

Traphaco[®]



Modern TECHNOLOGIES,
with traditional *Values*



Annual Report 2010

HOAT HUYET DUONG NAO
Herbal neuro - nourishment medicine



Cebraton



CONTENT

Message from the Chairwoman of the Board of Directors 4

CORPORATE PROFILE 8

Introduction 10

Scope of business 11

Establishment and Development History 12

Vision, mission and core values. 14

Key milestones of 2010 16

Notable awards 17

Highlighted products 18

Strategic Directions for 2011 20

CORPORATE GOVERNANCE 22

Report of the Board of Management 24

Report of the Board of Directors 34

Report of the Supervisory Board 42

2011 R&D strategy 48

Shareholder Information 52

Community Activities 54

ORGANIZATION AND HUMAN RESOURCE 56

Organizational Chart 58

Board of Directors 60

Board of Management 62

Supervisory Board 64

Number of Employees 66

Human Resource Policy 69

2010 FINANCIAL STATEMENTS 70

Statement of the Board of Management 72

Independent Auditor's Report 74

Consolidated Balance Sheets 75

Statements of Income 78

Statements of Cash Flows 79

Notes to the Financial Statements 80

AFFILIATES AND SUBSIDIARIES 98

Affiliated Companies 100

Branch network 102



“TRAPHACO continuously maintains its position as a leading pharmaceutical company in Vietnam, it ranks No. 1 in the manufacturing and trading of traditional medicines.

MESSAGE FROM THE CHAIRWOMAN OF THE BOARD OF DIRECTORS

Dear valued Shareholders, Customers, Investors and Staffs,

In 2010, despite market turbulences brought about by the global economic crisis which had adverse impacts not only on Vietnam's economy, but also the pharmaceutical sector, TRAPHACO continued to affirm its position as a company with a sustainable growth after 10 years since equitization.

TRAPHACO has employed the right development strategy and step-by-step executed this strategy effectively to convert challenges into opportunities. It can be said that TRAPHACO has risen from a humble base to become a dominant player, the Company's proudest achievement is probably its transformation from a largely unknown enterprise into a corporation with "the most recognizable pharmaceutical brand in Vietnam". Not only boasting an impressive business performance, TRAPHACO has also fulfilled its corporate social responsibilities. The Company was honored to receive the "Labor Hero" title awarded by the Communist Party and State of Vietnam. Victory belongs to all of us!

2010 is the opening year of a new decade. It recorded the new heights of a dynamic and creative TRAPHACO, which adopts and develops the values of humanities to create breakthrough powers. Turnover reached VND 991 billion, in which revenues from manufactured products totaled VND 652 billion, achieving a year-over-year growth rate of 21%. Its net profit increased by 30% from 2009. TRAPHACO has continuously maintained its position in the list of TOP pharmaceutical companies in Vietnam and ranked No.1 in the traditional medicine sector. Given its revenue and uniqueness, TRAPHACO is proud to be the leading enterprise in the modernization of herbal medicines. TRAPHACO counted in its offerings famous product brands such as Hoat Huyet Duong Nao, Boganic, Vien Sang Mat, etc...

We are also proud to have a strong professional team, who are highly capable in research and technology transfer. Currently, TRAPHACO is carrying out a project to develop its farming area – Project Greenplan – in order to ensure the input supply for production and product quality improvement. TRAPHACO has a joint venture which is the first, most modern and largest GMP-WHO certified manufacturing facility in Vietnam. TRAPHACO is taking steps to expand its distribution network through opening up branches, particularly focusing on strengthening its presence in the Southern market. In 2010, TRAPHACO's Southern market grew by 140% growth, which affirmed the Company's success in carrying out its market expansion strategy in the South. The Traphaco brand has established itself and will continue to

MESSAGE FROM THE CHAIRWOMAN (continued)

thrive. The company's stock, with the symbol TRA in Ho Chi Minh stock exchange, is known for its stability and high valuation.

Leveraging on the position and resources of a Heroic Enterprise, TRAPHACO closed the year 2010 with an impressive performance. It was the crystallization of TRAPHACO's powerful corporate culture – "authenticity, cooperation, sharing, commitments and honoring commitments" – which is embodied by its people. It was the result of a combination between the enterprise's values and much-appreciated supports from customers and shareholders, especially institutional shareholders. Traphaco's success during 2010 solidified the Company's position in Vietnam's pharmaceutical industry.

As the leader of the Company over the past 10 years, I have witnessed the Traphaco ship sail through the strongest currents and winds to enter the big ocean from a small stream. In the stormy environment of a

market mechanism where overcoming difficulties and challenges is already an achievement itself, success is truly a great happiness.

I wish to express my sincere appreciation to the employees for sharing the hardships and being committed to the development of the enterprise. You are the people who, days and nights, are thinking and working for TRAPHACO's bigger future with the joy of fulfillment. I also would like to thank the Ministry of Transportation, the Ministry of Science and Technology, the Ministry of Health, the Drug Administration and relevant authorities that have accommodated TRAPHACO's development. Thank you shareholders for your trust, thank you investors for your constant attention, contribution and objective opinions regarding the improvement of corporate governance. Our gratitude also goes to our valued customers who have accompanied us along our journey with affectionate attention. Thank you, my colleagues, for partnering with me to create the TRAPHACO's pride.

The Board of Directors, the Board of Management and I are determined to develop action plans, which strictly aim at achieving the strategic targets in a dynamic, creative, relentless, united and cooperative manner. We will utilize all our resources to convert difficulties into opportunities, challenges into motivations for development in order to achieve or exceed the targets set for 2011 and step-by-step achieve the milestones of the 5- year strategy (2011-2015). We will enhance TRAPHACO's values in the market and fulfill the Company's noble mission.

We are eager to receive, listen and highly appreciative of any idea and support from our dear stakeholders as well as any feedback from the community.

I assert that your valued contribution plays a critical role in realizing TRAPHACO's success.

SINCERELY THANKS,

YOURS TRULY

CHAIRWOMAN OF THE BOARD OF DIRECTORS.



VU THI THUAN, MS.

VND **911**
BILLION IN SALES ACHIEVED FOR 2010

Targets for 2015

2011 is the first year of the fourth term of our development (2011 to 2015), although there will be numerous challenges, the position and resources of a "Heroic Enterprise", TRAPHACO is taking steady steps to capture breakthrough opportunities and conquer new heights. The 2011-2015 Strategy has been defined with the specific targets as follows:

- The 2015 revenue target is set at VND 2, 300 billion and net profit target is VND 2, 010 billion. TRAPHACO will continue to invest in infrastructure to build a modern manufacturing facility, develop a progressive management model, expand the market through setting up 25 additional branches and recruit a professional team of pharmaceutical sales representatives. Research and development will be high-tech oriented with the introduction of new competitive products. We will also continue to retain our title as the "Most famous pharmaceutical brand in Vietnam".
- Targets for 2011: VND1, 080 billion in revenue and VND80 billion in net profit.

That is TRAPHACO's highest commitment to shareholders and investors.

INVENTING FROM THE HERBS



CORPORATE PROFILE

Introduction
Scope of Business
Establishment and Development History
Vision, mission and core values.
Key milestones of 2010
Notable Awards
Highlighted Products
Strategic Directions for 2011



INTRODUCTION

Full Name : TRAPHACO JOINT STOCK COMPANY
 International Legal Name : TRAPHACO JOINT STOCK COMPANY
 Shortened name : TRAPHACO
 Chartered Capital : VND 123,398,240.000
 Head Office's Address : 75 Yen Ninh, Ba Dinh District, Hanoi
 Tel : (84.4) 3843 0076
 Fax : (84.4) 3681 5097
 Website : www.traphaco.com.vn

Business Registration No. 0100108656 issued first by Hanoi Department of Planning and Investment on 24 December 1999 and last updated on 30 December 2010.



SCOPE OF BUSINESS

- Purchasing, cultivating and processing pharmaceutical herbal ingredients
- Producing and trading of pharmaceutical products, chemicals and medical equipments
- Manufacturing of prescription medicines
- Providing consulting services to the production of pharmaceutical products and cosmetics
- Importing and exporting pharmaceutical materials and products
- Producing and trading cosmetics
- Producing and trading foods
- Providing consulting services and technology transfer in medical and pharmaceutical fields
- Producing and trading liquors, beers and beverages (exluding bar operation)



“Currently, TRAPHACO has: partial ownership in a GMP-WHO certified manufacturing plant, 01 herbal ingredient extracting factory, 02 subsidiaries, 09 branches, 03 overseas distribution agents and many provincial distribution agents throughout the country.

1972	1993	1994	1999	2001	2002	2004	2008	2010
A MEDICINE PRODUCTION WORKSHOP OF THE RAILWAY HEALTH AUTHORITY	RAILWAY PHARMACEUTICAL ENTERPRISE (RAPHACO)	THE PHARMACEUTICAL AND MEDICAL EQUIPMENT COMPANY OF THE MINISTRY OF TRANSPORTATION (TRAPHACO)	THE TRANSPORTATION PHARMACEUTICAL AND MEDICAL EQUIPMENT JOINT STOCK COMPANY	TRAPHACO JOINT STOCK COMPANY	OPENED THE BRANCH IN HO CHI MINH CITY	STARTED OPERATION THE GMP-WHO CERTIFIED FACTORY IN HOANG LIET	THE COMPANY'S SHARES WERE OFFICIALLY LISTED ON THE HO CHI MINH STOCK EXCHANGE WITH THE STOCK SYMBOL TRA	TRAPHACO WAS HONORED TO RECEIVE THE "LABOR HERO" TITLE AWARDED BY THE COMMUNIST PARTY AND STATE OF VIETNAM



ESTABLISHMENT AND DEVELOPMENT HISTORY

- 1972** TRAPHACO Joint Stock Company was originally formed as the medicine production workshop of the Railway Health Authority, with the mission to produce serum, infused fluid and distilled water for the Railway Hospital during the American War.
- 1993** The railway pharmaceutical enterprise (RAPHACO) was formed as a legal independent business entity with its own seal and account under Decree No. 388 issued by the Government
- 1994** Due to organizational restructuring, the Railway Health Authority was converted into the Transportation Health Authority, hence Railway Pharmaceutical Enterprise was renamed the Pharmaceutical and Medical Equipment Company of the Ministry of Transportation (TRAPHACO). The Company expanded its scope of business and increased the number of retail shops in the center of Hanoi, starting to build its distribution network in the North.
- 1999** The Decision No.2566/1999/QĐ - BGTVT of the Ministry of Transportation converted the state-owned Pharmaceutical and Medical Equipment Company of the Ministry of Transportation into a joint stock company. After 3 months of preparation, as of 01/01/2000, the Transportation Pharmaceutical and Medical Equipment Company officially operated as a joint stock company with 45% state-ownership.
- 2001** The Transportation Pharmaceutical and Medical Equipment Joint Stock Company was renamed TRAPHACO Joint Stock Company with a business scope in multiple industries in order to cope with new economic trends. The main business activities include: pharmaceutical products and materials, chemicals, medical equipments, foods, liquors, beers and beverages, cosmetics, consulting services, scientific and technological services, technology transfer in medical field and Pharmaceutical Product export-import.
- 2002** Opened the new branch in Ho Chi Minh City.

- 2004** Launched and put into operation the pharmaceutical manufacturing plant in Hoang Liet – Hoang Mai – Hanoi (the plant was GMP- WHO certified by the Drug Administration Authority in 2007).
- 2006** The Central branch in Da Nang was certified ISO 9001-2000 by BVQI
- 2007** Successful IPO, which involved the subscription of reputable funds such as Vietnam Azalea Fund Limited.
- 2008** The Company launched the joint-ventured herbal medicine manufacturing plant in Van Lam – Hung Yen, which is GMP-WHO certified and formed the Traphaco High-Technology Joint Stock Company. On 7 March, the Company received the ISO 14001-2004 certification from QUACERT. In October, TRAPHACO officially received the 5S Good Practice certification (The 5S management tool from Japan is being applied effectively at the Company). On 26 November, the Company's shares became listed on the Ho Chi Minh stock exchange with the stock symbol TRA.
- 2009** Celebrated the 10 years anniversary of equitization. TRAPHACO received the “Most recognizable pharmaceutical brand in Vietnam” award. On 26 June 2009, the single member TRAPHACO SAPA limited liabilities company was launched, of which TRAPHACO owned 100% from the acquisition of the joint venture between TRAPHACO and Lao Cai Pharmaceutical Company. Opened the branch in Nam Dinh.
- 2010** TRAPHACO was honored to receive the “Labor Hero” title and was the only company to receive the WIPO award from the World Intellectual Properties Organization (WIPO). Third prize in the Social Responsibility Award in the environmental area. The Company also opened 4 more branches in Nam Dinh, Nghe Anh, Thanh Hoa, Vinh Long.

VISION

To become a strong economic group and distribution network specializing in health care product and service, having the ability of researching and developing high technology products with natural sources by 2020



MISSION

- To be an organization providing and supplying the community with high traditional value modern products – services that increase living quality.
- Always attend to the needs of customers and to offer good jobs as well as promotion opportunities for our employees
- To increase value and benefit for our investors

CORE VALUES

- The quality of our products and services determines the existence of the Company
- To increase value to society, customers, labor and shareholders is the target and motivation for stable development
- A creative labor is the foundation of development
- The relation of coordination, sharing, commitment and implementation of commitment is the base of the Company's culture
- Modern and traditional style is TRAPHACO's character





KEY MILESTONES OF 2010

- TRAPHACO received the “Labor Hero” title:
- On 02 July 2010, TRAPHACO joint stock company was honored to received the prestigious title “Labor Hero” from the Communist Party and State of Vietnam according to the Decision No. 943/QĐ-CTN from the President of Vietnam Nguyen Minh Triet in recognition of the Company’s outstanding records in production activities for the period 2000-2009.
- Received the WIPO Award, which the World Intellectual Property Organization granted to only one enterprise in Vietnam for its initiatives in applying intellectual property in its business activities.
- Was listed for the third consecutive year among TOP 100 Vietnam’s Golden Stars and TOP 100 Vietnam’s high quality products.
- Built, developed and opened 5 distribution branches in Nam Dinh, Nghe An, Thanh Hoa and Vinh Long.
- Outstanding completion of the State-level Research Project “Improving the production process of the hard-capsuled Bat Vi Que Phu & the soft-capsuled Boganic, coded: KC10.DA09/06-10”
- The Company’s research project “Research to produce the liver-detoxicating Boganic from Vietnamese medicinal herbs” entered Vietnam’s “Scientific and Technological Creativity Contest” and won the first prize.
- 10 years anniversary of equitization: As the first pharmaceutical company in Vietnam to be equitized (in 1999), in compliance with the policies of the Communist Party and the State, TRAPHACO has succeeded and became the most recognizable pharmaceutical brand in Vietnam. The anniversary ceremony took place in a formal manner at Hanoi Opera House.



NOTABLE AWARDS

After 40 years of development, TRAPHACO joint stock company has grown strong and made significant contribution to the endeavor of safeguarding public health as well as to the development of Vietnam’s pharmaceutical industry. For its accomplishments, TRAPHACO has received numerous awards granted by the State of Vietnam and both domestic and international organizations.

- The “Labor Hero” title granted by the Communist Party and State of Vietnam, the WIPO award from the World Intellectual Property Organization, the National Quality Award, the Corporate Social Responsibility (CSR) Award for environmental friendliness in 2010.
- The Second-Class Labor Medal from the President of Vietnam in 2007
- The Third-Class Labor Medal from the President of Vietnam in 2002
- Emulation Flag from the Prime Minister in 2005 and 2008
- Certificate of Merits from the Prime Minister in 2000 and 2006
- The KOVALEVSKAI award in 2003 from the KOVALEVSKAI award committee and Vietnam Women’s Union
- The most recognizable pharmaceutical brand in Vietnam award in 2007
- The TOP 20 national brand
- Vietnam’s Golden Stars TOP 100, consecutively from 2004-2010
- Vietnam’s High Quality Products Award (for the 13th times)
- Continuously received Emulation Flags, Certificate of Merits from Ministry of Transportation, Ministry of Health and the People’ Committee of Hanoi.





HIGHLIGHTED PRODUCTS

LIVERCYN

Benefits:

- Anti-aging, enhancing body resistance
- Anti-wrinkle
- Brightening the skin, masking freckles
- Revitalize the skin
- Reduce toxicity in the skin. Provide a revitalized and smooth skin



*Reduce toxin in skin
Provide fresh skin and stable beauty*

SANG MAT For better vision



VIEN SANG MAT

Description:

Flos Chrysanthemi, Rhizoma Alismatis, Radix Rehmanniae, Radix Polygoni, Spica prunellae, Rhizoma Dioscoreae persimilis, Semen Cassiae torea, Radix Angelicae sinensis

Indications:

This drug is the best suitable for eyestrain, dimeyes, retinitis, inflammation, amblyopia, optic atrophy.

HOAT HUYET DUONG NAO

Herbal neuro - nourishment medicine

Indications:

It is used for wide groups of ages for prophylaxis and treatment of following diseases:

- Loss of memory, cerebral circulation insufficiency, vestibular syndrome. Cerebral circulation insufficiency with its symptoms such as: headache, dizziness, vertigo, sleeplessness, losing balance.
- Cerebral function deficiency: loss of memory, nervous breakdown, encephalomacia, sequel of cerebral disorder.
- Mental workers' symptoms caused by stress such as headache, dizziness, vertigo, asthenic.
- Tremor in Parkinson - suffering patients.



SIRO HO SLASKA



SLASKA (Cough syrup)

Description:

Each bottle contains:
Herba Ephedrae 12.0 g
Semen Armeniacae amarum 12.0 g
Radix Glycyrrhizae 4.0 g
Gypsum fibrosum 40.0 g

Indications:

Treatment of nonproductive cough, cough due to the common cold, chronic cough, condensed sputum, raspy throat.

FORMENTON

Ingredients: Fructus Lycii, Semen Cuscutae, Fructus Rubi, Semen Plantaginis, Fructus Schisandrae

Indications:

Treated for the following cases:

- Hardly conceive in women, and men with low quality and count sperm
- Man with issues like impotence, premature ejaculation, low desire for intercourse and bad sperm quantity...



Traluvi

Giúp bé

- ✓ Hết biếng ăn
- ✓ Không còn mồ hôi trộm



TRALUVI (For children's night sweating)

Description:

Radix Rehmaniae preparata, Rhizoma Dioscoreae, Fructus Corni, Cortex Moutan, Poria, Rhizoma Alismatis, Excipient q.s.

Indications:

Children: night sweating, bed-wetting, asthenia, anorexia, ulcers in the mouth and on the tongue.

Adults: Dizziness, tinnitus, aching and limpness of the loins and knees, spontaneous sweating, consumptive fever, spermatorrhoea, nocturnal emission, strangury, ulcers in the mouth and on the tongue.

BOGANIC (Hepatobiliary drug)

Description:

Extractum Cynarae, Extractum Polygoni avicularis, Semen Ipomoeae, Excipient q.s.

Indications:

- In cases of hypofunction of the liver, tiredness caused by hepatitis, indigestion, jaundice, carbuncles, pruritus, constipation.
- Detoxification, anti- allergy. Especially for men having diminished function of the liver due to using alcohol drinks too much
- Atherosclerosis, hyperlipemia.

