase working performance and able to undertake more important positions;
- Promoting the field of afforestation of production forest in Vietnam, contributing to environment protection, and deforestation prevention in the world in order to allow TTF, in particular, and the wood processing industry, in general, to steadily develop, at the same time contributing to climate change prevention – increasing biosphere clearance;

### 3. HISTORY OF FORMATION - DEVELOPMENT

#### THE ENTREPRENEURSHIP STORY OF MR. VO TRUONG THANH THE CORPORATION'S FOUNDER:



*After the South of Vietnam's liberation, in Tay Son, Binh Dinh, there was a lack of teacher. Mr. Vo Truong Thanh was sent for a crash pedagogic training course in couple months. However, Mr. Thanh though it would not be good for him to become a teacher because of his unmethodical training background. Therefore, after two years of working as a teacher, he resigned his job and headed to Sai Gon; together with some of his friends, he registered for becoming a member of voluntary youth union. It was a day of 1983. After a short time, Mr. Thanh was transferred to a state-owned wood processing factory, his very first step to the industry of wood processing. With his active and dedicated nature, he was promoted to the position of director of a state-owned company in the age of 28.*

*In the term of 10 years of working as a member of voluntary youth union, there was 8 years in which he worked in the field of wood exploitation and processing. Therefore, as making the decision of forming his own company, he though immediately to this wood field. It was not until 1992, he was discharged. After saving up and borrowing from his family, he got an amount about USD 3,000, he founded a small wood processing business in EaH'leo – Dak Lak because of his geographic knowledge of this province and insufficient capital to base his business in Sai Gon. In 1993, the business became a company named **Truong Thanh Wood Processing Private-owned Factory.***

#### YEAR 2000

After 8 years of entrepreneurship and a business management study in U.S., Mr. Vo Truong Thanh came to Binh Duong, bought VINAPRIMART factory of the very first 100% foreign owned company in the province which produced wood chopstick in order to change it into a factory producing wood floorboard and wood interior – exterior household applications for exporting, and officially formed **Truong Thanh Furniture Co., Ltd., (TTF)**

#### YEAR 2001

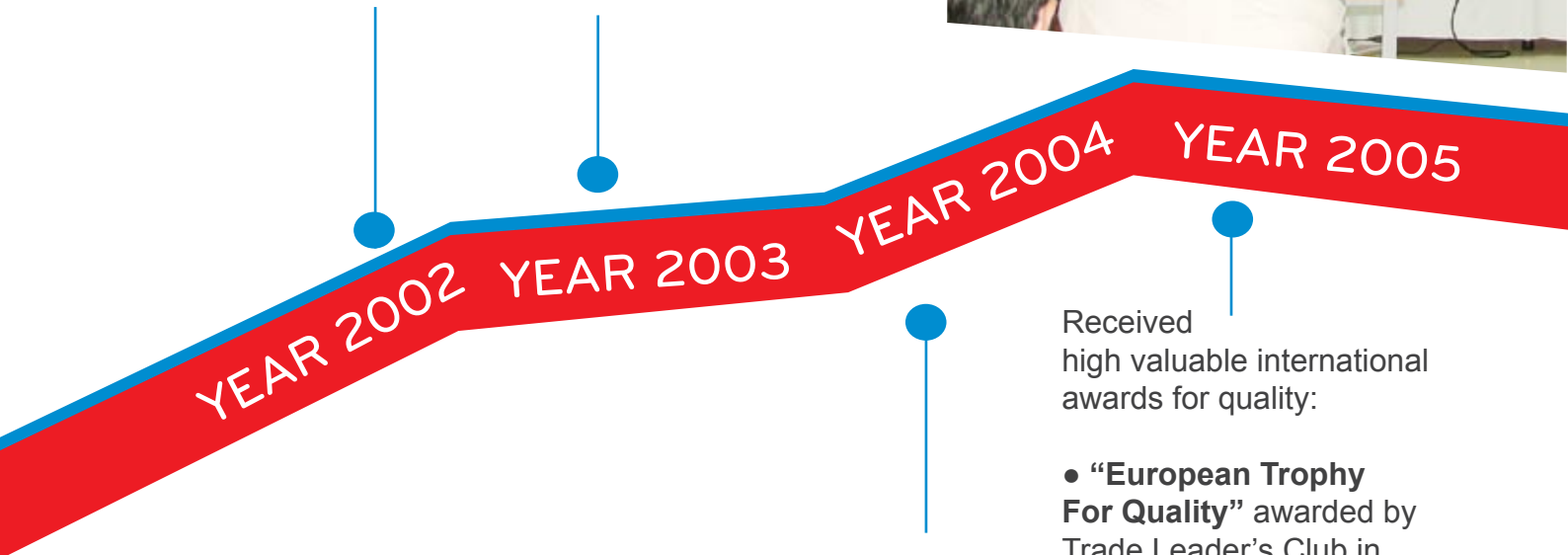
After forming the international marketing department with only 2 employees, from its urgent matter of bearing big disadvantage as exporting through intermediate agencies, TTF bravely “went into battle in foreign countries” by attending many international professional fairs in Singapore, U.S. and Japan, approached over 300 new customers, **and started to directly sell to leading supermarket systems** in Europe such as Carrefour, Homebase... and other popular customers such as Lapeyre, Alexander Rose...



With its reputation of quality and on-time delivery, TTF received lots of orders required more than its immanent production capacity. That was the reason why the Company started to pass some orders to its partners operated in the same industry.

With high sense of “keeping” talented people, together with Board of members, Mr. Vo Truong Thanh decided to **change from “limited liability” to “joint stock” form** with some preferential programs allowing key staffs to purchase company shares with the price as same as related nominal value.

The conference of the Corporation's Board of Management



YEAR 2002

YEAR 2003

YEAR 2004

YEAR 2005



Exporting TTF-brand products to U.S.

In the situation of continuously increase of orders based on the rate of 20%/year, TTF continued to pass some orders to its partners in HCMC, Binh Duong and Quy Nhon with the quantity of 50% of total ordered quantity.

Received high valuable international awards for quality:

- **“European Trophy For Quality”** awarded by Trade Leader’s Club in Rome – Italia in October
- **International Trophy For Quality** awarded by Trade Leader’s Club in Spain in November
- **“Global quality management medal”** awarded by Trade Leader’s Club to Chairman Vo Truong Thanh in Spain in November.

- In the situation that quality of outsourced products was not synchronous with the Company's and delayed, BOD decided to expand the production scale by **investing in 03 more good processing factories in Dak Lak and Binh Duong**. Besides, TTF also performed its strategy of reversed integration by investing in Lidovit – one of its large supplier of materials. Total investment was about 15 billion dong.

## YEAR 2006

- After about 10 months of researching and appraising TTF's business results as well as assessing its development potential, **ASEAF became the Company's very first foreign shareholder on 31st December, 2006, marked an important turning point on TTF's development path.**

- Continuously being recognized in the international market by **International Gold Star Award** awarded by BID in Switzerland in October.

- Awarded by OtherWays (French) **Golden Europe For Quality & Commercial Prestige** in Berlin – Germany in October.

- Once again, awarded by Business Initiative Directions (BID) **International Platinum Star Award** in Switzerland in November;

## YEAR 2007

- **Continuously invested in the field of wood processing** as financing 1 company in HCMC and 1 one in Phu Yen. Besides, started to form afforestation companies in Dak Lak and Phu Yen according to the project of afforesting 100,000 ha of production forest in Vietnam. At the same time, TTF also performed financial investments in some companies operated in other fields such as Song Hau (aquatic products), Quy Ban Viet (health) and Phu Huu Gia (real estate). Total accrued long-term investment capital in the year was about **250 billion dong.**



- In order to finance said investment in expanding, as well as meet current capital used for growing production demand, the Company issued shares to separate shareholders and performed IPO strategy for mobilizing capital from domestic and foreign sources, **which increased its chartered capital up to 150 billion dong and share premium over 470 billion dong.**

## YEAR 2008

- On 1st February, 2008, the Company received the decision no. 24/QD-SGDHCM of Hochiminh Stock Exchange (HOSE) on approving its official post of 15,000,000 stocks coded TTF. TTF's very first transaction date on HOSE was 18th February, 2008. This was a very important land mark of Truong Thanh Corporation.

- Became one of 30 first companies owned brands chose by Government to take part in the Program of **National Brands**

- Continuously invested more 57 billion dong in said companies, increased its total long-term investment up to **322 billion dong** in 31st December.



- Won the prize of **Best annual statement** chosen by Hochiminh Stock Exchange (HOSE).
- Continuously invested 74 billion dong in said companies, 1 wood processing company in Binh Duong, 1 industrial zone management company in Dak Lak, increased total long-term investment up to **396 billion dong** in 31st December.



## YEAR 2009

- Once again, became one of 43 companies parting in the Program of **National Brands 2**.
- **Appeared in court twice** related to the lawsuits rose up by Mr. Tran Hoai Nam – Tan Phat Company; the first time, being sued by Tan Phat Company because of the claim of 1,845,402,000 dong, and the second time, TTP (TTF's subsidiaries) sued Tan Phat Company because of the unsettled debt of 28,304,035,467 dong and related accrued interest. According to the Sentence no. 46/2010/KDTM-PT, Tan Phat Company must pay TTP for 25,358,121,000 dong.
- Being fined by UBCK 70 million dong and warned by HOSE all around the stock market because of **insufficient consolidated financial statements in 2008 and 2009**. The reason was that TTF had wrong awareness of some accounting standards relate to consolidation matter. However, the Corporation did overcome this right in its Financial statement 2010.

## YEAR 2010

- Continuously invested 54 billion dong in said companies, 1 company producing packing of wood products, increased total long-term investment up to **450 billion dong** on 31st December.
- Won the prize of **Best annual statement** chosen by Hochiminh Stock Exchange (HOSE).



TTF received the prize of Best annual statement in 2010

- Won the prize of **Best annual statement** chosen by HOSE
- Continuously being recognized in the world by “**Diamond Trophy For International Quality**” awarded by BID in French in April.
- Officially gave birth to new product named **High technical floorboard** with special features of super water resistance (undamaged under the condition of being boiled up to 72 hours) and super scratch resistance (8H harness, AC5abrasivity).



TTF Chairman received the award of “Diamond Trophy for International Quality” in French

## YEAR 2011

- **Established new Laboratory** for studying and developing. The Laboratory could carry out a wide range of control tasks, from chemical and toxic substances in products to mechanical and physical control, durability of wood materials, artificial boards and other products. Through this investment, the Corporation was able to study and develop even better in order to allow its production department to produce more quality products in the future and recover investment in shorter term. These new product lines were officially launched in Vietnamese and international markets on May 2012.
- **Built TFF’s base depot** in Tan Uyen, Binh Duong with total investment of **90 billion dong**.
- **Transferred the land use right related to the land lot in Binh Chuan – Thuan An – Binh Duong** in order to move the factory from here to Tan Uyen, right next to Truong Thanh Furniture Corporation which allowed the Corporation to reduce transportation costs and strengthen management system.
- Total long term investment on 31st December was about 519 billion dong, after deducting about 32.2 billion dong for provisions, there were 487 billion dong.

## YEAR 2012

- Became one of Top 10 of Best annual statement chosen by HOSE.
- Received the Credit of Multi awarded annual statements in last 5 years acknowledge by Chairman of State securities commission.
- In the situation of reducing short-term debts about 154 billion dong according to Board of shareholders’ Resolution in 2012 and requirement of bank community based on tight money policy of Government as the Corporation could not increase owner’s equity, TTF fell into **the most difficult stage related to cash flow** since its establishment in 2000. Therefore, the Corporation could not perform completely orders and deliver on-time, which led to the situation of **dropping in revenue for the very first time** throughout its course of formation and development, as well as **the loss about 2.9 billion dong** stated on consolidated statements, despite of elimination of Minor shareholder’s benefits, Parent company’s shareholders still received about 2.5 billion dong of profit.



TTF Chairman worked with Chairman of Viet A bank, Binh Duong branch





Royal salon set

## YEAR 2013

Through 2013, the Corporation was in a very difficult situation. Because of large quantity of inventories since 2008, high balance of debts in the context of too high interest rate, the Corporation paid a big amount of bank interest in many previous years (average 230 billion dong/year). This put on TTF a strong pressure of cash flow, not including some banks reduced their limits in 2012 and 2013, which tightened even more the Corporation's current assets. Lacking of cash flow reduced significantly its production in 2013 (up to 50%) as received revenue did not enough for paying salary and purchasing input materials for producing – this was one of reasons made the Corporation could not be able to meet deadline required by customers and almost fell into the situation of closing down sometimes. It was not until September 2013, **with iron will of Board of directors**, Binh Duong state bank, based on TTF's reasonable suggestion, decided to set up a meeting of creditor banks in order to solve the Corporation's difficult situation by debt laying off and interest rate cutting down, allow it to have enough capital for continuing to produce. Therefore, TTF did avoid said closing down situation. Besides, it also got into the stage of financial re-structuring with many steps performed within 18 months since November 2013.

## YEAR 2014

In 2014, TTF decided to re-structure its finance structure in such a strong way and met 70% of defined plan. As expected, it shall complete this task of financial re-structure at the end of Quarter II, 2015 and start to focus on business development and brand building in order to come back to the leading position in wood processing industry, not only about sales but scale, technology and distribution system also. These feasible objectives were based on the fact that the Corporation has been sure of success of 90% of export orders up to the end of 2015 and other projects of interior decoration, installation concluded with leading Real estate companies in Vietnam, for example the projects of Vinpearl Phu Quoc, Furama Da Nang, Masteri Thao Dien, Vinhomes Central Park, Vung Me Nha Trang, etc..., not including other derivative contracts under consideration of TTF.

# THE STRUCTURE OF ORGANIZATION AND HUMAN RESOURCES

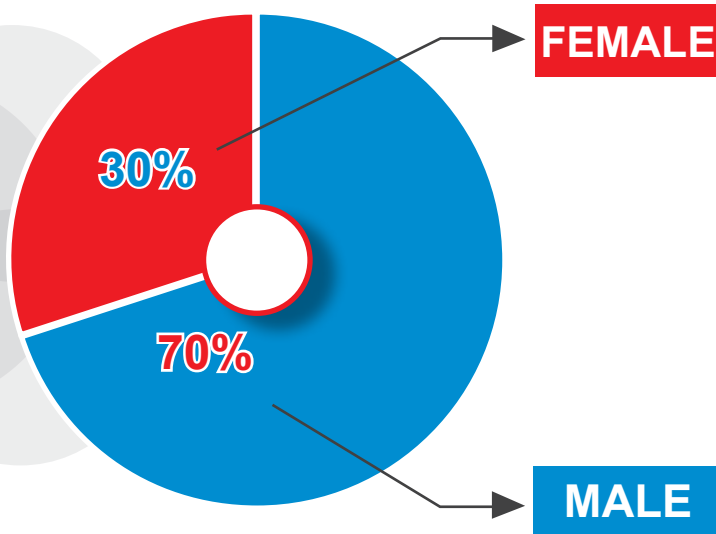




# THE STRUCTURE OF ORGANIZATION AND HUMAN RESOURCES

## 1. HUMAN RESOURCES AND EMPLOYMENT POLICIES

### 1.1. The Corporation's number of employees (including subsidiaries)



**The Corporation's current total number of employees on 31st December 2014 was 3,767, where:**

- ▶ **Male: 70%**
- ▶ **Female: 30%**

**Where, education level of high school and above made up 30%**

### 1.2. Employment policies:

#### 1.2.1. Working regulations:

- The Corporation performs the working time regulations of 40 hours/week (5 days/week) for administrative employees and 48 hours/week (6 days/week) for directly labor employees.
- Other regulations are based on applicable Vietnamese labor law.

#### 1.2.2 Recruitment and training regulations:

##### a) Recruitment

- Making sure that the Corporation's recruitment regulations are without discrimination of sex and position, appropriate with regulations of Government, SA 8000 (Social Accountability) and ILO (International Labor Organization).
- Giving priority to young, smart and high education level owned people in order to take part in the Corporation's key personnel training program for meeting demands of continuously development and scale expansion as well as reinforcing subsidiaries.
- Attracting people who are enthusiastic, high sense of responsibility, eager to learn and creative and experienced in the Company's business industry. Giving priority to people who have good abilities of general analysis, situation handling and work management.

- For senior positions such as General director, Deputy directors, Financial director and other Directors, the Corporation gives priority to people who own Master academic title and above and have been educated in developed countries as well as have leadership ability, training skills and appropriate qualifications.
- For workers, we prefer to recruit people who are from some regions without developed industry, then train them in skilled technical workers and equip them with full of facilities. This plays a big part in stabilizing the Corporation's crowded workforces.

### **b) Education and training**

- Often training and educating right at the Company with the frequency of at least 20 days/person/year. This is quite high frequency in comparison with other multinational companies. This factor helps TTF's management system to keep pace with international business practices.
- Education – training courses are usually about:
  - + Leadership skills
  - + Management skills
  - + Budget management and cost price management skills
  - + Office management skills
  - + Some soft skills for better working performance such as: Effective communications, Time management, Problem resolving, Dispute resolving, Teamwork...
  - + Professional knowledge for each functional department
  - + Production process of each factory
  - + Techniques of processing wood products
  - + Skills of operating equipment, machines
  - + Quality management according to system and products
  - + Knowledge on CoC (reversely accessing product origin), U.S. Lacey act, European FLEGT convention
  - + Fire-fighting, Labor safety, Chemical safety

- + ISO 9001:2008, SA 8000
- + Cost management
- Financing some staffs to be trained in domestic or foreign countries related to wood product designing and perfecting, raw material management, warehouse management, logistics organization, company accounting...
- In order to overcome the situation of lack of human resources in wood processing industry, Truong Thanh Corporation was financed by GTZ up to 54% of expenses for establishing a training center right at TTDL 1 factory (Truong Thanh Joint Stock Company – Dak Lak) with total investment of 7 billion dong. This center operated for the first time at the end of April 2007, with 3 German professors (paid by German Ministry of Foreign Affairs) and 7 professors of Truong Thanh Corporation. According to the agreement concluded with South Africa government, the Center and TTF trained over 20 students from South Africa in wood processing since March to August of 2011 (5 months). This was an important land mark of TTF in particular and Vietnam in general related to international cooperation of training.



Training professional staff in Wood processing at TTF's campus





Agreed on the training programs for South Africa students at TTF



Commended and rewarded achievement of the staffs

- Especially, in order to prepare a strong succeeding staff for future management and operation, the Corporation has set up a course of KEY PERSONNEL according to MBA program in the course of 2 years/course which provide each year average 45 staffs who could able to undertake higher position/post.

**c) Policies on salary, bonus and welfare**

Waring that human resources is a big asset, TTF has attached special importance to policies on salary, bonus, welfare, promotion opportunities and company culture to keep and appoint talented people to important posts.

● **Salary policy:**

- + Complying with salary regulations defined by Government.
- + Considering for salary increase per 6 months, based on individual ability, progression and contributed achievement, even in the context of toughly economic crisis since 2008, although the level and number of increase are somewhat lower than before 2008.

● **Bonus policies:**

- + Before 2010: considering for bonus at least per 6 months according to the Corporation's commending and rewarding regulations, based on opened election or individual professional qualification. Since 2010: temporarily pausing per-6-month bonus policy, however still guaranteeing for annual bonus.
- + Applied ESOP (Employee Stock Ownership Plan) since 2007, creating the opportunities to being real owners for the Corporation's staff. However, in the context of current stock market, ESOP has lost its attraction to labor force, TTF has temporarily paused it.
- + Performing unscheduled commendation and reward for individuals/teams who complete their tasks in such a creative way or contribute initiatives of technical or management improvement... in order to encourage high working performance. This policy has been applying by the Corporation, especially in the economic crisis situation.
- + Commending and rewarding as individuals/teams meet or exceed important targets defined by Board of directors.

- **Welfare:**

- + Social insurance and health insurance according to Government regulations
- + Working accident insurance 24/24
- + Buses for picking up employees living far from working location.
- + Establishing Labor union for protecting employees' benefits
- + Entertainment such as maneuvers, performance, cooking competition, flower arrangement competition, quiz... on the occasions of national holidays or the Corporation's holidays.
- + Traveling at least 1 time/year
- + Invested 10 billion dong in constructing employee accommodation in Binh Duong and Dak Lak
- + Other allowances and welfares according to Vietnamese Labor law and the Corporation's Employment regulations.

**d) Company culture:**

In order to associate thousands of employees together, we have established and developed a particular company culture which allows us to always unite, cherish, respect and support each other, without any discrimination, and be proud of being one of our jointly the same roof named "Truong Thanh". Some typical features of Truong Thanh culture are:

- Developing the culture of constructive opponency in meetings, workshops and training courses;
- Applying Open Door policy to every level, however still based on the sense of respecting mediate management level;
- Encouraging in building work teams and creating favorable conditions for effective teamwork;
- Often acknowledging, respecting, commending and rewarding achievements of junior employees;
- Senior employees are always enthusiastically train and guide their junior;
- Always saying NO with all kind of negative actions, proving PROFESSIONAL ETHICS in work

- TTF's slogans:

▶ **Afforestation mission:**

**For A Green Earth**

▶ **The mission of providing wood products:**

**Shining Every Where**



► *TTF's traditional flag:*



● *The Corporation's Academic dress and Uniform, department uniform:*





## 2. THE MODEL OF BUSINESS MANAGEMENT, ORGANIZATION AND MANAGEMENT APPARATUS

### 2.1. Management model

Since changed from limited liability to Joint stock form in 2003, TTF's management model has included:

- Board of Shareholders;
- Board of Director (including many subcommittees) and Board of Control
- Executive Board: led by General director; Deputy directors undertakes functional field

With the origin of its Traditional model since being formed, today TTF is performing its

management based on new Century 21st model with following features:

- Departments and units depends on each other
- The sense of teamwork is heightened as working
- Attaching special importance to customers, quality and services
- Information is communicated in such a multi-dimensional way
- Key staffs and employees are trained in multi skills, judgment and problem solving ability.

TTF employee representatives and Chairman of BoD

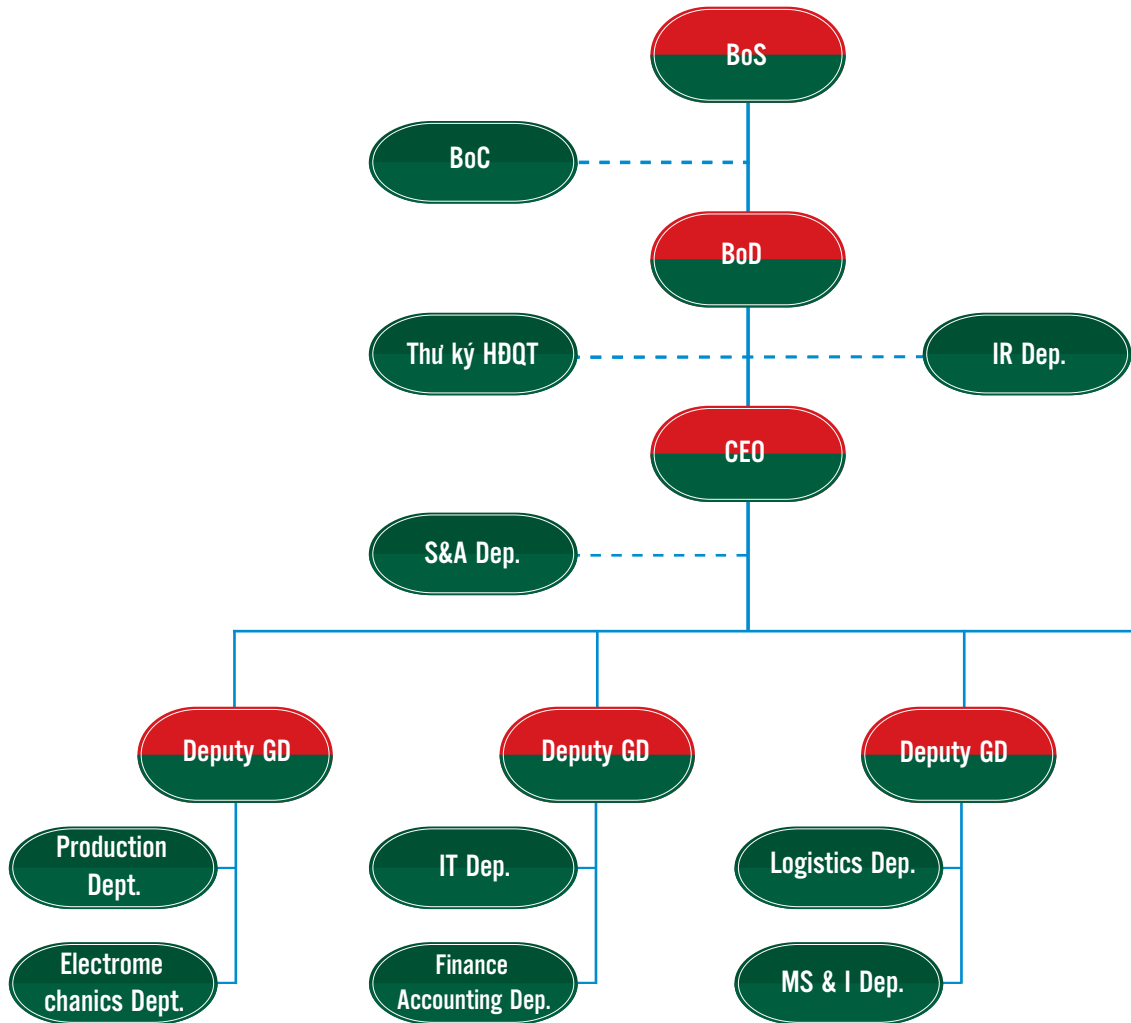






TTF's new products

## 2.2. THE STRUCTURE OF MANAGEMENT APPARATUS

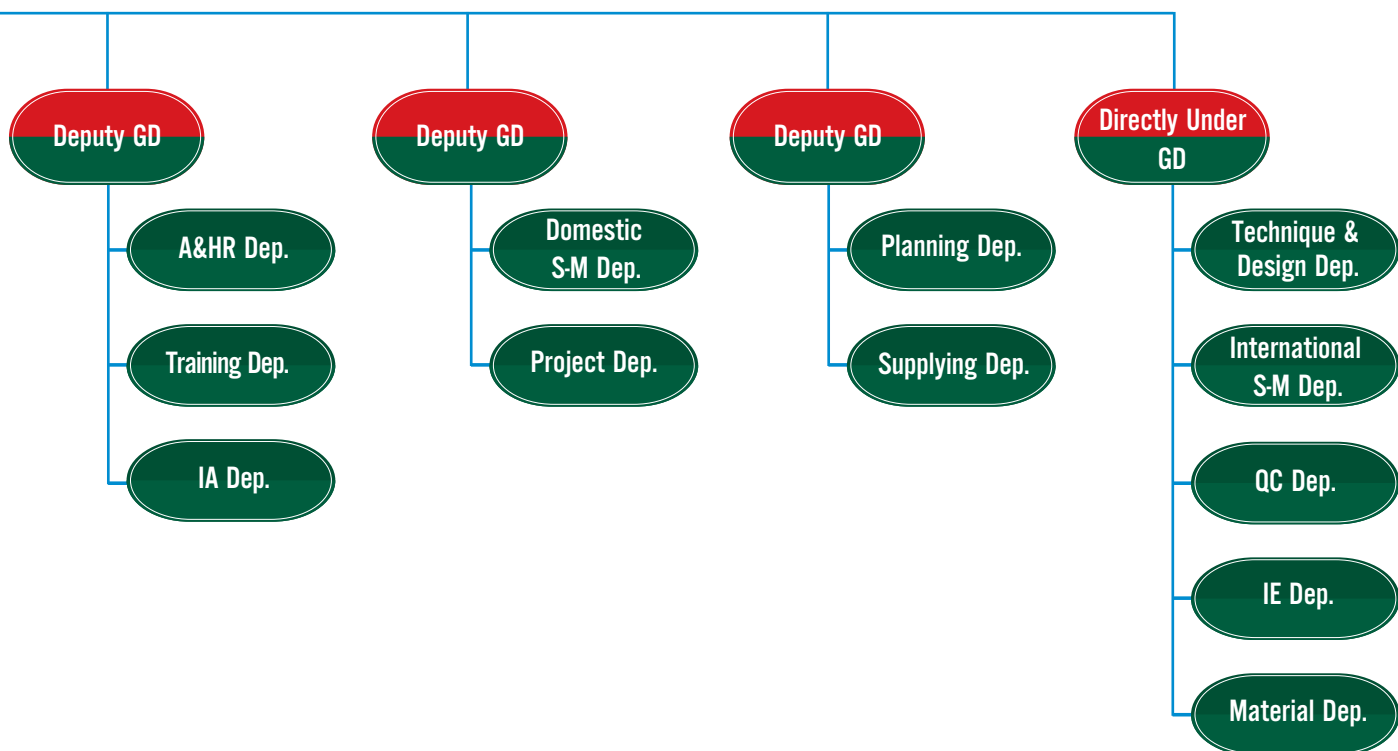




## ABBREVIATIONS:

**BoS:** Board of Shareholders;  
**BoD:** Board of Directors  
**IR:** Investor relations  
**S&A Dep.:** Secretariat – Assistance Dep. of  
 General director office  
**CEO:** Chief Executive Director  
**QC:** Quality Control  
**IT:** Information technology