BOGANIC

**Tăng cường chức năng
Giải độc GAN**



Didicera

- Mạnh khớp cường gân
- Tiêu trừ phong thấp



DIDICERA (Relief of pain of the bones, joints and arthritis)

Description:

Radix Angelicae Pubescentis, Loranthus parasiticus, Radix Ledebouriellae, Herba Asaricum radice, Radix Gentianae macrophyllae, Ramulus Cinnamomi, Radix Achyranthis bidentatae, Cortex Eucommiae, Radix Agelicae sinensis, Radix Paeoniae lactiflorae, Radix Glycyrrhizae, Rhizoma Ligustici wallichii, Radix Rehmanniae, Radix Campanumoeae, Poria, Excipient q.s.

Indications:

- Inflammation, pain of peripheral nerves marked by: sciatica, pain over shoulders and back
- Arthritis, pain of the bones and joints.
- Aching and limpness of the loins



STRATEGIC DIRECTIONS FOR 2011

OBJECTIVES

Invest in and develop the enterprise's resources: human, material and financial resources. Capture the opportunities, utilize the advantages and control the difficulties, maintain and expand domestic and oversea markets for traditional and new products. Strengthen and promote the brand, retain the title "the most recognizable pharmaceutical brand in Vietnam". Maintain the growth target for the Southern market with the intention of increasing the contribution of revenue from the South to the Company's total revenue. Maintain the high growth rates in both revenue and net profit and step-by-step increase the value of the enterprise (both tangible and intangible values) as a foundation for fulfilling the 5- year strategy from 2011 to 2015.

Specific targets

Total revenue: 1,080 billion (incl. VAT), of which:

Revenue from manufactured products and exclusive distribution: 830 billion, up 27% from 2010.

Revenue from trading and NPL retail sales: 250 billion

- *Profit after tax: 80 billion, at least 20% increase from operating net profit in 2010*
- *Fullfill all financial obligations as stipulated by laws.*
- *Average income for employee: Increase by 10%. Ensure full employment for all staffs.*
- *Continue to build and maintain the brand: Continue to strengthen and promote the brand, maintain the "most recognizable pharmaceutical brand in Vietnam"; Launch the new Logo.*



TRAPHACO's Products Expo

Investment Activities – Financial Management:

- + Enhance the efficiency of business activities at TRAPHACO SAPA.
- + Continue the negotiation to successfully acquire 100% of TRAPHACO CNC
- + Complete the land acquisition (complete compensation for land clearance) for 4.6ha of land in Van Lam – Hung Yen, prepare an investment plan for production capacity expansion to ensure long term growth.

Distribution network expansion:

- + Launch the branch in Hai Phong, continue with the construction of offices to open GDP-certified branches in Khanh Hoa, Gia Lai, Quang Ninh
- + Maximize the utilization of distribution network in the Norh. Implement the CRM (Customer Relationship Management) project.
- + Build and expand the distribution network in the South to maintain the 50% revenue growth target for 2011.
- + Complete the branch management mechanism. Continue to set up 5 sale branches.
- + Proactively increase export to ASEAN countries (Laos, Myanmar, Cambodia) and Eastern Europe (Ukraine) but still ensure financial prudence.

• **Quality control:** Maintain the consistent application of quality control activities which are in compliance with GPs (GMP, GSP, GLP, GDP) standards and other standards such as ISO 9001:2000, ISO 14001:2004 and 5S. Implement the KAIZEN model in the whole Company.

• **Production management:** Maximize capacity utilization rate at Hoang Liet factory. Modernize the packaging process, reduce labor and enhance the efficiency of the factory.

Research and development of new products

- + Focus to launch the newly registered products, maintain the market share of traditional products, diversify the product portfolio, ensure sustainable development. Research and launch 5 new products. Revenue from new products to reach 58 billion.
- + Research to produce and market food supplement products
- + Implement Green Plan project which aims at planning and developing the farming areas to ensure a long-term and stable supply of input materials.

• **Continue to apply an ERP (Enterprise Resource Planning) system in corporate governance**

• **Continue to build TRAPHACO's corporate culture** "Authenticity, sharings, commitments and honoring commitments", with the focus on building a corporate image of integrity – quality – efficiency. Introduce and put into use the new Logo in the whole Company.



INTERWEAVING INVENTIONS WITH NATURE'S ESSENCE



CORPORATE GOVERNANCE

- Report of the Board of Directors
- Report of the Board of Management
- Report of the Supervisory Board
- 2011 R&D strategy
- Shareholder Information
- Community Activities



REPORT OF THE BOARD OF DIRECTORS

RISK MANAGEMENT

LEGAL RISK

The system of legal documents in Vietnam is still being improved as such regulations and legal documents are being updated regularly in order to stay relevant to reality.

This, however, increases the likelihood of enterprises getting in lawsuits, litigations, disputes, hence negatively affect their business activities and results. In order to control and anticipate legal risks, the Company has a legal department, which is charged with monitoring, reviewing and updating latest changes in legal documents, industry regulations as well as other official documents related to the Company's business activities.

MACRO-ECONOMIC RISKS

The Vietnam's economy has shown initial signs of recovery from the global recession due to numerous efforts from the Government, however, there are still concerns regarding unsustainable economic growth, inflation and exchange rate fluctuation...

Inflation caused a surge in input expenses such as electricity, water, gasoline, raw materials, interest expenses, etc. Meanwhile, the anti-inflation pressure from the Government would first have impacts on sectors in which there were price controls, including the pharmaceutical sector.

In February 2011, The State Bank again adjusted upward the exchange rate from 18,932 to 20,693, or a 9.3% depreciation of the VND against the USD. The exchange rate adjustment had a significant impact on import activities, raw material expenses and the prices of equipments and machineries.

Prolonged inflation and adjusted exchange rate by the State Bank increased the input prices while the Company's product prices were not increased respectively. This negatively affected TRAPHACO's business results.

TRAPHACO had to constantly get updated on information about the macro economy and economic forecasts, at the same time proactively tried to secure our financing, maintaining good relationships with the banks and financial institutions in order to be flexible in liquidity. The Company also restructured its product mix in order to maximize its profit.

RAW MATERIAL RISKS

As a manufacturing company, the fluctuations in the price and supply of input materials have impacts on the main input materials, adjuvants and a number of imported ingredients for western medicines. As such, the Company proactively negotiated with the suppliers about the price and signed long term contracts with domestic raw material suppliers and annual contracts with international raw material suppliers. At the same time, the Company built and developed its own farming areas for its ingredient supply for the traditional medicines. The Company has been contributing to the development of some ingredients that each locality has advantages in developing to first secure a supply of stable volume and quality to fulfill the Company's product needs. In the long run, the Company aims to share information, cooperate and promote technological transfer of the growing and processing technology for clean, safe medicinal herbs, and support the scientific research projects for the sustainable development of Vietnam's medicinal herb resource.

COMPETITION RISKS

In an open and developing economic environment, Vietnamese enterprises are facing fierce competition. Currently, there are 178 pharmaceutical manufacturers, 98 of which are western medicine manufacturers and the other 80 are herbal medicine (traditional medicine) manufacturers. In addition, there are over 200 traditional medicine manufacturing entities. Plus, TRAPHACO also encounters fierce competition from Chinese traditional medicine makers. It requires the Company to more and more enhance the quality of its products, improve technology and diversify its product offerings in order to stay competitive in the market.

PRODUCT-SPECIFIC RISK

Medicine is a unique good that is closely related to the human health and safety. TRAPHACO always pays attention to investing in new technology and building GMP-WHO- certified traditional and western medicine manufacturing facilities. Currently, TRAPHACO is among the country's leading producers of traditional medicines.

In addition, medicines have limited expiration dates, therefore the consumption of the products after expiration dates might be harmful and hence poses financial risk to the Company. As such, the Company has developed a plan for proper rotation and selling of products, establishing an extensive distribution network.



On 26 November 2008, TRAPHACO's shares officially became listed on the Ho Chi Minh stock exchange (HOSE)



REPORT OF THE BOARD OF DIRECTORS (Cont.)

REPORT ON BUSINESS ACTIVITIES DURING 2010

ANNUAL SHAREHOLDER MEETING'S RESOLUTIONS MARCH 2010

At the 2010 annual meeting, the shareholder assembly resolves:

1. Achieve the targets for 2010 as such revenue: 900 billion (incl. VAT); Net Profit: Increase by 20% from operating net profit in 2009, (at least 61.2 billion)
2. Approved the stock dividend for 2009 to existing shareholders of 20%
3. Approved the Net Profit distribution plan for 2009: allocate 1.020.950.000 Dong from the welfare fund as the source to issue bonus shares to employees with outstanding performance during 2009 (the bonus shares were to be issued at par value)
4. Approved the amendment to Section 1, Article 21 in the Charter of TRAPHACO joint stock company.
5. Approved the compensation amount to the Board of Director and Supervisory Board of 3.6% of net profit
6. Delegate the Board of Directors to select an independent domestic or international auditor to audit the financial statements of 2010.

ACHIEVED RESULTS

Overcoming the challenges of the business environment, TRAPHACO's business activities maintained the high growth rates throughout the years. Notable points are as follows:

Key business indicators

- Total revenue: 911 billion (incl. VAT), increasing 15% from 2009 and achieving 101.2% of target

Revenue by product segments

- Manufactured and exclusively distributed products: 652 billion (21% year over year increase)
- Trading products and other products sold through the Company's retail network: 259 billion
- Profit after tax: 66.2%, 29.8% increase from 2009, achieving 108.1% of target (excluding the dividend from our investment in TRAPHACO High Technology joint stock company in 2010)
- Average employee's income: 5.5 million/person/month.

SPECIFIC ACTIVITIES DURING 2010

Built and maintained the brand

Continued to strengthen and promote the brand, maintained the "most recognizable pharmaceutical brand in Vietnam". TRAPHACO's had notable achievements for 2010

- The "Labor Hero" title
- Received the WIPO Award, which the World Intellectual Property Organization granted to the only one enterprise in Vietnam for its initiatives in applying intellectual property in its business activities.
- Maintained other prestigious awards; TOP 100 Vietnam's Golden Stars, Top 100 Vietnam's high quality products, 20 well-known brands, Hanoi consumers' favourite Vietnamese products.



The Board of Directors of TRAPHACO Joint Stock Company

Management and Finance

- Invested to enhance the infrastructure of the distribution network: the office at 75 Yen Ninh, the GDP-certified offices and warehouses in Nam Dinh, Thanh Hoa, Nghe An, Hai Phong, Vinh Long, continued the preparation for the opening of sale branches nationwide. Acquired 2000m2 of land in Hai Phong, Quanh Ninh, Thanh Hoa, Khanh Hoa and Gia Lai in order to construct the necessary facilities there. The total investment amounted to 33 billion.
- Invested to enhance the extraction equipments and machineries at TRAPHACO SAPA with the total investment amount of 3 billion. Expanded and developed the farming areas of TRAPHACO SAPA.
- Coordinated with TRAPHACO High-technology Joint Stock Company to fulfill the production demand for TRAPHACO-branded products, catering to market's demand and ensuring product quality. In 2010, revenue of TRAPHACO High-technology Joint Stock Company totaled 232 billion, net profit reached 24.4 billion.
- Hired a consultant to perform the evaluation of the acquisition of TRAPHACO High-technology Joint Stock Company with the intention to expand the Company's business and ensure the optimization of the Company's resources and transparency.
- Set up the TRAPHACO Hung Yen Single Member Limited Liabilities Company, which is 100% owned by TRAPHACO to implement the project to construct a high-technology factory in the 4.6ha lot of land in Tan Quang – Van Lam – Hung Yen. The project has been approved by The People's Committee of Hung Yen and we are in the process of negotiating with the farmers to compensate them for their crops.

Developed the distribution channel

- Maximized the utilization of the distribution channel in the North. Implemented the CRM (Customer Relation Management) project. In the past year, the Company converted 4 agents into sale branches in Nam Dinh, Nghe An, Thanh Hoa and Vinh Long.
- Built and developed the distribution network in the South to ensure the achieving of sale targets. In 2010, revenue from the South grew by 40% as compared to 2009 and it was the foundation for the Southern market to become a large market of the Company.
- The newly established branches received GSP and GDP certifications and became fully operational to ensure continuous distribution activities.

Quality Control:

- Strictly adhered to progressive quality control practices, which are in compliance with GPs standards from WHO (GMP, GSP, GLP, GDP), ISO 9001:2000, ISO14001:2004 standards and 5S from Japan.
- The Ministry of Health reviewed and approved the GPs standards certifications for the Company. During the year, TRAPHACO also won the Silver Prize in the National Quality Award – the Award approved by the Prime Minister and granted to enterprises which apply and implement the quality control processes from Strategy planning to specific business activities implementation.

Production Management

- Enhanced the utilization of Hoang Liet factory, revenue from the products produced at the factory accounted for 64% of revenue from manufactured products (equivalent to 417 billion in revenue). Applied the "two increase, one reduction" policy to reduce labor and increase productivity and equipment and warehouse utilization rate.



REPORT OF THE BOARD OF DIRECTORS (Cont.)

Research and development of new products:

- Researched 20 new products. Implemented the Green Plan project: research and develop farming areas for medicinal herbs to ensure long term supply of ingredients. Signed contracts with 7 partners to develop farming areas.
- Launched 5 new products. Revenue from new products reached 38 billion. Particularly the successful launch of CEBRATON – the high-end product line of Hoat Huyet Duong Nao, and a product line that has great potential to generate high revenue growth in the coming years.

Built TRAPHACO's corporate cultures:

- Organized trainings and internal activities to develop a corporate culture, which is centered around "Authenticity, sharings, commitments and honoring commitments".
- Promoted social and political activities within the Company. Ensured salaries and employment for staffs. The employees were united under the leadership of the Management team, together overcoming the challenges and achieving the targets.

Shareholder management:

Fully complied with the procedures of administrative authorities: State Securities Commision, Ho Chi Minh stock exchange, Vietnam Securities Depository in order to accommodate shareholders in registering their shares in a timely manner. The Company was also in proactive communication with institutional investors, providing information and responding to the interest of investors in Traphaco; made accurate, reliable announcements in a timely manner to contribute to the building of an image for TRA as a reputable stock.

INCOMPLETE ENDEAVORS

In 2010, the Company abandoned the plan to set up the pharmaceutical vocational training school TRAPHCO due to a complicated registration procedures, which prolonged and incurred high opportunity costs.

PERFORMANCE ASSESSMENT OF THE BOARD OF DIRECTORS AND BOARD OF MANAGEMENT IN FULFILLING THEIR ACCOUNTABILITIES.

1. Over the past year, the Board of Directors and Board of Management stayed highly committed to the targets set by the Shareholders' Assembly while exercising our own assessment of the current situations to guide the Company's business activities.
2. The Board of Directors held regular meetings once a month and called for extra-ordinary meetings whenever there were issues needed to be resolved. The Board allocated specific tasks to each member. In 2010, the Board of Directors held 12 regular meetings and 2 extra-ordinary meetings.



3. In addition to fulfilling the objectives set out by the Shareholders' Assembly, the Board of Directors also conducted research to formulate operation strategies as well as major projects to accommodate the long term sustainable development targets of the Enterprise such as:
 - Developed the targets and strategic directions of TRAPHACO for the period from 2011 to 2015.
 - Formed a committee to review and evaluate the proposal to acquire TRAPHACO CNC.
 - Expedited the process of expanding the distribution network through opening branches in provinces across the country. The Company decided to acquire 4 locations to construct offices and warehouses in: Thanh Hoa, Quang Ninh, Khanh Hoa, Gia Lai
4. Organization
 - Issued the decision to establish the Single Member Limited Liabilities Company TRAPHACO-Hung Yen
 - Completed the Management Team: Appointed a Deputy General Director in charge of human resources and finance.
 - Issued the decision to expedite the implementation of Green Plan project – Phase 1
 - Coordinated with the Supervisory Board to monitor the operation of the Management Team. Listened to the inputs of the Supervisory Board regarding the management activities.
 - Provided guidance, monitored and accommodated the management activities
 - Participated in the process of finding solutions for macro-economic difficulties such as exchange rate, inflation, corporate income taxes and medicine price control mechanism.

REPORT ON THE ACHIEVING OF THE TARGETS FOR THE 5 YEAR PERIOD 2006-2011

Targets and strategic directions set for the term III.

General objective

To become a leading pharmaceutical company in Vietnam by 2010.

Main directions

Achieve an annual growth rate of 25-30%

Invest in research activities through participating in the research and implementation of state-level projects





REPORT OF THE BOARD OF DIRECTORS (Cont.)

- Build the TRAPHACO brand with the slogan “Modern technology and traditional values”
- Build and enhance the management system which is in compliance with GPs, ISO 9001:2000; ISO 14000 standards.
- Develop the Company in the Parent-subsidiary structure with independent accounting units to maximize the resources of the enterprise
- Build a TRAPHACO culture with focus on an image for the enterprise as a provider of high quality product and high treatment effectiveness

ACHIEVED RESULTS

Despite the turbulences of the global and Vietnam’s economy, including the stock market boom in 2007 which was followed by economic recession in 2009, the Board of Directors still stayed highly committed to the set targets and guided the management of the Company to the outstanding achievement of the targets and strategic directions set out the Shareholders’ Assembly.

Business activities

Revenue and net profit growth: The Company maintained an annual average growth of 26% over the past 5 years. By 2010, the Company’s revenue had grown by 2.4 times from 2006. Net profit had grown by 4.1 times from that of 2006, total assets had grown by 2.5 times.

Technological innovation activities

The Company successfully completed many state-level projects and applied the research into developing products, which later were marketed successfully such as: the soft-capsuled Boganic, the capsuled Bat Vi Que Phu, the soft-capsuled Cebraton... In order to ensure growth, the Company is implementing the Green Plan project, which plans and develops the supply of ingredients for the sustainable growth and development of the Company. The Company also conducted successful research to enhance the soft capsule as a drug delivery form, hence established the foundation to modernize the drug delivery methods for traditional medicines, thus expediting the revenue growth of the products.



Siro production line

Specifically:

		Unit: VND				
Ord.	Content	2006	2007	2008	2009 (consolidated)	2010 (consolidated)
1	Net revenue from the selling of products and services	360.240.574.791	533.220.851.499	780.183.033.638	747.041.085.152	859.762.172.200
	Of which: revenue from manufactured products	246.403.861.506	304.640.007.084	401.848.134.655	520.263.899.390	615.462.606.580
2	Financial revenue	714.262.579	2.505.477.008	5.588.999.458	4.637.720.698	4.282.299.823
3	Financial Expenses	6.419.312.164	9.518.742.072	4.432.974.633	6.793.842.404	11.609.106.377
4	Selling Expenses	66.887.026.577	65.687.812.785	71.986.868.831	99.426.062.384	118.151.242.367
5	Administrative Expenses	38.601.751.200	32.168.106.873	31.291.566.476	39.046.083.826	46.986.026.190
6	Pre-tax profit	20.937.115.476	47.204.060.774	58.795.588.450	69.556.994.674	91.420.722.485
7	Income Tax	4.925.472.303	8.955.623.841	12.757.211.817	18.626.847.235	25.140.236.698
8	Profit after Tax	16.011.643.173	38.248.436.933	46.038.376.633	51.047.163.781	66.248.067.953
9	Shareholders’ Equity	100.701.093.732	236.504.881.839	252.597.691.351	285.750.880.115	349.096.519.711
10	Chartered Capital	20.000.000.000	80.000.000.000	80.000.000.000	101.981.500.000	123.398.240.000
11	Total Assets	234.129.544.718	403.798.848.203	359.319.540.045	407.370.727.531	578.868.118.141



Greeting the Malaysian delegation



Greeting the Japanese delegation



Greeting the Chinese delegation



REPORT OF THE BOARD OF DIRECTORS (Cont.)

Quality management activities

Inheriting the old ways of conducting product quality control, over the past 5 years, the Company has maintained quality control activities, which are in compliance with the GPs standards of World Health Organization (WHO). Researched and implemented the progressive quality control systems such as ISO 9001:2000 (first received in 2006), ISO 14001 (first received in 2008) and 5S certifications (2008).

Financial management

The Board of Directors proposed and carried out the fundamental strategies to expand the scope of the business, especially the capital raising process through the development of the subsidiaries as well as the IPO, particularly:

Made the initial investment and led to the establishment of TRAPHACO High-technology joint stock company in 2006, in which TRAPHACO owns 15% of chartered capital (preferred shares that have tripled voting rights), to set the foundation for the project to build the first, most modern and largest GMP-WHO certified traditional medicine manufacturer in Vietnam.

Acquired shares of TRAPHACO SAPA owned by Lao Cai Pharmaceutical Company, then converted the Joint Venture TRAPHACO SAPA into the Single Member Limited Liabilities Company TRAPHACO SAPA, in which TRAPHACO owns 100%.

During 2010, with the Company's credibility in the stock market and the improved capital raising environment, the Board of Directors started the process of negotiating in principle the merger between TRAPHACO CNC and TRAPHACO.

Financial Management

On 26 November 2008, TRAPHACO's shares with the stock symbol TRA were officially listed on the Ho Chi Minh Stock Exchange (HOSE)

During the last term, TRAPHACO raised its chartered capital 7 times from 9.9 billion at the beginning of the term to 124.0 billion (as of 12/31/2010). Especially, the Company was able to capture the opportunities of the capital market to conduct the IPO and raised a large amount of surplus capital to fund long-term investment activities: opening new branches, improving Hoang Liet factory and securing the working capital for the Company.

Distribution network

The last term marked an in-depth development of the distribution network with the opening of the branch in the Central in 2006 to boost the sales of TRAPHACO's products in central provinces, new construction of the branch in Ho Chi Minh City in order to be compatible with the Company's scale, as well as opening 7 provincial branches during 2009 and 2010 to establish the foundation to build a modern sale and distribution system.

Brand and corporate culture

Built and strengthened the brand: Built and strengthened the brand to become "The most recognizable pharmaceutical brand in Vietnam" and won numerous other prestigious awards: The "Labor Hero" title, WIPO award, TOP 100 Vietnam's golden stars, TOP 100 Vietnam's High Quality products, 20 well-known brands, and Favorite Vietnamese products of consumers in Hanoi.

The Board of Directors has reviewed and approved the proposal to use the new TRAPHACO logo since 01/24/2011. The Company has also built a culture "Authenticity, Sharing, Commitment and Honoring Commitment". The culture is embodied consistently within the management team and shared among the employees.

Organization

During the last term, we appointed one more member to the Board of Directors, Mr. Nong Huu Duc, Director of the Southern Branch in Ho Chi Minh City.

Organized the annual Shareholders Meeting in compliance with the Company's charter and Enterprise Law.

Coordinated with the Supervisory Board to supervise the activities of the Board of Management. Listened to the inputs of the Supervisory Board regarding management activities. Adjusted the targets to be more suitable for the enterprise's capabilities and the general economic situations.

ASSESSMENT OF THE OPERATION DURING THE TERM 2006 – 2011

The term 2006-2011 was a successful term, which marked a turning point in the Company's history. It was the inheritance of the dynamic nature of a small enterprise to maintain high growth rates in revenue and net profit.

The success of the 2006-2011 term arose from the stability in the Company's human resource and being quick in capturing business opportunities to scale up the enterprise; the Board of Directors also successfully captured the opportunity to conduct the IPO to increase the Company's capital surplus and chartered capital.

The effort to list the shares in the Ho Chi Minh stock exchange served as a strong motivation to quickly improve corporate governance in the direction of more and more transparency in business activities and financial conditions.

For the Company's right strategic directions and well execution of its strategy in the overall economic environment over the past couple of years, TRAPHACO joint stock company was honored to receive the "Labor Hero" title from the Communist Party and State of Vietnam.

ON BEHALF OF THE BOARD OF DIRECTORS CHAIRWOMAN

VU THI THUAN, MSC.



REPORT OF BOARD OF MANAGEMENT

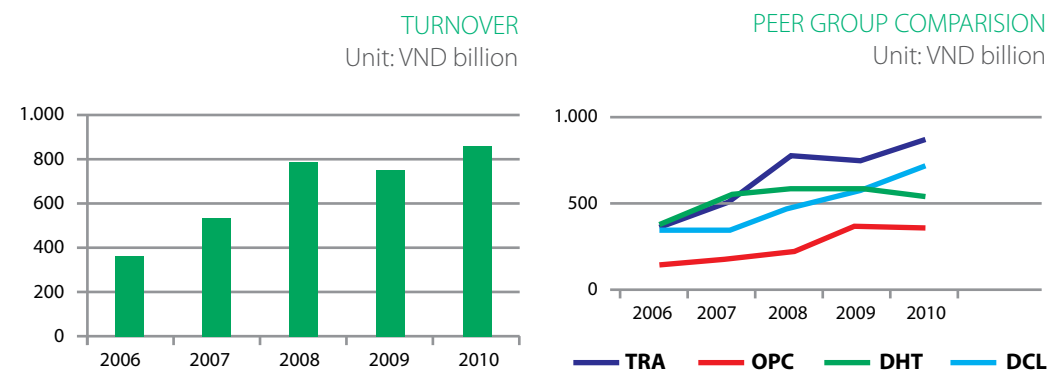
Financial Report

a. Business results for the 5 years period from 2006 to 2010

Total Net Revenue

For the period 2006-2008, TRAPHACO's net revenue boasted a strong growth with an average rate of over 40% per annum, exceeding the industry's overall growth rate. In 2009, the Company's revenue declined by 4% compared to 2008, but still grew by 40% compared to 2007, due to the Company's re-orientation and restructuring of its product mix, according to which revenue from trading products declined by 40% while revenue from manufactured products maintained strong growth (20% on average).

In 2010, revenue growth resumed, although only at 15% but still outperformed its industry peers. According to TRAPHACO's strategic directions to 2015, TRAPHACO set the target to achieve an average annual growth rate of 20%-25%.



Revenue by product segments

TRAPHACO's business activities are consisted of two main segments: manufactured products (including western and traditional medicines) and trading products (imported, trading of pharmaceutical ingredients, others...).

Traditional medicines : are TRAPHACO's strength, contributing the largest portion of revenue and net profit. Two flagship products are Hoat Huyet Duong Nao and Boganic, which accounted for 60% of total revenue from traditional medicines.

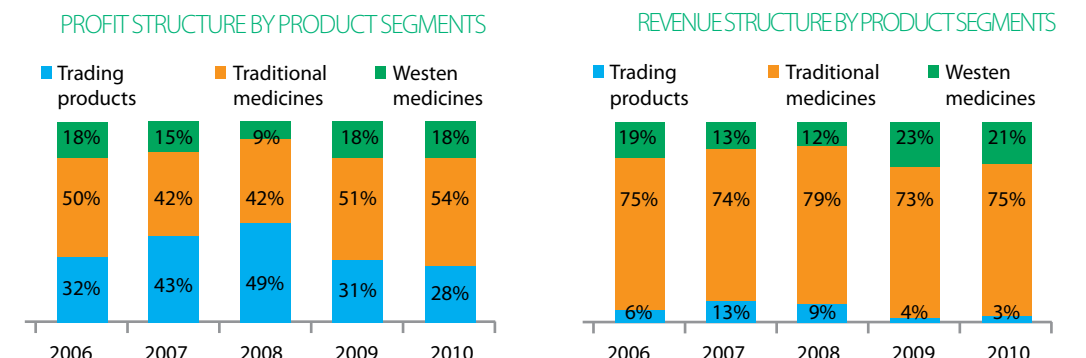
High revenue growth rate: Revenue from traditional medicines grew at a high rate, averaging over 30% per annum in the past, except for 2009 when the growth slowed down and only achieved 17% due to: (i) A number of flagship products reached a saturation phase, (ii) revenue from the main product Hoat Huyet Duong Nao, which contributed 50% of revenue from traditional medicines, achieved slow growth during the year due to competition from cheaper counterfeit products (even major pharmaceutical companies produced counterfeit products). In 2010, the revenue growth rate in the traditional medicine segment improved compared to 2009 (a 20.4% growth compared to 2009) – primarily due to the strong growth of Hoat Huyet Duong Nao when consumers turned away from counterfeit products and returned to TRAPHACO's own Hoat Huyet Duong Nao, in addition to the Company's policies to boost sales in 2010. In the future, TRAPHACO sets the target to achieve a growth rate of 25%-30% per annum for the traditional medicines.

High profitability: Given the Company's leading position in the traditional, which was coupled with its partial control over the raw material supply, the gross profit margin is highest for traditional medicines, averaging at 50% and it had the tendency to rise over the past two years. Therefore, although only accounted for 52% of revenue, traditional medicines contributed 76% of TRAPHACO's gross profit.

Western medicines: Revenue from western medicines accounted for 19% of total revenue and contributed 21% of net profit.

The growth rate of revenue from western medicines was unstable and somewhat slowed down during the period 2006-2008, but the gross profit margin of western medicines improved significantly since 2008 due to changes in the product structure. TRAPHACO cut some of lower margin products and concentrated on higher margin products, which are the major products that contributed more than 10% of revenue from western medicines.

Trading products: Although accounting for a high portion of revenue, approximately 29% on average, trading products only contributed to 5% of gross profit. Because the gross profit margin of trading products is low, since 2009, TRAPHACO decided to reduce the volume of trading products and change the method of recognizing revenue from these products, as such the growth rate of revenue from trading products declined significantly. Although the prospect of expanding business activities in this segment is decent, but since profitability of this segment is low, TRAPHACO has the strategy to focus on manufactured products and maintain the portion of trading revenue no greater than 30% of total revenue.

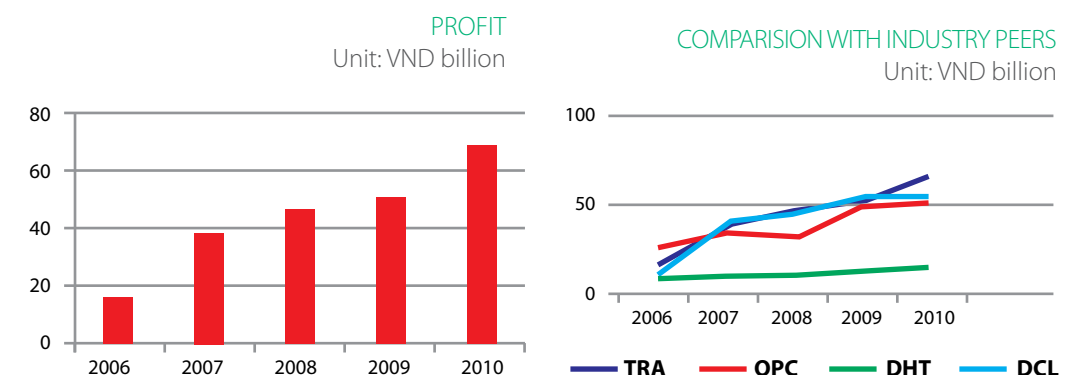


Profit

Profit from Traphaco's operation had the tendency to grow consistently over the past years with an average growth rate of 30%. In 2009, total net revenue declined but growth in operating profit remained at a high level of 34%, reflecting the effectiveness of the Company's product-mix restructuring.

Pushing the sales of high profit margin products, reducing revenue from trading products and increasing the prices of flagship products were the main drivers behind resumed net profit growth. Overall, the strategy to focus on manufactured products proved to be right in order to improve the profitability of the Company.

Company's Operating Expenses

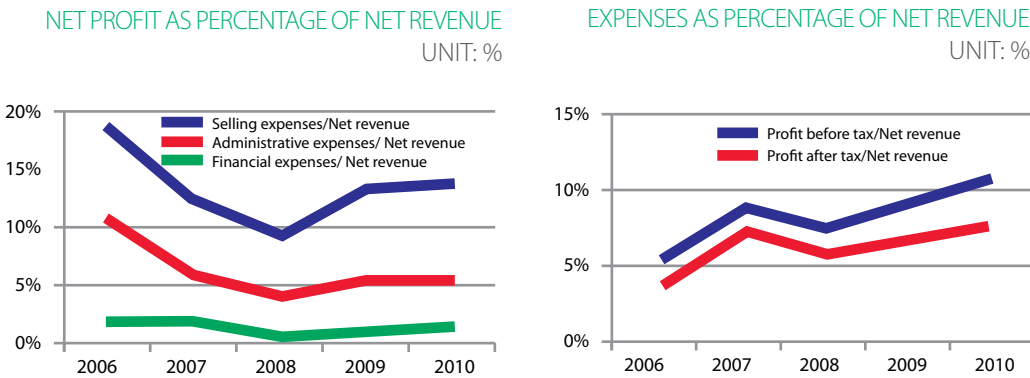




REPORT OF BOARD OF MANAGEMENT (continued)

From 2006 – 2010, selling expenses and administrative expenses as percentage of net revenue were at a high level, however due to cost cutting measures, these two ratios showed a tendency to decline considerably in the two years period 2007 – 2008, and stayed at an average level in 2009 – 2010.

Especially during this period, the Company's financial expenses stayed at the low level (usually below 2% of net revenue) due the fact that the Company always had plans to retain earnings through out the years and increase chartered capital appropriately in order to be well-capitalized for business activities. In 2008, during the global economic recession, while many manufacturing businesses were affected due to their high levels of leverage, TRAPHACO were able to maintain stable business activities with steady revenue and net profit growths.



b. FINANCIAL HEALTH

Operational efficiency

Overall, during the period 2006 – 2010, the financial performance, including key indicators such as receivable turnover, payable days, inventory turnover ratios, improved significantly.

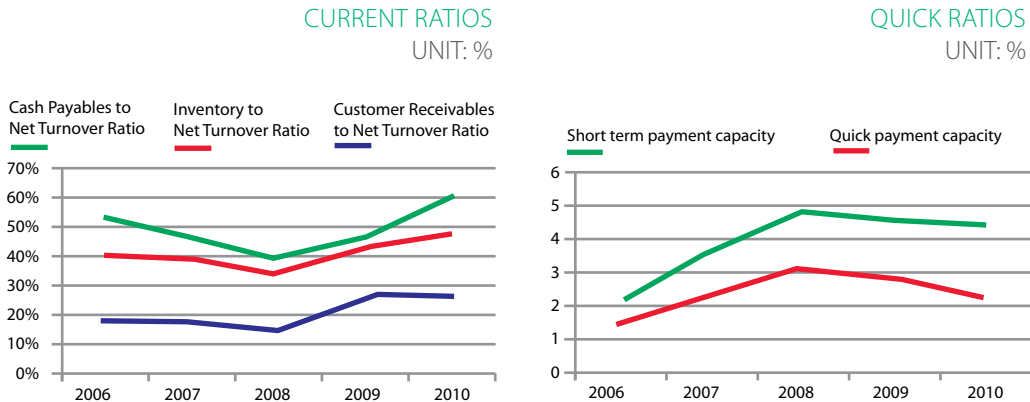
Although there were mismatches between receivable turnover and payable days ratios, which meant the Company's working capital was being utilized by its trading partners, but this was common for pharmaceutical companies since we have to distribute through hospitals and medical centers for which the payment periods are usually long. Distributing through intermediaries such as provincial pharmaceutical companies also incurs high receivables and requires large amounts of working capital.

In addition, in order to secure stable supplies, TRAPHACO had to buy from large suppliers with strict payment requirements (especially suppliers from the South) instead of buying through a long list of smaller suppliers with more accommodative payment requirements – this was the reason why payables to sellers decreased, which caused payable turnover to increase.

TRAPHACO's inventory turnover ratios were stable over the years, averaging at 6 rounds per year. The Company was good at forecasting and planning production activities, consumptions and reducing the inventories at intermediaries during the distribution process, this was also an achievement of the Company in reducing the product-specific risk of the pharmaceutical industry which is the limited expiries.

Solvency

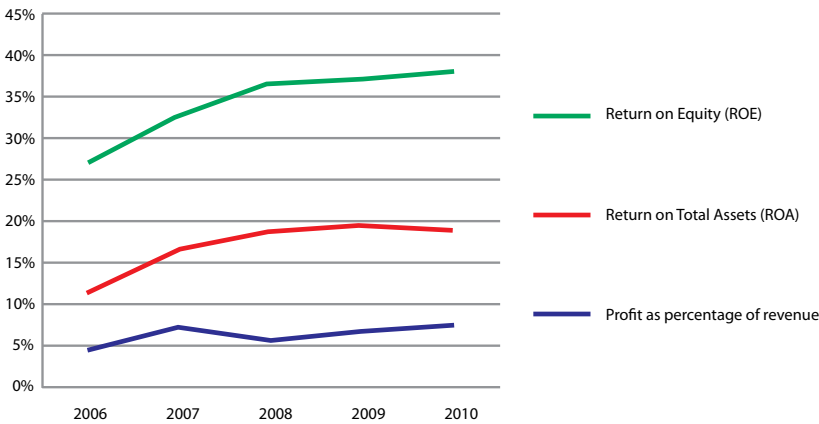
The data over the past years showed that TRAPHACO's solvency was maintained at a good level and had the tendency to stabilize in recent years. In 2006, the Company's solvency was at an average level because of our low capital. The Company's chartered capital at 12/31/2006 was VND20 billion. With a long term vision, the Management Team was quick in capturing the opportunities in the stock market during 2007 to conduct the IPO to increase the chartered capital, expand business activities and be in control of its funding for operation. As such, during the period from 2008 – 2010, despite the global financial crisis which severely affected the Vietnam's economy, TRAPHACO was able to maintain its stable business activities.



Profitability

From 2006 – 2008, the Company's profit margins stayed the same as compared to previous years, however, starting in 2009, profit margins increased again. This was thanks to the restructuring of the Company's business activities. The Management Team focused on pushing sales of high-margin products, reduced the portion of trading productions and increased the price of key products. Thanks to the shift of focus towards a more suitable direction and boosting production, TRAPHACO was able to enhance its profit margin.

The pretax profit margin and the earning before-tax, interest and depreciation (EBITDA) margin were improved considerably, especially over the past 2 years. In the 03 (three) product segments, traditional medicine is the segment with highest EBITDA margin as the Company is able to control the raw material supply, at the same time, traditional medicine is TRAPHACO's strength. For the western medicine segment, the Company focused on reducing the lower margin products. Trading product was the segment with the lowest EBITDA margin, around 2%, therefore, the Company intentionally reduced the revenue from this segment over the past 2 years.





REPORT OF BOARD OF MANAGEMENT (continued)

STRATEGIC DIRECTIONS FOR 2011 AND TERM IV (2011-2015)

STRATEGIC DIRECTIONS TERM IV (2011 – 2015)

1. 2020 Vision

- Traphaco will become a strong economic group which provides healthcare products and services with research & development capabilities to develop high-tech products from natural ingredients by 2020.
- The TRAPHACO group will be comprised of manufacturing facilities, which satisfies international standards and are environmentally friendly, a strong distribution network, a research and development institute, a medicinal vocational school and a hospital.

2. Targets for 2015

- Achieve total revenue of VND2, 300 billion and a net profit of VND210 billion by 2015. Ensure an annual revenue growth rate of 20%.
- Establish a distribution center with 25 branches nation- wide.
- Increase market share in the Southern market, boost the contribution to total revenue from the Southern market from 20% to 40% over the next 5 years.
- Own 2 manufacturing facilities, they are GPs (GMP, GSP, GLP, GDP) and ISO 9001:2008, ISO 14001:2004 certified.
- Increase the value of TRA stock, enhance the liquidity of the stock.