**S-M Dep.:** Sales – Marketing department  
**IA Dep.:** Internal Audit department  
**IE Dep.:** Import & Export department  
**A-HR Dep.:** Administration – Human  
 Resources department  
**MS & I Dep.:** Management Security  
 & Infrastructure department



### 3. INTRODUCTION OF EXECUTIVE BOARD



3.1 General Director,  
cum Chairman of BoD:

#### Mr. VO TRUONG THANH

- Born in 1958, holding Business Administration Master Academic Title in U.S.
- Over 30 year experience in wood processing industry
- Travelled around 25 countries for learning about modern wood processing technologies and afforestation
- Held important positions in various associations such as: *Dak Lak Young Company Consulting Board, Chairman of Dak Lak Company Association, Member of the Standing Committee of HCMC Timber Fine Arts and Wood Processing Association, Chairman of Binh Duong Furniture Association (BIFA)*
- Current: *Member of Executive Board of Vietnam Forest Product Association, Member of the Standing Committee of Global Forest Product Trading Network in Vietnam (GFTN) directly under WWF, Member of Club of International Leading Companies*
- Owning TTF's shares on 31st December, 2014: 10,042,568 shares, making up 10.04%



3.2 Deputy General Director,  
cum Member of BoD:

#### Mr. TA VAN NAM

- Born in 1951, graduated from Teacher's College
- Almost 17 year experience in management and operation related to wood processing industry
- Holding the position of permanent Deputy General Director
- Owning TTS's share on 31st December, 2014: 131,280 shares, making up 0.13%





3.3 Deputy General Director,  
cum Member of BoD:

### **Mr. VO DIEP VAN TUAN**

- Born in 1979, holding Business Administration Master academic title grant by Kaplan University – U.S., Bachelor's degree of BA grant by Los Angeles University, Award of Financial Accounting grant by UCLA, U.S.
- Over 10 year experience in finance and investment field in U.S. and Vietnam
- Operating Finance – Accounting Dep. and Internal Audit Board
- At the same time holding the position of General Director in Truong Thanh Industrial Board Joint Stock Company (TTBD3) in Tan Uyen, Binh Duong
- Owning TTF's shares on 31st December, 2014: 253,497 shares, making up 0.25%



3.4 Deputy General Director,  
cum Member of BoD:

### **Mr. DINH VAN HOA**

- Born in 1962, holding Bachelor's degree of Construction Technique grant by Polytechnic University
- Over 25 year experience in management and operation in construction field
- Operating Logistics, Electro-mechanics, Management Security, Infrastructure and Construction Management Departments
- Owning TTS's share on 31st December, 2014: 119,930 shares, making up 0.12%



3.5 Deputy General Director,  
**Mr. LE MINH NGOC**

- Born in 1973, Mechanics Engineer
- Over 18 year experience in wood processing industry, from technician to executive management
- Operating Production Dep., Sample Shop and Sofa Shop
- Owning TTF's shares on 31st December, 2014: 579 shares



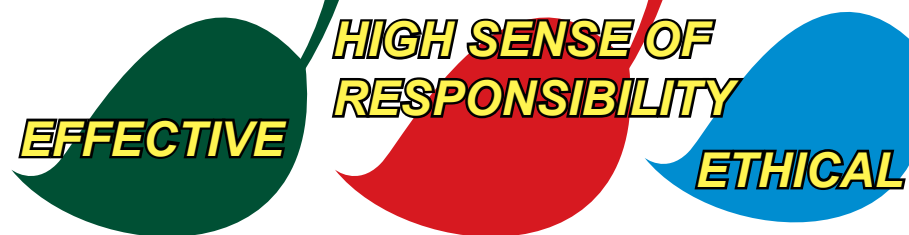
3.6 Financial Director:  
cum Chief Accountant

**Mr. DAO NGOC QUYET**

- Born in 1980, Bachelor's degree of Finance & Accounting, holding the certificates of Chief accountant, stock market introduction, Security law, Stock analysis and investment
- Over 10 year experience in company accounting, auditing and finance field
- Owning TTS's share on 31st December, 2014: 0 shares



## 4. VALUED-BASED MANAGEMENT



*These three values have been identified into TTF community life and work. Both the Corporation's processes and its staff's action principles head to these values' direction:*

### ► **Effective:**

Doing business is for profit – the long-term and vital purpose of any company. Therefore, as carrying out any task, the Corporation's staff shall make sure that their action is **Effective**. Many effective actions not only increase profit but also allow the corporation to be able to develop continuously. However for TTF, **Effective** means something bigger, not only purely Physical profit. **Effective** sometimes means solving a problem in such a good way. Therefore, we always encourage our members to forecast potential problems and take appropriate actions based on the objective of effectively solving it.

### ► **High sense of responsibility:**

High sense of **responsibility** means always being ready to share and contribute to joint works and handle related tasks by trying our best. Besides, each individual needs to have sense of **responsibility** for everything he does, whether his action results in good achievement or bad consequence. Sense of **responsibility** is an important factor, a prerequisite condition for us to reach our hope. We need to have sense of **responsibility** for ourselves, our families, our works and our corporation's objectives at any time and from anywhere. "Benefits associate with **responsibilities**" – with this

spirit, TTF always take responsibility to its customers and suppliers, its shareholders and workforce.

It expresses its sense of responsibility for Vietnamese community, society and economics by afforesting and doing its business in such a profitable way in order to create thousands jobs for thousands people.

### ► **Ethical:**

Today, many companies only focus on profit and success and defy professional **ethics**. This may be fraud, scandal as well as fault in business or bullying and harm in the employee community.

Being **ethical** in business as well as human behavior is the premise for building a powerful and professional company.

As being **ethical** is heightened, product, service and human resources quality shall be significantly improved. This allows the companies not only to win their customer's heart but also to reach higher profit. Therefore, in TTF, we always heighten our slogan of being **ethical** in business.



Chairman of BoD is sharing the joy of some employees as successfully performed the solutions of solving the Corporation's difficult situation.



## 5. SUBSIDIARIES AND ASSOCIATED COMPANIES



Truong Thanh office in Dak Lak

### 5.1. DIRECTLY OWNED SUBSIDIARIES

#### ▶ 5.1.1. TRUONG THANH JOINT STOCK COMPANY

Address: 86th Km, National Highway 14, EaRal commune, EaH'leo suburban district, Dak Lak

Key industries: processing, exporting and trading wood products

Actual contributed chartered capital: **VND 30,000,000,000**

TTF's owning rate: 70.00%

#### ▶ 5.1.2. THANH WOOD PROCESSING JOINT STOCK COMPANY

Address: Hamlet 5, EaRal commune, EaH'leo suburban district, Dak Lak

Key industries: processing, exporting and trading wood products

Actual contributed chartered capital: **VND 28,000,000,000**

TTF's owning rate: 70.00%

#### ▶ 5.1.3. TRUONG THANH WOOD PROCESSING JOINT STOCK COMPANY

Address: DT747, quarter 7, Uyen Hung town, Tan Uyen suburban district, Binh Duong

Key industries: processing, exporting and trading wood products

Actual contributed chartered capital: **VND 126,239,000,000**

TTF's owning rate: 64.16%

#### ▶ 5.1.4. TRUONG THANH INDUSTRIAL BOARD JOINT STOCK COMPANY

Address: DT747, quarter 7, Uyen Hung town, Tan Uyen suburban district, Binh Duong

Key industries: processing, exporting and trading plywood, veneer and particle board

Actual contributed chartered capital: **VND 51,000,000,000**

TTF's owning rate: 99.50%

► **5.1.5. TRUONG THANH FOREST PRODUCT JOINT STOCK COMPANY**

Address: 35 Quang Trung, Thong Nhat ward, Buon Ma Thuot city, Dak Lak

Key industries: afforestation and trading forest products

Actual contributed chartered capital: **VND 59,584,847,685**

TTF's owning rate: 99.97%

► **5.1.6. TRUONG THANH AFFORESTATION JOINT STOCK COMPANY**

Address: 35 Quang Trung, Thong Nhat ward, Buon Ma Thuot city, Dak Lak

Key industries: afforestation and trading forest products

Actual contributed chartered capital: **VND 58,191,490,000**

TTF's owning rate: 46.07%

► **5.1.7. TRUONG THANH WOOD INDUSTRY JOINT STOCK COMPANY**

Address: C8, Hoa HiepIZ, Dong Hoa suburban district, Phu Yen province

Key industries: processing, exporting and trading wood products

Actual contributed chartered capital: **VND 18,346,802,000**

TTF's owning rate: 60.00%

► **5.1.8. TRUONG THANH GREEN JOINT STOCK COMPANY**

Address: 81 Nguyen Tat Thanh, Ward 2, Tuy Hoa city, Phu Yen province

Key industries: afforestation and trading forest products

Actual contributed chartered capital: **VND 53,244,606,834**

TTF's owning rate: 99.99%

► **5.1.9. TRUONG THANH WOOD INDUSTRY JOINT STOCK COMPANY**

Address: Dao Trinh Nhat, quarter 1, Linh Tay ward, Thu Duc district, HCMC

Key industries: processing, exporting and trading wood products

Actual contributed chartered capital: **VND 12,800,000,000**

TTF's owning rate: 97.50%

► **5.1.10. TRUONG THANH DAKNONG FOREST PRODUCT JOINT STOCK COMPANY**

Address: 204 Tran Hung Dao, Nghia Thanh ward, Gia Nghia county town, Dak Nong

Key industries: afforestation and trading forest products

Actual contributed chartered capital: **VND 1,787,000,000**

TTF's owning rate: 99.44%

► **5.1.11. TRUONG THANH DAKNONG IMPORT EXPORT TRADING JOINT STOCK COMPANY**

Address: Hamlet 3, Nhan Co commune, DakR'Lap suburban district, Dak Nong

Key industries: trading, importing and exporting forest products and materials for wood processing

Actual contributed chartered capital: **VND 20,000,000,000**

TTF's owning rate: 94.75%





The second Truong Thanh office in Dak Lak 2

#### ► 5.1.12. TRUONG THANH M'DRAK WOOD PROCESSING JOINT STOCK COMPANY

*Address: M'Drak industrial area, Krong Jing commune, M'Drak suburban district, Dak Lak*

*Key industries: processing, exporting and trading wood products, afforesting*

*Actual contributed chartered capital: **VND 7,560,456,454***

*TTF's owning rate: 87.10%*

## 5.2. INDIRECTLY OWNED SUBSIDIARIES

#### ► 5.2.1. TRUONG AN AGRICULTURE FORESTRY INDUSTRY JOINT STOCK COMPANY

*Address: Hoa Tien commune, Krong Pak suburban district, Dak Lak province*

*Key industries: afforesting and taking care of forest, producing seedlings, supplying services of forest product exploitation*

*Actual contributed chartered capital: **VND 5,400,000,000***

*TTF's owning rate: 85%*

#### ► 5.2.2. TRUONG THANH – PHUOC AN CONSTRUCTION MATERIALS JOINT STOCK COMPANY

*Address: 107 Le Duan, block 4, PhuocAn town, Krong Pak suburban district, Dak Lak*

*Key industries: producing clay construction materials*

*Actual contributed chartered capital: **VND 9,700,000,000***

*TTF's owning rate: 52%*



## 5.3. ASSOCIATED COMPANIES AND JOINT VENTURES

### ► 5.3.1. TRUONG THANH PACKING JOINT STOCK COMPANY

Address: 19 street 11, quarter 1, Linh Tay ward, Thu Duc district, HCMC

Key industries: producing and trading paper packing products

Actual contributed chartered capital: **VND 4,570,000,000**

TTF's owning rate: 43.76%

### ► 5.3.2. TRUONG THANH – OJI AFFORESTATION CO., LTD.,

Address: 81 Nguyen Tat Thanh, ward 2, Tuy Hoa city, Phu Yen province

Key industries: afforesting and trading forest products

Actual contributed chartered capital: **VND 185,406,636,350**

TTF's owning rate: 51.00%



TTF representative office and showroom opened in March 2015 in Hanoi



DEVELOPMENT

ORIENTATION



# DEVELOPMENT ORIENTATION

## 1. Core abilities

- Have held lot of **secrets** for producing high quality products meeting technical requirements and international standards on safety (BS EN 581, BRC, CARB...), on packaging (ISTA)... since many years before. Recently, the Corporation also has successfully studied, established and applied new UV painting process with highest hardness in the world for wood painting (reached up to 8H hardness while former world record was just 6H)

- Have successfully studied and developed some new product lines playing a strategic role and creating many breakthroughs such as: High technical floorboard and plywood, luxury PB without toxic substances... These may considered as a revolution in the industry of construction materials and interior decoration

- Owning lots of most modern, multi-functional and high capacity wood processing equipment in Vietnam – which were imported from Italia, Germany, Japan – in association with optical and informatics technologies in order to pick wood by optical eyes, as well as **optimize the demand of raw materials based on recovered value by informatics software, not the concept of optimization based on recovered volume** as before. These new-generation equipment associate with each other by fiber optic cables and communicate through the server located in the Corporation's head office to the posts. As required, the experts in Germany or Italia may immediately repair or operate them based on new designs. Equipping with many modern equipment allows the Corporation to overcome many challenges in the future when worker's salary shall be increased up to 3 more times;



*TTF's new product*

- **Designing by ourselves** and selling over 80% of production in last 8 years

- Stable **material sources** with high volume and low price meeting requirements of FSC (Forestry Stewardship Council) – C.o.C (Chain of Custody), or U.S. Lacey act, or European FLEGT convention at the same time

- Successfully build-up 1 brand of B2B (Business to Business) which is popular because of its quality in the international purchasing world, as well as win many domestic and international awards for quality and business prestige, make sure that “**customers can find us always**”, not finding customers as most of other companies;





- **Owning many forests which could be exploited for wood.** Holding many land lots for afforesting in next years. Applying the alternation method of exploitation and processing as well as steady business. Being supported by international popular and experienced partners in afforestation field. Receiving Government fund up to 50% for establishing nursery gardens – tissue growing – seed selection using Acid deoxyribonucleic (AND) technology. TTF’s nursery gardens are applied with advance underground watering technology and biological technique instead of fertilizer which allows lower operational costs, resources savings. This is an important ability in the context that Vietnam has just joined in TPP. Because of the fact that many FDI companies shall switch to Vietnamese materials instead of Chinese imported materials as before. As expected, raw material prices originated from TTF’s forest shall increase 20-50% in 2016 and later, when TTF could harvest its achievement of afforestation with a large quantity;
- Being able to **directly sell** to lard international supermarket systems, retail chains and wholesalers without any support of mediate companies as other companies;
- Our **international marketing** team has the ability to search for and quickly update new trends of design as well as material situation;

- Our **international sales** team is fluent in English, French, Japanese and Chinese, experienced in negotiating foreign trade contracts as well as could timely, effectively handle circumstances of international payment, import and export;
- Being able to maintain and develop in such a good way **the system of product origin tracking** according to standards of C.o.C which is inspected and certified periodically by SGS;
- Being able to cleverly operate **the system of quality control** according to ISO 9001:2008, which is inspected and certified periodically by SGS. There are over 50 internal assessment executives regularly trained and certified by BVQI and SGS;
- Being able to perform **super large orders** thanks to large production scale, high volume of material inventory and big investments in modern equipment;



*CNC Master equipment*



- Executive board, especially Mr. Vo Truong Thanh – General Director (cum Chairman of BoD) – our head, is not only experienced and **wide and deep knowledge** on business administration but also expert in wood processing technologies. He is a quite rare case in Vietnamese furniture industry. He used to hold the position of Chairman of Furniture Association of Binh Duong – a Vietnamese province owns the turnover of wood product export up to 50% of total national turnover;
- Successfully built-up a **Truong Thanh** culture with various particular features. This is the invisible string linked thousands people, encouraged them to combine forces with each other to construct “Truong Thanh” brand

- The Corporation’s foundation is based on **best management practices and standards** of the world;
- “Truong Thanh” brand has been registered for **protection in U.S., U.K., French and Vietnam**;
- Being a group of wood processing companies associated with each other into an almost closed production chain, from input materials such as forest, wood, particle board, veneer to finished product and packing. This limits the dependence on outsourcing suppliers; at the same time increases the control ability of quality, input price and delivery date.



*Chairman of BoD Vo Truong Thanh*



## 2. BUSINESS STRATEGIES AND PLANS IN 2015 – 2019

### 2.1. Key objectives for business results in 2015 – 2019

- Completely financial re-structuring at the end of Quarter 2, 2015
- Increasing 25% of revenue per year since 2015
- Increasing 30% of profit per year since 2016



*TTF's artificial forest in Phu Yen*

### 2.2. Objectives related to environment, society and community

- Successfully completing the project of afforesting 100,000 ha in Vietnam according to successive method with average 2,000 ha/year
- Studying and manufacturing new kinds of board, wood production without toxic substances (such as formaldehyde, lead, mercury...), or with a low content of these according to general safety standards of Europe (E0 and E1), U.S. (CARB P2) and Japan in each stage
- Always creating favorable conditions for domestic and foreign students to have probation opportunities at the Corporation



*Granting scholarship to a student of University of Agriculture and Forestry*



*The graduation ceremony of South Africa students after a course of wood processing*

- On yearly basic, performing a charitable program supporting poor children, street children and victims of the flood based on allowable budget
- Guaranteeing employment regulations and policies, at least based on legal provisions.
- Guaranteeing that average earnings of directly production workers is higher than the minimum salary scale defined by Government at least 30%, and increased over 10%/year (in the case of Corporation's financial favorable condition, these index shall be 50% and 30%)
- Timely informing shareholders of information as required by laws from time to time. Maximizing shareholders' profit at the same time maintaining steady business and responsibilities to our society.

- Providing the employees with a fair, creative working environment in such a way of complying with Vietnamese Labor law as well as ILO and other standards of large international customers



Chairman of BoD answers questions of workers in Open Door program organized per Quarter

### 2.3. Business plan in 2015 – 2019

Calculation unit: million dong

Content	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019
Total turnover	1,830,000	2,196,000	2,635,200	3,162,240	3,794,688
Net revenue	1,821,000	2,185,200	2,622,240	3,146,688	3,776,026
Cost of goods sold	1,428,000	1,660,752	1,992,902	2,391,483	2,869,779
Gross profit	393,000	524,448	629,338	755,205	906,246
Revenue of financial activities	15,000	18,000	21,600	25,920	31,104
Expenses for financial activities	93,000	100,000	105,000	120,750	132,825
Sales expenses	27,000	32,400	38,880	46,656	55,987
General & administration expenses	84,000	100,800	120,960	117,128	127,670
Operating profit	204,000	273,248	342,898	444,751	558,660
Other profit	-10,000	-14,000	-16,000	-18,700	-22,440
Profit before tax	194,000	259,248	326,898	426,051	536,220
Profit before tax	164,900	220,361	277,863	362,143	455,787

**Revenue:** Increasing about 30% per year thanks to the fact that since 2015, Vietnam has expanded international trade by concluding many free trade agreements (FTA) with EU, Japan, Korea, ASEAN, Russia and other neighboring countries, especially Trans-Pacific Strategic Economic Partnership Agreement (TTP). This has opened a giant door for Vietnamese furniture export companies to promote their production operations and to have competitive advantage over China.

**Costs:** Financial e-structuring, reducing debts have allowed the corporation to save a significant amount of financial expenses. Besides, interest rate of bank community has been remarkably decreased. This has allowed us to reduce about 100 billion dong/year of financial expenses. This is the key which creates even bigger profit in 2015 and later in comparison with previous period.



**Profit:** Beside of significantly saved-up amount of financial expenses allowed us to reach higher profit, since 2015, the corporation also has started to exploit 1,000ha of artificial forest on an annual basis. Now we own about 13,000ha of forest and are exploiting by annual successive method. This exploitation has been allowing us to recover long-term investments and contributing remarkably into the profit.

Beside of above business plan, we also plan to complete the re-structuring stage of finance and deb structure. There are 3 key objectives needed to be performed up to the end of Quarter 2, 2015 as followings:

1. Promoting DATC and other banks to successfully trade in debts related to 5 banks with total scale over 1,000 billion dong.
2. Decreasing bank debts from 1,900 billion dong down to 1,300 billion dong by using following solutions:
  - Converting debts into shares: 40 billion dong;
  - Selling inventories for decreasing debts: about 210 billion dong;
  - Exploiting forest: 100 billion dong;
  - Issuing shares: 100 billion dong;
  - The corporation's profit: 50 billion dong.
3. Successfully issuing 40 million shares to the existing shareholders. Related to this mission, in the case of unfavorable market which prevents external shareholders to perform their rights, we shall issue these shares to other strategic partners and investors. This is the backup solution for ensuring a successfully issue.

#### **2.4. Medium and long term development strategies**

- Doing business steadily and having sense of responsibility to community, biosphere and climate change.
- Closing technology process from afforestation to processing – studying and developing new products in order to produce particular product lines bore TTF brand, maximize value of artificial wood by study and development.
- Maintaining the position of the manufacturer, trader and exporter of wood products reached highest turnover in Vietnam;
- Becoming one of TOP 50 of manufacturers, traders and exporters of wood products and wood floorboard reached highest turnovers in the world since 2025;
- Becoming one of TOP 3 of private afforestation companies (for their wood processing operations) with largest area of artificial forest in ASEAN since 2020;
- Maintaining the leading position in domestic market of interior decoration execution.
- Bringing our national brand to international world through retail networks into end customers in U.S., French and U.K. (where the corporation did register for its brand protection).
- TTF always focuses on the resources served for its core industry, afforestation and wood processing, including: producing plywood, artificial board, veneer, woodworks, both in- and out- door, floorboard of all kind and other luxury interior decoration services for large domestic and foreign projects.

## 3. RISK MANAGEMENT

### 3.1. The risks may affect to the Corporation's business operation

#### 3.1.1. Economic risks.

- Since the end of last year, many countries in the world have continuously devaluated their currencies in order to promote their export turnover, while Vietnamese government has tried to keep VND being stable; this context has been raising disadvantage to national export (making large proportion of GDP).
- Samsung's production and export growth in 2015 has been lower than in 2013 and 2014 – its import turnover on the other hand has strongly increased along with FTA processes. Therefore, the situation of trade gap may come back, our Government shall have to flexibly interfere in by various solutions, including the most severe and effective one is to increase USD exchange rate. According to TTF's forecast, in 2015, the exchange rate shall be increased 3%, in despite of the fact that state bank of Vietnam undertook not to increase it more than 2% in Quarter 2, 2015

Although the Circulation no. 02/2013/TT-NHNN has been delayed many times, but it would become effective in such an absolutely way in April 2015, which means series of company debts would become bad debts, and as a chain effect, the situation of bad debts all around the country would be more severe. Therefore, the banks desiring to lend companies would be affected too, credit situation would be harder.

► In consideration of those, TTF's risk management solutions shall be as followings:

- *Increasing owner's equity by mobilizing the existing and strategic shareholders through issuing 40 million of shares in June 2015 in order to reduce part of rate of dependence on borrowings and at the same time still have enough necessary current capital for key production and business operations, especially wait in front of new opportunities as various orders moved from China and PMI index has been over 50 in a row of 19 months, and reached the peak in April with 53.5 points.*
- *Continuously borrowing in USD currency in order to reduce financial expenses based on the forecast that exchange rate loss shall be very low (in TTF's opinion, USD currency price may increase 3% in 2015); promptly reducing the borrowing in VND currency by selling inventories, despite the fact of potential loss in the case of un-used materials.*
- *Bringing into play lean manufacturing management in order to increase performance and reduce inventory proportion on conveyor belt as well as cut down cost of goods sold shall be an important mission since May 2015*
- *Completing the Corporation's financial re-structuring project at the end of Quarter 2, 2015 and re-restructuring equities, turning capital in artificial forest inventories into current capital serving for production and business operations in last period of the year.*



### 3.1.2. Legal risks.

50% of Truong Thanh products exported to Europe, U.S., Japan... are usually affected by some kind of import taxes, international commercial practices, environmental laws, labor laws and antidumping laws. For example, European Flegt convention and U.S. Lacey act have become effective in recent years. This is a barrier for the companies have not prepared enough for entering into U.S. and European markets. But for TTF, since many recent years, we have received FSC certificate, even better than said standards, therefore there is nothing to worry as complying with them. Besides, because of totally depending on external resources of wood, other companies have to face difficulty as proving their wood origin. But in the case of TTF, now we are using most of wood resources exploited from our artificial forests, that is why we already know how to solve this risk.