3. Specific strategy

- Invest to enhance human resource, innovate technology, modernize equipments to boost production and expand the market.
- Focus on the research and development of high-technology products, maintain the market share of traditional medicine products, diversify the product line and expand into international market to ensure sustainable development.
- Plan and develop farming areas for natual ingredients. TRAPHACO will become a pioneer in adopting and applying progressive technologies from the farming and processing of ingredients to the manufacturing and packaging of products.
- Maintain implementation of progressive quality control activities, which are GPs (GMP, GSP, GLP, GDP) certified and meet ISO 9001:2008, ISO 14001:2004 and 5S standards.
- Develop the distribution network: enhance the capability of the domestic distribution network and expand into the region; establish the branch network to replace the distribution agents. Focus on building the sales staffs.
- Continue to establish and strengthen the TRAPHACO brand, a brand for integrity and quality of an enterprise, which is fully committed to consumers with the sole objective of safeguarding public health.
- Thoroughly apply an ERP system, especially focus on completing the performance assessment and task allocation system.
- Continue to build on TRAPHACO's corporate culture, that is "Authenticity, sharing, commitments and honoring commitments" to establish the image of an enterprise with integrity – quality – effectiveness.

STRATEGIC DIRECTIONS FOR 2011

1. General market condition

2011 is forecasted to be a difficult and challenging year for the global economy in general and for Vietnam's economy in particular.

The global prices of oil, gold and USD are fluctuating widely. The stock prices in the international exchanges are declining sharply, economic recessions in many countries are pulling down the market demand and adversely affecting business activities of enterprises.

2011 has started with major turbulences in domestic economy with exchange rate adjustment, electricity price increase, gas price increase, interest rate hike, which led to the rise in prices of imported ingredients and in turn affected our input prices.

Rising inflation, salary and service costs.

Given the above factors, the Company has opportunities and challenges as follows:

Opportunities

- The Company has continuously achieved high growth for many years.
- The Company's brand and products remain consumers' favourite.
- The Company's product structure with 70% of revenue from traditional medicines which are produced from domestic ingredients affirms the advantage of our uniqueness in development strategy, at the same time ensures the stable supply in terms of price and quality.
- The Company had a number of product price adjustments in the two years 2009 and 2010 after many years of stable prices.
- The Company is in a healthy financial condition with low interest expenses.
- The production facility has enough capacity to accommodate high growth rate, and at the same time, the Company's quality control and production capabilities have been perfected after years of continous improvement and quality enhancement.
- Good cooperation between the Company and counterparts, especially with joint ventures, subsidiaries, and institutional investors.

Difficulties

- Ensure the achievement of revenue growth and net profit margin in an environment of rising inflation and reduced overall consumption.
- Competition becoming fiercer and fiercer with more and more counterfeits. More and more major pharmaceutical companies follow the Company's product development strategy.
- Pharmaceutical enterprises are faced with great difficulties, ensuring the safety of capital alone is a challenge in 2011.

2. Business Directions for 2011

2.1. Targets

Invest to develop all the enterprise's resources: human, matrial and financial. Capture opportunities, utilize advantages, contain the challenges, maintain and continue to expand domestic and international markets for both old and new products. Strengthen and promote the brand to maintain the most recognizable pharmaceutical brand in Vietnam. Maintain the growth target for the South with the intention to increase the contribution of revenue from this region to total revenue. Maintain the high growth rates in both revenue and net profit, step by step increase the enterprise's value (tangible and intangible) as a foundation to implement the strategies for the 2011 – 2011 period.



2.2. Specific targets

. Total revenue

VND1,080 billion (incl. VAF), of which:

Manufactured products and exclusive distribution: VND830 billion, 27% growth from 2010

Trading revenue, NPL retail: VND250 billion

. Profit after tax: VND80 billion

A 20% growth from operating profit after tax in 2010 (80 billion).

. Fullfill all financial obligations as stipulated by laws.

. Average income

. Increase by 10%. Ensure full employment for all staffs.

. Strengthen and Promote the Brand

Continue to build and maintain the brand: Continue to strengthen and promote the brand, maintain the "most recognizable pharmaceutical brand in Vietnam". Launch the new Logo.

. Investment-Financial Management

Enhance the efficiency of business activities at TRAPHACO SAPA.

+ Continue the negotiation to successfully acquire 100% of TRAPHACO CNC (in the event that the merger proposal is accepted by the general shareholders of the two companies)

+ Complete the land acquisition (complete compensation for land clearance) for 4.6ha of land in Van Lam – Hung Yen, prepare an investment plan for production capacity expansion to ensure long term growth.

. Expand the distribution network

Continue to invest in the construction of office-branches, which meet GDP standards in Khanh Hoa, Gia Lai, Quanh Ninh.

Maximize the utilization of the distribution channel in the North, implement the CRM (customer relationship management) project for intermediary customers.

Build and develop the distribution network in the South to ensure the sale target growth of 50% for 2011.

Complete the branch management mechanism. Set up 5 more branches.

Proactively increase export to ASEAN countries (Laos, Myanmar, Cambodia) and Eastern Europe (Ukraine) while still ensure financial prudence.

. Quality control:

Maintain the consistent application of quality control activities which are in compliance with GPs (GMP, GSP, GLP, GDP) standards and other standards such as ISO 9001:2000, ISO 14001:2004 and 5S. Implement the KAIZEN model in the whole Company

. Production management:

Maximize capacity utilization rate at Hoang Liet factory. Modernize the packaging process, reduce labor and enhance the efficiency of the factory.

. Research and development of new products

+ Focus to launch the newly registered products, maintain the market share of traditional products, diversify the product portfolio, ensure sustainable development. Research and launch 5 new products. Revenue from new products reaches 58 billion.

+ Research to produce and market food supplement products

+ Implement Green Plan project which aims at planning and developing the farming areas to ensure a long-term and stable supply of input materials.

. Continue to apply an ERP (Enterprise Resource Planning) system in corporate governance.

. Continue to build TRAPHACO's corporate culture "Authenticity, sharings, commitments and honoring commitments", with the focus on building a corporate image of integrity – quality – efficiency. Introduce and put into use the new Logo in the whole Company.

3. Targets to seek shareholders' approval

3.1. Revenue – Net Profit:

. Total revenue: VND1,080 billion, of which revenue from manufactured products amounted to VND830 billion (inclusive of VAT)

. Operating profit after tax increased by 20% compared to 2010.

3.2. Proposed allocations of 2011 Net Profit

. Allocate 10% of net profit to the welfare fund, of which 2% of net profit will be used as bonus for outstanding employees, the bonus will be in the form of stock issuance.

. Pay a fixed cash dividend (20% per year).

. Compensation for the Board of Directors 3% of net profit, 0.6% for Supervisory Board.

. The remained net profit will be allocated to investment and development fund.

3.3. Selection of an independent auditor to audit 2010 Financial Reports

Supervisory Board and Board of Directors propose to the Shareholders' Assembly to continue to select Accounting and Auditing Services and Consultancy Limited Liabilities Company (AASC) to audit the annual financial reports and review the quarterly financial reports (if requested by State authorities).

In the event that a consensus can not be reached with the above-mentioned auditing firm regarding the fees and timeline of the auditing service, the shareholders' assembly delegate the Board of Directors to select an auditing firm from the list of Independent Auditors approved by the State Securities Commission to audit the annual financial reports and review the quarterly financial reports (if requested by State authorities).

3.4. The Board of Directors proposes the shareholders' Assembly to approve the Chairwoman to continue to serve as the General Director of the Company.

ON BEHALD OF THE BOARD OF MANAGEMENT

GENERAL DIRECTOR



VU THI THUAN, MSC



REPORT OF BOARD OF SUPERVISORS

ACTIVITIES OF THE SUPERVISORY BOARD IN 2010 AND TERM 2006-2010

Dear Valued Shareholders

Pursuant to:

- The 2005 Enterprise Law of the Socialist Republic of Vietnam
- TRAPHACO joint stock company's Charter regarding the accountabilities and responsibilities of the Supervisory Board
- Guidelines for Supervisory Board

During 2010 in particular and throughout the term 2006-2011 in general, the Supervisory Board assigned accountabilities to each member to perform monitoring and supervisory activities in the following areas:

1. Strategy monitoring

Regarding the implementation of the business plan and the achieving the annual financial targets which were set at the annual shareholders' meetings:

- Regularly supervised the fulfillment of the Annual Shareholders' Meetings' Resolution by the Board of Directors, Board of Management. Attended all regular and extraordinary meetings of the Board of Directors
- Monitored The Board of Directors in fulfilling the accountabilities and responsibilities set out by the Guidelines for the Board of Directors and Board of Management.
- Recorded and verified the opinions, recommendations and proposal of shareholders regarding the performance of the Board of Directors and Board of Management. Requested the Board of Directors and Board of Management to review, explain and respond to those recommendations in a timely manner.

2. Operation supervision

- Supervised the management activities of the Board of Management in compliance with the Company's policies and in accordance with the resolutions of the Shareholders' Assembly and the decisions of the Company.
- Monitored and supervised the Company's operation, specifically as follows:
 - + Cross-checked the invoices, reviewed accounting books and evaluated the Company's financial reports
 - + Supervised the completion of raw material supply and procurement contracts; monitored advertising and sales support activities.
 - + Supervised provincial distributing agents in sales activities as well as product and cash management.
 - + Supervised the business and accounting activities of the branches in Ho Chi Minh City and Central Region
 - + Monitored the investment and construction of office buildings and branch warehouses in the Southern Region, Nam Dinh, Nghe An, Thanh Hoa, Hoang Liet and Hai Phong provinces.
 - + Supervised the adherence to labor policies
 - + Supervised the payment of dividend and annual net profit allocation

3. Financial Statements Assessment

Reviewed the quarterly and annual financial reports to assess the fairness of the financial data. At the same time, coordinated with the independent auditors in the middle or by the end of the term to assess the impact of accounting errors to the financial statements; supervised the implementation of recommendations by the Auditors.

Through its supervisory and monitoring activities, the Board of Supervisors also provided recommendations and suggested to improve the performance of Board of Directors, Board of Management and other departments.

In reference to the requirements and responsibilities as set out by the Company's charter, we deem that the Supervisory Board has fulfilled its accountabilities.

ASSESSMENT OF THE COMPANY'S PERFORMANCE IN 2010 AND DURING THE TERM 2006-2010

Throughout the supervision and monitoring process, the Supervisory Board would like to present our assessment as follow:

Business performance for 2010

Key financial data were confirmed and verified as true and fair as follows:

Ord	Items	2009	2010	Year-over year increase (base year: 2009)
1	Total net revenue (excl. VAT)	747 billion	859.8 billion	115%
2	Net revenue from manufactured products and exclusive distribution (excl. VAT)	520.3 billion	615.5 billion	118,3%
3	Operating Income After Tax	51 billion	66.2 billion	129,8%
4	Average employee's income	5.0 million	5.5 million	110%
5	Net Profit/Net revenue	6.83%	7.61%	
6	CP Earning per share	6,231	6,047	

2010 FINANCIAL PERFORMANCE

Referring to the audited financial statements of TRAPHACO Joint Stock Company of the fiscal year ending on 31 December 2010

According to the Supervisory Board's assessment of the balance sheet, income statement and cash flow statement for the fiscal year ending on 31 December 2010.

The results are as follows:

1. Balance sheet

- + The long- term capital exceeded fixed assets. Current assets and short-term investments (VND 489 billion) combined are greater than current liabilities (VND 226 billion), this means that working capital ratio was higher than 0, indicating that the total fixed assets were well financed with the long-term liabilities and there is extra long-term capital to invest in the working capital, the Company's solvency is relatively good and thus the Company has good financial health.
- + Shareholders' Equity increased by VND 349.1/258.9 billion, that was supplemented by investment capital of shareholders' equity (by dividend in 2009 of 20%), from financial reserve fund, from the development investment fund and additional profit. This reflected the sustainable development and financial strength of the Company. The Company has the ability to expand its business activities.



REPORT OF BOARD OF SUPERVISORS (continued)

2. Analysis of the financial results through the income statements of the 5-year period 2006-2010

- + Net revenue from manufactured products and exclusive distribution (CNC production products) for the term achieved an average growth rate of 20% and in 2010, the growth was 18.3%. This affirmed that the Company's products still have high growth momentum.
- + The growth rate of profit after tax remained high. In 2010, it grew considerably by 29.8% yoy and reached VND66.2 billion.

3. Income Statement (part II – fulfilled all financial obligations to the State)

The Company calculated all the taxes and payables, the amount payable and already-paid amount are reconciled. This confirmed that the Company had fulfilled its financial obligations to the State of Vietnam.

Conclusion:

All the reports have fully and accurately indicated the healthy financial situation of the Company as of 31 December 2010. The income statement and cash flow statements at the end of the financial year are in full compliance with Vietnam Accounting system and other related legal regulations.

PERFORMANCE OF BOARD OF DIRECTORS, BOARD OF MANAGEMENT IN 2010 AND DURING THE PERIOD 2006-2010

Positive Achievements:

The Board of Directors conducted regular meetings on a monthly basis and extra-ordinary meetings when there were issues that needed to be urgently resolved to assign clear tasks to all members. In 2010, the Board of Directors held 14 regular and extra-ordinary meetings when necessary in compliance with charter of the company. During the meetings, important decisions were made and resolutions were issued with the intention to fulfill the resolution of the Shareholders' Assembly. Notable results are as follows:

1. Revenue:

In 2010, total revenue exceeded target, especially fulfilling the Shareholders' resolution to reduce the contribution from trading products and focus on boosting the revenue from manufactured products and exclusively distributed products, which are of higher margins. The revenue increased by 18.3% yoy in 2010 and has achieved an annual average growth of 26% in the last five years. As of year end 2010, the Company's revenue has increased 2.4 times as compared to 2006.

2. Profit after tax

In 2010, after tax profit achieved VND 66.2 billion or 129.8% yoy increase. The Company's net profit has increased by 4.1 times from 2006.

3. Fulfilled all financial obligations to the State budget as required by laws.

4. Other activities

In order to achieve to paramount the goal of the sustainable development for the Company, throughout the period, the Board of Directors and the Board of Management focused on and achieved the following results:

- + Built and strengthened the brand, won the Labor Hero title and the "The most recognizable pharmaceutical brand in Vietnam" award and the WIPO award



Board of Supervisors, TRAPHACO Joint Stock Company

- + Expanded the distribution network: In 2006, opened the Central Branch; in 2009, built a new branch in Ho Chi Minh City; in 2010, developed five more branches in Nam Dinh, Nghe An, Thanh Hoa, Vinh Long and Hai Phong.
- + Researched and developed products and technology.
- + Investment projects and financial management: with the intention to expand the business, the Company had purchased land to set up branches and built the infrastructure for the distribution network. The listing of the shares on Ho Chi Minh City stock exchange on 26 November 2008 has served as TRAPHACO's strong motivation to enhance its corporate governance and mobilize capital through setting up subsidiaries and increase chartered capital through conducting share issuances, etc.

+ Quality and production management:

Maintaining the advanced quality control activities which certified with the standards, including the GPs standards of WHO (GMP, GSP, GLP, GDP), ISO 9001:2008, ISO 14001:2004 and 5S. The Ministry of Health issued the certificate of GPs. The Company also won the silver award for National Enterprise Award approved the Prime Minister.

- + In addition to fulfilling the objectives set out by the Shareholders' Assembly, the Board of Directors conducted research to develop the strategy as well as major projects, which aimed at long term and sustainable development, such as:
 - Developed the targets and formulated the strategic directions of TRAPHACO for the next five years from 2011 to 2015.
 - Formed a committee to assess the merger proposal with TRAPHACO CNC, ensuring the harmonization of interests of both enterprises, TRAPHACO and CNC.

Areas for improvement:

- + 2010 as in the previous years saw no pick up in exports though the Company had put much effort in expanding its overseas market
- + The plan to set up the TRAPHACO Medical College was shelved due to the complicated legal procedures. In 2010, the Company decided to stop pursuing this project.

Conclusion

For the term 2006-2010:

- + The Board of Directors and the Board of Management implemented all the resolutions of the Shareholders' Assembly as well as the decisions and resolutions of the Board of Directors.
- + The results were reflected in the key financial data: revenue, profit after tax, average income of employees, fulfillment of obligations to the state budget, investment projects, dividend payments, net profit allocation.
- + The Board of Management managed and conducted business activities, achieving almost all of the important decisions from the Board of Directors.
- + The Board of Directors and the Board of Management had taken all measures to ensure the well-being of the employees and raise their incomes.



REPORT OF BOARD OF SUPERVISORS (continued)

- + All the resolutions of the Board of Directors complied with the Company's Charter
- + The term of 2006–2011 marked many achievements of TRAPHACO. It was the inheritance of the dynamic characteristics from a small pharmaceutical enterprise to retain the high growth in revenue and profit. A firm foundation was also laid with an advanced infrastructure, modern and progressive technology, strong financial resource. The period also marked the Company's breakthrough to become the leading brand in Vietnam pharmacy. A path has been mapped for TRAPHACO to become a leading pharmaceutical group in Vietnam over the coming period.

COMPLIANCE OF LAWS AND INDUSTRY REGULATIONS AND INTERNAL CONTROL DURING 2006-2010

- The Company's operations fully complied with the business certificate and the regulations of the Pharmaceutical sector, Pharmacy Law and Vietnam Law. The Company conducted the GPs as required by Ministry of Health such as GMP of WHO and GSP, GLP, GDP of the Ministry of Health.
- The Company focused on the quality control such as the application of ISO 9001: 2000, ISO:14001 to reduce product quality risks as committed to customers and ensured the healthy working environment for all staffs. These core intangible values of TRAPHACO helped to enhance the competitiveness, capability and the fast, sustainable growth of the enterprise in its path toward global integration.
- Complied with the Enterprise Law of 2005 as well as procedures and regulations of the Securities Law and State Securities Commission on share issuance and bonus share issuance for staffs. During 2006 – 2010, the Company increased its charter capital seven times to bring the charter capital to VND 123,398,240,000 (as at 30 December 2010) from the initial capital of VND 9.9 billion in 2006.

As such, overall, the Company's activities were legally compliant.

Recommendations

On the Performance of the Board of Directors and the Board of Management

- Increase the revenue from new medicines to maximize the utilization of Hoang Liet Factory by expanding the production capacity, outsourcing, franchising and joint venturing with diversified partners.
- Proactively expand overseas though active search of opportunities in foreign markets such as Russia, Ukraine, Laos, Cambodia and Myanmar.
- Effectively manage and utilize TRAPHACO-SAPA
- Inherit and promote the current advantages, developing the Company with the goals of harmonizing the interests of shareholders, the State and the employees.

Organization and Human Resource

- Stabilize the organizational structure to establish an appropriate model based on job descriptions and work guidelines. The management system must be more lean but effective

- Formulate a human resource development strategy of recruiting and training (long and short term), which is combined with different training and self-learning methods
- In addition to professional training, the Company must pay more attention to management skill training for the management team.

Internal control

- The Company needs to implement remuneration and incentive policies strictly adhere to these policies. Regularly update the internal control mechanism
- All work procedures must be appropriately adjusted and coordinated to avoid the complicated documentation and promote the efficiency of quality control systems such as GPs, ISO, 5S.
- Strengthen the corporate culture to become specific and measurable targets.

In addition, the Board of Supervisors found that the service quality of AASC Accounting and Auditing Company is satisfactory, therefore, we propose to re-appoint AASC in 2011.

Above is the report from the Board of Supervisors with comments on the performance of the Board of Directors and Board of Management, on business and financial performance of TRAPHACO in 2010 and during the 2006 to 2010 and on legal compliance. The Board of Supervisors wishes to receive the opinions and suggestions from shareholders.