On the other hand, there have been many rumors that Vietnamese wood processing and export industry would be put antidumping duty, especially after the event that some Chinese wood products have been put antidumping duty by U.S, for example, bedroom-decorative wood products. However, according to analysis of several experts in U.S. antidumping law, this risk is low in the case of Vietnam in general and the Corporation in particular. The reasons are:

- Antidumping law usually is used for foreign products directly competing with local products. While most of the Corporation's products are rarely produced in Europe, U.S. and Japan.
- Vietnamese woodwork production exported into international market is now under 5% of import production of the countries often using the tool of antidumping duty. Therefore, if each Vietnamese woodwork

export company allocates their goods into different export markets with an appropriate rate, their ability of risk management and control is very high, which maximally limits any difficulty as being put antidumping duty.

Besides, our Government is now studying and performing some solutions to support in market information, legal information of the countries importing Vietnamese wood products. At the same time, Vietnamese government also has just promulgated new forestry development orientation performed in 2006 – 2020, which highly encourages all kind of economic elements to afforest for material exploitation and steadily develop the industry of wood processing. One of most important contents is that raising up wood export turnover up to USD 7.8 billion before 2015. So, Vietnamese woodwork export companies' exporting rate shall increase average 25% per year which means our Government has paid, is paying and will pay more attention to creating favorable legal conditions for steadily developing Vietnamese wood processing industry.

Therefore, in consideration of overall legal environment and the Corporation's actual situation, we believe that legal risks shall not affect to us too much.



### 3.1.3. Particular risks

#### 3.1.3.1. Material risks

In the context that main wood material makes up 40% - 60% of cost of goods sold, its price changes shall affect the Corporation's profit. The risks of material price increase include:

- The required time for afforesting served for woodwork productions is too long, it takes at least 8 years, even 20-30 years. Therefore recently, as Vietnamese economy has faced many difficulties in medium and long term investment, our afforestation industry has not been attractive enough to attract investments. We have seen the situation of forcibly chopping down young trees for selling to paper companies which has resulted in locally lack of wood for wood processing and export industry in Vietnam.
- For several kinds of temperate trees such as Oak, Ash, Beech, Eucalyptus and Teak certified by FSC, the wood processing and export companies has to import input materials. Therefore, as purchasing from far location, they have to face the risk of high transportation expenses; especially, long delivery time significantly affects to cash flow and requires higher current equity. However, the volume of this kind of wood material only makes up fewer than 40% for entire the industry and 15% for the Corporation.

*Therefore, the Corporation's business operation is affected by material price risks. However, in the context of normally economic development, if the situation of material price increase actually rises up and entire the market shall modify products' selling price at the same time, the Corporation may increase its selling price, revenue and exterminate the risks of material price which affects to its profit, and more important, TTF's artificial forests is already in the stage of Rotation harvesting. This means we are not affected too much, but have the advantage of selling raw materials with higher prices as TPP is concluded and creates the context that FDI companies operating in the industry shall purchase materials in Vietnam in order to enjoy the tax rate of zero instead of from China or Africa.*

*Besides, the increasing in wood material volume before 2008 has brought about higher profit of afforestation companies in the world, at the same time stimulated investments in large scale afforestation in U.S., Canada, Sweden, Finland, New Zealand, Uruguay, Chile, Brazil, Costa Rica, South Africa... and even China. In Vietnam, about previous 10 years, our Government did launch the movement of afforesting 5 million ha in the period of 1997 – 2007. Today, according to summarization, despite of the achievements of only 2.2 million ha and some defects needed to be remedied such as structure of tree kinds, region apportion, determining investment and management elements, etc..., the production of grown forest in recent years has reached up to 30 million m<sup>3</sup> of round wood per year which meets domestic demand of wood processing and paper industry. Currently, our Government also has launched the movement of afforesting 2.5 million ha more in the situation that total area cultivated lands and bald hills for afforesting is 6.1 million ha.*

*Low value wood materials exploited from TTF's artificial forests shall be used according to following rate: 40% for production, 60% for re-selling to competitors. As for high value wood materials, the corporation still purchase from external sources, but the most shall be from inventories; therefore, the risks of material price in 2015 and later is very low.*



### 3.1.3.2. Market risks:

2015 is the year of many free trade agreements concluded by Vietnam, especially the most important one – Trans-Pacific Strategic Economic Partnership Agreement (TPP). Through conclusion of TPP, wood companies with their own artificial forests as TTF shall enjoy more competitive selling prices of raw materials and finished products over Chinese companies from 2% - 5%. This is the attractive point to promote customers to move to Vietnam from China.

U.S. market is quite stable with Dow Jones index above 17,000 points always. The index of selling houses has been increasing continuously, brought about higher consuming rate of household furniture. The Eurozone has recovered in an impressive way. Japanese economy has once again grown thanks to support of the decrease of Yen currency and successfully Abenomic economic promotion policies which means the demand of imported furniture in Japan shall increase along with the work of reconstruction after the earthquake and tsunami. Besides, U.S. also has expanded the list of Chinese furniture born antidumping duty. Meanwhile, China has just increased labor price and decreased preferences used to be applied to furniture export, the Chinese currency has been forcibly prevented from dumping in order to avoid a trade war, brought about the fact that their furniture has lost the advantage of price. Therefore, the export market of furniture shall be more opened for Vietnamese furniture. Besides, domestic real estate situation has just rose up again in 2014, which means domestic market of interior decoration and furniture business is expected to strongly grow in 2015

**Therefore, TTF's risk management solutions shall be as followings:**

- Beside of paying attention to and

*heightening the value of orders from long-term customers, the corporation shall take Full advantage of the changing trend from China to Vietnam resulted from the effect of new convention which shall be concluded in 2015. Currently, many orders like above have "landed" on TTF's hands as an exploratory move; however, they would be high potential orders after the conventions such as TPP official become effective.*

■ *The Corporation's domestic market has been more reinforced through expanding the retail system in the form of interior furniture supermarkets, especially the opening of our interior furniture supermarket in Hanoi in March 2015. We expect to establish 2 more ones in HCMC in 2015 as the beginning of the work of expending domestic market in next years.*



*Outdoor dining table set named Linda*



*Customer Carrefour tests the product*

### 3.2. Assumed risks may affect to the Corporation's operation in 2015

► **Risk 1:** Unsuccessfully financial re-structuring project as planned: Increasing chartered capital up to 1,400 billion dong and decreasing bank debts from 900 billion dong down to 1,300 billion dong.

**Solution:** Till the end of 2014, the corporation has reached 70% of its financial and debts re-structuring project. Currently, the work of debt trade has reached 800 billion dong of original debts, converting debts into contributed capital and other re-structuring moves have reach 220 billion dong. As expected, till June 2015, we shall continue trade debts with total amount about 200 billion more, which means the project of debt re-structuring as planned.

However, issuing of 40 million shares (for the existing shareholders) now is in an unfavorable condition because of the context that the stock market has suffered down points resulted from macroscopic factors. In order to solve this matter, BoD has also suggested a backup solution in which members of BoD need to have a strong attachment to each other and aware the corporation's good prospect in the context that Vietnam is integrating deeply and wildly into international economy and trade. The corporation's artificial forests which are long term assets are almost old enough to exploit. Therefore, members of BoD have undertaken to contribute capital according to defined proportion. For the remaining amount, if other existing shareholders do not purchase, the corporation shall offer to its strategic partners and other investors.

► **Risk 2:** The risk of large inventory

Currently, the corporation's inventory is quite high and has not been resolved in recent years. The reason is that all of inventory material has been mortgage for bank loans. In 2013 and 2014, the corporation met the difficulty in cash flow and could not pay for lifting the mortgages. Meanwhile, the banks always asked for paying first. Since the end of 2013, the corporation has negotiated with DATC on bank debt trade in order to solve the problem of lifting the mortgages. However, in 2014, DATC preferentially purchased the debt in Vietcombank with total amount of 543 billion dong because of mortgaged workshops, properties and equipment. It was not until the end of 2014, DATC purchased the debt of 254 billion in MBank (mortgaged by inventories), however, as expected, till June 2015, DATC shall transfer to the corporation for selling. Therefore, selling inventories is still slow in comparison with defined plan.





*In order to solve the problem of inventories in 2015, since the middle of 2014, the corporation's BoD has promulgated a strong resolution on decreasing inventory in 2015 and later by bank debt trade related to inventory. Beside of the debt in MBank which has been solved successfully, DATC now is performing required procedures in order to purchase debts in 4 more banks which are expected to complete in this June. After completing every procedure of debt trade, DATC shall lift the mortgages on series of inventory for sold by the corporation; this is the most optimal solution which may be performed by the corporation. According to the plan approved by Board of Shareholders, in this year, the corporation shall decrease about 289 billion dong of slow-rotated inventory; the remaining shall be solved in 2016.*

► **Risk 3:** The rate of inflation in Vietnam is expected to be 4-5%. After a long term money tightening, the purchasing power of entire society has been down to very low point, which is showed through the obviously decrease in CPI in first 4 months. The risk is that our Government may allow exclusive state-owned companies to increase prices of power, oil... which means the rate of inflation shall be close to the target assigned to Government by the National assembly.

**Solution:** *because in 2015, most of production materials are from TTF's artificial forests, TTF does not worry about the increase in material price which only affects to labor costs in the case that CPI index is higher (this makes up 15% of revenue, but only 2% of cost of goods sold). In that case, TTF shall apportion selling price in the context that PMI easily reaches 53.5 points.*

► **Risk 4:** No matter what Government has loosened the currency policies in 2014, a long-term money tightening would bring about the situation that many companies, in general, and TTF, in particular, could not be recovered quickly. This depends on the ability of owner's equity increase or the approach to credit capitals.

► **Risk 5:** Government's support package of 30,000 billion dong for rescuing the real estate industry still has not proved all of its effect because of slow, wordy procedures of disbursement and approach, which means that its effect is weaker than expected.



# OPERATIONAL SITUATION IN 2014

## 1. PRODUCTION AND BUSINESS SITUATION

### 1.1. Business results

No.	Content	Amount (VND)
1	Net revenue	1.458.733.118.306
2	Gross profit	276.149.257.706
3	Profit after tax	67.184.049.520
4	Profit after tax of Parent company's shareholders	70.619.947.535
5	EPS	911

### 1.2. Major changes and fluctuations

#### 1.2.1. About Revenue

**Decreasing 13% in comparison with expected target** because in September, the corporation did not approach to bank borrowings in time, plus the lack of capital since the end of 2013, it could not receive too many orders in first 6 months of 2014. It was not until Quarter 4 of 2014, the bank borrowings were used, which means that the orders performed in last months could not make up for the lack of orders in previous 9 months.

#### 1.2.2. About profit

In 2014, the corporation's profit after tax significantly increased: 18 times in comparison with in 2013. This is the peak value in last 5 years. However, this profit was mainly based on the reduction of financial expenses.

#### 1.2.3. About expenses

In comparison with the same period last year:

- Financial expense decreased 71%
- Sales cost increased 54%

- General and administrative cost increased 19%, the remaining was based on provision for receivables.

For general and administrative cost, in order to carry out BoD's instructions on strongly productivity increase, the corporation needs to reinforce senior management staffs, recruit new production management staffs for preparing for the development cycle, especially, in first 6 months of 2014, there was significantly reinforcement of human resources which led to an increase of 19% in administrative cost. This is what we need for developing in 2015 and later.

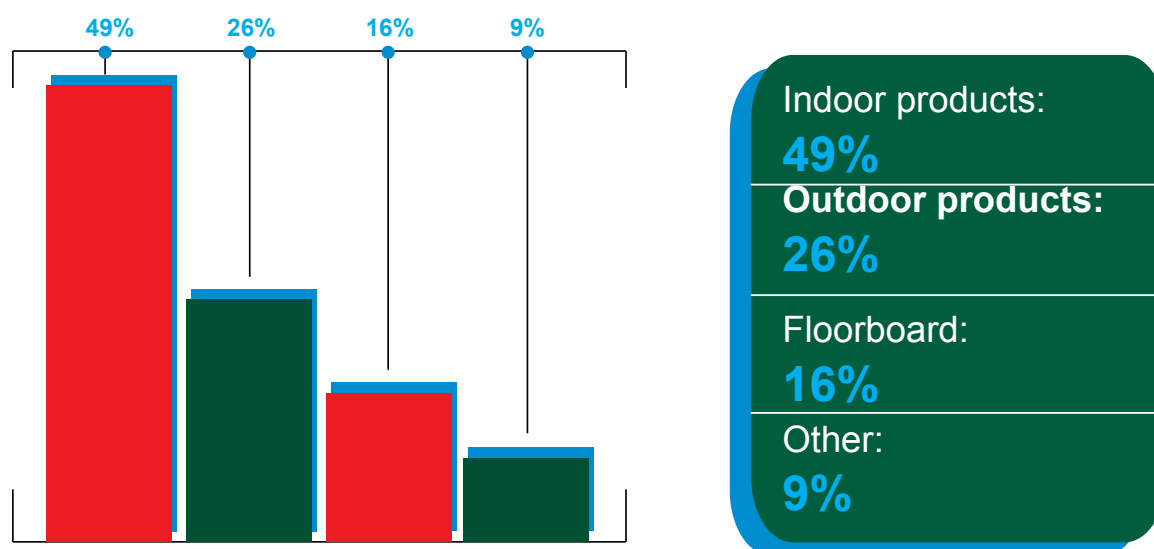
#### 1.2.4. About market

TTF gives priority to domestic construction orders because better payment methods as well as higher rate of gross profit/ revenue in comparison with export orders. Besides, the Corporation also attached special importance to selling artificial boards produced by its subsidiaries. Therefore, the rate of revenue from domestic market was also gradually increased up to the almost same rate of export market.



### 1.2.5. About products

Floorboard, especially high technical lines, performed an impressive increase of 16% in sales thanks to many projects related to luxury real estate works in Vietnam such as Vincom Center, Eden, Vinpearl Da Nang, Amalotus pleasure ship, Royal City, Times City... Indoor products sale was increased also, while outdoor products sales was decreased. In the situation of lack of capital, it is reasonable to give priority to domestic orders with appropriate payment methods. The structure of product lines based on sale in 2014 was as followings:



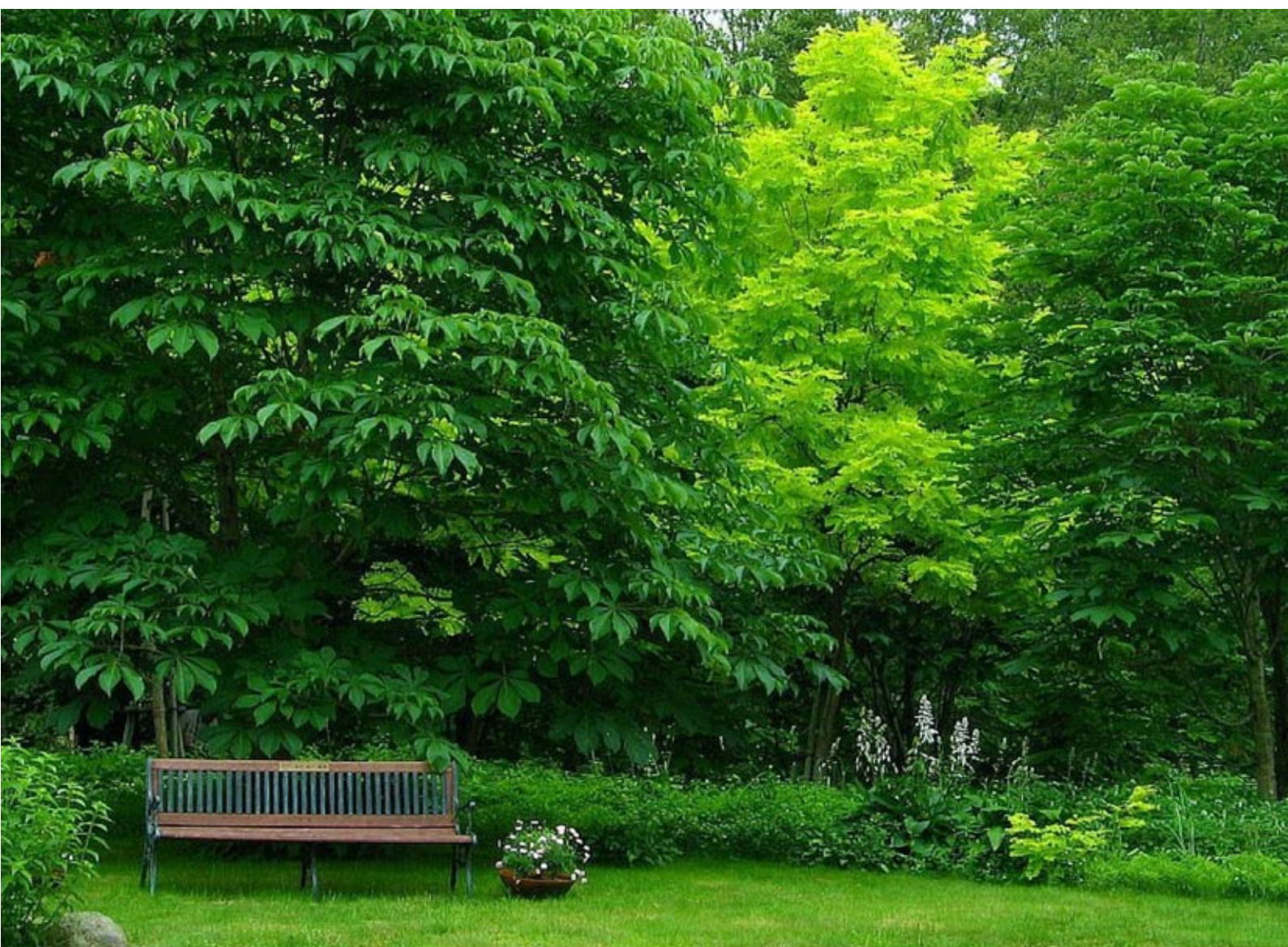
### 1.3. Performance situation against planned

Calculation unit: million dong

Content	Performed in 2013	Planned in 2014	Performed in 2014	Against 2013	Against planned in 2014
Net revenue	1.550.346	1.683	1.461.989	-5,74%	-13,19%
Gross margin	304.739	314.500	276.149	9,51%	12,38%
Rate of Cos of goods sold/ Net revenue	80%	81%	81%	1%	0%
Financial activities income	8.920	27.000	16.228	79,78%	-40,74%
Financial activities expenses	219.173	155.000	63.495	-70,78%	-58,71%
Sales expenses	12.624	26.000	20.439	53,85%	-23,08%
General and administrative expenses	77.590	80.000	103.773	33,33%	29,71%
Profit after tax	-4.693	63.450	67.184	1.440%	6,35%
Profit after tax of Parent company's shareholders	3.869	65.200	70.620	18 times	7,69%
EPS (dong)	76	-	911	12 times	-

Source: Audited consolidated financial statements in 2013 and 2014 of TTF and business plan approved in the Annual Meeting of BoS in 2014

***In 2014, despite of the decrease of 13% in revenue and 12% in gross margin, net profit has increased 18 times against in 2013 and 7,69% against planned. This means the financial re-structuring project of the corporation in 2014 has been strongly effective.***





## 2. ORGANIZATION AND HUMAN RESOURCES

### 2.1. Changes in Executive board

Period of time	Assignment	Dismission	Note	No. of EB's members after assignment/ dismissal
19th Sep 2014		Mr. Nguyen Ngoc Le Chief Accountant	Transferring Mr. Nguyen Ngoc Le to other management position	6
19th Sep 2014	Mr. Dao Ngoc Quyet Financial director cum Chief accountant		Replacing Mr. Nguyen Ngoc Le	6

### 2.2. Changes in human resources

*The Corporation's total number of employees on 31st December 2014 was 3,767 people, increasing 9% against in 2013.*

## 3. THE SITUATION OF INVESTMENT AND PROJECT PERFORMANCE:

3.1. Major investments in 2013: None

3.2. Operations and financial situation of subsidiaries and associated companies:

3.2.1. Directly-owned subsidiaries

3.2.1.1. TRUONG THANH JSC (referred as TTDL1) – Consolidated  
TRUONG THANH JSC (referred as TTDL1) – Consolidated

No.	Content	Amount (million VND)
1	Revenue	31.119
2	Profit after tax (after deducting benefits of minor shareholders)	-45.680
3	Owner's equity	-11.331
4	Total assets	463.295
5	Short-term borrowings	161.880
6	Long-term borrowings	20.000

*Source: Audited financial statements 2014 of TTDL1*

### 3.2.1.2. TRUONG THANH WOOD PROCESSING JSC (referred as TTDL2)

No.	Content	Amount (million VND)
1	Revenue	201.461
2	Profit after tax (after deducting benefits of minor shareholders)	-16.648
3	Owner's equity	15.014
4	Total assets	378.620
5	Short-term borrowings	156.883
6	Long-term borrowings	13.801

*Source: Audited financial statements 2014 of TTDL2*

### 3.2.1.3. TRUONG THANH WOOD PROCESSING JSC (referred as TTBD2)

No.	Content	Amount (million VND)
1	Revenue	614.185
2	Profit after tax (after deducting benefits of minor shareholders)	16.955
3	Owner's equity	160.151
4	Total assets	708.006
5	Short-term borrowings	250.501
6	Long-term borrowings	36.000

*Source: Audited financial statements 2014 of TTBD2*

### 3.2.1.4. TRUONG THANH INDUSTRIAL BOARD JSC (referred as TTBD3)

No.	Content	Amount (million VND)
1	Revenue	510.718
2	Profit after tax (after deducting benefits of minor shareholders)	-2.495
3	Owner's equity	48.505
4	Total assets	436.485
5	Short-term borrowings	37.629
6	Long-term borrowings	0

*Source: Audited financial statements 2014 of TTBD3*



### 3.2.1.5. TRUONG THANH FORESTRY JSC (referred as TTC)

No.	Content	Amount (million VND)
1	Revenue	175
2	Profit after tax (after deducting benefits of minor shareholders)	-11.313
3	Owner's equity	48.271
4	Total assets	130.767
5	Short-term borrowings	18.139
6	Long-term borrowings	42.400

*Source: Audited financial statements 2014 of TTC*

### 3.2.1.6. TRUONG THANH AFFORESTATION JSC (referred as TTP)

No.	Content	Amount (million VND)
1	Revenue	10.254
2	Profit after tax (after deducting benefits of minor shareholders)	-15.541
3	Owner's equity	42.650
4	Total assets	56.014
5	Short-term borrowings	6.280
6	Long-term borrowings	0

*Source: Audited financial statements 2014 of TTP*

### 3.2.1.7. TRUONG THANH TIMBER INDUSTRY JSC (referred as TTI)

No.	Content	Amount (million VND)
1	Revenue	31.605
2	Profit after tax (after deducting benefits of minor shareholders)	6.271
3	Owner's equity	24.618
4	Total assets	34.846
5	Short-term borrowings	0
6	Long-term borrowings	0

*Source: Audited financial statements 2014 of TTI*

### 3.2.1.8. TRUONG THANH GREEN JSC (referred as TTG)

No.	Content	Amount (million VND)
1	Revenue	23.860
2	Profit after tax (after deducting benefits of minor shareholders)	-16.527
3	Owner's equity	36.718
4	Total assets	41.834
5	Short-term borrowings	0
6	Long-term borrowings	0

*Source: Audited financial statements 2014 of TTG*

### 3.2.1.9. TRUONG THANH JSC (referred as TTTĐ)

No.	Content	Amount (million VND)
1	Revenue	0
2	Profit after tax (after deducting benefits of minor shareholders)	-6.678
3	Owner's equity	6.122
4	Total assets	7.005
5	Short-term borrowings	0
6	Long-term borrowings	0

*Source: Audited financial statements 2014 of TTTĐ*

### 3.2.1.10. TRUONG THANH DAK NONG FORESTRY JSC

No.	Content	Amount (million VND)
1	Revenue	0
2	Profit after tax (after deducting benefits of minor shareholders)	-2.46
3	Owner's equity	-259
4	Total assets	43
5	Short-term borrowings	0
6	Long-term borrowings	0

*Source: Audited financial statements 2014 of Truong Thanh Dak Nong*



### 3.2.1.11. TRUONG THANH DAK NONG IMPORT EXPORT TRADING JSC

No.	Content	Amount (million VND)
1	Revenue	262.371
2	Profit after tax (after deducting benefits of minor shareholders)	42.320
3	Owner's equity	62.320
4	Total assets	174.259
5	Short-term borrowings	3.772
6	Long-term borrowings	0

*Source: Audited financial statements 2014 of Truong Thanh Dak Nong Import Export*

### 3.2.1.12. TRUONG THANH M'DRAK WOOD PROCESSING JSC

No.	Content	Amount (million VND)
1	Revenue	17.590
2	Profit after tax (after deducting benefits of minor shareholders)	48
3	Owner's equity	7.609
4	Total assets	18.065
5	Short-term borrowings	4.600
6	Long-term borrowings	0

*Source: Audited financial statements 2014 of Truong Thanh M'Drak*

## 3.2.2. Indirectly-owned subsidiaries

### 3.2.2.1. TRUONG AN AGRICULTURE FORESTRY INDUSTRY JSC

No.	Content	Amount (million VND)
1	Revenue	0
2	Profit after tax (after deducting benefits of minor shareholders)	-7.527
3	Owner's equity	-2.127
4	Total assets	7.080
5	Short-term borrowings	5.044
6	Long-term borrowings	0

*Source: Audited financial statements 2014 of Truong An*

### 3.2.3. Associated companies and joint ventures

#### 3.2.3.1. TRUONG THANH PACKING JSC

No.	Content	Amount (million VND)
1	Revenue	7.748
2	Profit after tax (after deducting benefits of minor shareholders)	-345
3	Owner's equity	989
4	Total assets	6.374
5	Short-term borrowings	0
6	Long-term borrowings	0

*Source: Audited financial statements 2014 of Truong Thanh Packing*

#### 3.2.3.2. TRUONG THANH – OJI AFFORESTATION JSC

No.	Content	Amount (million VND)
1	Revenue	3.558
2	Profit after tax (after deducting benefits of minor shareholders)	-3.840
3	Owner's equity	177.937
4	Total assets	230.486
5	Short-term borrowings	0
6	Long-term borrowings	45.785

*Source: Audited financial statements 2014 of Truong Thanh-OJI*





## 4. FINANCIAL SITUATION:

### a/ Financial situation

Calculation unit: million dong

Content	Year 2013	Year 2014	% of increase/decrease
Total assets	3.518	4.012	14,04%
Net revenue	1.545	1.459	-5,57%
Operating profit	4.271	104.670	2.350%
Other profit	- 7.178	-17.636	145,70%
Profit before tax	- 4.173	84.925	
Profit after tax	- 4.693	67.184	+ 14 times
Profit after tax of Parent company's shareholders	3.869	70.620	+ 18 times
Dividend payout ratio	0%	0%	

*Source: Audited consolidated financial statement in 2013-2014 of TTF*

### b/ Several key financial ratios

Content	Year 2013	Year 2014
Liquidity ratio	1,15	1,3
Quick ratio	0,22	0,4
Total debt to total assets ratio	0,73	68%
Price to earnings ratio	3,02	2,76
Inventory turnover	0,59	0,5
Total asset turnover	0,44	0,4
Profit after tax/ Net revenue	- 0,30%	4,84%
Return on equity	- 0,55%	7,05%
Return on assets	- 0,13%	1,8%
Operating profit/ Net revenue	+ 0,28%	2,61%

*Source: Audited consolidated financial statement in 2013-2014 of TTF*

## 5. SHAREHOLDER STRUCTURE AND CHANGES IN OWNER'S INVESTED CAPITAL

### 5.1. Share

- TOTAL NUMBER OF SHARES:

**100.067.100 shares**

- TREASURY STOCK:

**464 shares**

- NONE OF PREFERRED STOCK

- TOTAL NUMBER OF CIRCULATING STOCK ON 31ST DECEMBER 2013:

**100.066.636 shares**

- TOTAL NUMBER OF TRANSFERRING - LIMITED STOCK:

**26.567.100 shares**

### 5.2. Shareholder structure

#### 5.2.1. According to the criterion of major – minor shareholder:

Content	On 31st December, 2014		
	Number of shareholders	Number of shares	% of chartered capital
Major shareholder	2	17.071.965	17,06%
Minor shareholder (after deducting treasury stock)	3.377	82.994.671	82,94%

*Source: the list of TTF Shareholders on 31st December, 2014 provided by Vietnam Securities Depository*



Voting in the Meeting of Shareholders





Shareholders attended in the Meeting of Shareholders 2014

### 5.2.2. According to the criterion of individual - organizational shareholder:

On 31st December, 2014			
Content	Number of shareholders	Number of shares	% of chartered capital
Organizational shareholder (after deducting treasury stock)	67	24.825.709	24,81%
Individual shareholder	3314	75.240.927	75,19%

*Source: the list of TTF Shareholders on 31st December, 2014 provided by Vietnam Securities Depository*

### 5.2.3. According to the criterion of individual - organizational shareholder:

On 31st December, 2014			
Content	Number of shareholders	Number of shares	% of chartered capital
Organizational shareholder (after deducting treasury stock)	3.325	94.014.979	93,95%
Individual shareholder	54	6.051.657	6,05%

*Source: the list of TTF Shareholders on 31st December, 2014 provided by Vietnam Securities Depository*

### 5.3. Changes in owner's invested capital

Content	Increase	Decrease	At the end of 2013
Owner's invested capital	265.671.000.000	-	735.000.000.000
Share premium	-	31.407.360.000	99.062.086.764
Treasury stock	-	-	-420.631.294
Investment & development funds	-	-	10.494.752.650
Financial reserve funds	-	-	3.767.885.040
Other funds	-	-	8.963.110
Undistributed earnings	112.862.987.478.468	-20.375.757	3.405.797.956
<b>Total</b>	<b>378.533.987.478.468</b>	<b>31.386.984.243</b>	<b>851.318.854.225</b>

*Source: Audited consolidated financial statement in 2014 of TTF*

Owner's invested capital increased thanks to issuing **26,567,100** shares to investors according to the resolution no. 01-14/NQ-ĐHĐCĐ approved in the Meeting of shareholders dated 29th April, 2014

**5.4. Treasury stock transactions:** None

**5.5. Other securities:** None

REPORTS  
AND  
ASSESSMENTS





# PART 5

## REPORTS AND ASSESSMENTS

### A. EXECUTIVE BOARD'S REPORTS AND ASSESSMENTS

#### 1. Assessing business results

##### 1.1. General analysis

- **Human resources:** Strongly re-structuring of human resources in 2014, recruiting new appropriate staff and continuously cutting down low-performance employees are main reasons of the Corporation's changes in human resources. Therefore, on 31st December 2014, total number of human resources was 3,767, increasing 9% against in 2013.

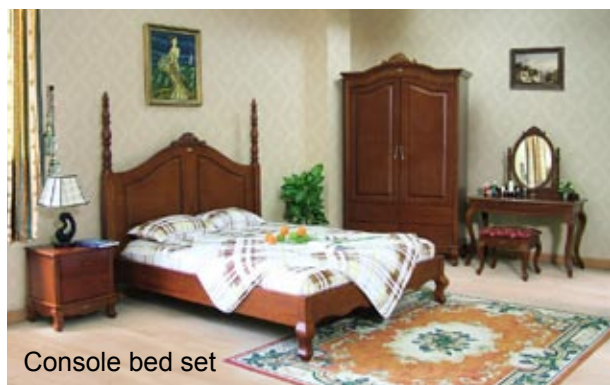
- **Production:** In the situation of obstructed bank borrowings in first 9 months while could not make disbursement from other banks and at the end of 2013, there was no order received because of lack of capital, in first 6 months, the corporation's sale was low which brought about low sale in the whole year 2014 showed the decrease about 6% against in 2013 and 13% against planned in 2014.

- **Domestic distribution market:**

Beside of over 17 Truong Thanh sale point in the whole country established in 2013 and 2014, in last months of

2014, the corporation did successfully planned a project of domestic market development by establishing new furniture supermarkets named Truong Thanh Furnimart – the focus of this development potential was the opening of our very first furniture supermarket in Hanoi in March 2015. New products needed to be launched as a domestic market exploratory move according to Business plan 2014 such as Can't be refused bed, Super strong and light dining table set, no suggestion door and other new products were planned to be produced on a large scale in 2015 in order to provide products for this new selling channel.

- **The proportion of export revenue of each area:** There was almost nothing changed in U.S. with about 50%. Japan and Korea markets lightly increased with 10% for each one. As for Europe, it made up 40% (because of its recovery). Other international markets made up about 4%.



Console bed set



Outdoor couchette

- **Product lines:**

Interior products made up 49%, 26% of outdoor products, 16% of floorboard and similar product. And other product lines made up remaining 9%.

- **Materials:** The material made up a largest part of 30% was Acacia, 10% of plywood, 8% of bead tree, 7% of Mahogany, 7% of shrine and spoke, 6% of rubber, 5% of teak, and other woods such as parashrea stellate, eucalyptus, oak, cherry... made up 27%.



TTF wood material warehouse

- **Profitable ability:** By successfully a big part of re-structuring project in 2014, our profit after tax reached 70 billion.

## 1.2. Executive board's responsibilities for unsuccessfully performance of business plan 2014:

The corporation could not reach the revenue expected by the investors.

Improvement solutions in 2015 which are expected to change this face:

- Completing the debt re-structuring task in Quarter 2 of 215
- Continuously liquidating inventory in order to recover back 300-400 billion of capital.
- Recruiting new staff for selling, especially a deputy general director who takes responsibility for domestic market and increasing revenue.
- Establishing monthly material inventory policy. After lifting the mortgages put on material inventory for liquidating, there shall no high inventory anymore, including any kind of wood materials being in the demand of steadily production.
- On a periodically basic, deputy general directors shall report to BoD on results of business or production plan production or cash flow estimate for each quarter.



### 1.3. The Corporation's improvements

#### a) Maintaining and developing the investment in closely technology process such as:

- In 2014, the corporation invested in totally automatic multi-ripsaw system in order to meet the demand of wood sawing and splitting in such a quickly way and save labor cost.
- Besides, for the field of finished wood processing, the corporation also invested a Piano rubbing machine which improves significantly performance as well as labor cost.
- Waste products and matters such as sawdust, shavings, crushed plank... were collected by vacuum system in order to discard to the environment clean gas only. All of waste solid matters were transported by conveyor belt system to artificial board PB factory for producing water-resistant artificial board products which meet severest standard E0.



TTF's round woods which have been exploited

b) Maintaining and developing the investment in New Laboratory serving for study and development works. The laboratory is able to perform multi tasks from controlling chemical, toxic substances in products to controlling mechanical and physical factors, endurance of woods, artificial boards and finished products. By this investment program, the Corporation has been able to study and develop even better and create new quality products in the future, recover the invested capital in such a fast way. The product lines launched in Vietnam and international markets in recent 3 years have allowed TTF to win more contracts on construction of interior decoration in large projects in Vietnam.



TTF lab room



### c) Achieved awards:

With over 40 valuable awards achieved in last 12 years, in 2014, TTF continuously had chances to taste new fruits as followings:

- + The listed company which is one of Top 50 of Best annual statements in 2014 chosen and awarded by HCMC Stock Exchange
- + “Vietnamese excellent entrepreneur 2014” chosen and awarded by Department of industry and trade and Vietnam national communications corporation.
- + “Top 300 of best Vietnamese companies” chosen by consumers
- + The title of Vietnamese high quality product 2014 chosen by consumers



Top 50 of best annual statements 2014



Certificate of Vietnamese high quality product 2014

## 2. Financial situation:

### 2.1. Asset situation:

- “Receivables from customers” strongly increased against in 2013 (about 323 billion dong, equals to 118.8%) because of the reason that in 2014, the Corporation did conclude with new customers many large contracts, however, their term of instalment payment within 3 to 6 months brought about the significant increase in receivables against in 2013. At the same time, as concluding these large contracts, the Corporation also negotiated to extend the payment period with suppliers of input materials and commodities which made “Advanced payments to suppliers” also increase 75.6% (equals to about 87.7 billion dong).

- “Inventory” continuously increased about 5.3% (equals to 119 billion dong) because of main reasons that: In June 2014, the Corporation successfully negotiated DATC to purchase 543 billion dong of debt in VietcomBank related to parent company and subsidiaries, and in December 2014, the corporation once again successfully performed the plan of negotiating DATC to purchase 254 billion dong of debt in MBank also related to parent company and subsidiaries, however, as expected, it is not until June 2015, DATC hands over the material inventory for selling.

Besides, the Corporation also accepted new large orders. At the same time, together with our strategic bank – Viet A Bank, we also made directly guarantees with both old and new customers in written that Viet A Bank undertook to provide us enough capital to complete 100% their orders. This allowed the Corporation to receive more order and started to produce since Quarter 4 of 2014 and later which means strongly development shall be there since 2015. However, Viet A Bank’s financing capital was mostly used

for purchasing materials of new lines, while the mortgages put on old inventory was still there. That was why at the end of 2014, our inventory still lightly increased.

- There was no significant change (increase/decrease) in long-term assets. However, for long-term investments which have not provided us cash flow and profit in 2014:

- + The investments in afforestation: The Corporation has started to exploit in a scale of 500ha since the end of 2014 and expected to exploit about 1,000ha per year since 2015 to 2020. Total receivable value in this period shall be 800 billion dong and average 120 billion per year.

- + The investment in Ban Viet health fund (30 billion dong): up to Quarter 1 of 2015, the received amount was 27 billion dong. The remaining of 13 billion dong is expected to collect in January 2016.

- +The investments in real estate: In the situation of unsatisfactory market, the corporation has not performed anything yet. We have been looking for the partners to transfer or cooperate with in the project of 50ha in Nhon Trach – Dong Nai. For the land lot of 10,320m<sup>2</sup> in Di An – Binh Duong, we have sold it to HDBank for deducting related debts.

- +The investments in equipment and workshops: In 2014, the investments in equipment and workshops were not significant.



## 2.2. Liabilities status:

- **Current liability:** in comparison with 2013, current liability to banks decreases by 1 billion dong toward the Group (65 billion dong decrease toward the mother company). These addition loans mainly come from Viet A bank for performing new orders and for release. Although the bank deposits at the end of year is about 86 billion dong which is much higher than the previous years, the company does not use it to pay the debt, but is used to improve the production and operation as well as serving the restructuring debt ratio. The debt decrease will be done in 2015.
- Increase debts to suppliers by over 87 billion dong, equivalent 73% in comparison with 2013 as almost of suppliers recognizes better signal in financial status as well effective restructuring methods in 2014 which causes them to allow company longer credit limit for the win-win co-operation among them.

## Finance restructuring statement

### *Debt ratio:*

- The banks have made following action:
  - a. VCB: Although DATC procured 543 billion dong debt from VCB, company has not released mortgages of inventories because the mortgages are mainly real estates, factory and equipment.
  - b. VIB: Successfully transferred debts into 4 million shares.
  - c. MBB: DATC procures the debt valued at 254 billion dong. DATC is expected to transfer inventories for consumption in this June. Then, company will decrease inventories since this quarter 3.
  - d. Kien Long: transferred 40 million dong into short term debt and finalized all debts of mother company.
  - e. SHB: on process of asking for approval from head quarter to transfer 80 billion dong short term debt into 3-year period debt. Company is now mortgaging over 800 hectare of forest which will be put into operation in 2016-2018 to release all of debts to SHB. Therefore, company will be no longer worried about this debt.
- DATC is on process of procuring 4 banks which will be finished in this June. Then the debt restructuring will be successful in June 2015.

## 3. Improvements on organization, policy and management

In 2013 and 2014, the management board spent most of time on improvement of the cash flow. Therefore, there are only some improvements as follow:

- Classifying clients and orders in suitable with company's financial strength in accordance with company's regulations on clients evaluation which is issued this year.
- Maintain regularly the update of income-expenditure plan by relevant officers from departments in order to keep the finance issuance effectively.
- Although company got many difficulties in increasing salary in 2013, it still keeps almost of confidential officers thanking to suitable policy and culture. In 2014, thanking to better finance status, the salary policy was improved in order to encourage and stabilize staffs. Additionally, company made some new recruitment in order to well satisfy development plan for 2015 as well as meeting with integration of Vietnam's economy via FTA and TPP convention.



## 4. Plan for development in the future

### 4.1 Development plan for Board of Directors

To increase the quantity of Board of Directors as well as enhancing recognition, responsibility and capability of Board of Directors.

### 4.2 Development plan for production

- Checking, evaluating all of subsidiaries before performing merging and/or dissolving in order to simplify the Group's structure
- Limiting the development of subsidiaries in forestry field when the finance status for wood processing has not been strong enough
- In the context of development of the real estate market, company has received many orders from big real estate companies such as Vingroup, Furama, Đại Quang Minh, SSG, Masteri, Dat Xanh (Green Land), Nam Long,... Thus, company plans to establish a subsidiary major in furniture production with company's current projects as a basis in order to specialize production activities as well as enhancing furniture production activities for high class projects.
- Forest exploitation: investing more into multi-ripsaw automatic system in order to meet large scale forest exploitation since 2015.



New series of Sofa made by TTF

## B. ASSESSMENT OF THE BOARD OF DIRECTOR

### 1. Evaluation on company's activities

With strong will, all staffs made best efforts in all activities in 2014 which was supposed to be very difficult in cash flow. Although the result did not meet completely with the plan, but company also got some high light as follows:

Although the revenue decreased by 5.74% in 2014 due to low revenue of first 6 months because company proactively decreased orders due to the lack of capital. After getting strong support from Viet A bank that caused to increase current capital, its revenue increased strongly in the ending months and continues its growth in 2015.

- Although the revenue had little decrease, the finance cost had major improvement by success trading in debts that caused the profit to increase impressively.
- With aim to get strong growth in 2015, the Board of Directors decided to enhance the recruitment and training for every departments in order to satisfy the growing stage especially when Vietnam is going to integrate more with international countries as well as the economy recovery of developed countries such as USA, Japan, Italy, England, all of which are expected to be a good chance for the development of company;
- In the context of strong recovery of the real estate, company has been reaching many high class real estate projects in Vietnam which is expected to increase profit in the near future.
- The restructuring of finance system has made recovery for company step by step and is expected to recover strongly after finishing this plan.
- The decrease in inventories in 2014 was not successful. The reason for this is because the liquidation of the inventories depends much on trading debts with banks who own the mortgages in wooden materials. Although DATC procured debt of VCB in the first 6 months, but this debt is mortgaged with land, factory and equipment. In December 2014, DATC procured debt which is mortgaged with inventories of Mbank which is expected to be issued to company in June 2015. Thus, company will decrease inventories in the ending 6 months of 2015.



## 2. Board of Management evaluation

The Board of Directors made regular meetings to evaluate the macroeconomics status, production status and especially suggestion for solution to the cash flow which was warned since 2012. The Finance department also checks the cash flow in order to have firm evaluation on the shortage. However, the solutions seemed to be hard to perform in the context that banks are facing bad debts although they was recognized by the Board of Directors. However, the Board of Directors made many solutions to restructure the loans as well as trading debts up to 70% of the plan. The Board of Directors urgently tries to finish in quarter 2 of 2015



Royal dining table  
New product of TTF





### 3. Plans of the Board of Directors

- Recover strong activities of subcommittees of the Board of Directors.
- Perform the financial plans in order to keep sufficient cash flow for the business plan.
- Check the merging of subsidiaries in order to enhance the management, dissolving of some subsidiaries to simplify the Group structure.
- Appoint the seniors of the mother companies to work for the Board of Directors of the subsidiaries in order to control and enhance the business activities in the subsidiaries.
- Decrease the quantity of the Board of Directors's members to 7 people and 5 people in addition to enhancing the Board of Directors in supervising daily activities and perform the Administration board's goals.

## C. REPORT AND ASSESSMENT OF THE INSPECTION BOARD



### 1. Activities of inspection board in 2014

With role of inspecting activities especially financial activities, the inspection board has made regular meetings as well as organized communication via email, telephone in 2014 to catch company's operation status on time.

Activities of the inspection board in 2014:

- Take part fully in Board of Directors's meetings.
- Raise advice to the Board of Directors and Board of Management regarding activities in 2014.
- Check, inspect the performance and result of resolution of annual general meeting of shareholders in 2014.
- Inspect the compliance with law regarding information issuance regulations of the company.
- Inspect finance: Co-operate with internal audit department and the official audit department to check, inspect the suitability and appreciation in accounting records and financial statement for 6 months and for the whole year. Examine the outstanding issues during the inspection and audit

- Besides, inspection board follows regularly the business operation and other information which can affect the company's operation.

### 2. Assessing financial statement of 2014:

Based on the financial statement of 2014 of company, audit report of DKF Vietnam Audit Ltd. and relevant assessment made by inspection board. The inspection board agrees with conclusions of the independent audit DKF as follows: The financial statement of the mother company and incorporation reflects truly and suitably the finance status of Truong Thanh Furniture Corporation on 31 December 2014; as well as business result and cash flow of last financial ending year 31 December 2014, in accordance with Vietnam accounting regulations and standards.



Periodic meeting of company's Board of Management

### 3. Assessment of the inspection board regarding the financial control:

#### ► Internal accounting, audit:

- The accounting and financial statements of company is compliance with applicable Vietnam's regulations and standards.
- Account records and storage is obvious and easy for checking and inspection. The provision of information is quick.
- The activities of internal audit department made positive activities last year and gave much help to the inspection board. However, this department has not separated completely from the accounting activities. This caused the internal audit department had not made fully the independence and inspection roles.



#### ► Finance status:

- Inventories: calculated to 31 December 2014 is 2,365 billion dong which increases by over 120 billion dong in comparison with 2013 while the revenue of 2014 decreases.
- All of inventories have been mortgaged to banks to warrant the short term loans.
- Release of slow inventories: Company has organized 1 department which has major responsibility for the consuming inventories for selling to, many partners in Binh Duong and Binh Dinh as well as trying to put them in production; However, most of them are

served for small orders with specifications does not meet with client's demand. Thus the release speed does not satisfy much. Additionally, company does not have sufficient budget to release the inventories from mortgages in banks when client has demand which also cause the slow release speed.

- Liabilities status: the loans outstanding to 31st December 2014 are 1,956 billion dong including short term and long term which decreases by 25 billion dong in comparison with early of the year.

- Cash flow status: Although the status is better than in 2013 due to the addition of money made by debts trading, external finance, company's cash flow has not met fully current capital's demand. And this also influences on company's operation.

### 4. Implementation of resolution of Annual general meeting of shareholders in 2014

#### 4.1. Implementation of business' goals and plan for 2014

Company has not finished business plan of 2014, mainly because of difficulty in cash flow.

**4.2. Increase in charter capital: In 2014, company finished the increase in charter capital by 1,000,671,000,000 dong via selling shares to the investors in compliance with resolution of Annual general meeting of shareholders in 2014**

**4.3. Others** (*To be continued on the next page*)





Resolution of Annual general meeting of shareholders in 2014	Result	Assessment
<b>Issue 7:</b> Authorize to the Board of Directors to choose the independent audit department in 2014 among: KPMG Vietnam, Ernst & Young Vietnam; DFK, IFC; An Phu	DFK was selected.	Compliance with resolution of Annual general meeting of shareholders in
<b>Issue 8:</b> Reward of the Board of Directors and inspection board in 2014: + Board of Directors: 592 million dong (Chairman 100 million dong; member 72 million dong) + Inspection board: 84 million dong (Leader: 36 million dong, member 24 million dong)	Was not implemented	Priority to company's staffs and the labors.

## 5. Result of inspection of the activities of the Board of Directors and Board of Management

- The inspection board has not found any case regarding the violence of laws, regulations of company from member of the Board of Directors, Managing director and other managers.

## 6. Co-operation between the inspection board and the Board of Directors, Board of Management.

- In 2014, the inspection board received full information of decision of the Board of Directors; appoint representative to join full meetings of the Board of Directors and raise advice within their obligation and right.
- The connection, transparency and publicity were well done among the inspection board, Board of Directors and Board of Management.

## 7. Recommendations of the inspection board

- The Board of Directors, Board of Management needs to made determination on implementation of cutting the inventories especially slow inventories in order to allow the smooth capital and reduce burden on the cash flow.
- Continue the restructuring of the finance, enhancing restructuring of debts' ratio as well as finding more suitable capital mobilization channels for the business production and operation.
- Company needs to continue to check and cut cost at most by checking regular cost and control effectively the cost, liquidating non-used assets to improve the cash flow
- Continue to develop the projects as it can bring better profit ratio than export. To widen retail markets in Hanoi, Ho Chi Minh city and Can Tho, Da Nang and other big cities.

# ADMINISTRATION OF COMPANY



## PART 6

# ADMINISTRATION OF COMPANY

## A. BOARD OF DIRECTORS

### 1. About the Board of Directors



#### **1.1. Chairman**

##### **Mr. Vo Truong Thanh**

- + Born in 1958, Master of Business Administration in USA
- + 30 years experience in wood processing industry
- + Ratio of hold shares with voting power (finalized on 31 December 2014): 10.04%
- + Number of the same positions at other companies: 5 in subsidiaries and partners.



#### **1.2. Board of Directors's member:**

##### **Mr. Ta Van Nam**

- + Born in 1951, Graduated in Education University
- + Nearly 16 years experience in management in wood processing industry
- + Ratio of hold shares with voting power (finalized on 31 December 2014): 0.11%
- + Number of the same positions at other companies: 4 in subsidiaries





**1.3. Board of Directors's member:**

**Mr. Vo Diep Van Tuan**

- + Born in 1979, Master of Business Administration of Kaplan University- USA, Bachelor of Business Administration of California State University, Los Angeles, getting Award of Accounting finance at UCLA - USA
- + More than 10 years experience in finance and investment in USA and Vietnam
- + Ratio of hold shares with voting power (finalized on 31 December 2014): 0.25%
- + Number of the same positions at other companies: 7 in subsidiaries and partners



**1.4. Board of Directors's member:**

**Mr. Dinh Van Hoa**

- + Born in 1962, Bachelor of Technology University major in construction technique
- + Over 25 years experience in management in construction industry
- + Ratio of hold shares with voting power (finalized on 31 December 2014): 0.12%
- + Number of the same positions at other companies: 1 in subsidiary

## ABOUT THE BOARD OF DIRECTORS (continued)



### **1.5. Board of Directors's member:**

#### **Ms. Diep Thi Thu**

- + Born in 1954, Graduated in Education University
- + Nearly 20 years experience in wood processing industry
- + Of hold shares with voting power (finalized on 31 December 2014): 3.93%
- + Number of the same positions at other companies: 3 in subsidiaries



### **1.6. Board of Directors's member:**

#### **Mr. Phuong Xuan Thuy**

- + Born in 1977, Master of Business Administration
- + 3 years experience in management in wood processing industry, and 10 years experience in management in other fields.
- + Ratio of hold shares with voting power (finalized on 31 December 2014): 7.02% (representative of Hung Thinh import export and wood processing company)
- + Number of the same positions at other companies: 4 in other companies



**1.7. Board of Directors's member:  
Mr. Tran Viet Anh**

- + Born in 1978, Bachelor
- + 15 years experience in management in finance and investment
- + Ratio of hold shares with voting power (finalized on 31 December 2014): 0%
- + Number of the same positions at other companies: 2 in other companies



## 2. Subcommittee of the Board of Directors

No.	Subcommittee	Member
1	Development policy	Vo Truong Thanh, Phuong Xuan Thuy,
2	Personnel and salary	Tran Viet Anh, Dinh Van Hoa, Le Thi Thuy Nga,
3	Finance	Vo Diep Van Tuan, Vo Truong Thanh, Dao Ngoc Quyet
4	Legal	Phuong Xuan Thuy, Ta Van Nam, Dinh Van Hoa, Bui Thi Kim Tuyen
5	Foreign affairs and events	Diep Thi Thu, Tran Le Anh Thu, Do Ngoc Nam

Source: Board of Directors of TTF



Set of bed named Dream – new product of TTF

### **3. Activities of the Board of Directors:**

#### **3.1. Board of Directors's meetings:**

In 2014, the Board of Directors made 27 meetings and many communications via telephone to discuss and vote for the following issues:

- Implementation of business plan in 2014 and methods to get the planned goals.
- Loans to serve the production activities.
- Adopt the decrease in capital in Truong Thanh Daknong trading import export J.S.C.
- Solutions to liquidation of the inventories to improve cash flow.
- Adopt the decision to resign from the Board of Directors of Mr. Nguyen Nhan Nghia, Mr. Nguyen Quang Vinh, Ms. Ngo thi Hong Thu as well as addition of Mr. Tran Viet Anh.
- Adopt contents which will be submitted to the Annual general meeting of shareholders in 2014.
- Adopt registration process to sell private shares and issue additional shares to make exchange equity with Truong Thanh wood processing J.S.C.
- Adopt criteria to select subject for selling shares as well as issuance process in 2014.
- Adopt list of potential strategic partners and quantity of issued shares.
- Adopt the contribution of capital to establish Truong Thanh Agriculture and Forestry J.S.C and appoint the representative.
- Adopt establishment of representative office in the North and appoint the representative.

- Adopt the shares issuance method in 2015 and submission to the extraordinary general meeting; Adopt plan to organize the extraordinary general meeting in 2015.

#### **3.2. Inspection activities of the Board of Directors toward the Board of Management.**

Currently, there are 5 members of the Board of Directors who make role of management at position of General Director and Deputy Director. Therefore, almost of activities of the Board of Management are reported regularly to the Board of Directors. The Board of Management have meeting at least twice a week on Tuesday and Thursday to solve difficulties relevant to delivery schedule, production quality especially improvement of the cash flow which was adopted by the Board of Directors in the meetings. Additionally, the Board of Management also uses Video conference for meeting with the members of the Board of Directors as well as the Board of Management of the far subsidiaries such as Dak Lak and Phu Yen.