Sincerely thanks

Hanoi, 10 March 2011

ON BEHALF OF THE SUPERVISORY BOARD
CHAIRMAN

NGUYEN TAT VAN, SPECIALIZED PHARMACIST



R&D STRATEGY 2011

NEW PRODUCT DEVELOPMENT AND DIRECTION FOR THE FUTURE

- Maintain the leading position in research and development (R&D) of herbal medicines and health products.
- Invest in R&D to develop new unique and differential products, especially products from Vietnamese herbs, which have many advantages.
- Integrate business activities to capture the whole value chain from Research-Production-Distribution so as to achieve sustainable growth through the solutions:
 - + Develop the 4-Factor Model (farmers, the State, enterprises and scientists) to produce medicinal and heath supplements from herbs.
 - + Implement the GreenPlan Project (the research project to develop a sustainable supply of medicinal ingredients for TRAPHACO), which aims at ensuring the stable ingredient supply in terms of quality and volume in order to accommodate production.
- We provided herbal products to the domestic market under the brand TRAPHACO and to the international markets under the Vietnam’s brand

MAKING STRATEGIC HEADWAY IN R&D OVER THE COMING YEARS

- Invest 3-5% of annual revenue in R&D
- Strengthen the R&D human resource through applying new models of trainings, re-trainings and advanced trainings.
- Attract the human resource with high expertise through collaborations scientists, experts and consultants in scientific research projects at all levels.
- Continue collaborating and participating in the technology transfer of research results with companies and research institutes.
- Set up the TRAPHACO Research and Development Institute which is comprised of the following centers:
 - + Center for Pharmacology
 - + Center for Herbalogy
 - + Center for Biotechnology
 - + Center for Traditional Medicine
 - + Center for Research, Forecasting and Planning of Development Strategy.



SCIENTIFIC PROJECTS UNDERTAKEN OVER THE PAST % YEARS.

THEIR ECONOMIC AND SOCIAL VALUES. THE SCIENTIFIC VALUES AND APPLICATION OF TRAPHACO’S NEW PRODUCT DEVELOPMENT

Ord.	Name of Invention, scientific research topics, technological initiatives, useful solutions	Sponsors	Certified Authority, Date
1	Ministry-level research project “Producing medicine from herbs to prevent vomiting and car sickness”	TRAPHACO Joint Stock Company	Ministry of Transportation in 2003
2	Sub-project of a state-level scientific research project No. KC. 10-02 “Research to develop process procedure to prepare clean artichoke, angelica, daisy into high quality products”	TRAPHACO Joint Stock Company	Ministry of Transportation's Health Department , in 2004
3	State-level scientific research project Code. KC.10. DA.11 “Improving the production process of Ampelop to produce treatment medicine for gastro and duodenal disorders”.	TRAPHACO Joint Stock Company	Ministry of Science and Technology, in 2006
4	State-level scientific research project No. KC.10. DA.08 “Improving the production process of Embinto produce treatment medicine for intestinal flat worm from Embelia Scandens (Lour) Mez.”	TRAPHACO Joint Stock Company	Ministry of Science and Technology, in 2006
5	Ministry-level scientific research project “Research to produce Aconite and condensed-Aconite from Sapa Tree as an ingredient to produce Bat Vi Que Phu”	TRAPHACO Joint Stock Company	Ministry of Transportation, 2007
6	State-level scientific research project “Safe planting of tea for the production of Ampelop and other finished products to prevent and treat the gastricitisand duodenitis”	TRAPHACO Joint Stock Company	Ministry of Science and Technology, in 2007
7	State-level scientific research project “Pilot-research to develop the processing procedure for preparing Hac Phu, Bach Phu and processing condensed-aconite”	TRAPHACO Joint Stock Company	Ministry of Science and Technology, in 2009
8	State level scientific research project code KC.10. DA.09/06-10 “Improving the production technology Hard-capsuled Bat vi Que phu and soft-capsuled Boganic”	TRAPHACO Joint Stock Company	Ministry of Science and Technology, started 2008, test-trialed in 2010
9	Project “Assessing the clinical effect of hard capsuled Bat Vi Que Phu on the patients with back pains due to weak kidney”	TRAPHACO Joint Stock Company	The Central Institute of Traditional Medicine, in 2010



R&D STRATEGY 2011 (continued)

- In the last five years, the Company implemented two state-level projects, two state-level research topics, one ministry-level research topic and hundreds of projects at local level. All the topics and state-level projects were passed and transferred over and implemented with excellent results. The local level projects were carried out with high efficiency. Especially, in 2010, the Company won one state-level project under the national scientific research program to develop the pharmacological technology from now to 2020 (this was the first pharmacological project approved in 2010). The project is expected to start in April 2011.
- In August 2009, the Company approved the project "Research to develop the sustainable supply of herbal ingredients for TRAPHACO" (a.k.a GreenPlan). With this project, the Company has entered a new phase of sustainable development. The Company has started to benefit from this on-going project, which will make more meaningful contribution with its slogan "for a green environment, for a healthy community and prosperous country".
- In addition to increasing the revenue through successful launching of newly developed products, the Company's R&D projects, which are mainly based on natural ingredients, not only provide the community with an effective, safe and affordable medicinal treatment and contribute to the healthcare of millions of people nationwide, but also have scientific, economic, social and environmental implications.
- In addition to creating thousands of jobs, especially jobs in rural and mountainous areas, the projects and research topics contributed significantly to the education of preserving and developing Vietnam's medicinal herb resource, which are being wastefully exploited. At the same time, Vietnam's traditional medicine practice will be carried on as a legacy. The research projects also build confidence and establish directions for farmers, incentivizing them to farm medicinal herbs, hence not only reduce poverty but also improve their living conditions.
- Having the stable supply of herbal ingredients contributes to development of the industry, stabilizes the medicinal price, ensures the medicine security and protects the health of the Vietnamese people, and contributes to roll out the national policy on traditional pharmacy in Vietnam.
- The clinical trial projects to assess the effects of the medicines and improve product quality have been carried out in recent years. They contribute to the successful launches of new product and at the same time enhance customers' confidence in the effectiveness of the medicines. The research projects also prove the safety of the products. These projects are important because medicinal herbs in Vietnam is not regulated and properly controlled and as such that causes many problems including poisonous herbs, wrong dosage being prescribed, fake herbal ingredients, mouldy and low quality herbs, herbs containing heavy metal and crop protection substance and the use of poisonous chemical substances that may harm patients.
- The projects on technology innovation and improving production capacity are implemented at all factories to save cost, prevent waste and stabilize product quality.

NOTABLE ACHIEVEMENTS AND AWARDS IN SCIENTIFIC RESEARCH AND DEVELOPMENT SINCE 2006

- In 2005, TRAPHACO female research team was honored with the Kovalevskaja Annual Award granted by Vietnam Kovalevskaja Award Committee and Vietnam Women's Union.
- Techmart Gold Cup in 2007
- Certificate of Merit was received from the Ministry of Health for achieving excellent results in implementing the national policy on Traditional Pharmacy during 2003 – 2008.
- The most significant achievement in 2010 was winning the "Scientific and Technological Innovation Award in Vietnam" (Vifotec). The research topic was "Research on Boganic detoxication medicine from Vietnam herbs". The award ceremony will be officially held in Hanoi Opera House in mid-April 2011 with the participation of senior leaders of the Communist Party, the State and Government of Vietnam.





SHAREHOLDER INFORMATION

SHAREHOLDER STRUCTURE (As of 14 Feb 2011)

Shareholders	Number of Shareholders	Number of shares (shares)	Total chartered Capital	Ownership Percentage
Domestic	1,199	8,600,307	86,003,070,000	69.70%
- Institutional	33	5,019,216	50,192,160,000	40.67%
<i>Of which, state ownership</i>	<i>1</i>	<i>4,400,748</i>	<i>44,007,480,000</i>	<i>35.66%</i>
- Individuals	1,166	3,581,091	35,810,910,000	29.02%
<i>Of which:</i>				
+ Board of Directors, Supervisory Board, Board of Management, Chief Accountant	9	835,729	8,357,290,000	6.77%
+ Employees	466	1,387,797	13,877,970,000	11.25%
+ Outside shareholders	691	1,357,565	13,575,650,000	11.00%
- Treasury stock	1	443	4,430,000	0.0%
Foreign	28	3,739,074	37,390,740,000	30.30%
- Foreign institutions	14	3,734,038	37,340,380,000	30.26%
- Foreign Individuals	14	5,036	50,360,000	0.04%
TOTAL	1,228	12,339,824	123,398,240,000	100.00%

(Source: List of shareholders as of 14 March 2011 of TRAPHACO joint stock company)

LIST OF MAJOR SHAREHOLDERS WITH OVER 5% OF OWNERSHIP (As of 14 Feb 2011)

Shareholder Name	Identification No./Business Registration No.	Address	Number of shares owned	Ownership (%)
State Capital Investment Corp.	0101992921	15A Tran Khanh Du, Hoan Kiem, Hanoi	4,400,748	35.66%
VIETNAM AZALEA FUND LIMITED	CS6153	Floor 8 Capital Place, 06 Thai Van Lung, Dist. 1, Ho Chi Minh City	2,773,676	22.48%
TOTAL			7,174,424	58.14%

(Source: List of shareholders as of 14 Feb 2011, TRAPHACO Joint Stock Company)



VIETNAM AZALEA FUND LIMITED TRIPLED ITS OWNERSHIP IN TRAPHACO JOINT STOCK COMPANY

Ho Chi Minh City, Vietnam (26th January 2011)

Mekong Capital announced today that the Vietnam Azalea Fund Limited has tripled its ownership in Traphaco Joint Stock Company ("Traphaco"), increasing its shareholding percentage from 6.5% to 20%.

Mr. Chris Freund, Managing Partner of Mekong Capital said: "We highly appreciate Traphaco's long-term vision and the actions they are taking to achieve that vision. Under the leadership of the Chairwoman & CEO, Ms. Vu Thi Thuan, Traphaco has taken steps to become more vertically integrated by establishing more company-owned distribution branches in key provinces, while taking actions to acquire full control of its manufacturing affiliates. Meanwhile, they have continued to invest in the development of their brand. We believe these are the right steps for a Vietnamese pharmaceutical company to achieve sustainable profit growth over the coming years. We look forward to partnering with Traphaco to fulfill on their vision."

About Traphaco Joint Stock Company

Traphaco is a pharmaceutical company which specializes in the development, marketing and distribution of Vietnamese traditional medicines. Traphaco produces and sells more than 230 products focusing on: central nervous system, digestive, cardiovascular, analgesics, respiratory and ontological system, eye care, etc.

Traphaco has nationwide distribution channels through which they products are sold. The company owns a GMP-compliant factory in Hanoi, and is a minority-shareholder of another GMP-compliant factory in Hung Yen Province, called Traphaco CNC.

Traphaco's factories use high-tech pharmaceutical equipment imported mostly from Germany and Korea. With the slogan "Traditional character with Modern technology", the Traphaco brand has become more and more popular with consumers. Traphaco has established a firm position in the Vietnamese pharmaceutical market as the leading brand for traditional medicines in Vietnam.



COMMUNITY ACTIVITIES

As a pharmaceutical manufacturer, TRAPHACO has always “considered community benefits as the start for all activities”. Thus, TRAPHACO commits to contribute to the stable and sustainable development of the Company through enhancing the living standard of the workers, their families, the community and the entire society.

CORPORATE SOCIAL RESPONSIBILITY

TRAPHACO has applied the environmental management system ISO14001:2004, committing to promote environmental protection and contributing to sustainable development.

TRAPHACO is the pioneer in Vietnam’s pharmaceutical industry to develop “Clean herbal ingredients”, linked to the objective of bringing safe pharmaceutical products to the consumers. This direction not only helps reduce poverty, create jobs and increase income for the farmers, contributing to the sustainable development of Vietnam’s pharmaceutical resources, but also aim at fulfilling the ambition to establish a national brand for Vietnam’s pharmaceutical ingredients, utilizing national resources to build an export oriented economic sector.

TRAPHACO actively participated in the action programs sponsored by international organizations, UNCTAD and SIPPO, to preserve, develop and sustainably utilize the local bio-resources as part of the effort to ensure long term development of Vietnam’s medicinal herbs.

Every year, TRAPHACO received the Certificate of Merit from the Tax Office for full payment of the required employee insurance, ensuring labor and fire safety in the work place.

COMMUNITY SUPPORT

TRAPHACO is a role model enterprise for active sponsorship of charitable and giving-back events with an aim to enhance the quality and happiness of life. It has supported the charity program “Joining the big circle of arms” and contributed to the “For the Poor” Fund in nine consecutive years. It also sponsored the program of “One heart, One world”, by providing medicines and food for children with disabilities, supported The Orphan Association, Vietnam Children Support Fund, Health Check-up for the Poor Fund, Association for People with Disabilities, Red Cross, supported people in the areas hit by natural disasters and floods, provided support to the Heroic Mothers of Vietnam and victims of Orange Agents, donated medicines to war veterans and their families, sponsored and provided free health consultancies to the elderly and women nationwide, supported the youth and student volunteering activities; and provided medicine for national epidemic prevention programs

Every year, the Company spent more than VND 10 billion a year for community health care sponsorship activities as well as other social activities.

For its social and charitable activities, TRAPHACO was widely recognized by organizations and the public, as an enterprise with corporate social responsibility - “An enterprise for charity”.

CORPORATE CULTURE

TRAPHACO has developed a unique and distinctive corporate culture. Taking root from the idea of “Modern technology, traditional values”, the company’s culture has become the spirit, the glues that unite members of TRAPHACO’s family, also the motivation and the pride of its every member.

Being a large enterprise with employees from many different backgrounds of professional expertises, cultures, social relationships, geographic regions and ideologies, the Company itself is a diverse and intricate working environment. TRAPHACO was able to develop a unique corporate culture in which employees are united by a working motto: “Authenticity, sharing, commitments and honoring commitments”.

TRAPHACO not only cares about the economic conditions of its employee, it also commits to uplifting the quality of life and the spirit of its employees. Every year, the Company holds the “TRAPHACO into the future” competition, “TRAPHACO’s Emotions”, performance show, mini football tournament, company’s vacation, field trips to oversea. The Company organizes birthday parties on a quarterly basis for staffs, summer camps for children of TRAPHACO, mid-autumn festival, Chrismast gifts for employees’ children. These activities are the bonding experiences for the employees, strengthening the love for and confidence in the Company, heightening the pride in working at TRAPHACO.

OTHER ACTIVITIES

In addition to producing medicinal products of good quality, providing consultations and instructions for safe medicine usage are also the activities that TRAPHACO has been engaged in for years.

The elderly have the highest demand for health. Understanding their demand, TRAPHACO has set aside an annual budget to visit and present gifts to elderly people at all provinces on special occasions such as International Elderly Day (1 October), the traditional Vietnam Elderly Day (6 June). On a quarterly basis, the Company conducted more than 100 “Health consultation for the elderly nationwide” programs as part of the periodical activities of elderly associations and sponsored these programs with the Company’s products; TRAPHACO also supported the “Healthy Life” magazine.

In addition, healthcare activities for women are another major initiative of the Company. Many women’s health seminars were conducted and the Company has received appreciation and active participation from women’s associations nationwide.

The Company also carried out healthcare PR campaigns to help customers to become aware of TRAPHACO’s products as well as understand more about the Company. In addition, it conducted the seminars to introduce products to pharmacy stores.



COMBINING SCIENCE WITH NATURE

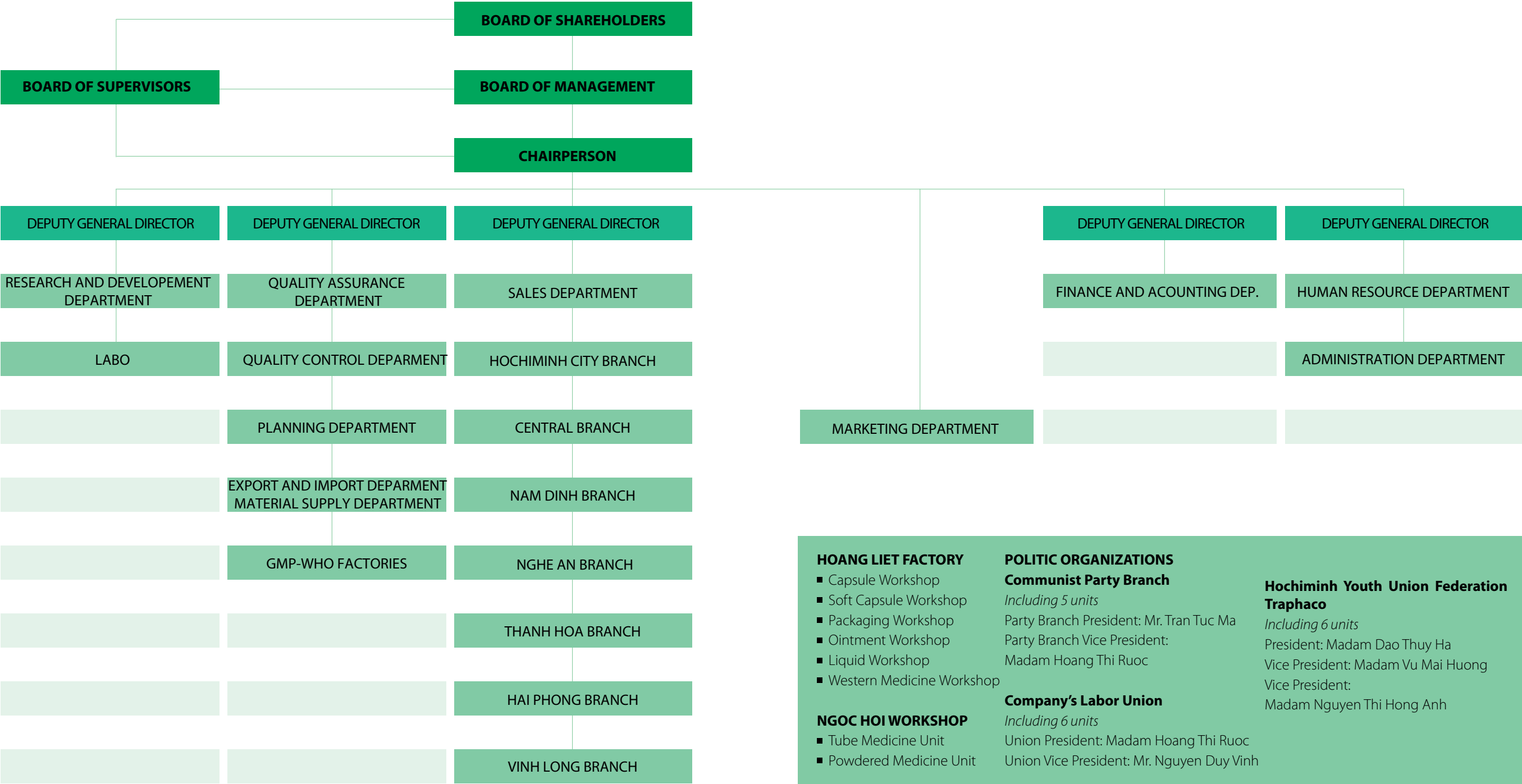


ORGANIZATION AND HUMAN RESOURCE

Organizational Chart
Board of Directors
Board of Management
Supervisory Board
Number of Employees
Human Resource Policy



ORGANIZATIONAL CHART





BOARD OF DIRECTORS



Full name Vu Thi Thuan
Born in 1956
Degrees Master of Pharmacy, Advanced degree in Political Theory
Positio Chairwoman,
Chief Executive Officer of TRAPHACO Joint Stock Company.
Chairwoman of TRAPHACO High Technology Joint Stock Company.
Certificate Third Class Labor Medal, Certificate of Merit from the Prime Minister,
Excellent Doctor, National Excellent Staff, Thanh Giong Cup, Yellow Rose Cup,
Medal "Development of the Labor Union",
Medal of "For new talents, for Red Cross activities and Health Care acitvites".
Working Experience
1989 - 1993 Deputy Director, Railway Medicine Production Workshop, Chairperson of Labor Union.
1993 - 2000 Deputy Director, The Pharmaceutical and Medical Equipment
Company of the Ministry of Transportion (TRAPHACO), Chairperson of
Labor Union.
2000 - 2003 Party Secretary of the Communist Party Branch, Deputy Chairperson of the
Board of Directors,Chief Executive Officer of TRAPHACO Joint Stock Company.
2003 - 2010 Member of the Central Committee, Communist Party Branch at the
Department of Health, Ministry of Transport, Chairperson of Communist
Party Branch, Chairwoman, General Director of TRAPHACO Joint Stock Company.
2010 - now Chairwoman, Chief Executive of TRAPHACO Joint Stock Company.