#### **3.3. Adopted resolution of the Board of Directors in 2014**

There are 27 resolutions which are adopted. The details are regularly public on TTF's website, HOSE as well as in the Administration report of 2014 on 27 January 2015.



Board of Directors's meeting of TTF

### 3.4. Activities of the independent member of the Board of Directors

There are 3 members of the Board of Directors who do not take role of management in the company, Mr. Tran Viet Anh, Mr. Phuong Xuan Thuy and Ms. Diep Thi Thu. However, Mr. Phuong Xuan Thuy is the representative of the major shareholder. There is only Mr. Tran Viet Anh is the independent member. In 2014, Mr. Tran Viet Anh, independent member of the Board of Directors concentrated on checking the finance status of TTF and advised many ideas for loan, finance restructuring, bank relationship.

### 3.5. Activities of subcommittee of the Board of Directors

The subcommittee had many meetings and discussion in year for finding solutions to improve the cash flow and finance restructuring of TTF. Additionally, the personnel and salary subcommittee also directed the decrease in labour to cut down production cost as well as enhancing skill of the remaining personnel who can undertake more work in this context.

### 3.6. List of members of the Board of Directors who have Administration certificates. List of members of the Board of Directors who joins administration training course

During the last time, due to the huge workload, the Board of Directors has not joined and got administration certificate for the managers in the public shareholding companies. However, all of the members of the Board of Directors have read, applied organization principles for public shareholding company as well as principles relating to obligation and right of the Board of Directors and the Board of Management, principles of shareholders' rights and general meeting of shareholders, principles of transparency and information confidentiality, etc. which is regulated by Securities laws and relevant Circulars and Decrees.



## B. INSPECTION BOARD

### 1. Introduction of the Inspection board



#### **1.1. Inspection board leader Ms. Bui Thi Kim Tuyen**

- + Born in 1983, Bachelor of Finance-Banking; Bachelor of Laws
- + Over 7 years experience in investment and banking;
- + Ratio of held shares with voting power (finalized on 31 December 2014): 0%



#### **1.2. Inspection board's member Mr. Hoang Anh Tu**

- + Born in 1979, Bachelor of Economy
- + Over 12 years experience in accounting
- + Ratio of hold shares with voting power (finalized on 31 December 2014): 0%



#### **1.3. Inspection board's member Ms. Tran Lam Thuy Quyen**

- + Born in 1981, Master of Finance Economy
- + Over 10 years experience in business and senior's assistant.
- + Ratio of hold shares with voting power (finalized on 31 December 2014): 0%

## 2. Activities of the Inspection board:

With role of inspection of company's activities especially finance activities, the Inspection board has organized periodic meeting 6 month a year in 2014 and organized regular communication via email, telephone to catch up with company's activities.

### Activities of the Inspection board in 2014:

- Take part in full meetings of the Board of Directors.
- Giving advice and recommendations to the Board of Directors and Director's board relating to company's activities in 2014.
- Check and inspect the implementation and result of Resolutions of the annual general meeting of shareholders in 2014 of the Board of Directors and Director's board.

- Check the compliance with information issuance regulations as applicable laws.
- Control finance: Co-operate with internal audit department and audit department to check and control the properness and suitability of accounting record and financial statement of 6 months, whole year. To find out outstanding issues during the financial statement audit.

Besides, the Inspection board regularly follows company's normal and abnormal information regarding production activities.

## C. DEALING, SALARY AND OTHER BENEFIT OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND INSPECTION BOARD

### 1. Salaries, bonuses, remuneration and benefits:

#### 1.1. Board of Directors:

*Salary of the Board of Directors in 2014 as bellow (adopted by general meeting of shareholders in 2014):*

*Administration: 592 million dong  
(Chairman: 100 million dong/year,  
Member: 72 million dong/ year).*

Besides, the Board of Directors has no other benefit in 2014.

## 1.2. Board of Management

No.	Name - Position	Real expenditure in 2014
1	Vo Truong Thanh – General director	<b>4.370.000.000</b> <b>(VNĐ)</b>
2	Ta Van Nam – Deputy director	
3	Ngo Thi Hong Thu - Deputy director	
4	Vo Diep Van Tuan - Deputy director	
5	Le Minh Ngoc - Deputy director	
6	Đinh Van Hoa - Deputy director	
7	Đào Ngoc Quyet- Chief accountant	

*Besides, the Board of Management has no other benefit in comparison with other personnel*

## 1.3. Inspection board

No.	Full name - Title	Real expenditure in 2014
1	Bui Thi Kim Tuyen - Leader	<b>108.000.000</b> <b>(VNĐ)</b>
2	Tran Lam Thuy Quyen - Member	
3	Hoang Anh Tu - Member	

*Besides, the Inspection board has no other benefit in 2014. Also in 2014, the Inspection board has not received above salary due to priority to other necessary business activities.*





Voting at the general meeting of shareholders

## 2. Shares dealing of internal shareholders:

In 2014, there were shares dealing of the following internal shareholders:

<b>Inside Shareholders</b>	<b>Shares Held Before Trading</b>	<b>Share Bought in 2014</b>	<b>Share sold in 2014</b>	<b>Shares Held after trading</b>
<b>Vo Truong Thanh</b> (Chairman)	9.977.568	65.000	0	10.042.568
<b>Ta Van Nam</b> (Board of Directors's member)	191.280	0	60.000	131.280
<b>Ngo Thi Hong Thu</b> (Board of Directors's member)	346.961	0	306.960	40.001
<b>Vietnam investment fund</b> (Major shareholders)	6.010.978	0	6.010.970	8

Source: Information publicized on website of HOSE in 2014

## 3. Contract or dealing with internal shareholders: None

## 4. Implementation of administration regulations:

On 12th December 2014, Ho Chi Minh city Stock Exchange issued reminding correspondence relating to late publicity of report of issuance result and late submission of posting change registration documents. Besides, company made full compliance with Administration regulations in 2014.

FINANCIAL

STATEMENT



## PART 7

# CONSOLIDATED FINANCIAL STATEMENT AUDITED IN THE YEAR OF 2014



CÔNG TY KIỂM TOÁN DFK VIỆT NAM  
DFK VIETNAM AUDITING COMPANY

Office in Ho Chi Minh City  
No. 38/8 Lam Son, Tan Binh District T. 848 6296 8684  
No. 426 Cao Thang, District 10 T. 848 3868 3306  
Office in Hanoi Level 25, M3M4 Building, 91 Nguyen Chi  
Thanh, Dong Da T. 844 6266 3006 www.dfk.com.vn

No. 121/BCKTHN

## INDEPENDENT AUDITED STATEMENT

To: *BOARD OF MANAGEMENT AND BOARD OF DIRECTORS  
TRUONG THANH FURNITURE CORPORATION*

### Report on the Financial Statements

We have audited the accompanying financial statements of Truong Thanh Furniture Corporation (“the Company”) and its subsidiaries (“the Group”) prepared on March 31st, 2015 and set out on pages to 06 to 40, which comprise the Consolidated Balance Sheet as at December 31st, 2014, Consolidated Income Statement and Consolidated Cash Flow Statement and Consolidated Notes to Financial Statements.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of the Group’s financial statements that give a true and fair view in accordance with Vietnamese Accounting Standards, Enterprise Accounting Regime and legal regulations related to consolidated financial statements’ preparation

and would like to responsible for internal control which has been determined as necessary by the Management for reasonable assurance about consolidated financial statements are free from material misstatement.

### Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnam Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



BMW group	813,000	-0.8	0.1
MINI	453,000	+9.1	10.9
Rolls-Royce	236,000	+6.6	6.1
Mercedes-Benz	217,000	+1.5	3.2
Volvo	261,000	+12.9	2.9
Subaru	236,000	+34.7	3.5
Hyundai	189,000	-1.9	3.2
Kia	124,000	-3.1	2.5

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Auditor’s opinion**

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company and its subsidiaries as at December 31st, 2014, the business results and cash flows for the fiscal year ended on same day in accordance with Vietnamese Accounting Standards, Enterprise Accounting Regime and legal regulations related to consolidated financial statements’ preparation.

**Ho Chi Minh City, on March 31st, 2015**  
**DFK Vietnam Auditing Company**

**DIRECTOR**  


**NGUYEN LUONG NHAN**  
 Audit Certificate No. 0182-2013-042-1

**AUDITOR**  


**LE DINH HUYEN**  
 Audit Certificate No. 1756-2013-042-1



## CONSOLIDATED BALANCE SHEET

DATE: DECEMBER 31ST, 2014

Unit: VND

ASSETS	Codes	Notes	Ending Balance	Beginning Balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>3,254,991,188,370</b>	<b>2,786,452,860,182</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	V.01	<b>85,895,452,344</b>	<b>65,513,443,900</b>
1. Cash	111		48,975,452,344	27,393,443,900
2. Cash and cash equivalents	112		36,920,000,000	38,120,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>41,088,064,000</b>	<b>51,548,700,012</b>
1. Short-term investments	121	V.02	41,088,064,000	51,548,700,012
<b>III. Receivables</b>	<b>130</b>	V.03	<b>705,417,529,366</b>	<b>390,023,029,967</b>
1. Trade receivables	131		596,802,950,966	273,661,750,405
2. Advances to suppliers	132		72,166,880,512	60,285,374,811
3. Other receivables	135		63,189,050,010	67,050,144,077
4. Provisions for short-term doubtful receivables	139		(26,741,352,122)	(10,974,239,326)
<b>IV. Inventories</b>	<b>140</b>	V.04	<b>2,365,243,674,783</b>	<b>2,245,347,148,559</b>
1. Inventories	141		2,375,663,707,065	2,255,053,754,553
2. Provisions for stock obsolete	149		(10,420,032,282)	(9,706,605,994)
<b>V. Other short-term assets</b>	<b>150</b>	V.05	<b>57,346,467,876</b>	<b>34,020,537,743</b>
1. Short-term prepaid expenses	151		1,780,084,194	1,582,734,690
2. VAT deductible	152		36,747,746,898	1,231,710,867
3. Tax receivables	154		1,956,145,576	14,258,800,471
4. Other current assets	158		16,862,491,208	16,947,291,715



CEFLA UV curing system, used by TTF, is the most advanced system in Vietnam

**CONSOLIDATED BALANCE SHEET**  
**DATE: DECEMBER 31ST, 2014 (CONTINUED)**  
Unit: VND

ASSETS	Codes	Notes	Ending Balance	Beginning Balance
<b>B. LONG-TERM ASSETS</b>	<b>200</b>		<b>757,582,924,872</b>	<b>731,584,077,916</b>
<b>I. Long-term receivables</b>	<b>210</b>		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>505,156,511,795</b>	<b>514,607,366,691</b>
1. Tangible fixed assets	221	V.06	365,158,734,518	390,259,605,640
- Historical cost	222		556,475,248,069	550,447,363,422
- Accumulated depreciation	223		(191,316,513,551)	(160,187,757,782)
2. Intangible fixed assets	227	V.07	25,065,626,422	43,035,543,420
- Historical cost	228		30,373,729,374	50,080,622,274
- Accumulated depreciation	229		(5,308,102,952)	(7,045,078,854)
3. Construction-in-progress	230	V.08	114,932,150,855	81,312,217,632
<b>III. Investment properties</b>	<b>240</b>		-	-
<b>IV. Long-term financial investments</b>	<b>250</b>	V.09	<b>186,451,608,838</b>	<b>169,624,510,245</b>
1. Investments in associates & joint ventures	252		91,088,483,336	93,936,384,743
2. Other investments	258		95,467,364,766	88,019,084,766
3. Provisions for long-term investment impairment	259		(104,239,264)	(12,330,959,264)
<b>V. Other long-term assets</b>	<b>260</b>	V.10	<b>65,974,804,241</b>	<b>47,352,200,980</b>
1. Long-term prepaid expenses	261		58,875,084,787	44,608,518,942
2. Deferred income tax assets	262		5,949,719,454	1,533,682,038
3. Other long-term assets	268		1,150,000,000	1,210,000,000
<b>VI. Goodwill</b>	<b>269</b>		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>4,012,574,113,242</b>	<b>3,518,036,938,097</b>



## CONSOLIDATED BALANCE SHEET

DATE: DECEMBER 31ST, 2014 (CONTINUED)

Unit: VND

RESOURCES	Codes	Notes	Ending Balance	Beginning Balance
<b>A. LIABILITIES</b>	<b>300</b>		<b>2,762,099,347,514</b>	<b>2,570,447,529,029</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>2,628,750,528,762</b>	<b>2,418,235,135,024</b>
1. Current loans and liabilities	311	V.11	1,858,302,549,797	1,859,156,824,212
2. Trade payables	312	V.12	206,920,358,256	119,146,259,513
3. Advances from customer	313	V.12	60,714,944,058	48,770,457,639
4. Taxes and Statutory Obligations	314	V.13	99,704,786,770	56,404,664,722
5. Payables for employees	315	V.14	32,528,473,144	24,262,186,026
6. Accruals	316	V.15	173,549,327,932	175,559,423,906
7. Other payables	319	V.16	205,796,946,749	134,728,452,790
8. Bonus and welfare funds	323	V.17	(8,766,857,945)	206,866,216
<b>II. Long-term liabilities</b>	<b>330</b>	V.18	<b>133,348,818,753</b>	<b>152,212,394,005</b>
1. Other long-term payables	333		1,000,000,000	1,000,000,000
2. Long-term loans and liabilities	334		97,890,750,000	122,553,837,435
3. Unearned revenue	338		34,458,068,753	28,658,556,570
<b>B. OWNER'S EQUITY</b>	<b>400</b>	V.19	<b>1,155,945,108,898</b>	<b>851,318,854,224</b>
<b>I. The owner's equity</b>	<b>410</b>		<b>1,155,945,108,898</b>	<b>851,318,854,224</b>
1. Owner's equity	411		1,000,671,000,000	735,000,000,000
2. Surplus of capital	412		67,654,726,763	99,062,086,763
3. Treasury stock	414		(420,631,294)	(420,631,294)
4. Development & Investment Fund	417		10,633,606,960	10,494,752,650
5. Financial reserve fund	418		3,767,885,040	3,767,885,040
6. Other funds belong to the owner	419		8,963,110	8,963,110
7. Undistributed earnings after tax	420		73,629,558,320	3,405,797,956
<b>II. Capital and other funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
<b>C. MINORITY INTEREST</b>	<b>439</b>		<b>94,529,656,830</b>	<b>96,270,554,844</b>
<b>TOTAL CAPITAL</b>	<b>440</b>		<b>4,012,574,113,242</b>	<b>3,518,036,938,097</b>

**CONSOLIDATED BALANCE SHEET**

DATE: DECEMBER 31ST, 2014 (CONTINUED)

Unit: VND

OFF-BALANCE SHEET ITEMS	Ending Balance	Beginning Balance
1. Assets under lease	-	-
2. Goods held under trust or for processing	12,568,966,689	12,506,259,940
3. Goods held by the company on consignment	-	-
4. Bad debts written off	2,687,182,707	2,687,182,707
5. Foreign currencies	-	-
+ USD	27,233.45	70,603.68
+ EUR	616.29	636.88
+ GBP	-	45.00
6. Estimated project	-	-

*Attached Notes to Financial Statement is an integral part of Financial Statements*

Binh Duong, on 31 March 2015

**PREPARED BY**

**ĐO NGOC NAM****CHIEF ACCOUNTANT**

**ĐÀO NGOC QUYET****GENERAL DIRECTOR****VŨ TRƯƠNG THÀNH**

## CONSOLIDATED INCOME STATEMENT

For the financial year ended December 31st, 2014

Unit: VND

ITEMS	Codes	Notes	Ending Balance	Beginning Balance
<b>1. Revenues from sales and services</b>	<b>1</b>		<b>1,461,989,162,084</b>	<b>1,550,346,175,020</b>
2. Deductions	2		3,256,043,778	5,035,164,253
<b>3. Net revenue from sales and services</b>	<b>10</b>	VI.01	<b>1,458,733,118,306</b>	<b>1,545,311,010,767</b>
4. Cost of goods sold	11	VI.02	1,182,583,860,600	1,240,571,939,664
<b>5. Gross profit from sales and services</b>	<b>20</b>		<b>276,149,257,706</b>	<b>304,739,071,103</b>
6. Revenue from financial activities	21	VI.03	16,228,103,111	8,919,730,691
7. Financial expenses	22	VI.04	63,495,415,556	219,173,150,254
- In which: Interest expenses	23		151,979,159,742	206,691,860,487
8. Selling expenses	24	VI.05	20,438,552,655	12,623,878,406
9. General & administration expenses	25	VI.06	103,772,903,223	77,590,857,879
<b>10. Net profit from business activities</b>	<b>30</b>		<b>104,670,489,383</b>	<b>4,270,915,255</b>
11. Other profit	31	VI.07	7,462,136,612	21,620,158,453
12. Other expenses	32	VI.08	25,098,426,446	28,798,483,456
<b>13. Other profit (loss)</b>	<b>40</b>		<b>(17,636,289,834)</b>	<b>(7,178,325,003)</b>
<b>14. Profit (loss) in associates and joint ventures</b>			<b>(2,108,947,107)</b>	<b>(1,265,226,440)</b>
<b>15. Total accounting profit (loss) before tax</b>	<b>50</b>		<b>84,925,252,442</b>	<b>(4,172,636,188)</b>
16. Current Corporate Income Tax	51		22,157,240,338	1,128,107,698
17. Deferred income tax expenses	52		(4,416,037,416)	(607,619,448)
<b>18. Profit after CIT</b>	<b>60</b>		<b>67,184,049,520</b>	<b>(4,693,124,438)</b>
<b>Profit after tax being allocated to:</b>				
19. Benefits of minimum shareholders			(3,435,898,015)	(8,562,489,059)
20. Profit after tax of Holding Company's shareholders			70,619,947,535	3,869,364,621
<b>21. Earnings per shares of Holding Company</b>	<b>70</b>	VI.09	<b>911</b>	<b>76</b>



**CONSOLIDATED CASH FLOW STATEMENT**  
For the financial year ended December 31st, 2014  
*Unit: VND*

ITEMS	Codes	Ending Balance	Beginning Balance
<b>Cash flow from business operations</b>			
<b>Adjustments before tax</b>	<b>01</b>	<b>84,508,689,513</b>	<b>(4,172,636,188)</b>
<b>Adjustments for:</b>			
Depreciation	02	34,713,124,792	36,047,563,140
Provisions	03	4,253,819,084	4,379,912,324
Profit (loss) from investment activities	05	5,235,877,002	(7,077,782,200)
Interest expenses	06	151,979,159,742	206,691,860,487
<b>Profit before change of working capital</b>	<b>08</b>	<b>280,690,670,134</b>	<b>235,868,917,562</b>
Increase (decrease) in receivables	09	(366,171,327,444)	156,205,121,752
Increase (decrease) in inventories	10	(120,609,952,512)	(310,542,936,178)
Increase (decrease) in payables	11	(448,435,564,120)	(167,474,004,088)
Increase (decrease) in prepaid expenses	12	17,421,632,627	6,356,906,672
Loan interest paid	13	(15,554,154,050)	(118,002,086,047)
CIT paid	14	-	-
Other proceedings	15	(1,444,952,524)	1,481,178,321
Other expenditures	16	(18,464,288)	(4,650,392,115)
<b>Net cash flow from business activities</b>	<b>20</b>	<b>(654,122,112,177)</b>	<b>(200,757,294,120)</b>
<b>Cash flow from investing activities</b>			
Expenditures to purchase fixed assets	21	(57,147,817,870)	(13,840,652,320)
Proceeds from liquidations of fixed assets and other long-term assets	22	-	5,507,277,417
Loans to other entities and payments for purchases of debt instruments of other entities	23	(12,421,416,000)	(45,292,572,235)
Repayments from borrowers and proceeds from sales of debt instruments of other entities	24	22,882,052,012	200,000,000
Proceeds from sales of investments in other entities	26	12,717,420,000	-
Interest and dividends received	27	9,807,297,292	2,427,575,889
<b>Net cash flow from investing activities</b>	<b>30</b>	<b>(24,162,464,566)</b>	<b>(50,998,371,249)</b>

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the financial year ended December 31st, 2014

Unit: VND

ITEMS	Codes	Ending Balance	Beginning Balance
<b>Cash flow from financial activities</b>			
Proceeds from share issuance and capital contribution	31	234,263,640,000	<b>170,631,970,000</b>
Short and long-term loans received	33	751,488,787,464	1,286,071,954,084
Payments of principles	34	(268,288,650,887)	(1,145,753,221,284)
<b>Net cash flow from activities</b>	<b>40</b>	<b>717,463,776,577</b>	<b>310,950,702,800</b>
<b>Net cash flow during the period</b>	<b>50</b>	<b>39,179,199,834</b>	<b>59,195,037,431</b>
Cash and cash equivalents in beginning year	60	65,513,443,900	6,318,406,469
<b>Cash and cash equivalents in ending year</b>	<b>70</b>	<b>104,692,643,734</b>	<b>65,513,443,900</b>

*Attached Notes to Financial Statement is an integral part of Financial Statements*

Binh Duong, on 31 March 2015

PREPARED BY

CHIEF ACCOUNTANT

GENERAL DIRECTOR



ĐO NGOC NAM

ĐAO NGOC QUYET

VO TRUONG THANH



## NOTES

TO CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE FISCAL  
YEAR ENDED 2014



## NOTES

# TO CONSOLIDATED FINANCIAL STATEMENTS

(For the fiscal year ended December 31st, 2014)

(Unit is VND, excepting from cases described in other foreign currencies)

*These notes are integral part and read in conjunction with attached consolidated financial statements.*

## I. THE COMPANY'S OPERATION FEATURES

### 1. Form of ownership:

Truong Thanh Furniture Corporation ("the Company") is operated in accordance with the Business Registration Certificate No. 460300078 issued by the Department of Planning and Investment dated August 18th, 2003 and the 13th Amendment dated May 20th, 2015 issued by the Business Registration Division under Department of Planning and Investment of Binh Duong Province.

The Company's shares are officially issued in HOSE with its share code of TTF as from 18 February 2008 in accordance with the Decision No. 24/QD-SGDHCM issued by HOSE's General Director dated February 01st, 2008.

\* Form of capital ownership: Share capital

### 2. Trading name and registered office:

International trading name: **Truong Thanh Furniture Corporation**

Abbreviated name: **TTFC.**

Registered office: DT 747 Street, Quarter No. 07, Uyen Hung Ward, Tan Uyen Town, Binh Duong Province.

**3. Business functions:** Cultivation, manufacture, trading and services.

### 4. Business scopes:

- To manufacture woodworks;
- To manufacture plywood; laminated wood and other strips;
- To manufacture wooden packages;
- To be consignment agents;
- To wholesale accessories in wood processing fields;
- To provide services passenger transportation by road;
- To trade real properties;
- To constructs houses;
- To provide other specific construction works;
- To cultivates forests;
- To construct other civil and technical works;
- To wholesale woodwork;
- To wholesale foodstuff;
- To wholesale agricultural, forestry and fisheries goods;
- To wholesale fertilizer.



## 5. List of subsidiaries, associates and joint ventures

### • Subsidiaries

No.	Names of subsidiaries	Address	Charter capital	Percentage rate subject to Business Registration Certificate	Percentage rate subject to Contributed Capital
<i>Immediate subsidiaries</i>					
1.	Truong Thanh JSC (Daklak 1)	Km 86, National Highway 14, Ea Ral Commune, Ea H'leo, DakLak Province	30,000,000,000	70%	70%
2.	Truong Thanh Wood Processing JSC (Daklak 2)	Hamlet 05, Ea Ral Commune, Ea H'leo District, Daklak Province	28,000,000,000	70%	70%
3.	Truong Thanh Wood Processing JSC (Binh Duong 2)	Quarter 07, Tan Uyen Town, Binh Duong Province	126,239,000,000	64%	64%
4.	Truong Thanh Industrial Board JSC (Binh Duong 3)	Quarter 04, Tan Uyen Town, Tan Uyen District, Binh Duong Province	56,470,000,000	51%	100%
5.	Truong Thanh Forestry JSC	35 Quang Trung, Thong Nhat Ward, Buon Me Thuot City, Daklak	60,000,000,000	99%	100%
6.	Truong Thanh Afforestation JSC	35 Quang Trung, Thong Nhat Ward, Buon Me Thuoc City, Dalak Province	53,191,490,000	41%	46%
7.	Truong Thanh Wood Industry JSC	C8, Hoa Hiep Industrial Park, Dong Hoa District, Phu Yen Province	40,000,000,000	60%	60%
8.	Truong Thanh Xanh JSC	81 Nguyen Tat Thanh, Ward 02, Tuy Hoa City, Phu Yen Province	100,000,000,000	60%	100%
9.	Truong Thanh Wood Technology Co., Ltd.	Dao Trinh Nhat, Quarter 01, Linh Tay Ward, Thu Duc District, Hochiminh City	25,000,000,000	46%	98%
10.	Truong Thanh Daknong Forestry JSC	204 Tran Hung Dao, Nghia Thanh Ward, Gia Nghia Town, Daknong Province	60,000,000,000	96%	99%
11.	Truong Thanh Daknong Trading Ex-Import JSC	Hamlet No. 03, Nhan Co Commune, Dak R'Lap District, Dak Nong Province	50,000,000,000	98%	95%
12.	Truong Thanh M'drak Wood Processing JSC	M'Dak Industrial Cluster, Krong Jing Commune, M'Drak District, Dak Lak Province	10,000,000,000		95%



No.	Names of subsidiaries	Address	Charter capital	Percentage rate subject to Business Registration Certificate	Percentage rate subject to Contributed Capital
<i>Indirect subsidiaries</i>					
1.	Truong An Argo-Forestry JSC	Hoa Tien Commune, Krong Pak District, Daklak Province	10,000,000,000	50%	85%
2.	Truong Thanh – Phuoc An Construction Material JSC	107 Le Duan, Block 04, Phuoc An Town, Krong Pak District, Daklak Province	10,000,000,000	50%	52%

No.	Names of subsidiaries	Address	Charter capital	Percentage rate subject to Business Registration Certificate	Percentage rate subject to Contributed Capital
<i>Associates and joint ventures</i>					
1.	Truong Thanh Package JSC	19 Street No. 11, Quarter No. 01, Linh Tay Ward, Thu Duc District, Hochiminh City	6,500,000,000	23%	44%
2.	Truong Thanh OJI Afforestation Co., Ltd.	81 Nguyen Tat Thanh, Ward 02, Tuy Hoa City, Phu Yen Province	7,018,000.00 USD	51%	51%



## **II. ACCOUNTING PERIOD AND CURRENCIES USED IN ACCOUNTING PERIOD**

1. Fiscal year is started from January 01st and ended December 31st for each calendar year.
2. Currency used in the accounting records is Vietnam Dong.

## **III. ACCOUNTING STANDARDS AND APPLICABLE ACCOUNTING REGIME**

The Company applies Vietnamese Enterprise Accounting Regime promulgated in accordance with the Decision No. 15/2006/QD-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009 of MOF.

Attached financial statements are records under historical costs and prepared in accordance with Vietnam's Accounting Standards and Regimes and other prevailing regulations on accounting in Vietnam.

Applicable accounting form: general journal recording.

## **IV. APPLICABLE ACCOUNTING POLICIES**

### **1. Consolidation of financial statements**

Consolidated financial statements include the financial statements of Truong Thanh Furniture Corporation and its subsidiaries ("the Group") as at 31 December for each calendar year. Subsidiaries' financial statements are prepared subject to same fiscal year of the Company in accordance with accounting policies which are similar to with the Company's ones. Adjusted entries are for any accounting policies which have differences to have reasonable assurance of unanimousness between accounting policies of the Company and its subsidiaries.

All balances and internal transactions, including its unearned interests occurred, have been completely excluded. Unearned losses will be excluded from the Company's consolidated financial statements, excepting from the failure of collecting expense.

Benefits of minimum shareholders will be described as profit or loss of net assets which have been held by the Company's shareholders and presented in separate

items under consolidated income statements and cash flow statements.

Subsidiaries have been merged as from the Company's control date and such merge will be expired when the Company have not yet control such control. In this case, consolidated financial statements will be included business results of periods under reporting years when the Company still hold such control.

Subsidiaries' financial statements subject to business combination under common control will be included the Group's consolidated financial statements in accordance with book value plus method. Other subsidiaries' financial statements will be consolidated into the Group's ones in accordance with purchase method, in which assets and liabilities are recorded under fair value as at business combination date.

## **2. Investments in associates**

Investments in associates will be reflected under the equity method. Associate is an entity that the Company has significant influence and such entity is not a subsidiary and joint venture.

Under the equity method, investments in associated companies is reflected in the consolidated balance sheet under historical cost plus changed value in the Company's net assets associated with capital rate held by the Group. Goodwill arising from investments in associated companies is included in the book value of investments and is amortized over a 10 year period.

Consolidated income statement reflects the Company's operating results associated corresponding to capital proportion held by the Group. When there are items recognized directly in the accounts under equity of associates, the Group will recognize its rate, where appropriate, into the account under its respective equity. Unrealized profit or loss from transactions between the Group and associated companies are eliminated to the extent of interest proportion in the associated company.

Associates' financial statements are prepared for the same fiscal year against the Company's ones. When necessary, adjustments will be made to ensure that the accounting policies applied are consistent with the accounting policies of the Company.

## **3. Investment in joint venture**

Joint ventures are contractual agreements of two or more parties with the view of undertaking economic activities that are jointly controlled by such joint ventures. Joint ventures will be consolidated under the equity method.

## **4. Other financial investments**

Securities and other investments are stated at actual acquisition cost.

### **Top provisions**

Provision for losses for financial investments in economic organizations will be made when such economic institutions suffered losses with the rate corresponding to the Company's capital contribution rate in such economic organizations.

Provision for securities impairment shall be made for each class of securities listed on the stock exchange when the market price is lower than the book value. The unlisted securities which have no basis to reliably determine the fair value are recorded at the original purchase price.

## **5. Accounting Estimates**

The preparation of financial statements in compliance with the Vietnam Accounting Standards and Accounting System and prevailing regulations on accounting in Vietnam requires Board of Directors to make estimates and assumptions which could affect to reported amounts of assets and liabilities and preparation of contingent assets and liabilities at the financial statement's date as well as reported amounts of revenues and expenses during the financial year (the operating period). Actual business activities may differ from such estimates, assumptions set out.

## 6. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, short-term investments with an original maturity less than three months with high liquidity which could easily transferred into determined cash and have not significant risks of change in value.

## 7. Principles and methods of translation of other currencies

Principles and methods of other currencies' translation have been adopted by the Company in accordance with Accounting Standard No. 10. Accordingly, transactions arising in currencies other than currency used by the Company will be accounted under actual exchange rate at the transaction date. At the end of the year, monetary assets and liabilities of monetary denominated in foreign currencies are translated at exchange rates described at the balance sheet date. All of the actual exchange rate differences arising in the period and foreign exchange differences due to revaluation of ending currency balances are converted into income statement of such financial year. Besides, under the guidance in Circular No. 179/2012 /TT-BTC dated October 24th 2012 of the Ministry of Finance:

► *For the settlement of monetary items denominated in foreign currencies incurred during the financial year must comply with the actual exchange rate at arising time under announcement of commercial banks where such transactions are governed by in accordance with legal regulations.*

► *For the revaluation of balances denominated in foreign currency in the ending accounting period, they will be complied with purchasing exchange rates under regulations of commercial banks where the Company's accounts are presently opened at the time of preparation of financial statements.*

## 8. Receivables

Accounts receivable are presented in the

financial statements according to the book value of accounts receivable from customers and other debtors, along with the provision made for doubtful receivables.

Provision for doubtful receivables represents the estimated loss due to customers' failure of payment related to receivable at balance sheet date. Increases or decreases in such provisions' balance are reflected as administration expense of the Company during the period.

## 9. Accounting policy for inventories

Inventories are stated at the lower of cost and net realizable value realized. Net realizable value represents the estimated selling price minus estimated selling expenses after provisions for damages goods, obsolete and slow moving items.

Inventories are accounted in accordance with the perpetual method.

The method of inventories valuation is in accordance with the weighted average method.

Provisions for stock obsolete: are made for expected losses due to possible value impairment towards to materials, finished goods, inventory under the Enterprise's ownership based on appropriate evidence of impairment on balance sheet date. Increases and decreases of such provisions will be converted into costs of goods sold during the period.





## 10. Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Historical cost of fixed assets includes the purchase price and the costs directly related to bringing the asset into operation as scheduled. The cost of purchasing, upgrade and renewal of fixed assets are capitalized and costs of maintenance and repairs will be charged into the income statement. When assets are sold or liquidated, their cost and accumulated depreciation are written off and any gain or loss occurred due to such disposal are accounted in the income statement.

### ► Land use rights

Land use rights are all the Company's actual costs directly related to land use, including expenditure for obtaining such land-use right, cost of compensation and site clearance, land leveling, and registration fees.

### ► Depreciation of fixed assets

Depreciation is calculated on a straight line basis over the estimated useful lives of assets. The depreciation rates applied at the rate prescribed in Circular No. 45/2013/TT-BTC dated April 25th, 2013 of the Ministry of Finance are:

► <b>PLANTS AND BUILDINGS</b>	<b>05 - 30 YEAR</b>
► <b>MACHINERIES AND EQUIPMENTS</b>	<b>04 - 20 YEAR</b>
► <b>MEANS OF TRANSPORT</b>	<b>06 - 14 YEAR</b>
► <b>OFFICE SUPPLIES</b>	<b>03 - 10 YEAR</b>
► <b>COMPUTER SOFTWARE</b>	<b>05 - 20 YEAR</b>

Some of machineries used to manufacture woodworks such as sawmill, milling machine, planer and etc. and kiln at Truong Thanh Wood Processing JSC (Daklak 2) will be applied in accordance with depreciation method under production.

### ► Land use rights

For permanent land-use right: not being amortized by the Company

For term land-use: being amortized under straight line method over used time indicated on every Certificate of such land-use rights.





## 11. Prepaid expenses

The following expenses are accounted into the long-term prepaid expenses which will be gradually amortized into business results. Details are as follows:

- ▶ *Expenses on tools with great value;*
- ▶ *Repair expense with the great value;*
- ▶ *Land-use right;*
- ▶ *Other expenses waiting for allocation.*

## 12. Prepaid expenses

The payables to suppliers, other payables on the statement date, if:

- ▶ *Payment not exceeding 01 year classified as current liabilities.*
- ▶ *Payment over 01 year classified as long-term liabilities.*

## 13. Wages, social and health and unemployment insurances

Wages are calculated and charged into expenses during the period subject to Labor Contract and the Company's Wage Regulation. Accordingly, social, health and unemployment insurances are also extracted with the respective rates of 26%, 4.5% and 2% from the employees' wages. 22% rate will be charged into expenses of social, health and unemployment insurances during the period and 10.5% rate will be extracted from the employees' salary.

## 14. Accrued expenses

Accrued expenses are recognized for future amounts payables related to the goods and services received regardless of whether the Company paid or received invoices of vendors.

## 15. Interest expenses

Interest expense is recorded as expense in the period incurred, excepting from they are capitalized in accordance with prevailing regulations.

Borrowing's interest rates of loans directly related to acquisition and construction of fixed assets in the period prior to completion and official usage of such assets will be added to cost of such assets.

Borrowing's interest rates of other loans are recognized as operating expenses as immediately incurred.

## **16. Provisions for provisions payables**

Provisions payables in the future time without uncertainty of value or payment time will be recorded when there is a certain definition on obligations payables on ending date of accounting period.

Such provisions are recognized in accordance with methods of supplementary preparation or conversion of difference between amounts of current year's provision payables and previous year's provision payables.

## **17. Recognition of capital**

Investment capitals of the owner are recorded as original capital contributed by owners. Surplus of equity will be recognized according to differences which could be greater or less than between actual price of issuance and nominal value of shares being initially or supplementarily issued or reissuance of treasury stocks.

Treasury stocks are recorded in accordance with the actual value of shares issued and subsequently re-bought back by the Company less the Company's equity. The company does not recognize gains/(losses) upon purchase, sale and issuance of its equity instruments.

## **18. Distribution of profit**

Profit after tax is divided among shareholders after shareholders' approval in the Annual Shareholders' Meeting and extraction and establishment of funds in accordance with the Company's Charter and Vietnam's legal regulations.

## **19. Recognition of income**

Revenue from sales of goods and finished products are recognized when simultaneously met all five conditions:

- ▶ The Company has transferred substantially all risks and rewards associated with ownership of the goods to the buyer;
- ▶ Company has no longer retains management of goods as owners or control rights of goods;
- ▶ Revenue could be measured reliably;
- ▶ The Company has obtained or will obtain economic benefits from sales transactions;
- ▶ Determination of costs related to sales transactions.

Revenue from providing services is recognized when outcome of such transactions can be measured reliably. Where a transaction on rendering of services related to several periods, revenue will be recognized in the period in accordance with completed working results on balance sheet date of such period

Interest is recognized when interest incurred on an accruals basis (taking into account dividends arisen by assets) unless there is an uncertain collectability of interests.

Dividends are recognized when rights to receive dividend payments of the company are established.



## 20. Expense recognition

Expense is recognized according to the real amount of arising and is matching with the revenue to which the expense related.

## 21. Tax

► The Group is obliged to pay corporate tax by 22% on taxable income. Taxable income is calculated on the basis of performance in reporting year and adjusted by non-deductible expenses and loss from previous years if any.

► Truong An Agriculture Forestry JSC subjects to the corporate tax rate of 10% in the first 15 years from the first year having revenue, exempts on tax in 04 years from the first year having taxable revenue and subjects to 50% reduction in tax payable in the following 09 years.

► Truong Thanh JSC. (Daklak 1) subjects to the corporate tax rate of 10% in 15 years. The Company is exempted from corporate tax in the first 04 years from the first year having taxable revenue and subjects to 50% reduction in tax payable in the following 09 years.

► Truong Thanh – Phuoc An Construction Material JSC subjects to the corporate tax rate of 10% in the first 15 years from the first year having revenue, exempts on tax in 04 years from the first year having taxable revenue and subjects to 50% reduction in tax payable in the following 09 years.



► Truong Thanh Wood Processing JSC (Daklak 2) subjects to the corporate tax rate of 10% in the first 15 years, exempts on tax in 04 years from the first year having taxable revenue and subjects to 50% reduction in tax payable in the following 09 years.

► Truong Thanh Wood Industry JCS (Phu Yen) subjects to the corporate tax rate of 15% in the first 12 years from coming into business and exempts on tax in 3 years from the first year having taxable revenue and subjects to 50% reduction in tax payable in the following 07 years.

► Truong Thanh Youth JSC (Phu Yen) subjects to the corporate tax rate of 15% in the first 15 years from coming into business and exempts on tax in 04 years from the first year having taxable revenue and subjects to 50% reduction in tax payable in the following 09 years.

► Truong Thanh Forestry JSC Đắk Nông subjects to the corporate tax rate of 10% in the first 15 years from coming into business and exempts on tax in 04 years from the first year having taxable revenue and subjects to 50% reduction in tax payable in the following 09 years.

▶ Truong Thanh Export-import and Trading JSC Đak Nong, established in the area of socio-economic difficulties which is on the list of areas entitled to investment incentives, subjects to the corporate tax rate of 10% in the first 15 years from coming into business and exempts on tax in 04 years from the first year having taxable revenue and subjects to 50% reduction in tax payable in the following 09 years.

▶ Truong Thanh Wood Industry JCS M'đrak subjects to the corporate tax rate of 10% in the first 15 years from coming into business and exempts on tax in 04 years from the first year having taxable revenue and subjects to 50% reduction in tax payable in the following 09 years.

▶ Besides corporate tax, the Company is obliged to pay other tax under the current tax provisions.

▶ The tax payables recorded in accounting books are estimated figures. The amount of tax payable will be recognized after the tax audit of tax agency.

#### ■ **Current corporate income tax**

*Tax asset and tax payables for reporting year and previous years are measured as the estimated amount to pay (or receive) from tax agency with the current applicable tax rate and regulations at the date of preparing Balance Sheet.*

#### ■ **Deferred corporate income tax**

*Deferred business income tax is recorded for temporary difference between tax law and accounting methods for accounting purposes at the date of which the Balance Sheet is prepared.*

*Deferred business income tax is recorded for all deductible temporary differences with the value of tax losses and unused tax incentives are transferred to the next year when it is probable that there will be taxable profit in the future for using of these deductible temporary differences, tax losses and unused tax incentives.*

*Having no appropriate evidence of considering development right as expense for tax purpose, the Company has not recorded deferred corporate tax asset with unearned revenue related to the consolidation of capital contributions of Truong Thanh OJI Plantation Forest Company Limited.*

## V. ADDITIONAL INFORMATION FOR ITEMS ON BALANCE SHEET

1. Cash and cash equivalents		At the year-end	At the year-beginning
Cash		590,687,146	348,765,895
Cash at bank in VND	(1.1)	46,810,157,118	24,756,392,195
Cash at bank in foreign currencies		598,303,080	1,518,285,810
Cash in transit		976,305,000	770,000,000
Cash equivalent	(1.2)	36,920,000,000	38,120,000,000
<b>Total</b>		<b>85,895,452,344</b>	<b>65,513,443,900</b>

*(1.1) In which, 40 billions deposited at Viet Nam International Bank (VIB) are kept in frozen account to complete corresponding procedures of debt recovery.*

*(1.2) 1 – 3 month term deposit at banks with the interest rate from 4% to 4,5%/year. Those contracts are pledged to secure for short-term loan at banks.*

2. Short-term investment		At the year-end	At the year-beginning
Short-term loan to employees		280,000,000	290,000,000
Short-term loan to organization	(*)	8,661,064,000	51,258,700,012
12-month term deposit		12,147,000,000	-
<b>Total</b>		<b>41,088,064,000</b>	<b>51,548,700,012</b>

(*) includes :		At the year-end	At the year-beginning
Dai Duong Manufacture-Construction-Trading Company Limited		300,000,000	300,000,000
Dong Long Construction Company Limited		5,048,576,000	4,000,000,000
Truong Thanh OJI Plantation Forest Company Limited		23,312,488,000	7,158,700,012
Vu Tuan Joint Stock Company		-	39,800,000,000
<b>Total</b>		<b>28,661,064,000</b>	<b>51,258,700,012</b>



3. Short-term receivables		At the year-end	At the year-beginning
Receivables from customers	(3.1)	596,802,950,966	273,661,750,405
Advanced payment to suppliers		72,166,880,512	60,285,374,811
Other receivables	(3.2)	63,189,050,010	67,050,144,077
<b>Total</b>		<b>732,158,881,488</b>	<b>400,997,269,293</b>
Provisions for bad debts	(3.3)	(26,741,352,122)	(10,974,239,326)
<b>Net value of short-term receivables</b>		<b>705,417,529,366</b>	<b>390,023,029,967</b>

*(3.1) In which, receivables from customers in foreign currencies is USD 15,230,886.95 equivalent o VND 322.369.359.784.*

(3.2) includes :		At the year-end	At the year-beginning
Receivables related to profit sharing		990,100,000	2,282,580,000
Receivables from investment recovery		-	12,717,420,000
Receivables on loan and deposit interest		3,505,685,442	332,021,241
Material lending		-	660,160,240
Principal and interest from loaning Tan Phat company (*)		23,417,675,770	23,417,675,770
Other lending with no interest		13,226,937,773	2,041,345,049
Receivables from related parties of subsidiaries		7,921,069,324	24,575,609,339
Receivables from VAT corresponding revenue has not issuing invoice		2,651,469,848	-
Receivables from employees related to damage compensation		1,227,194,893	-
Dead forest area in Song Hinh and Tuy An District, Phu Yen Province awaiting resolution		5,642,997,585	-
Other receivables		4,605,919,375	1,023,332,438
<b>Total</b>		<b>63,189,050,010</b>	<b>67,050,144,077</b>

(\*) Under the Decision number 59/QĐ-CTHADS dated 05/9/2013 of Dak Lak Province Department of Civil Judgment Enforcement requesting Tan Phat Construction and Trading LTD to pay Truong Thanh Plantation Forest JSC the amount of VND 23.417.675.770; Under the Official Letter number 53/CTHADS-NV dated 25/10/2012 of Director of Dak Lak Province

Directorate of Civil Judgment Enforcement requesting Chief Justice of Supreme People's Court, the Heads of Supreme People's Office of Supervision and Control to protest against the judgment number 46/2010/KDTM- PT dated 21/9/2010 of Da Nang Province Supreme People's Court.

**(3.3) Provisions for bad debts:**

Balance of provisions for bad debts set up in the year-beginning	(10,974,239,326)
Amount set up in the year	(15,767,112,796)
Amount of converting	-
<b>Amount of provisions for bad debts at the year-end</b>	<b>(26,741,352,122)</b>

**4. Inventories**

	<b>At the year-end</b>	<b>At the year-beginning</b>
Purchased goods in transit	3,799,985,585	16,196,652,205
Raw materials	1,331,707,466,061	1,108,867,598,192
Instruments and tools	1,109,718,210	188,809,465,680
Work in progress	828,405,846,050	739,184,327,591
Finished goods	91,268,009,999	159,716,942,063
Merchandise inventory	104,224,388,571	31,168,149,332
Goods in transit for sale	15,148,292,589	11,110,619,491
<b>Total</b>	<b>2,375,663,707,065</b>	<b>2,255,053,754,553</b>
Provisions for devaluation of stocks (*)	(10,420,032,282)	(9,706,605,994)
<b>Net realizable value</b>	<b>2,365,243,674,783</b>	<b>2,245,347,148,559</b>

The whole value of inventories at the end of the year (31/12/2014) was pledged, mortgaged at banks to secure short-term loans.

**(\*) Provisions for devaluation of stocks:**

Balance of provisions for devaluation of stocks set up in the year-beginning	(9,706,605,994)
Amount set up in the year	(713,426,288)
Amount of converting	-
<b>Amount of provisions for devaluation of stocks at the year-end</b>	<b>(10,420,032,282)</b>

5. Other short-term assets	At the year-end	At the year-beginning
Short-term prepaid expenses	1,780,084,194	1,582,734,690
VAT deducted	36,747,746,898	1,231,710,867
Tax and other receivables from state	1,956,145,576	14,258,800,471
Other short-term assets (*)	16,862,491,208	16,947,291,715
<b>Total</b>	<b>57,346,467,876</b>	<b>34,020,537,743</b>

(*) includes:	At the year-end	At the year-beginning
Shortage of assets awaiting for resolution	585,022	585,022
Advances	12,701,485,341	14,330,078,416
Short-term collaterals and deposits (**)	4,160,420,845	2,616,628,277
<b>Total</b>	<b>16,862,491,208</b>	<b>16,947,291,715</b>

**(\*\*) In which, including USD 4,020.00 equivalent to VND 85.923.480 and EUR 127,860.00 equivalent to VND 3.271.538.160.**



Dining table High Durability - Super Light - Products for condos have small urban area



## 6. Tangible fixed assets

	Houses	Equipments, machines	Means of transport equipment	Equipment, tools and other fixed assets	Total
<b>Historical value</b>					
Balance at year-beginning	244,948,006,157	277,758,380,887	23,239,610,737	4,501,365,641	550,447,363,422
Increase	3,237,605,415	3,222,071,614	208,000,000	230,442,500	6,898,119,529
Decrease	-	870,234,882	-	-	870,234,882
<b>Balance at year-end</b>	<b>248,185,611,572</b>	<b>280,110,217,619</b>	<b>23,447,610,737</b>	<b>4,731,808,141</b>	<b>556,475,248,069</b>
<b>Accumulated depreciation</b>					
Balance at year-beginning	68,387,319,644	76,021,087,649	12,505,564,236	3,273,786,253	160,187,757,782
Increase	10,820,364,824	17,642,367,539	2,571,491,729	419,325,330	31,453,549,422
Decrease	-	324,793,653	-	-	324,793,653
<b>Balance at year-end</b>	<b>79,207,684,468</b>	<b>93,338,661,535</b>	<b>15,077,055,965</b>	<b>3,693,111,583</b>	<b>191,316,513,551</b>
<b>Remainder price</b>					
Balance at year-beginning	176,560,686,513	201,737,293,238	10,734,046,501	1,227,579,388	390,259,605,640
<b>Balance at year-end</b>	<b>168,977,927,104</b>	<b>186,771,556,084</b>	<b>8,370,554,772</b>	<b>1,038,696,558</b>	<b>365,158,734,518</b>

Fixed assets increased during the year is from purchasing and transferring from capital construction; decreased due to liquidating or selling of fixed assets being used as collateral for loans at banks.

## 7. Intangible fixed assets

Historical value	Land use right	Website software	Total
Balance at year-beginning	43,921,524,900	6,159,097,374	50,080,622,274
Increase	17,500,000,000	-	17,500,000,000
Decrease	37,206,892,900	-	37,206,892,900
<b>Balance at year- end (*)</b>	<b>24,214,632,000</b>	<b>6,159,097,374</b>	<b>30,373,729,374</b>
<b>Accumulated depreciation</b>			
Balance at year-beginning	4,994,384,191	2,050,694,663	7,045,078,854
Increase	3,247,521,477	336,847,546	3,584,369,023
Decrease	5,321,344,925	-	5,321,344,925
<b>Balance at year- end</b>	<b>2,920,560,743</b>	<b>2,387,542,209</b>	<b>5,308,102,952</b>
<b>Remainder price</b>			
Balance at year-beginning	38,927,140,709	4,108,402,711	43,035,543,420
<b>Balance at year- end</b>	<b>21,294,071,257</b>	<b>3,771,555,165</b>	<b>25,065,626,422</b>

Intangible fixed assets increased due to classification from long-term prepaid expenses; decreased due to classification to long-term prepaid expenses.

<b>(*) Land use right includes:</b>	<b>Square (m2)</b>	<b>Usage period</b>	<b>Historical value</b>
Land use right number T00405: at Thong Nhat Ward, Buon Ma Thuot, Dak Lak	175.20	Non-term	5,256,000,000
Non-term land use right at hamlet 1 Earal Commune, Ea H'leo District, Dak Lak	14,884.00	Non-term	1,458,632,000
Value of the forest of 377 ha at Quang Khe Commune, Dak Giong District, Dak Nong Province	3,770,000.00	42 years from 2008 to 2049	17,500,000,000
<b>Total</b>			<b>24,214,632,000</b>

By 31/12/2014, all land use rights of the Company has been pledged, mortgaged at banks to secure short-term loans.