Full name Nguyen Thi Mui
Born in 1955
Degrees Master of Economics, Master of Political Theory
Current Position Vice Chairwoman, Board of Directors,
Deputy General Director, TRAPHACO Joint Stock Company.
Vice Chairwoman, Board of Directors, High Technology TRAPHACO Joint Stock Company.
Working Experience
1993 - 2002 Chief Accountant.
2002 - 2005 Deputy Party Secretary, Communist Party Branch, Chief Accountant.
2005 - 2007 Deputy Party Secretary, Communist Party Branch, Vice Chair, Board of
Management,Chief Accountant.
2008 - 2010 President, Communist Party Branch; Vice Chair, Board of Directors;
Deputy General Director.
2010 - now Vice Chairwoman, Board of Directors; Deputy General Director
TRAPHACO Joint Stock Company.



Full name Tran Tuc Ma
Born in 1965
Degrees Master of Pharmacy, Advanced degree in Political Theory.
Position Standing member of Communist Party's Central Committee of Department of
Health, Ministry of Health, Party Secretary of Communist party branch,
Member, Board of Directors; Deputy General Director of TRAPHAC Joint Stock
Company, General Director of High Technology TRAPHACO Joint Stock Company.
Working Experience
1997 - 2000 Deputy Manager, Quality Control Department
2000 - 2005 Sales Manager
2005 - 2006 Member, Communist Party Branch; Member of Board of Directors,
Deputy General Director, Sales Manager
2006 - 2010 Member, Communist Party Central Committee; Member, Board of Directors, Board of Management
2007 - now Deputy General Director, TRAPHACO Joint Stock Company; Member,
Board of Directors; Director, TRAPHACO High Technology Joint Stock Company.
2010 - now Member of the Central Committee of Communist Party Branch,
Department of Health, Ministry of Transportation, Party Secretary of
Communist Party Branch, Member of Board of Directors, Deputy General
Director of TRAPHACO Joint Stock Company, General Director of TRAPHACO
High Technology Joint Stock Company.



Full name Hoang Thi Ruoc
Born in 1962
Degrees Pharmacist, Master of Business Administration, Advanced degree in Political Theory
Position Deputy Party General, Communist Party Branch; Member, Board of Directors,
Deputy General Director, Chairwoman, Labor Union of TRAPHACO Joint Stock Company.
Working Experience:
2000 - 2004 Deputy Manager, Sales Department
2004 - 2005 Deputy Manager, Administration Department
2005 - 2006 Member, Communist Party Branch; Manager, Administration Department
2006 - 2007 Member, Communist Party Branch; Member, Board of Directors;
Manager, Administration Department.
2007 - 2010 Member of the Central Committee, Communist Party Branch; Member,
Board of Directors; Manager, Administration Department; Chairwoman,
Labor Union.
2010 Deputy Party Secretary, Communist Party Branch; Member, Board of
Directors, Deputy General Director, Manager, Human Resource
Department, Chairwoman of Labor Union.
2011 Deputy Party Secretary of Communist Party Branch; Member, Board of
Directors, Deputy General Director, Chairwoman of Labor Union.



Full name Nguyen Huy Van
Born in 1967
Degrees Master of Pharmacology; Bachelors of Law; Advanced Degree in Political Theory
Position Member of the Central Committee, Communist Party Branch; Member, Board
of Directors; Deputy General Director.
Working Experience:
1996 - 1999 Manager, R&D Department
1999 - 2003 Member, Board of Directors; Manager, R&D Department
2003 - 2008 Member, Board of Directors; Deputy General Director; Manager, R&D Department.
2008 - 2010 Member, Board of Directors; Deputy General Director
2010 - now Member, Communist Party Branch; Member, Board of Directors;
Deputy General Director.
2003 - 2009 Chairman, TRAPHACO SAPA Limited Company.
2009 - now Member of the Central Committee, Communist Party Branch; Member,
Board of Directors; Deputy General Director



Full name Nong Huu Duc
Born in 1971
Degrees Pharmacist
Position Member of the Central Committee, Communist Party Branch, Member of
Board of Directors, Director of TRAPHACO Joint Stock Company Branch in
Hochiminh City.
Past position:
2002 - 2008 Branch Manger, TRAPHACO Joint Stock Company in Hochiminh City.
2008 - 2010 Member, Board of Directors; Branch Director, TRAPHACO Joint Stock
Company in Hochiminh City
2010 - now Member of the Central Committee, Communist Party Branch; Member,
Board of Directors; Director, TRAPHACO Joint Stock Company Branch in
Hochiminh City.



BOARD OF MANAGEMENT

- Ms. Vu Thi Thuan

General Director
- Ms. Nguyen Thi Mui

Deputy General Director
- Mr. Tran Tuc Ma

Deputy General Director
- Ms. Hoang Thi Ruoc

Deputy General Director
- Mr. Nguyen Huy Van

Deputy General Director
- Ms. Pham Thi Phuong

Deputy General Director



Full name
Born in
Degrees
Position
Working Experience
1993 - 1999
2003 - 2005

2006 - 2008

2008 - 2010
2010 till now

Pham Thi Phuong
1956
Pharmacist, Advanced degree in of Political Theory
Deputy General Director

Deputy Manager, Technical Manager of the Pharmaceutical and Medical Equipment Company
Member of the Central Committee, Communist Party Branch at TRAPHACO; Member, Board of Directors;
Deputy Director, Hoang Liet; Factory Director
Member of the Central Committee, Communist Party Branch at TRAPHACO; Deputy General Director; Director,
Hoang Liet Factory
Member of the Central Committee, Communist Party Branch at TRAPHACO; Deputy General Director
Deputy General Director



SUPERVISORY BOARD



Full name **Nguyen Tat Van**
Born in 1966
Profession Pharmacist I, Bachelor of Economics
Position *Manager of Quality Assurance Department and Chief Supervisor*

Working experience
1989 - 1990 Staff at the Railway Department of Health
1994 - 1998 Manager, Tube Medicine of Pharmaceutical Company, Ministry of Transport
1998 - now Manager, Quality Assurance, TRAPHACO Joint Stock Company



Full name **Nguyen Thi Hau**
Born in 1966
Profession Master of Pharmacy
Position *Director of Hoang Liet Factory*

Working experience
1990 - 1997 Pharmacy Staff, Vietnam-Sweden Hospital, Uong Bi, Quang Ninh Province
1997 - 2001 Manager, Vien Hoan Workshop, TRAPHACO Joint Stock Company
2001 - 2007 Deputy Manager, Administration Department, TRAPHACO Joint Stock Company
01/2008 - now Manager, Hoang Liet Factory



Full name **Nguyen Thi Kim Hoa**
Born in 1964
Profession Bachelor of Economics
Position *Working at the Sales Department of TRAPHACO Joint Stock Company Member of Board of Supervisors*

Working experience
1990 - 2008 Staff, Accounting Department, TRAPHACO Joint Stock Company
2008 - now Staff, Sales Department, TRAPHACO Joint Stock Company



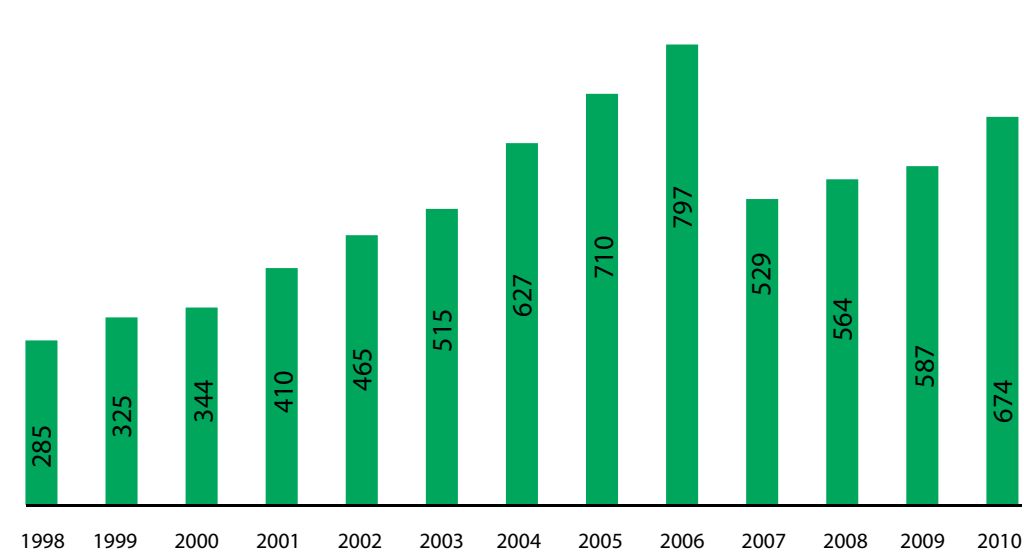
The medicinal daisy garden, TRAPHACO SAPA



NUMBER OF EMPLOYEES

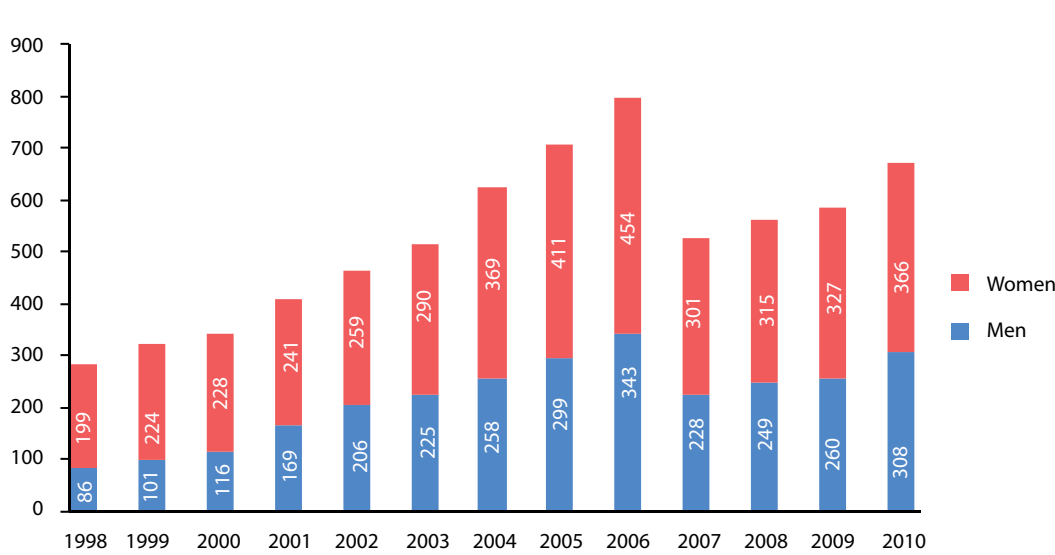
Ord.	Department	Number	Sex		Profession				Managers		Note
			Male	Female	After University	University, College	TC	SC, CN	Chief	Deputy	
1	Board of Management	6	2	4	5	1			1	5	
2	Human Resource	7		7	2	5				1	
3	Administration	31	22	9	1	7	3	20	1	2	
4	Accounting	13	1	12	1	12			1	2	
5	Marketing	20	7	13	1	16	3		1	2	
6	Planning	21	9	12		5	12	3	1	1	
7	Quality Control	22	12	10	2	14	6	2	1	2	
8	Quality Assurance	26	3	23	5	12	7	2	1	2	
9	Research and Development	36	9	27	4	23	2	7	1	2	
10	Export - Import	18	8	10	1	12	4	1	1	2	
11	Sales	161	95	66	3	43	67	48	1	2	
12	Hoang Liet Factory	189	56	133	1	7	59	122	6	4	
13	Ho Chi Minh City Branch	97	65	32	1	17	31	47	1	1	
14	Central Branch	27	19	8	1	6	11	9	1	1	
	Total:	674	308	366	28	180	205	261	18	29	

TOTAL NUMBER OF EMPLOYEES OVER THE YEARS



The total headcount of TRAPHACO has been increasing since 1998, with a spike in 2006 when it reached nearly 800. However, there was a significant decline in 2007. By end 2010, the total number of employees increased by 20% compared to 2007.

LABOR GRAPH BY SEX



In general, the number of female staffs is greater that of male staffs. This reflects of the preference for female workers in the recruitment process, which is unique to the pharmaceutical sector.



POLICIES FOR EMPLOYEES

EDUCATION AND TRAINING POLICIES

Employees are responsible for improving their skills, qualifications and capabilities to keep up with the growth of the Company. TRAPHACO considers human resource as its vital energy.

For employees who are sent by the Company to enroll in full-time university and post graduate programs shall be compensated as follows:

- Basic salary
- 100% health insurance and social insurance premium
- Partial or full tuition reimbursement depending on their tenures with Company

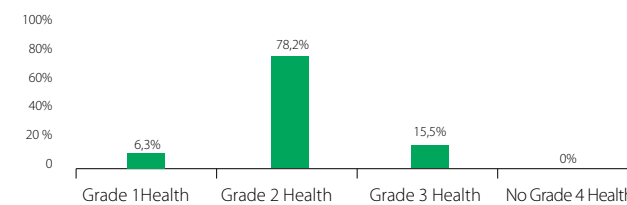
For part-time students, the Company will accommodate working hours and reimburse tuitions based on guidelines. For employees who are sent to short-term professional training courses upon their request or by assignment of the CEO, tuitions shall be paid for according to the Company's policies.

In 2010, the Company provided trainings for 1,153 employees with a total budget of over VND1 billion. 120 employees received intensive and advanced professional trainings, 28 attended leadership trainings and 735 received soft skills trainings. Regular trainings were also provided to 300 employees.

The regular training programs were upgraded in 2010 to include the "Golden Hands" competition for production workforce, training for pharmaceutical sales representatives in the Northern and Southern Regions. Trainings were also combined with team building activities, outdoor retreats, games, sporting events, especially the team event to climb Mount Fansipan which aimed at promoting physical and mental endurance exercises as well as overcoming challenges mentalities.

HEALTH CARE

The Company conducted annual medical check-ups for all its employees. In 2010, annual check-ups were provided to 100% of employees in Hanoi and Ho Chi Minh City as planned. As such:

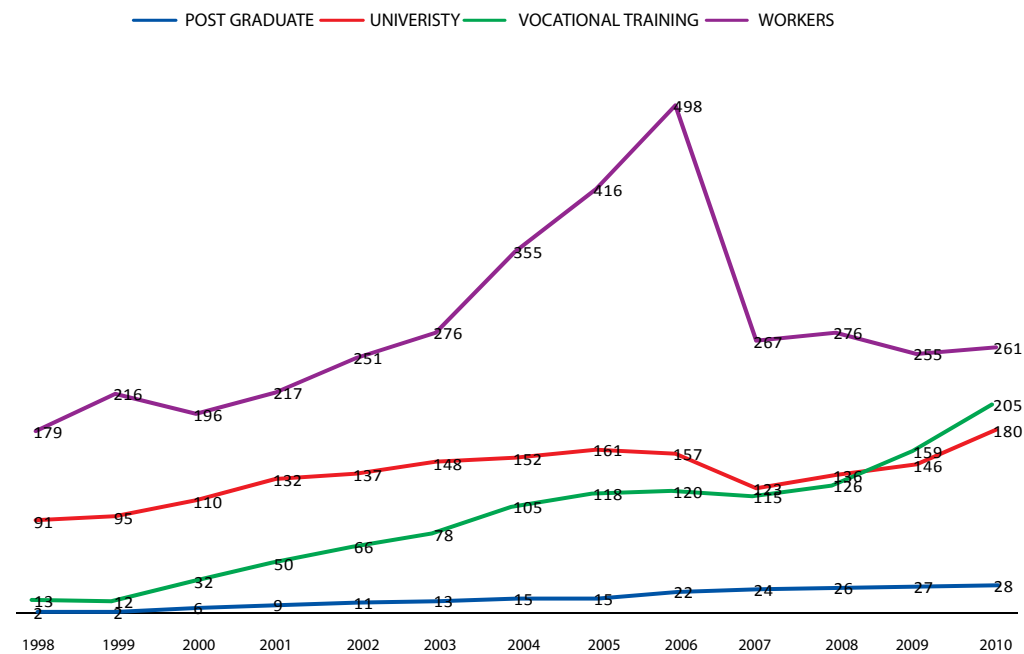


The expense for in-house healthcare and medical check-ups for employees in 2010 amounted to VND 170 million.

100% of female employees received gynaecology check-ups and 326 female employees were provided with tampons for free on a quarterly basis.

In addition to the required health and social insurances, the Company also has been providing accident insurance for all employees since 2004. From 2009, the Company bought 5-year term life insurance policies for employees.

EMPLOYEES' QUALIFICATION GRAPH



Over the last 12 years, the professional qualification of staffs has been continuously improved. In particular, the number of staffs with post-graduate degrees increased 14 times compared to that of 1998. Workers still accounted for a significant portion of the labor force. In the next five years, TRAPHACO plans to improve the quality of its labor force through training and selective recruitment.



Celebrating International Women Day



TRAPHACO's "Golden Hand" Contest

Compensation of employees working in hazardous environments amounted to VND100million.

Gas and mobile phone allowances for employees were VND300,000 per person per annum, equivalent to an annual expense amount of VND2.3 billion per year for the whole company.

The Company also had an anti-heat in-kind allowance which was paid twice a year and each employee received 02kg of sugar and 40 bottles of milk.

WORKPLACE SAFETY

Protective gears: two sets per person per year with a budget of VND 100 million.

Tailored office uniform for all staffs was VND 2.5 million per staff, totaling VND1.68 billion for the whole Company.

Sanitizing the working environment: 03 times per year, including 05 times of spraying cloramin B at the water-waste treatment and WC areas.

Environment assessment: 03 times

Environment observant test: Once per year with 455 samples taken

Circulated training materials on first aids and preventative measures for seasonal diseases to local general hygienists and 500 brochures on HIV/AIDS to employees.

Received the certificate for Safe Kitchen

Regular safety checks for electrical equipments and machineries, new equipments for production facilities: VND4.3 billion.

Additional fire safety equipments and warehouse improvements: VND5 billion.

Regular trainings on GMP, Labor Safety and Sanitation

TRANSPARENCY AND DEMOCRACY

Monthly public announcements were made on business results and the implementation of policies related to the employees' rights and obligations. Regular discussions were conducted with the Labor Union to align around business targets, the Enterprise's strategies and measures to achieve these targets in 2010.