<b>8. Construction in progress</b>	<b>At the year- end</b>	<b>At the year- beginning</b>
Expense of receiving transferred land use right with the square of 10.320 m2 at Di An Town, Binh Duong	32,500,000,000	32,500,000,000
Expense of transferring land use right at Phuoc Tan Commune, Son Hoa District, Phu Yen Province	-	828,300,000
The square of 250 m2 with non-term usage period at Highway 14, Ea H'leo District, Dak Lak Province and 08 other plot of land in Dak lak	843,700,000	843,700,000
Cost of building 02 warehouses at Quarter 7, Uyen Hung Town, Tan Uyen District, Binh Duong Province	37,482,166,672	37,377,856,346
Cost of unfinished repairing facilities and internal road...	36,037,016,572	
Capital construction in progress and purchasing other fixed assets	8,069,267,611	9,762,361,286
<b>Total</b>	<b>114,932,150,855</b>	<b>81,312,217,632</b>

9. Long-term financial investment		At the year- end	At the year- beginning
Associates and joint ventures	(9.1)	91,088,483,336	93,936,384,743
Other long-term investments	(9.2)	95,467,364,766	88,019,084,766
<b>Total</b>		<b>186,555,848,102</b>	<b>181,955,469,509</b>
Provisions for long-term investments	(9.3)	(104,239,264)	(12,330,959,264)
<b>Net value of long-term investments</b>		<b>186,451,608,838</b>	<b>169,624,510,245</b>

(9.1) Details of investment on associates and joint ventures:

(9.1.1) Long-term financial investment	Charter capital	Capital contribution ratio	Amount of capital contribution	Actual amount of capital contribution
<b>Name of associates, joint ventures</b>				
Truong Thanh OJI Plantation Forest Company Limited	7,018,000.00 USD	51%	(*)	94,191,518,700
Truong Thanh Packaging JSC	6,500,000,000	23%		2,000,000,000
<b>Total</b>				<b>96,191,518,700</b>
<i>Loss arising from associates, joint ventures</i>				<i>(5,103,035,364)</i>
<b>Company's owner of total net asset of associates, joint ventures</b>				<b>91,088,483,336</b>

**(\*): Investment in Truong Thanh OJI Plantation Forest Company Limited accounted for 51% of charter capital (which is USD 7,018,000.00). Truong Thanh OJI Plantation Forest Company Limited on the basis of joint venture between the Company and OJI Holdings Corporation (Japan)**

**Under which, the Company has contributed USD 170,400.00 in cash USD 3,408,600.00 in Right of development on estimated forest area of 17.043 ha at Phu Yen Province by agreement between two parties and the value of 1.520,06 ha equivalent to VND 18.993.149.700.**





**(9.2) Other long-term investments:**

(9.2.1) Investments in companies :	Number of share owned	Unit price	Total value
Lidovit Trading and Industrial JSC	28,960	9,661	279,784,766
Ban Viet Securities Investment Fund (*)	173	100,000,000	17,282,580,000
Phu Huu Gia JSC	5,268,000	10,000	52,680,000,000
Truong Thanh Industrial Park Management JSC	555,000	10,000	5,550,000,000
Truong Thanh Agro-Forestry JSC			675,000,000
<b>Total</b>			<b>76,467,364,766</b>
<b>(9.2.2) Other investments:</b>			
Loans to Ea H'Leo Industrial Park Management JSC		(*)	<b>19,000,000,000</b>
<b>Total (9.2)</b>			<b>95,467,364,766</b>

**(\*) Loan to Ea H'Leo Industrial Park Management JSC under the Credit Contract number 01/2008/HĐVV TTDL3-TTDL1 dated 20/12/2008 with the principal amount of VND 19.000.000.000; term period: 72 months; interest rate: 14%/year.**

### (9.3) Provisions for purchasing shares and valuable papers

Investments	Investment value	Number of shares	Average unit price	Provisions
Lidovit JSC	279,784,766	28,960	9,661	-
Ban Viet Securities Investment Fund	17,282,580,000	173	100,000,000	-
Phu Huu Gia JSC	52,680,000,000	5,268,000	10,000	-
Truong Thanh Industrial Park Management JSC	5,550,000,000	555,000	10,000	(104,239,264)
<b>Total</b>				<b>(104,239,264)</b>

10. Other long-term assets		At the year- end	At the year- beginning
Long-term prepaid expense	(10.1)	58,875,084,787	44,608,518,942
Property tax deferred		5,949,719,454	1,533,682,038
Other long-term assets	(10.2)	1,150,000,000	1,210,000,000
<b>Total</b>		<b>65,974,804,241</b>	<b>47,352,200,980</b>

(10.1) includes :		At the year- end	At the year- beginning
High value instruments and tools awaiting for allocation		4,846,065,744	6,274,154,883
Prepaid lease expense awaiting for allocation	(*)	53,234,306,288	37,282,482,716
Repair cost awaiting for allocation		494,420,947	667,395,188
Cost for Environmental impact assessment		288,346,866	288,346,866
Other cost awaiting for allocation		11,944,942	96,139,290
<b>Total</b>		<b>58,875,084,787</b>	<b>44,608,518,943</b>

#### (\*) includes:

► Prepaid lease expense for Binh Duong Forestry and General Import Export JSC related to the leasing contract number 001/HĐTĐ-CCN dated 27/01/2011 signed between 02 parties. Under which, the Company will lease the plot of land with the total square of 26.405,5 m<sup>2</sup> at Lot A of Uyen Hung Town Industrial Park, Tan Uyen District, Binh Duong Province, including technical infrastructure, road system, trees, drainage system, electricity system... for building facilities to manufacture with the leasing price is 40.5 USD/m<sup>2</sup> (VAT 10 % included but not included management cost of 0,06 USD/m<sup>2</sup>/tháng) within 50 years from 27/01/2011. This amount has been transferred to Binh Duong Forestry and General Import Export JSC as equivalent to 100% contract value. The remaining value at 31/12/2014 is VND 18.936.230.680.

(\*) includes: (continued)

► Land use right with expiry date 09/11/2059 of the plot number 905 of the declaration map number 16/4 at Binh Chuan Commune, Thuan An Town, Binh Duong Province with the square of 4.417 m<sup>2</sup> under the Certificate of Land use right number T01631/CN-2009 by the price of VND 2.663.451.000. The remaining value at 31/12/2014 is VND 2.343.881.050.

► Land use right of plot number 165, declaration map number 35 at Uyen Hung Town, Tan Uyen District, Binh Duong Province with the square of 120.478,5 m<sup>2</sup>, expiry date is June 2054. The remaining value at 31/12/2014 is VND 31.112.216.329.

► Land use right of plot number 218, declaration map number 02, Hoa Tien Commune, Krong Pak District, Dak Lak Province with the expiry date to 8/2059. The remaining value at 31/12/2014 is VND 457.852.896.

► Cost of compensation and clearance for receiving Certificate of Land use right with the term period of 50 years at Hamlet 5, Ea Ral Commune, Ea H'leo District, Dak Lak Province. The remaining value at 31/12/2014 is VND 384.125.333.

Those land use rights are now pledged to secure loans at banks.

(10.2) includes :	At the year- end	At the year- beginning
Deposits for investment in afforestation project under the official letter number 2135/CV-STC dated 27/6/2008 of Phu Yen People's Committee	400,000,000	400,000,000
Long-term mortgage, deposits	750,000,000	810,000,000
<b>Total</b>	<b>1,150,000,000</b>	<b>1,210,000,000</b>

11. Short-term loans	At the year- end	At the year- beginning
Short-term loans from banks (11.1)	1,797,774,494,777	1,716,239,015,019
Loans from other organizations (11.2)	38,936,205,020	38,165,205,020
Loans from individuals (11.3)	300,000,000	4,100,000,000
Current portion of long-term liabilities (18.1*)	21,291,850,000	100,652,604,173
<b>Total</b>	<b>1,858,302,549,797</b>	<b>1,859,156,824,212</b>



<b>(11.1) Short-term loans from banks with balance at 31/12/2014</b>	<b>USD</b>	<b>USD equivalent</b>
Loans in VND	29,318,585.99	1,171,294,949,343
Loans in USD		626,479,545,434
<b>Total</b>		<b>1,797,774,494,777</b>

All loans from bank for the purpose of supplementing working capital for business operation including payment for purchasing wood and other input cost, discounting export documents under the method L/C, D/P và D/A. Above mentioned loans are secured by personal asset of Mr. Vo Truong Thanh, inventory turnover, fixed assets under the ownership of the Company, receivables from

export contracts established now and in the future.

By the time of 31/12/2014, interest rate from banks fluctuate from 12% to 14,5%/year with loans in VND and from 2,5% to 5%/year with loans in foreign currencies (USD).

<b>(11.2) Loans from other organizations</b>	<b>At the year- end</b>	<b>At the year- beginning</b>
Phu Huu Gia JSC	33,645,205,020	33,645,205,020
Vu Thanh Transport JSC	4,000,000,000	4,000,000,000
Vu Tuan Company	991,000,000	-
Phuoc An Forestry one member limited company	300,000,000	300,000,000
Tan Phat Dak Nong Car one member limited company	-	220,000,000
<b>Total</b>	<b>38,936,205,020</b>	<b>38,165,205,020</b>

At 31/12/2014, interest rate for loans from other organizations ranged from 12 – 15%/year. Those loans are unsecured loans.

<b>(11.3) Loans from individuals:</b>	<b>At the year- end</b>	<b>At the year- beginning</b>
Loan from Mr. Vo Diep Van Tuan	-	1,600,000,000
Loan from Mr. Vo Truong Thanh	300,000,000	-
Loan from Ms. Diep Thi Thu	-	1,850,000,000
Loan from Ms. Vo Diep Cam Van	-	650,000,000
<b>Total</b>	<b>300,000,000</b>	<b>4,100,000,000</b>

12. Seller's and buyer's credit		At the year- end	At the year- beginning
Seller's credit	(*)	206,920,358,256	119,146,259,513
Buyer's credit		60,714,944,058	48,770,457,639
<b>Total</b>		<b>267,635,302,314</b>	<b>167,916,717,152</b>

*(\*) In which, seller's credit in foreign currencies was USD 2,143.63 USD equivalent to VND 45.817.916.*

13. Tax and other payables to state budget		At the year- end	At the year- beginning
VAT output		67,007,163,337	41,175,170,691
Corporate income tax		28,564,577,782	10,548,530,518
Individual income tax		3,766,236,019	4,553,342,436
Other taxes		366,809,632	127,621,077
<b>Total</b>		<b>99,704,786,770</b>	<b>56,404,664,722</b>

14. Payables to employees		At the year- end	At the year- beginning
Salary payables to employees		32,528,473,144	24,262,186,026

15. Expenses payables		At the year- end	At the year- beginning
Interest expense in VND		134,595,277,086	161,594,716,535
Interest expense in foreign currencies		28,765,580,232	13,156,525,724
Expense of exploiting Quang Khe forest		8,141,878,500	-
Other expenses		2,046,592,114	808,181,647
<b>Total</b>		<b>173,549,327,932</b>	<b>175,559,423,906</b>



16. Other payables	At the year- end	At the year- beginning
Surplus assets awaiting for resolution	973,244,368	872,304,976
Trade union fees, compulsory insurance and interest on deferred insurance payment	74,227,180,255	51,919,302,923
Borrow for payment, free of interest	95,704,635,384	70,149,435,556
Payables to relevant parties	15,470,428,306	3,871,961,550
Dividends payables	963,790,800	963,790,800
Payables to Board of Directors and Executive board	2,440,973,622	2,454,973,622
Payables related to fine on deferred tax payment	12,619,980,233	1,677,390,826
Other payables	3,396,713,782	2,819,292,537
<b>Total</b>	<b>205,796,946,749</b>	<b>134,728,452,790</b>

17. Welfare and reward fund		
Welfare and reward fund at the year-beginning		206,866,216
Set up from profit after tax		277,708,620
Used amount in year		(9,251,432,781)
<b>Balance at year- end</b>		<b>(8,766,857,945)</b>

Welfare and reward fund having negative balance at the year - end is due to waiting for Decision of setting up Welfare and reward fund in 2014 of Board of Directors and Shareholders' Meeting.

18. Long-term liabilities		At the year- end	At the year- beginning
Other long-term payables (receiving deposit for renting)		1,000,000,000	1,000,000,000
Loans and long-term debts	(18.1)	97,890,750,000	122,553,837,435
Unearned revenue	(18.2)	34,458,068,753	28,658,556,570
<b>Total</b>		<b>133,348,818,753</b>	<b>152,212,394,005</b>



(18.1) Balance of long-term loan at 31/12/2014	At the year- end
Commercial Bank for Foreign Trade of Viet Nam - Dak Lak Branch	78,338,600,000
Kien Long Commercial Bank – Binh Duong Branch	40,000,000,000
Viet Nam Bank for Agriculture and Rural Development – Buon Me Thuot Branch	844,000,000
<b>Total of long-term loans</b>	<b>119,182,600,000</b>
Current portion of long-term liabilities (*)	(21,291,850,000)
<b>Total</b>	<b>97,890,750,000</b>

### **Loan borrowed from Vietcombank – Branch of Dak Lak:**

► According to Contract of Developing Investment no. 2012/2708/NMT/TTF/HDTD dated August 27th 2012 with amount of 30,000,000,000 dong, term of loan is 84 months, term for period of grace in seed paying is 12 months since the first withdrawal day. The purpose of loan is to invest in planting, caring and exploiting of material forest and binding rubber in Krong Pak District, Dak Lak Province. Loan rate for each bill of debt in December 31st 2014 is 14.6%/per year. Property ensuring this loan is the whole property originated from the borrowed fund. Balance of debt to December 31st 2014 is 21,490,750,000 dong, including the due long-term debt is 2 billion dong.

► According to contract no. 12/01/CPLMTT/NG/HDTG dated August 27th 2012 with credit ceiling being 60 billion dong; The purpose of loan is to make good the deficit to a part of paid expenditure and new investment expense for implementing of general project in planting, reforming and exploiting of 3,162.8 hecta of material forest in the area of Dak Lak Province; term of loan: 84 months (Period of grace: 12 months); Seed debt is paid as specified in the contract; interest rate is adjusted as informed by the Bank for each period and being paid quarterly (interest rate in December 31st 2014 is 10.6%/per year). These loans is ensured by property originated from the borrowed fund

with valued ensured by mortgage contract no. 01/2012/CPLNTT/NG/HDTC dated August 27th 2012 being 99,634,000,000 dong and value added in the process of remaining investment. Balance of debt to December 31st 2014 is 52,400,000,000 dong, including due long-term balance is 10,000,000,000 dong.

► According to limited credit agreement no. 08/51/VN//NHNT dated December 15th 2008 with amount of 10 billion dong; term of debt payment for the last time is December 15th 2013; Use policy is to invest in building of tuynel brick plant; Loan rate is 1.2%/per month; Property for ensuring of loan is the production line of tuynel brick with label of Handle according to mortgage contract no. 08/51/NV/HDTC dated December 15th, 2008; Property generated after investment (the whole plant and workshop, plant of burnt brick), land use right of 6.1 ha located at sub-zone of 960 belonging to forest area of Phuoc An Forestry Co.,ltd, as specified in mortgage contract no. 08/51/NV/HDTG.SDT dated December 15th, 2008 and contract of loan guarantee no. 08/51/NV/HDBL dated December 15th, 2008 by Truong Thanh JSC. Balance of loan to December 31st 2014 is 4,447,850,000 dong and it is also the due long-term debt. This balance is overdue.

*Loan borrowed from Kien Long Bank – Branch of Binh Duong*

*According to medium-long-term credit agreement no. 2048/HDTD/0100-2674 dated December 10th 2014 with amount of 40 billion dong, the purpose of loan is to invest and enlarge the production scale and repairing of workshop. Term of loan is 36 months since the first bill of debt. Loan rate relative to each bill of debt in December 31st 2014 is 10.89%/per year. Property ensuring for this loan is Teak wood material and stocking finished product as specified by mortgage contract no. 2047/14/HDCC-HH/0100/2674 dated December 10th 2014 with total amount of 144,397,000,000 dong. Balance of loan to December 31st 2014 is 40,000,000,000 dong, including the due long-term loan is 4 billion dong.*

*Loan borrowed from Agribank – Branch of Buon Ma Thuot as specified in limit credit agreement no. LAV201000226 dated February 3rd 2010 with credit limit of 10 billion dong, aimed at investing and constructing of office block, plant for production of micro-organic fertilizer and nursery garden of forestry seeds. Interest rate in December 31st 2014 is 12%/ per year. This loan is ensured by land use right of rice field no. 218 located in Hoa Tien Commune, Krong Pak district, Dak Lak Province (ensured value is 6,340,000,000 dong). Balance of loan to December 31st 2014 is 844,000,000 dong, which is currently being overdue.*

(18.2) Including:	At the year- end	At the year- beginning
Unperformed income corresponding with equity capital and transfer part of Land use right by the Company to the joint-venture of Truong Thanh OJI Afforesting Co.ltd	34,410,523,298	28,459,240,342
Other unperformed revenue	47,545,455	199,316,228
<b>Total</b>	<b>34,458,068,753</b>	<b>28,658,556,570</b>

#### 19. Status of ownership capital plus and minus

Index	At the year- beginning	Plus	Minus	At the year- end
Capital of owner	735,000,000,000	265,671,000,000	-	1,000,671,000,000
Surplus of joint-stock capital	99,062,086,763	-	31,407,360,000	67,654,726,763
Fund stock	(420,631,294)	-	-	(420,631,294)
Fund of developing investment	10,494,752,650	138,854,310	-	10,633,606,960
Financial provident fund	3,767,885,040	-	-	3,767,885,040
Other fund of owner	8,963,110	-	-	8,963,110
Un-appropriated profit	3,405,797,956	70,619,947,535	396,187,171	73,629,558,320
<b>Total</b>	<b>851,318,854,224</b>	<b>336,429,801,845</b>	<b>31,803,547,171</b>	<b>1,155,945,108,898</b>

Share	At the year- end	At the year- beginning
Number of share to be issued	100,067,100	73,500,000
Number of share being issued and contributed	100,067,100	73,500,000
• Common share	100,067,100	73,500,000
• Preference share	-	-
Number of share to be purchased	(16,564)	(16,564)
• Common share	(16,564)	(16,564)
• Preference share	-	-
Number of outstanding share	100,050,536	73,483,436
• Common share	100,050,536	73,483,436
• Preference share	-	-

**Face value of stock as specified by Business Registration Certificate is 10,000 dong/per stock. Current face value of outstanding stock is 10,000 dong/per stock.**

(a) Investment capital of owner being increased in the year, due to:	As per face value	As per actual selling value
19,567,100 shares are issued with selling price of 8,400 dong/share to investors and received by deposit:	195,671,000,000	164,363,640,000
7,000,000 shares are issued with selling price of 10,000 dong/share to investors and received by deposit:	70,000,000,000	70,000,000,000
<b>Total</b>	<b>265,671,000,000</b>	<b>234,363,640,000</b>

(b) Surplus of capital stock being decreased in the year due to the issuance of **19,567,100** shares with selling price of 8,400 dong/share is **31,307,360,000** dong and expense for consulting in share issuance is **100,000,000** dong.

(c) Un-appropriated profit being decreased in year, due to:	
Deduction for making of welfare fund	277,708,620
Deduction for making of developing investment fund	138,854,310
Other plus/minus	(20,375,759)
<b>Total</b>	<b>396,187,171</b>



## VI. INFORMATION SUPPLEMENTING IN REPORT OF BUSINESS RESULTS

1. Net revenue	This year	Previous year
Including:		
Revenue for sale of goods and finished products	1,276,168,684,716	1,392,683,918,841
Revenue for exporting of sample goods and internal consuming	2,933,125,795	722,723,926
Revenue of construction contracts	124,565,827,915	152,148,351,201
Revenue for transferring of 4,000 ha of afforesting land	22,931,794,219	-
Revenue for supply of service	35,389,729,440	4,791,181,052
<b>Total of revenue</b>	<b>1,461,989,162,084</b>	<b>1,550,346,175,020</b>
<i>Except from of revenue deduction</i>	<i>(3,256,043,778)</i>	<i>(5,035,164,253)</i>
<b>Net revenue</b>	<b>1,458,733,118,306</b>	<b>1,545,311,010,767</b>

2. Cost price of sales	This year	Previous year
Cost price for selling of finished product and goods	1,061,295,275,686	1,144,251,822,574
Cost price for exporting of sample goods and internal consuming	2,921,555,704	722,723,926
Cost price of construction	84,535,602,279	91,257,427,174
Cost price from transferring of 4,000 ha of afforesting land	13,704,608,272	-
Cost price for supply of service	19,413,392,372	3,345,841,904
Provident fund for price cutting of inventory	713,426,288	994,124,086
<b>Total</b>	<b>1,182,583,860,600</b>	<b>1,240,571,939,664</b>

3. Revenue of financial operations	This year	Previous year
Divided share and profit	-	2,282,580,000
Interest of bank deposit and loan	7,321,358,105	1,545,227,294
Exchange rate variance	5,254,222,182	1,425,739,619
Income from contributing to distributed joint-venture	3,652,522,825	3,652,522,825
Revenue from other financial operations	-	13,660,953
<b>Total</b>	<b>16,228,103,111</b>	<b>8,919,730,691</b>

4. Expense of financial operation	This year	Previous year
Expense of loan interest	151,979,159,742	206,691,860,487
Erased loan interest (*)	(104,024,288,074)	-
Deferred interest for payment	259,905,723	2,783,353,121
Loss of exchange rate variance	15,004,870,838	8,397,992,271
Loss from the selling of share for Song Hau JSC	10,448,288,000	-
Provident cost (restitution) of long-term financial investment amounts	(12,226,720,001)	-
Bank cost	1,604,837,162	713,632,012
Other financial costs	449,362,165	586,312,363
<b>Total</b>	<b>63,495,415,556</b>	<b>219,173,150,254</b>

*(\*) The whole arising loan interest in Vietcombank will be erased to June 16th 2014 as specified in Minutes of Agreement dated April 15th, 2014 by DATC and the Company, Contract of debt sale and purchase no. 19/2014/HD-MBN dated June 27th 2014 and Document no. 494/MBN-PMBN dated July 31st 2014 regarding the transfer of creditor right for receivable accounts at Group.*

5. Selling expenses	This year	Previous year
Expense of employees	1 4,316,964,794	1,588,693,727
Expense of material and package	137,654,346	16,131,428
Expense for depreciating of fixed assets	17,108,759	95,116,876
Expense of advertisement, promotion and samples	3,431,764,917	1,857,363,598
Expense of export	4,693,137,288	2,905,413,657
Expense of outside purchase service	5,279,501,784	4,229,656,879
Other expense by cash	2,562,420,767	1,931,502,241
<b>Total</b>	<b>20,438,552,655</b>	<b>12,623,878,406</b>

6. Expense of enterprise management	This year	Previous year
Expense of management staff	61,307,419,128	48,544,737,976
Expense of material, office tools	2,146,655,913	3,495,138,089
Expense for depreciating of fixed assets	3,183,767,080	3,105,870,249
Tax, cost and fee	8,377,393,132	5,203,370,187
Provident cost	15,767,112,796	3,321,859,666
Expense of outside purchase service	6,985,748,524	7,568,026,770
Other expense by cash	6,004,806,649	6,351,854,942
<b>Total</b>	<b>103,772,903,223</b>	<b>77,590,857,879</b>

7. Other incomes	This year	Previous year
Income from transfer, selling and liquidation of fixed assets	411,073,470	5,507,277,417
Income for selling of wasted material, tools and instruments	253,073,998	119,741,880
Charges of stocking, electrical fee, for hiring of plane, car etc,...	590,693,183	10,605,009,394
Income for penalty of violations	1,598,519,857	-
Income for treatment of asset, payable accounts	1,533,217,861	4,321,755,143
Income from collection	1,370,141,587	-
Income from receiving of compensation, supporting and insurance	898,554,534	332,883,541
Other incomes	806,862,121	733,491,078
<b>Total</b>	<b>7,462,136,612</b>	<b>21,620,158,453</b>

8. Other costs	This year	Previous year
Remaining value of fixed asset, liquidated waste material, transfer for sale	157,725,407	4,644,598,896
Fine for administration violation, delay in tax and insurance payment	17,175,757,956	8,643,100,520
Cost for penalty of violation and compensation	1,590,525,234	-
Cost for uncompleted production of stopped project	1,265,612,520	2,488,750,042
Amortization expense of non-operated assets	405,077,182	
Cost relating to the hiring of plane etc	112,131,421	10,604,211,181
Processing of debt	-	245,531,416
Business income tax to be supplemented according to Minutes of Inspection	1,507,512,605	128,967,039
Cost of damage due to forest fire	1,371,670,200	-
Other costs	1,512,413,921	2,043,324,362
<b>Total</b>	<b>25,098,426,445</b>	<b>28,798,483,456</b>

9. Basic interest on share	This year	Previous year
<b>Accounting interest after business income tax including:</b>	<b>67,184,049,520</b>	<b>(4,693,124,438)</b>
• Benefit of minimum/(loss) shareholder	(3,435,898,015)	(8,562,489,059)
• Post-tax profit of shareholder in parent company	70,619,947,535	3,869,364,621
Profit distributed to shareholder owning common share of parent company	70,619,947,535	3,869,364,621
Average outstanding common share in period	77,559,484	51,008,903
<b>Basic interest in share</b>	<b>911</b>	<b>76</b>



## VII. OTHER INFORMATION

### 1. Report for sections

For the sake of management, the Group with national operation scale shall distribute its operation into main fields as follows:

- ▶ **Wood processing**
- ▶ **Afforesting**
- ▶ **Others**
- **For the financial year ending at December 31st 2014**

Unit: million dong

	Wood processing			Afforesting			Others			Excluding			Combining		
	Year 2014	Year 2013	Year 2014	Year 2013	Year 2014	Year 2013	Year 2014	Year 2013	Year 2014	Year 2013	Year 2014	Year 2013	Year 2014	Year 2013	
<b>Net revenue</b>															
<i>From outside customer</i>	1,181,220	1,491,078	15,143	3,754	262,371	50,479	-	-	1,458,733	-	1,545,311	-	-	-	
<i>Among sections</i>	2,084,569	1,229,395	19,146	19,793	-	-	(2,103,715)	(1,249,189)	-	-	-	-	-	-	
<b>Total</b>	<b>3,265,788</b>	<b>2,720,473</b>	<b>34,289</b>	<b>23,547</b>	<b>262,371</b>	<b>50,479</b>	<b>(2,103,715)</b>	<b>(1,249,189)</b>	<b>1,458,733</b>	<b>(2,103,715)</b>	<b>1,545,311</b>	<b>1,458,733</b>	<b>(1,249,189)</b>	<b>1,545,311</b>	
<b>Results of business operation</b>															
Results of section	256,724	300,345	(2,477)	521	42,027	4,195	(20,124)	(321)	276,149	(20,124)	304,739	276,149	(321)	304,739	
Undistributed cost	116,501	87,180	6,016	2,059	2,131	2,229	(437)	(1,254)	124,211	(437)	90,215	124,211	(1,254)	90,215	
Pre-tax profit, financial income and cost	140,223	213,165	(8,493)	(1,538)	39,895	1,966	(19,687)	933	151,938	(19,687)	214,524	151,938	933	214,524	
<i>Financial income</i>	13,992	6,163	6,516	7,130	2	3	(4,282)	(4,377)	16,228	(4,282)	8,920	16,228	(4,377)	8,920	
<i>Financial cost</i>	73,788	233,107	7,155	8,143	2,939	3,892	(20,387)	(25,969)	63,495	(20,387)	219,173	63,495	(25,969)	219,173	
<i>Other profits</i>	(11,127)	(3,470)	(1,075)	(1,541)	(1,397)	(1,168)	(4,037)	(999)	(17,636)	(4,037)	(7,178)	(17,636)	(999)	(7,178)	
<i>Loss and interest of associated company</i>	-	-	(1,958)	(860)	(151)	(405)	-	-	(2,109)	-	(1,265)	(2,109)	-	(1,265)	
Business income tax	22,110	520	-	-	-	-	(4,368)	-	17,741	(4,368)	520	17,741	-	520	
<b>Post-tax interest</b>	<b>47,191</b>	<b>(17,769)</b>	<b>(12,166)</b>	<b>(4,953)</b>	<b>35,410</b>	<b>(3,496)</b>	<b>(3,251)</b>	<b>21,526</b>	<b>67,184</b>	<b>(3,251)</b>	<b>(4,693)</b>	<b>67,184</b>	<b>21,526</b>	<b>(4,693)</b>	
Profit of minimum shareholder	(2,135)	(7,730)	(3,491)	(426)	2,190	(407)	-	-	(3,436)	-	(8,562)	(3,436)	-	(8,562)	
<b>Interest of shareholder in parent company</b>	<b>49,326</b>	<b>(10,039)</b>	<b>(8,675)</b>	<b>(4,527)</b>	<b>33,220</b>	<b>(3,090)</b>	<b>(3,251)</b>	<b>21,526</b>	<b>70,620</b>	<b>(3,251)</b>	<b>3,870</b>	<b>70,620</b>	<b>21,526</b>	<b>3,870</b>	

Other information	Wood processing		Afforesting		Others		Excluding		Combining	
	Balance at the end of year	Balance at beginning of year	Balance at the end of year	Balance at beginning of year	Balance at the end of year	Balance at beginning of year	Balance at the end of year	Balance at beginning of year	Balance at the end of year	Balance at beginning of year
Assets of sections	5,010,700	4,115,141	228,658	269,889	193,649	63,858	(1,426,383)	(932,384)	4,006,624	3,516,503
Delayed income tax asset	866	818	-	-	-	-	5,084	715	5,950	1,534
Undistributed asset										
<b>Total of asset</b>	<b>5,011,566</b>	<b>4,115,959</b>	<b>228,658</b>	<b>269,889</b>	<b>193,649</b>	<b>63,858</b>	<b>(1,421,300)</b>	<b>(931,669)</b>	<b>4,012,574</b>	<b>3,518,037</b>
Payable debt of sections	3,581,872	2,968,092	101,278	132,779	139,979	47,361	(1,061,030)	(577,785)	2,762,099	2,570,448
Undistributed payable debt										
<b>Total</b>	<b>3,581,872</b>	<b>2,968,092</b>	<b>101,278</b>	<b>132,779</b>	<b>139,979</b>	<b>47,361</b>	<b>(1,061,030)</b>	<b>(577,785)</b>	<b>2,762,099</b>	<b>2,570,448</b>
Expense for purchase of asset	6,898	18,391	17,500	-	-	-	-	-	24,398	18,391
Amortization expense	30,900	34,072	3,494	1,107	495	512	149	149	35,037	35,841

Apart from information about business operation of sections, basing on chart of organization for the Group, information shall be represented by the following data relative to geological area:

	Binh Duong		Dak Lak		Phu Yen		Others		Excluding		Combining	
	Year 2014	Year 2013	Year 2014	Year 2013	Year 2014	Year 2013	Year 2014	Year 2013	Year 2014	Year 2013	Year 2014	Year 2013
<b>Net revenue</b>												
<i>From outside customer</i>	1,300,961	1,166,122	(110,623)	325,473	6,025	3,816	262,371	49,899	-	-	1,458,733	1,545,311
<i>Among sections</i>	1,682,052	900,094	372,222	297,386	49,440	51,404	-	305	(2,103,715)	(1,249,189)	-	-
<b>Total</b>	<b>2,983,013</b>	<b>2,066,216</b>	<b>261,599</b>	<b>622,860</b>	<b>55,465</b>	<b>55,220</b>	<b>262,371</b>	<b>50,204</b>	<b>(2,103,715)</b>	<b>(1,249,189)</b>	<b>1,458,733</b>	<b>1,545,311</b>
<b>Results of business operation</b>												
Results of section	224,697	259,636	25,526	35,027	3,966	5,457	42,084	4,940	(20,124)	(321)	276,149	304,739
Undistributed cost	95,896	70,874	22,073	14,385	4,625	4,524	2,054	1,685	(437)	(1,254)	124,211	90,215
Pre-tax profit, financial income and cost	128,800	188,762	3,454	20,642	(658)	932	40,029	3,255	(19,687)	933	151,938	214,524
<i>Financial income</i>	10,916	5,808	9,591	7,470	1	16	2	3	(4,282)	(4,377)	16,228	8,920
<i>Financial cost</i>	48,994	183,898	34,634	58,948	(140)	1,298	394	997	(20,387)	(25,969)	63,495	219,173
<i>Other profits</i>	(8,563)	(6,317)	(4,805)	303	(533)	(179)	302	13	(4,037)	(999)	(17,636)	(7,178)
<i>Loss and interest of associated company</i>	-	-	-	-	(1,958)	(860)	(151)	(405)	-	-	(2,109)	(1,265)
Business income tax	21,875	426	-	-	206	94	28	-	(4,368)	-	17,741	520
<b>Post-tax interest</b>	<b>60,283</b>	<b>3,929</b>	<b>(26,395)</b>	<b>(30,533)</b>	<b>(3,214)</b>	<b>(1,484)</b>	<b>39,761</b>	<b>1,869</b>	<b>(3,251)</b>	<b>21,526</b>	<b>67,184</b>	<b>(4,693)</b>
Profit of minimum shareholder	5	138	(6,016)	(8,939)	480	219	2,094	20	-	-	(3,436)	(8,562)
<b>Interest of shareholder in parent company</b>	<b>60,278</b>	<b>3,792</b>	<b>(20,379)</b>	<b>(21,594)</b>	<b>(3,694)</b>	<b>(1,702)</b>	<b>37,666</b>	<b>1,849</b>	<b>(3,251)</b>	<b>21,526</b>	<b>70,620</b>	<b>3,870</b>



Unit: million dong

Other information	Binh Duong		Dak Lak		Phu Yen		Others		Excluding		Combining	
	Balance at the end of year	Balance at the beginning of year	Balance at the end of year	Balance at the beginning of year	Balance at the end of year	Balance at the beginning of year	Balance at the end of year	Balance at the beginning of year	Balance at the end of year	Balance at the beginning of year	Balance at the end of year	Balance at the beginning of year
Assets of sections	4,120,884	3,379,428	1,054,136	875,245	76,680	144,206	181,307	50,009	(1,426,383)	(932,384)	4,006,624	3,516,503
Delayed income tax asset	866	818							5,084	715	5,950	1,534
Undistributed asset												
<b>Total of asset</b>	<b>4,121,750</b>	<b>3,380,246</b>	<b>1,054,136</b>	<b>875,245</b>	<b>76,680</b>	<b>144,206</b>	<b>181,307</b>	<b>50,009</b>	<b>(1,421,300)</b>	<b>(931,669)</b>	<b>4,012,574</b>	<b>3,518,037</b>
Payable debt of sections	2,740,611	2,293,375	954,050	749,893	15,345	81,615	113,123	23,350	(1,061,030)	(577,785)	2,762,099	2,570,448
Undistributed payable debt												
<b>Total</b>	<b>2,740,611</b>	<b>2,293,375</b>	<b>954,050</b>	<b>749,893</b>	<b>15,345</b>	<b>81,615</b>	<b>113,123</b>	<b>23,350</b>	<b>(1,061,030)</b>	<b>(577,785)</b>	<b>2,762,099</b>	<b>2,570,448</b>
Expense for purchase of asset	3,821	14,967	20,577	3,424	-	-	-	-	-	-	24,398	18,391
Amortization expense	23,452	24,004	9,880	10,064	1,555	1,620	-	3	149	149	35,037	35,841





## 2. Commitment for sharing of benefits in business cooperation

In December 31st 2014, Truong Thanh Forestry JSC shall give commitments in sharing of benefits as specified in investment cooperation contract as follows:

► According to Commitment for sharing of benefits in business cooperation no. 01/TTC-BQLM'DRAK dated October 22nd 2008 by the Company and PMU of Vong Phu Mountain Protection Forest ("PMU"), a complex of land area, including but not limit, of 690.84 ha (to be assigned to households according to Program 661), under sub-areas 790, 786, 781, 759, 782, 762 located in the area of 04 communes: Cu M'ta, Ea Trang, EA M'Doan and Cu Kroa, M'Drak District, Dak Lak Province. This area will be introduced to the afforesting integration with the Company, details are as follows: In 2008, the new-afforesting integration area is 154.1 ha, in 2010, it is 118.7 ha, in 2011, it is 177.9 ha, in 2012, it is 139.8 ha, in 2013, it is 100.34 ha. Besides, PMU contributes not more than 20% of capital to the investment for the first cycle not counting of interest, from the State budget capital (this capital supplied to the Company by PMU), in the next cycles, PMU will use profit collected from combining forest to continue to invest with the original rate. Households will be the ones to directly afforest, care and protect the forest to be specified by lump sum contract. Profit will be divided to the principle that: PMU 40% (including PMU 10%, household 30%), 60% of remaining profit will be divided by the Company and PMU relative to rate of capital, rate for distribution of revenue from forest as for other economic trees, apart from acacia, which will be agreed in details in contract appendixes, however, the Company will not enjoy the rate less than the above-mentioned one.

► According to Commitment for sharing of benefits in business cooperation no 03 / TTC-CTLN M'Drak dated 22/10/2008 between the Company and M'Drak Forestry company, the M'Drak Forestry company should include 600 hectares of protection forest of 02 sub-zones 797, 802 located in Ea Trang Commune, M'Drak District, Daklak provincet as well as join the Company in managing, planting, caring, protecting the plantation as the technical process of the Company. Revenue of the end of each session of thinning / extraction will be distributed in proportion of 10% to the M'Drak Forestry and 90% to the Company. The percentage of revenue sharing from forest to cash crop other than Acacia will be added as annex thereto the contract but not less than the ratios mentioned above. Contract duration is 48 years.



TTF 's Chairman of the BoD on a meeting with Korean Investor

► Under the Association contract No. 04/TTC-CTLN LAK dated 12/3/2009 between Truong Thanh Furniture Corporation and Lak Forestry Co., Ltd, the Lak Forestry Co., Ltd associated 4,800 hectares of land and invested 1.4 billion dong in the first production cycle (this amount is the capital invested in 67.6 hectares of plantations in 2004 in the sub-region 1407 - 1415), the amount from the valuation of 161 hectares of plantations in the sub-region 1407 - 1408 after both parties agreed to record additional capital. Percentage of income allocation (in cash or wood products) will be 7% for Lak Forestry Co., Ltd (after deducting exploitation costs/pruning costs but excluding the taxes as stipulated and land rent “if any”), and the remaining 93% (after deducting the costs as above) by the capital contribution between the Corporation and the Lak Forestry Co., Ltd; the percentage of income allocation from the forest for other economic trees other than hybrid acacia will be agreed between the parties in detail in the appendix to the contract but the Corporation did not obtain a lower percentage described above. The contract period shall be 50 year.

### 3. Events after the balance sheet date

► The Corporation is carrying out legal procedures to merge Truong Thanh Wood Processing JSC (TTBD2) into the Corporation according to the Resolution of the Extraordinary Shareholders Meeting No. 03-12/NQ- DHDCD dated August 11, 2012. Pursuant to the Resolution of 2014 Annual Shareholder Meeting dated 29/04/2014, the Corporation will issue shares to swap all shares of Truong Thanh Wood Processing JSC (TTBD2) with 4,523,900 shares and swap ratio of 1:1.

► Pursuant to the Resolution of the Board of Directors No. 24-14/NQ-HDQT dated 29/12/2014, a plan of issuing 40 million shares in 2015 has been agreed.

► The Corporation is conducting registration procedures to change its business registration certificate by the new capital increased.

***In addition to events mentioned above, the Corporation did not have any significant events after the balance sheet date that require adjustments or disclosures in financial statements.***



Equipment manufacturing waterproof artificial boards

## VIII. FINANCIAL RISK MANAGEMENT

### 1. Market Risks

#### 1.1 Currency risks

The Corporation suffers exchange rate risks on purchases and sales denominated in currencies other than Vietnam dong. The foreign currency risk is mainly US dollar ("USD").

The Corporation ensures that the net currency risk level is maintained at an acceptable level by purchasing or selling foreign currencies at the exchange rate at the time necessary to limit imbalances in the short term. The Management shall not perform transaction of currency risk prevention after considering the cost of the use of financial instruments for currency risk prevention that may exceed the potential risk level of exchange rate fluctuations.

Currency risk of the Corporation for USD is as follows:		31/12/2014	
Financial assets	USD	VND	
Cash and cash at bank	27,233.45	581,606,217	
Receivables from customers	15,230,886.95	322,369,359,784	
Deposit	4,020.00	85,923,480	
<b>Total</b>	<b>15,262,140.40</b>	<b>323,036,889,482</b>	
<b>Financial debts</b>			
Short-term borrowings and debts	29,318,585.99	626,479,545,434	
Payables	2,143.63	45,817,916	
Accrued expenses payable (interest expense)	1,346,199.00	28,765,580,232	
<b>Total</b>	<b>30,666,928.62</b>	<b>655,290,943,582</b>	
<b>Currency risk level</b>	<b>(15,404,788.22)</b>	<b>(332,254,054,100)</b>	

*On December 31, 2014, if the US dollar had increased/decreased by 5% against the Vietnam dong while all other variables (including tax rate) have not been un changed, the pre-tax accounting profit of the Corporation*

*for the fiscal year shall be (lower)/higher than an amount of **(16,612,702,705)** Vietnam dongs due to gains/(losses) of exchange rate conversion on the balance of financial instrmentsin remaining US dollar.*





## 1.2 Price risk

The Corporation has invested in listed and unlisted companies and suffered price fluctuation risk of these investments. Risk factors affecting the results of these investments include the results of operations and financial position of the companies invested and market conditions. The Management manages the risks related to the results of operations and the financial position of the companies invested by choosing the business lines and companies to be invested. The risk factors related to the market conditions are affected by the general economic conditions of Vietnam and the behavior of investors, beyond the control of the Management. These factors cause the market conditions to change much in recent years.

## 1.3 Interest rate risk

Interest rate risk means the risk that the fair value or future cash flows of a financial instrument will fluctuate by changes in market interest rates. Market risk due to changes in interest rates of the Corporation are mainly related to cash, short-term deposits, and loans of the Corporation.

The Corporation manages risks by analyzing the competitive situation in the market to acquire the beneficial interest for the purposes of the Corporation and remain within the limits of risk management.

**If the interest rate fluctuation increases/(decreases) 2%:**

31/12/2014

**Interest assets**

Term deposits	49,067,000,000
Short-term loans	28,941,064,000
Long-term loans	19,000,000,000
<b>Total</b>	<b>97,008,064,000</b>

**Total balance of interest assets multiplied by 2% (two percent): 1,935,739,320 dongs (A).**

**Interest liabilities**

Loans, liabilities	1,956,193,299,797
<b>Total</b>	<b>1,956,193,299,797</b>

**Total balance of interest liabilities multiplied by 2% (two percent): 39.229.529.442 dongs (B).**

**Influence of gains/(losses) on pre-tax profits of the Corporation due to fluctuations in interest rates (it is assumed that a fluctuation is 2%) shall be (A) - (B) = (37.188.126.676) dongs.**



Intelligent design, folded in a carton and put in the trunk





## 2. Credit risk

Credit risk means the risk that the Corporation suffers financial losses if a customer or counterparty to a financial instrument may not perform their obligations under their contracts, and this risk arises mainly from receivables from customers.

### ► **Receivables from customers and other receivables**

Credit risk level of the Corporation is affected mainly by the individual characteristics of each customer.

The Management has established a credit policy under which each new customer shall be analyzed individually for creditworthiness before the Corporation provided the conditions and terms of delivery and payment. Purchase limits are established for each customer, representing the highest amount that customers can buy (without the approval of the Management). Customers who are not approved the creditworthiness can only deal with the Corporation on condition of prepayment.

The Corporation shall establish a provision for devaluation to reflect the level of estimated losses for receivables from customers, other receivables and investments. Major components of the provision for devaluation

are specific losses related to the level of specific large losses for each customer and the overall loss level of similarly main financial asset group, which is determined while these risks may have occurred but have not been detected. Overall level of losses is determined based on statistical data of past payments of similar financial assets.

### ► **Bank balance**

The Corporation has balance in domestic credit institutions. The Management did not find any losses arising for the results of the credit institutions.

Maximum credit risk for each financial asset group is the book value of financial instrument group presented on the balance sheet. The largest groups of financial assets of the Corporation are cash in bank, receivables from customer, other receivables and investments.

### ► **Financial assets are not overdue and not impaired**

Cash in bank and investments in bonds are not overdue and not impaired including the deposits and investments in bonds issued in the banks with high credit ratings in Vietnam. Receivables from customers and other receivables that are neither overdue nor impaired are mainly from companies making good payments for the Corporation.

Receivables from customers, prepayment to suppliers, other receivables and loans of the Corporation which are not overdue and not impaired are 737,971,530,211 dong.



## Overdue and/or impaired financial assets

*The book value of receivables from customer and other receivables is determined to be impaired and the increase or decrease of provision for devaluation related is as follows:*

Book value	31/12/2014
Gross	42,128,415,277
Deducting provision for devaluation	(26,741,352,122)
<b>Net value of receivables</b>	<b>15,387,063,155</b>
<b>Provision for devaluation</b>	
Opening balance (01/01/2014)	(10,974,239,326)
Increase (due to provision)	(15,767,112,796)
Decrease	-
<b>Closing balance (31/12/2014)</b>	<b>(26,741,352,122)</b>



### 3. Settlement risk

Settlement risk means the risk that the Corporation will encounter difficulty and be unable to perform its obligations related to financial liabilities. The Corporation's policy is to regularly monitor current and future liquidity requirements to ensure that the Corporation may maintain sufficient cash reserves to meet the liquidity requirements in the short to medium term. The Corporation's holding of cash and net cash flow from operations is expected to be sufficient to pay all debts due in the fiscal year of the Corporation.

The table below analyzes the non-derivative financial liabilities in the matured groups related based on the remaining term from the date of the balance sheet to the contractual maturity date. The amounts shown in the following table are the contractual cash flows which are not discounted.

### 3. Settlement risk (continued)

December 31, 2014	Below 01 year	From 01 to 05 years	Total
Loans and Debts	1,858,302,549,797	97,890,750,000	1,956,193,299,797
Payables to suppliers	206,920,358,256	-	206,920,358,256
Taxes and amounts payable to the State budget	99,704,786,770	-	99,704,786,770
Payable to employees	32,528,473,144	-	32,528,473,144
Other accounts payable, and accrued expenses	379,346,274,681	1,000,000,000	380,346,274,681
<b>Total</b>	<b>2,576,802,442,648</b>	<b>98,890,750,000</b>	<b>2,675,693,192,648</b>

The Corporation said that the level of concentration of repayment risk is very high. The Corporation is working with the Banks in order to achieve solutions of reasonable

#### ► Secured assets

*The Corporation has mortgaged or pledged inventories, tangible fixed assets, intangible fixed assets, accounts receivable that will be formed in the future for short-term and long-term loans (notes in items V.3, 4, 6, 7, 11.1, and 18.1 - of the Notes to the consolidated Financial Statements).*

*The Corporation holds secured assets of another party on December 31, 2014 as all assets owned by individual borrowers and organized borrowers before and after receiving the loans.*

#### ► Fair value measurement

*The book value less provision of short-term receivables from customers, cash in bank and payables to suppliers and other payables is approximate to their values.*



TTF Raw

**Below are details of the fair value of short-term and long-term investments:**

31/12/2014	Book value	Comparing net value with book value		Fair value	Provision
		Increase	Decrease		
<b>Short-term investments</b>					
Term deposits	49,067,000,000	-	-	49,067,000,000	-
Short-term loans	28,941,064,000	-	-	28,941,064,000	-
<b>Long-term investments</b>					
Investments in associated companies, Joint Venture companies	96,191,518,700	-	(5,103,035,364)	91,088,483,336	-
Unlisted equity securities (under other long-term investments)	76,467,364,766		(104,239,264)	76,363,125,502	(104,239,264)
Long-term loans	19,000,000,000	-	-	19,000,000,000	-
<b>Total</b>	<b>269,666,947,466</b>	<b>-</b>	<b>(5,207,274,628)</b>	<b>264,459,672,838</b>	<b>(104,239,264)</b>

*Binh Duong, on 31 March 2015*

**PREPARED BY**



**ĐO NGOC NAM**

**CHIEF ACCOUNTANT**



**ĐÀO NGOC QUYẾT**

**GENERAL DIRECTOR**



**VŌ TRƯỞNG THÀNH**



**MGM GRAND HO TRAM BEACH**

Interior decoration by TTF

Location: Xuyen Moc, Ba Ria Vung Tau



**PHOTO OF PRODUCTS AND TYPICAL WORKS  
EXECUTED BY TTF**



A photograph of the Financial Tower in Hong Kong, a tall, slender skyscraper with a distinctive rounded top, set against a clear blue sky. The tower is surrounded by other high-rise buildings and a green hillside in the background. In the foreground, there is a body of water with several ferries and boats. The overall scene is a vibrant urban landscape.

## FINANCIAL TOWER-HONG KONG

Interior decoration by TTF

Location: Hongkong



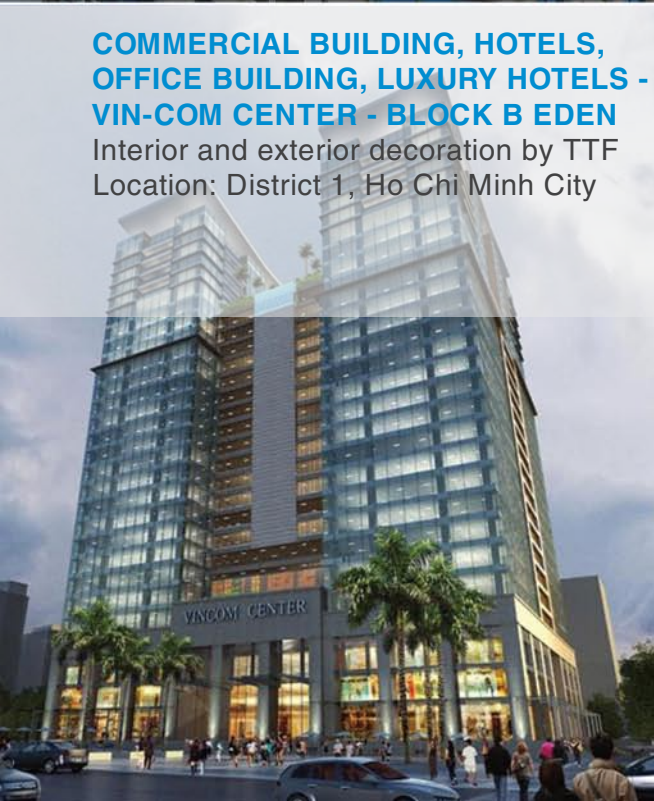
## VINCOM CENTER

Interior decoration by TTF  
Location: Hai Ba Trung, Hanoi



## COMMERCIAL BUILDING, HOTELS, OFFICE BUILDING, LUXURY HOTELS - VIN-COM CENTER - BLOCK B EDEN

Interior and exterior decoration by TTF  
Location: District 1, Ho Chi Minh City



## VINCOM CENTER EDEN A

Interior decoration by TTF  
Location: Ho Chi Minh City





## PHU MY THUAN APARTMENT BUILDING

Interior decoration by TTF

Location: Nha Be, Ho Chi Minh City





**FIVE-STAR RESORT VINPEARL NHA TRANG**  
Interior decoration by TTF  
Location: Nha Trang City - Khanh Hoa Province









Partition decorated by artistic timber pillar - Hall of Vin-pearl Luxury in Da Nang City





**FIVE-STAR CRUISE SHIP AMALOTUS**

Interior decoration by TTF  
Location: Ho Chi Minh City



**FIVE-STAR GOLDEN CRUISE SHIP 9999**

Interior decoration by TTF  
Location: Ha Long City







## ROYAL CITY

Interior decoration by TTF

Location: Thanh Xuan - Hanoi







### **FURAMA VILLAS DA NANG**

Interior and exterior decoration by TTF

Location: Truong Sa, Khue My, Ngu Hanh Son, Da Nang City







**FIVE-STAR RESORT VINPEARL PHU QUOC**

Interior decoration by TTF  
Location: Phu Quoc, Kien Giang





# APPENDIX





# APPENDIX 1

## REPORT ON SUSTAINABLE DEVELOPMENT

### I. SUSTAINABLE DEVELOPMENT POLICIES OF THE CORPORATION:

- Afforestation is to maintain the stability of raw material for the wood processing industry in general and the Corporation in particular;
- Afforestation is to combat climate change and increase the cleanliness for the biosphere;
- Timber is purchased in accordance with international standards such as the US Lacey Act, EU FLEGT agreement, or timber from the forests with FSC Certification (forests are managed according to sustainable criteria);
- Air-dry technique is applied instead of Kiln-dry for sawing and exploiting timber which will reduce CO2 emissions into the environment
- Products are developed to ensure the safety of employees and users according to the safety standards (chemical, physico-mechanical, packaging) in the world. In recent years, the Corporation has been using non-toxic glue (Non Formaldehyde) that does not affect the health of consumers especially pregnant women and is environmental friendly.
- For the particle board factory, the Corporation uses MDI to reduce heat and heating time.
- Product lines using defects in the wood processing industry are developed to be raw materials to limit exploitation of young forests releasing carbon dioxide into the atmosphere.
- Transparency is conducted for shareholders and employees.
- Sustainable development of human resources by:
  - + Improvement of machinery, increase in occupational safety training to minimize industrial accidents in the year

- + Policies of commendation and reward and welfare are issued to timely encourage the employees.
- + Policies of employment priority, promotion of internal resources to provide the employees with advancement opportunities.
- Sustainable policy on reduction of natural resource use: Regularly organize training courses on improvement of management skills for employees to increase productivity, and minimize electricity expenses and materials costs.



*TTF President at the ceremony of announcing four first founding members of the WWF Forest & Trade Network VFTN*



*Ceremony of awarding the promotion decisions for employees*



## II. ACTUAL IMPLEMENTATION:

- A project of afforestation of 100,000 hectare was conducted in Vietnam (Phu Yen, Dak Lak, Dak Nong) since 2007. So far, though over the years of very difficult finance, the Corporation has planted 13,000 hectares. It is expected to grow 1,000 - 2,000 hectares each year. When financing grows strongly, over 5,000 hectares shall be planted per year.
- The Corporation has established and is granted C.O.C certification (traceability) - a standard for manufacturers of product lines with right to label the FSC on their products - for more than 12 years. Therefore, the Corporation has accessed to most of the big customers with common criteria for sustainable development in the wood product business. In addition, TTF also has joined WWF Forest & Trade Network since 2005 (as one of four first founding members).
- 100% of timber purchased is legally originated, including approximately 30% with FSC certification. The Corporation has passed 100% of evaluations of buyers in the world on timber origin with full supporting documents and traceability.
- To produce artificial boards for the wood processing industry, the Corporation did not use toxic glue formaldehyde, but uses glue with European E0 and Japanese F\*\*\*\* standards.



TTF New products



Waterproof artificial board produced by TTF







Scholarships for students of University of Agriculture and Forestry HCM city



English training courses for TTF employees



TTF and the Ambassador of South Africa organized the graduation ceremony and awarded degrees for the South African students in the Corporation

- While in the world and Vietnam, there are many paper manufacturers using wood chips from the five - seven year forests. This is harvesting action as agricultural products, accidentally stimulating the young forest exploitation earlier than the cycle, releasing carbon dioxide from the young forests, increasing carbon dioxide in the biosphere and damaging land resources. Meanwhile, TTF uses timber from the appropriate age forests (at least 10 years for melaleuca alternifolia/acacia), or waste products from sawdust or chips to produce artificial boardst his processing only generates less than 10% emissions instead of 100% if they are used as fuel as normal
- Products which meet safety standards for phisico-mechanical and chemical (BS EN 581, BRC, CARB ...) and packaging (ISTA) are supplied to the market.
- Product lines of water- based paints with no toxins are developed, namely exports to IKEA and Children product lines for some markets
- Students in Vietnam and abroad are always facilitated to study, learn and practice in the Corporation.
- Training is regularly organized in the Corporation with a minimum frequency of 20 days per year for each employee.
- Ensuring timely provision of information to shareholders at least as prescribed by law. Maximizing profits for shareholders, while ensuring sustainable business and assuming responsibility for the community
- Establishing sustainability policies even for suppliers and customers of the Corporation









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