Employee forums were also organized to: review 2010 business results, discuss the implementation of the collective labor agreement and the use of the welfare fund; departmental representatives were encouraged to voice up their opinions; at the forums, the management team addressed all questions, concerns and proposals from the employees.

In 2010, TRAPHACO also conducted a review of the Company's regulations and sought opinions from employees to amend and supplement the regulations. The Company will issue the amended regulations after completing two rounds of review with employees.



**CAPTURING THE ESSENCE
OF TECHNOLOGY**

2010 FINANCIAL STATEMENTS

- STATEMENT OF THE BOARD OF MANAGEMENT
- INDEPENDENT AUDITOR'S REPORT
- CONSOLIDATED BALANCE SHEETS
- STATEMENTS OF INCOME
- STATEMENTS OF CASH FLOWS
- NOTES TO THE FINANCIAL STATEMENTS

2010 FINANCIAL STATEMENTS

The Board of General Directors of Traphaco Joint Stock Company (the “company”) presents its report and the Company’s Consolidated Financial Statements for the fiscal year ended as at 31 December 2010.

COMPANY

Traphaco Joint Stock Company is a joint stock company which was transformed from State-owned Company into Joint-Stock Company under Decision No. 2566/1999/QDD-BGTVT dated 27 September 1999 of Mister of Transport. The company issued identification numbers from the business license number 058437 by Hanoi office for Planning and Investment dated 24 December 1999 into business license number 0100108656, issued on 18 August 2010 (the 12th change).

The company’s head office is located at 75 Yen Ninh - Quan Thanh - Ba Dinh - Hanoi

BOARD OF MANAGEMENT, BOARD OF GENERAL DIRECTORS AND BOARD OF CONTROLLERS

The members of The Board of Management in the fiscal year and to the reporting date are:

Mrs. Vu Thi Thuan	Chairman
Mrs. Nguyen Thi Mui	Vice Chairman
Mr. Nguyen Huy Van	Member
Mr. Tran Tuc Ma	Member
Mrs. Hoang Thi Ruoc	Member
Mr. Nong Huu Duc	Member

The members of The Board of General Directors in the fiscal year and to the reporting date are:

Mrs. Vu Thi Thuan	General Director
Mrs. Nguyen Thi Mui	Deputy General Director
Mrs. Pham Thi Phuong	Deputy General Director
Mr. Nguyen Huy Van	Deputy General Director
Mr. Tran Tuc Ma	Deputy General Director
Mrs. Hoang Thi Ruoc	Deputy General Director

The members of the Board of Controllers are:

Mr. Nguyen Tat Van	Head of Control Department
Mrs. Nguyen Thi Kim Hoa	Member
Mrs. Nguyen Thi Hau	Member

AUDITORS

The auditors of Auditing and Accounting Financial Consultancy Service Company Limited (AASC) take the audit of Consolidated Financial Statements for the Company.

STATEMENT OF THE BOARD OF GENERAL DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of General Directors is responsible for the Consolidated Financial Statements of each financial year which give a true and fair view of the state of affairs of the Company and of its operation results and cash flows for the year. In preparing those Consolidated Financial Statements, The Board of General Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements; and
- Prepare the Consolidated Financial Statements on the basis of compliance with accounting standards and system and other related regulations
- Prepare the Consolidated Financial Statements on going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of General Directors is responsible for ensuring that proper accounting records are kept which disclosed, with reasonable accuracy at any time, the financial position of Company and to ensure that the accounting records comply with the registered accounting system. It is responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

We, The Board of General Directors, confirm that the Consolidated Financial Statements for the fiscal year ended as at 31 December 2010 prepared by us, give a true and fair view of the financial position at 31 December 2010, its operation results and cash flows in the year 2010 of Company accordance with the Vietnamese Accounting System and comply with relevant statutory requirements.

Other commitments

The Board of General Directors pledges that the company does not offend obligation of information disclosure under regulation in Circular No. 09/2010/TT-BTC dated 15 January 2010 issued by Ministry of Finance guiding disclosure of information on Securities Market.

On behalf of The Board of General Directors



Vu Thi Thuan
General Director
Hanoi, 24 February 2011

No: 115/2011/BC.KTTC-AASC.KT5

INDEPENDENT AUDITOR'S REPORT

On the Consolidated Financial Statements for the fiscal year ended as at 31 December 2010 of Traphaco Joint Stock Company

To : Shareholders, The Board of Management and The Board of General Directors Traphaco Joint Stock Company

We have audited the Consolidated Financial Statements of Traphaco Joint Stock Company prepared on 24 February 2011 including: Balance Sheet as at 31 December 2010, Income Statement, Cash Flow Statement and Notes to Financial Statements for the fiscal year ended as at 31 December 2010 as set out on pages 05 to 27*.

These Consolidated Financial Statements are the responsibility of the Company's The Board of General Directors. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

Basis of opinion

We conducted our audit in accordance with Vietnamese and International standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the compliance with current accounting standards and system and the accounting principles used and significant estimates made by General Director, as well as evaluating the overall Consolidated Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Auditor's opinion

In our opinion, the Consolidated Financial Statements of Traphaco Joint Stock Company give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2010, and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and system and comply with relevant statutory requirements.

Công ty TNHH Dịch vụ Tư vấn Tài chính
Kế toán và Kiểm toán (AASC)

Nguyễn Quốc Dũng
Phó Tổng Giám đốc
Chứng chỉ KTV số: 0285/KTV

Hà Nội, ngày 25 tháng 02 năm 2011

Trần Thị Mai Hương
Kiểm toán viên
Chứng chỉ KTV số: 0593/KTV

(*) From page 75 to 97

CONSOLIDATED BALANCE SHEETS

As at 31 December 2010

UNIT: VND

Code	ASSETS	Note	31/12/2010	01/01/2010
100	A. CURRENT ASSETS		489,064,704,123	342,851,703,489
110	I. Cash and cash equivalents		29,068,347,374	5,433,848,068
111	1.Cash	3	9,068,347,374	5,433,848,068
112	2. Cash equivalents		20,000,000,000	-
120	II. Short-term investments		819,000,000	567,000,000
121	1. Short-term investments		819,000,000	567,000,000
130	III. Short-term accounts receivable		267,131,929,398	215,669,728,443
131	1. Trade receivables		236,864,185,255	195,362,720,322
132	2. Advances to suppliers		27,015,879,479	19,928,466,029
135	5. Other receivables		4,954,608,325	2,170,808,697
139	6. Provisions for short-term bad debts(*)	5	(1,702,743,661)	(1,792,266,605)
140	IV. Inventory		186,291,250,860	117,964,375,418
141	1. Inventory	6	186,291,250,860	117,964,375,418
150	V. Other current assets		5,754,176,491	3,216,751,560
152	2. VAT deductibles		3,820,909,492	912,747,483
158	4. Other current assets	7	1,933,266,999	2,304,004,077
200	B. NON- CURRENT ASSETS		89,803,414,018	63,142,830,893
220	II. Fixed assets		85,891,450,840	59,686,632,638
221	1. Tangible fixed assets	8	57,615,354,836	43,011,342,405
222	- Cost		128,324,589,488	107,005,421,817
223	- Accumulated depreciation (*)		(70,709,234,652)	(63,994,079,412)
227	3. Intangible fixed assets	9	16,747,480,165	15,322,132,165
228	- Cost		16,747,480,165	15,322,132,165
230	3. Construction in progress	10	11,528,615,839	1,353,158,068
250	IV. Long	11	2,250,000,000	2,250,000,000
258	4. Other long		2,250,000,000	2,250,000,000
260	V. Other long-term assets		469,262,449	1,206,198,255
261	1. Long-term prepaid expenses	12	331,180,991	1,037,533,963
262	2. Deferred tax assets		84,598,508	117,016,342
268	3. Other long-term assets		53,482,950	51,647,950
269	VI. Goodwill		1,192,700,729	1,376,193,149
270	TOTAL ASSETS		578,868,118,141	407,370,727,531

CONSOLIDATED BALANCE SHEETS (continue)

As at 31 December 2010

UNIT: VND				
Code	RESOURCE	Note	31/12/2010	01/01/2010
300	A. LIABILITIES		229,729,744,090	121,841,993,076
310	I.Current liabilities		226,070,171,614	118,134,171,668
311	1. Short-term loans and debts	13	86,076,863,042	57,641,177,489
312	2. Trade payables		108,752,744,821	26,986,122,350
313	3. Advances from customers		2,233,094,209	601,842,491
314	4. Tax payables and statutory obligations	14	17,536,757,981	15,885,064,778
315	5. Payables to employees		5,549,608,526	11,198,182,269
316	6. Accrued expenses	15	137,040,035	1,502,795,766
319	9. Other payables	16	5,537,267,801	3,515,748,601
323	11. Bonus and welfare fund		246,795,199	803,237,924
330	II. Long-term liabilities		3,659,572,476	3,707,821,408
336	6. Provision for unemployment allowances		3,659,572,476	3,707,821,408
400	B. OWNER'S EQUITY		349,138,374,051	285,528,734,455
410	I.Owner's equity	17	349,096,519,711	285,750,880,115
411	1. Contributed legal capital		123,398,240,000	101,981,500,000
412	2. Share capital surplus		92,063,700,000	92,063,700,000
414	4. Treasury stocks (*)		(3,593,000)	(2,520,000)
416	6. Foreign exchange differences		1,728,925,854	(407,499,441)
417	7. Investment and development fund		54,512,922,444	51,515,179,504
418	8. Financial reserve fund		11,174,870,036	8,622,511,847
420	10.Retained profit		66,221,454,377	31,978,008,205
430	II. Other capital and funds		41,854,340	(222,145,660)
432	1. Subsidized not-for-profit funds	18	41,854,340	(222,145,660)
440	TOTAL RESOURCE		578,868,118,141	407,370,727,531

OFF-BALANCE SHEET ACCOUNTS

UNIT: VND				
ITEM	Note	31/12/2010	01/01/2010	
5. Foreign currencies				
- USD		8,764.76	3,139.29	


Dinh Trung Kien
Chief Accountant
Prepared, 24 February 2011


Vu Thi Thuan
General Director

STATEMENTS OF INCOME

Year 2010

UNIT: VND				
Code	ITEM	Note	Year 2010	Year 2009
01	1. Revenue from sale of goods and rendering of services	19	869,798,826,310	753,766,984,836
02	2. Deductible items		10,036,654,110	6,725,899,684
10	3. Net revenue from sale of goods and rendering of services		859,762,172,200	747,041,085,152
11	4. Cost of goods sold	20	596,068,780,115	531,919,771,171
20	5. Gross profit from sale of goods and rendering of services		263,693,392,085	215,121,313,981
21	6. Revenue from financial activities	21	4,282,299,823	4,637,720,698
22	7. Financial expenses	22	11,609,106,377	6,793,842,404
23	<i>In which: Interest payable</i>		9,849,281,942	4,619,625,653
24	8. Selling expenses		118,151,242,367	99,426,062,384
25	9. Administrative expenses		46,986,026,190	39,046,083,826
30	10. Net profit from operating activities		91,229,316,974	74,493,046,065
31	11. Other income		207,781,136	682,158,597
32	12. Other expense		16,375,625	5,618,209,988
40	13. Other profit		191,405,511	(4,936,051,391)
50	14. Total profit before tax		91,420,722,485	69,556,994,674
51	15. Current business income tax expenses	23	25,140,236,698	18,626,847,235
52	16. Deferred business income tax expenses		32,417,834	(117,016,342)
60	17. Profit after tax		66,248,067,953	51,047,163,781
70	18. Basic earnings per share	24	6,047	6,231

Dinh Trung Kien
Chief Accountant
Prepared, 24 February 2011

Vu Thi Thuan
General Director

STATEMENTS OF CASH FLOWS

(Under direct method) - Year 2010

UNIT: VND				
Code	ITEM	Note	Year 2010	Year 2009
I. Cash flows from operating activities				
01	1. Revenue from sale of goods and rendering services and other revenue		880,453,651,839	744,871,239,452
02	2. Cash paid to suppliers		(693,789,868,081)	(667,120,049,298)
03	3. Cash paid to employees		(85,673,743,603)	(52,295,779,564)
04	4. Interest paid		(9,745,854,286)	(4,592,013,273)
05	5. Enterprise income tax paid		(23,923,371,030)	(15,447,106,815)
06	6. Other receipts from operating activities		4,660,409,344	6,527,780,784
07	7. Other expenses on operating activities		(44,921,399,707)	(48,617,335,778)
20	<i>Net cash flows from operating activities</i>		27,059,824,476	(36,673,264,492)
II. Cash flow from investing activities				
21	1. Purchase of fixed assets and other long-term assets		(32,402,415,169)	(6,538,674,589)
22	2. Proceeds from disposals of fixed assets and other long-term otherLoans to assets entities and purchase of debt		201,818,182	215,000,000
23	3. instruments of other entities		(1,315,000,000)	(2,660,000,000)
24	4. Repayment from borrowers and proceeds from sales of debt instruments of other entities		986,500,000	20,501,500,000
27	7. Interest, dividends and profit received		886,515,264	4,534,632,630
30	<i>Net cash flows from investing activities</i>		(31,642,581,723)	16,052,458,041
III. Cash flows from financing activities				
32	2. Fund returned to equity owners, issued stock redemption		(1,073,000)	(2,520,000)
33	3. Long-term and short-term borrowings received		149,794,880,417	86,278,056,712
34	4. Loan repayment		(121,359,194,864)	(53,879,877,410)
36	6. Dividends, profit paid to equity owners		(217,356,000)	(16,517,469,000)
40	Net cash flows from financing activities		28,217,256,553	15,878,190,302
50	Net cash flows within the period		23,634,499,306	(4,742,616,149)
60	Cash and cash equivalents at the beginning of year		5,433,848,068	10,176,464,217
70	Cash and cash equivalents at the end of year		29,068,347,374	5,433,848,068

Dinh Trung Kien
Chief Accountant
Prepared, 24 February 2011

Vu Thi Thuan
General Director

NOTES TO THE FINANCIAL STATEMENTS

Year 2010

1. BACKGROUND

Forms of Ownership

Traphaco Joint Stock Company is a joint stock company which was transformed from State-owned Company into Joint- Stock Company under Decision No. 2566/1999/QDD-BGTVT dated 27 September 1999 of Mister of Transport. The company issued identification numbers from the business license number 058437 by Hanoi office for Planning and Investment dated 24 December 1999 into business license number 0100108656, issued on 18 August 2010 (the 12th change). On 30 December 2010, the Company changed its business lisenice of the 13th..

The company's head office is located at 75 Yen Ninh - Quan Thanh - Ba Dinh – Hanoi

Company's Legal capital: VND 123,398,240,000 (One hundred twenty three billion, three hundred ninety eight million, two hundred and forty thousand Vietnamese Dongs). Equivalent to 12,339,824 shares with the price of VND 10,000 per share.

The Company's subsidiaries are as follows:

Name	Address	Principle activities
Ho Chi Minh Branch	Ho Chi Minh city	Trade in pharmaceuticals, foods, cosmetics, chemicals, supplies, medical equipment, im- port and export of raw materials for drugs, drug products.
Da Nang Branch	Da Nang City	
Nam Dinh Branch	Nam Dinh Province	
Nghe An Branch	Nghe An Province	
Thanh Hoa Branch	Thanh Hoa Province	
Vinh Long Branch	Vinh Long Province	

The Company's subsidiary is as follows:

Name	Address	Proportion of actual contribution	Proportion of regis- tered contribution	Principle activities
Trophacosapa One Member Limited Company	Lao Cai Province	100%	100%	Cultivating and processing medicinal, agricultural and forest products and food; Producing, trading pharmaceutical products, medicinal herbs, food;...

Capital of Traphacosapa One member Limited company is VND 3,350,000,000 (Three billion, three hundred and fifty million Vietnamese Dongs).

Business field

Under the 13th Business License issued by Hanoi office for Planning and Investment dated 30 December 2010, the Company's business fields are:

- Producing, sales of wine, beer, soft drinks (not including business in bars);
- Consulting on Science and Technology services, Technology transfer in the field of medicine and pharmacy;
- Manufacturing, trading food;
- Manufacturing, trading cosmetics;
- Import and export raw materials for drugs and drug products;
- Consulting on producing pharmaceutical, cosmetics;
- Dispensing prescription drugs;
- Manufacturing and trading Pharmaceutical, chemicals and medical equipment;
- Purchasing, cultivating, processing medicinal herbs

2. ACCOUNTING SYSTEM AND ACCOUNTING POLICY

2.1 Accounting period and accounting monetary unit

Annual accounting period commences from 1st January and ends on 31st December.

The Company maintains its accounting records in VND

2.2 Accounting Standards and Accounting system

Accounting System

The company applies Enterprise Accounting System issued under Decision No.15/2006/QĐ-BTC dated 20 March, 2006 by Minister of Finance amended and supplemented in accordance 244/2009/TT-BTC dated 31/12/2009 Cir- cular of the Minister of Finance.

Announcement on compliance with Vietnamese standards and accounting system

The company applies Vietnamese Accounting Standards and supplement documents issued by the State. Fi- nancial statements are prepared in accordance with regulations of each standard and supplement documents as well as with current accounting system.

Form of accounting record

The company is applying accounting record by computer.

2.3 Basis for consolidation of financial statements

Consolidated financial statements are prepared based upon consolidating separate financial statements of the Company and subsidiaries under its control as at 31 December annually. Control rights is in practice when the company has power to govern the financial and operating policies of invested companies to obtain benefits from their activities.

Financial statements of subsidiaries are prepared for the same fiscal year with that of parent companies. If necessary, financial statements of subsidaries may be adjusted to ensure the consistence between accounting policies applied at the company and its subsidiaries.

Operation results of subsidiaries which were purchased or liquidated in the period are presented on consolidated

financial statements since the purchasing or liquidated dates.

Balance, main income and expense, including unrealized profits from intra-group transactions are eliminated in full from consolidated financial statements.

Minority interest reflecting profits or losses and net assets which are not held by shareholders of the company will be presented in a separate item on consolidated balance sheet and consolidated income statement.

2.4 Goodwill

Goodwill presented on consolidated financial statements is the surplus between its purchase cost and benefit of the company in total fair value of assets, liabilities and contingent liabilities of subsidiaries, associates or jointventures at the investment date. Goodwill is treated as intangible fixed assets, amortized under straight-line basis with estimated useful life not beyond 08 years.

When selling subsidiaries, associates and joint ventures, the carrying amount of goodwill which is not fully amortised is accounted into profit/loss of the selling transaction.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

2.6 Receivables

Receivables is presented on the Financial statements according to book value of trade receivable and other receivables after deducting provision for bad receivable debts.

The provision for bad receivable debts is made for each bad receivable debt based on overdue period of debts or possible loss.

2.7 Inventories

Inventories are stated at original cost. Where the net realizable value is lower than cost, inventories should bemeasured at the net realizable value. The cost of inventories comprise the purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventory at the year-end is calculated by weighted average method.

Inventory is recorded by perpetual method

2.8 Fixed assets and depreciation of fixed assets

Fixed assets (tangible and intangible) are stated at the historical cost. During the using time, fixed assets (tangible and intangible) are recorded at cost, accumulated depreciation (armotisation) and net book value.

Depreciation is provided on a straight-line basis. Annual rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Buildings	15 – 25 year
Machinery, equipment	06 – 07 year
Transportation equipment	05 – 08 year
Office equipment and furniture	03 – 06 year
Other assets	05 – 15 year

2.9 Financial investment

Investments in subsidiaries over which the Company has control rights are stated at original cost. Distributions from accumulated net profits from subsidiaries arising subsequent to the date of acquisition are recognized in the Statement of comprehensive income. Other distributions received (in excess of such profits) are considered a recovery of investment and are deducted to the cost of the investment.

Financial investment at the balance sheet date, if:

- Having maturity not over than 3 months from the date of acquisition are recognized as “cash equivalents”;
- Having maturity less than 1 year/1 operating cycle are recognized as short-term assets;
- Having maturity over than 1 year/1 operating cycle are recognized as long-term assets.

Provisions for devaluation of investments are made based on the excess of original cost in accounting books over their market value at year-end.

2.10 Borrowing costs

Borrowing costs are recognized into operating costs during the period, except for which directly attributable to the acquisition, construction or production of a qualifying asset included (capitalized) in the cost of that asset, when gather sufficient conditions as regulated in SAV No. 16 “Borrowing costs”.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes more than 12 months to put into use under certified purposes or for sale should be included (capitalized) in the cost of that asset, including interest on borrowings, amortization of discounts or premiums relating to issuing bonds and ancillary costs incurred in connection with the arrangement of borrowings.

2.11 Prepaid expenses

Prepaid expenses only related to present fiscal year are recognised as short-term prepaid expenses and are recorded into operating costs.

Prepaid expenses incurred during the year but related to business operations of several years are recorded as long-term prepaid expenses and are amortised to the income statement in several years.

The calculation and allocation of long-term prepaid expenses to profit and loss account in the period should be based on nature of those expenses to select a reasonable method and allocated factors. Prepaid expenses are allocated partly into operating expenses on a straight-line basis.

2.12 Accrued expenses

Expenses not yet occurred may be charged in advance into production and operating costs in order to ensure when these expenses arise, they do not make material influence on production and operating costs on the basis of suitability between revenue and cost. When these expenses arise, if there is any difference with the amount charged, accountants additionally record or make decrease to cost equivalent to the difference.

2.13 Owner’s equity

Owner’s equity is stated at actually contributed capital of owners.

Premium reserve is recorded by the difference (over/under) between the selling price and the par value of treasury stocks when stocks are firstly or additionally issued or reissued. Direct expenses related to the additional issuance of shares or reissuing treasury stock is recorded to reduce the surplus capital stock..

Treasury stocks is stocks issued and reacquired by the company. Treasury stocks is stated at actual value and represented in Statement of Financial position as a deduction in owner’s equity. Profits (losses) are not recorded when the Company acquires, sells, issues or cancels treasury stocks..

Profit after tax retained is the profit of business operations after deduction (-) regulated items due to applying a change in accounting retrospectively or to make a retrospective restatement to correct materiality in previous years. The profit is available for appropriation to investors after approval by Board of Management and after making appropriation to reserve funds in accordance with the Company’s Charter and Vietnamese regulatory requirements..

Dividends to be paid to shareholders are recognised as a payable in Statement of financial possiton after declaration from the Board of Management.

2.14 Foreign currency transactions

Transactions in currencies other than the currencies of the Company (VND/USD) are recorded at the rate of exchange ruling at the dates of transactions. All exchange differences arising on settlement will be recorded into the financial income or expense in the fiscal year. Monetary assets denominated in foreign currencies are revalued at the inter-bank exchange rate issued by the State Bank of Vietnam at the balance sheet date. Exchange differences by revaluating monetary assets and short- term debts denominated in foreign currencies at the year end are presented at the “Exchange difference”, in the Owner’s equity on Statement of Financial Position and will be decreased in the next year. Exchange differences by revaluating long-term debts denominated in foreign currencies at the year end are recorded into the Statement of comprehensive income in the fiscal year. However, in case loss due to foreign exchange difference by revaluating monetary long-term debts at the year end leads the Company to unprofitable, a part of exchange differences could be allocated in next years, but the exchange differences recorded into the expense in the period must be equal to exchange differences of current portion of foreign long-term debts at least. The rest will be allocated in the following years.

2.15 Revenue

Sale of goods

Revenue from sale of goods should be recognized when all the following conditions have been satisfied:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer;
- The Company retains neither continuing managerial involvement as a neither owner nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- The economic benefits associated with the transaction of goods sold have flown or will flow to the Company;
- The costs incurred or to be incurred in respect of the transaction of goods sold can be measured reliably.

Rendering of services

Revenue from rendering of services is recognized when the outcome of that transaction can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, each period's revenue should be recognized by reference to the stage of completion at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion of the transaction at the balance sheet date can be measured reliably;
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The stage of completion of a transaction may be determined by surveys of work completed method.

Sales return

Traphaco Joint Stock Company will receive returns in the case of slow sales (exact number of lots of TraphacoJoint Stock Company) delivered within 90 days from the date of receipt of goods and the buyer must have a written record attached.

Accordingly, in 2010, sales of slow rotation that the company has received is VND 3,892,556,263.

Financial income

Income from interest, royalties and dividends and other financial income earned by the Company should be recognized when these two conditions are satisfied:

- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The amount of the income can be measured reliably.

Dividends should be recognized when the Company's right to receive payment is established

2.16 Financial expenses

Items recorded into financial expenses consist of:

- Expenses or losses relating to financial investment activities;
- Expenses of capital lending and borrowing;
- Loss due to foreign exchange differences arising from transactions relating to foreign currencies;
- Provision for devaluation of securities investment.

The above items are recorded by the total amount arising within the period without compensation to financial revenue.

2.17 Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

3. CASH

UNIT: VND

	31/12/2010	01/01/2010
Cash on hand	2,977,782,184	1,039,425,204
Cash at bank	6,090,565,190	4,394,422,864
	9,068,347,374	5,433,848,068

4. . SHORT- TERM FINANCIAL INVESTMENTS

UNIT: VND

	31/12/2010	01/01/2010
Others short- term financial investments (lending)	819,000,000	567,000,000
	819,000,000	567,000,000

5. OTHER SHORT- TERM RECEIVABLES

UNIT: VND

	31/12/2010	01/01/2010
Other Receivables at Traphaco Joint Stock Company	4,878,061,165	2,099,713,197
- Receivables from collaborators	345,565,400	345,565,400
- Mr, Hoang Ngoc Dai	-	400,232,802
- Welfare	3,137,949,853	-
- Management Board remuneration	1,174,916,309	-
- Mr. Nguyen Xuan Canh	90,000,000	-
- Others	129,629,603	1,353,914,995
Other Receivables at Traphacosapa One Member Limited Company	76,547,160	71,095,500
	4,954,608,325	2,170,808,697

6. INVENTORY

UNIT: VND

	31/12/2010	01/01/2010
Raw material	63,207,084,039	53,012,562,810
Work in process	18,778,125,002	14,453,635,399
Finished goods	28,676,541,049	21,030,960,047
Merchandise	75,629,500,770	29,467,217,162
Total cost of inventories	186,291,250,860	117,964,375,418

7. OTHER CURRENT ASSETS

UNIT: VND

	31/12/2010	01/01/2010
Advances	1,916,766,999	1,583,920,475
Short-term deposits, mortgages and collateral	16,500,000	720,083,602
	1,933,266,999	2,304,004,077

8. TANGIBLE FIXED ASSETS

UNIT: VND

Original cost	Buildings	Machinery, equipment	Transportation equipment	Management equipment	Total
Opening balance	39,476,429,461	36,229,093,815	20,525,117,002	10,774,781,539	107,005,421,817
Increase	7,510,780,159	7,173,731,135	7,662,689,237	263,926,119	22,611,126,650
-Purchase in the year	-	7,173,731,135	7,662,689,237	263,926,119	15,100,346,491
-Finished construction investment	7,510,780,159	-	-	-	7,510,780,159
Decrease	(664,824,203)	(104,550,000)	(419,658,076)	(102,926,700)	(1,291,958,979)
-Liquidating, disposing	(664,824,203)	(104,550,000)	(419,658,076)	(102,926,700)	(1,291,958,979)
Closing balance	46,322,385,417	43,298,274,950	27,768,148,163	10,935,780,958	128,324,589,488
Accumulated depreciation					
Opening balance	18,889,451,407	23,694,216,099	12,549,530,293	8,860,881,613	63,994,079,412
Increase	2,285,945,339	2,873,336,082	1,986,647,432	856,658,995	8,002,587,848
-Depreciation within period	2,285,945,339	2,873,336,082	1,986,647,432	856,658,995	8,002,587,848
Decrease	(664,824,203)	(92,550,000)	(419,658,076)	(110,400,329)	(1,287,432,608)
-Liquidating, disposing	(664,824,203)	92,550,000)	(419,658,076)	110,400,329)	(1,287,432,608)
Closing balance	20,510,572,543	26,475,002,181	14,116,519,649	9,607,140,279	70,709,234,652
Net book value					
Opening	20,586,978,054	12,534,877,716	7,975,586,709	1,913,899,926	43,011,342,405
Closing	25,811,812,874	16,823,272,769	13,651,628,514	1,328,640,679	57,615,354,836

In which:

- Ending net book value of tangible fixed assets pledged as loan securities: VND 27,907,459,385
- Cost of fully depreciated tangible fixed assets but still in use: VND 42,228,616,789

9. INTANGIBLE FIXED ASSETS

UNIT: VND

	Area (m ²)	Cost
Land use rights at 255 Ton Duc Thang - Lien Chieu - Da Nang City (*)	283.10	2,618,528,525
Land use rights in Phuoc Kien commune - Nha Be - Ho Chi Minh	234.60	7,795,378,640
City use rights at new urban area Hoa Vuong - Nam Dinh CityLand	288.75	2,350,425,000
Land use rights in Vinh Tan ward - Vinh city - Nghe An Province - Cua Ong (plot No. 581)	307.20	1,290,240,000
Land use rights in Vinh Tan ward - Vinh city - Nghe An Province - Cua Ong (plot No. 582)	301.80	1,267,560,000
Land use rights at urban area Vinh Diem Trung	306.00	1,425,348,000
		16,747,480,165

10. CONSTRUCTION IN PROGRESS

UNIT: VND

	31/12/2010	01/01/2010
Construction in progress	6,616,257,888	1,353,158,068
- New office construction in Ho Chi Minh Branch	1,369,237,341	47,902,584
- Office construction at Hoang Liet	785,730,681	622,559,591
- Office construction at Yen Ninh	686,690,409	588,042,802
- Office construction in Nghe An Province	-	67,454,455
- Office construction in Thanh Hoa Province	-	10,073,636
- Office construction in Hai Phong Province	3,140,368,181	-
- Traphaco Medicals factory	27,749,461	-
- Office construction in Nha Trang	606,481,815	-
- Other construction	-	17,125,000
Fixed assets prior to commissioning	4,912,357,951	-
- Assets in process of assembling and testing	4,912,357,951	-
	11,528,615,839	1,353,158,068

11. LONG-TERM INVESTMENTS

UNIT: VND

	31/12/2010	01/01/2010
Other long-term investments	2,250,000,000	2,250,000,000
Traphaco High Tech Joint Stock Company (owning 225,000 shares, par value VND 10,000/01 share)	2,250,000,000	2,250,000,000
	2,250,000,000	2,250,000,000

12. LONG-TERM PREPAID EXPENSES

UNIT: VND

	31/12/2010	01/01/2010
Tools and consumables with large value issued into production	-	44,000,000
Repair cost of Hoang Liet factory	331,180,991	993,533,963
	331,180,991	1,037,533,963

13. SHORT-TERM LOANS AND DEBTS

UNIT: VND

	31/12/2010	01/01/2010
Short-term loans	86,076,863,042	57,641,177,489
- From banks	63,321,254,042	39,651,321,489
- From other entities	22,755,609,000	17,989,856,000
	86,076,863,042	57,641,177,489

Detail of short-term loans

Bank for Investment and Development of Vietnam	-	13,200,707,116
VN Joint Stock Commercial Bank for Industry and Trade (1)	63,321,254,042	26,450,614,373
Other individuals (2)	22,755,609,000	17,989,856,000
	86,076,863,042	57,641,177,489

Detail information on short-term loans is as follows

(1) Credit Contract No. 01-2010/HDTD on 01/07/2010, amendments and supplements of the credit contract No. 01/VBSD-2010 dated 27/8/2010, with the terms detailed below:

- + Credit limit is VND 70 billion; This limit includes outstanding debt to the date of 30/06/2009 of the credit contract No. 01-2009/HDTD dated 30/06/2009.
- + Loan purpose: To make payment for purchase contracts of supplies and goods, raw materials, fuel and other costs for production and business activities according to business fields and the business plan, business plan in 2010.
- + Loan duration: Record on every paper, but the debt must not exceed 6 (six) months from the date of receiving the loan.
- + Interest Rate (IR): Applying the floating method (IR = IR of savings mobilization following interest payment 6 months + margin); At the date of Credit Contract, the rate is 13% per year for VND and 5.8% per year for US dollars. The amplitude of this prescribed minimum of 3% for loan in VND and 2.8% for foreign currency loans.
- + Form of loan security: Mortgage assets of the company:
 - Factory associated with land use rights and machinery in factories producing drugs in Hoang Liet, worth of assets are VND 13,162,000,000;
 - Pledge is office in Hochiminh Branch - Traphaco Joint Stock Company, address No. 108/14/28, Road No. 3/2, Ward No. 14, District No. 10, Hochiminh City, total assets value are VND 3,855,000,000;

- Pledge is office in Da Nang Branch - Traphaco Joint Stock Company at 255 Ton Duc Thang, Minh Hoa ward, Lien Chieu Districts, Da Nang City, asset's value is VND 3,050,000,000.
- Pledges are machinery producing drugs, transportation vehicle, assets' value is VND 15,549,000,000.

(2) Borrowing from individuals with the terms detail below:

- Loan purpose: Additional working capital for production and business activities;
- + Loan duration: 12 months;
 - + Interest rate: from 1.25% to 1.5% per month;
 - + Form of loan security: Trust.

14. TAX AND STATUTORY OBLIGATIONS

	UNIT: VND	
	31/12/2010	01/01/2010
VAT	279,851,697	595,467,799
Export, import duties	232,365,688	16,881,501
Business income tax	15,533,812,134	14,316,946,466
Personal income tax (*)	1,490,728,462	955,769,012
	17,536,757,981	15,885,064,778

The Company's tax settlements are subject to examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

(*) The company has not performed PIT finalization for the year 2010.

15. ACCRUED EXPENSES

	UNIT: VND	
	31/12/2010	01/01/2010
Accrued Advertising expenses	-	463,367,270
Accrued counter renting expenses	-	240,000,000
Accrued Loan interest expenses	131,040,035	27,612,379
Other accrued expenses	6,000,000	771,816,117
	137,040,035	1,502,795,766

16. OTHER SHORT-TERM PAYABLES

	UNIT: VND	
	31/12/2010	01/01/2010
Trade union fund	605,966,447	276,703,948
Social insurance	197,541,242	6,665,999
Health insurance	7,883,154	1,206,691
Unemployment benefit	5,318,625	-
Divident payable	460,575,828	677,931,828
Others	4,259,982,505	2,553,240,135
- Research team named Mr, Nguyen Khac Vien	3,944,722,000	2,313,246,120
- Traphacosapa's Divident payables for 2008	100,500,000	100,500,000
- Others	214,760,505	139,494,015
	5,537,267,801	3,515,748,601

17. OWNER’S EQUITY

a) Increase and decrease in owner’s equity

UNIT: VND							
	Contributed legal capital	Share capital surplus	Treasury stocks	Foreign exchange differences	Investment and development funds	Financial reserve fund	Total
Beginning balance of previous year	80,000,000,000	112,460,000,000	-	-	51,509,961,947	8,627,729,404	252,597,691,351
Increase in capital	21,981,500,000	-	-	-	-	-	21,981,500,000
Profit of the previous year	-	-	-	-	-	-	51,047,163,781
Other increase	-	-	2,020,000,000	-	5,217,557	(5,217,557)	2,031,018,366
Decrease in capital	-	(20,396,300,000)	-	-	-	-	(20,396,300,000)
Distribution of profit	-	-	-	-	-	-	(19,053,630,673)
Other decrease	-	-	2,022,520,000)	(407,499,441)	-	-	(26,543,269)
Ending balance of previous year	101,981,500,000	92,063,700,000	(2,520,000)	(407,499,441)	51,515,179,504	8,622,511,847	31,978,008,205
Increase in capital	21,416,740,000	-	-	-	-	-	21,416,740,000
Profit of the previous year	-	-	-	-	-	-	66,248,067,953
Distribution of profit	-	-	-	-	2,997,742,940	2,552,358,189	(9,759,533,885)
Purchase Treasury stocks	-	-	(1,073,000)	-	-	-	-
Other increase	-	-	-	2,136,425,295	-	-	2,136,425,295
Decrease in capital	-	-	-	-	-	-	(1,837,697,896)
Pay dividend in stocks	-	-	-	-	-	-	(20,395,790,000)
Other decrease	-	-	-	-	-	-	(11,600,000)
Ending balance of current year	123,398,240,000	92,063,700,000	(3,593,000)	1,728,925,854	54,512,922,444	11,174,870,036	66,221,454,377

(*): According to Resolution No. 36/2010/NQ-DHDCD dated 27 March 2010 issued by General Meeting of shareholders of Traphaco Joint-Stock Company, the Company’ retained profit in 2009 was distributed as follows:

- Investment and development funds

: VND 2,997,742,940
- Financial reserve fund

: VND 2,552,358,189
- Bonus and welfare fund

: VND 4,209,432,756
- Total

: VND 9,759,533,885

CONSOLIDATED FINANCIAL STATEMENTS
for the fiscal year ended as at 31/12/2010

b. Details of owner’s invested capital

	Ratio (%)	Closing(VND)	Ratio (%)	Closing (VND)
Invested capital of State	35.66%	44,007,480,000	35,96%	36,672,900,000
Invested capital of others	64.34%	79,390,760,000	64,04%	65,308,600,000
	100%	123,398,240,000	100%	101,981,500,000

c. Capital transactions with owners and distribution of dividends and profits

UNIT: VND		
	Current year	Previous year
Owner’s invested capital	123,398,240,000	101,981,500,000
- At the beginning of year	101,981,500,000	80,000,000,000
- Increase in the year	21,416,740,000	21,981,500,000
- At year end	123,398,240,000	101,981,500,000
Distributed dividends and profit	20,395,790,000	13,053,632,000
- Distributed dividends on last year profit	20,395,790,000	13,053,632,000

According to Resolution No. 36/2010/NQ-DHDCD dated 27 March 2010 issued by General Meeting of shareholders, the Company decided to pay dividend in 2009 (phase 2) in stocks by 20% on capital VND101,981,500,000.

d. Stock

UNIT: VND		
	Closing	Beginning
Quantity of Authorized issuing stocks	12,339,824	10,198,150
Quantity of issued stocks	12,339,824	10,198,150
- Common stocks	12,339,824	10,198,150
Quantity of repurchased stocks	443	252
- Common stocks	443	252
Quantity of circulation stocks	12,339,381	10,197,898
- Common stocks	12,339,381	10,197,898
Par value per stock	10,000	10,000

e. Company's funds

UNIT: VND

	31/12/2010	01/01/2010
Investment and development fund	54,512,922,444	51,515,179,504
Financial reserve fund	11,174,870,036	8,622,511,847
	65,687,792,480	60,137,691,351

18. SUBSIDIZED NOT-FOR-PROFIT FUND

UNIT: VND

	31/12/2010	01/01/2010
Beginning subsidized not-for-profit fund	(222,145,660)	(166,695,660)
Fund received in the year	1,181,000,000	1,190,000,000
Not-for-profit expenditure (*)	(917,000,000)	(1,245,450,000)
Ending subsidized not-for-profit fund	41,854,340	(222,145,660)

19. TOTAL REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

UNIT: VND

	Year 2010	Year 2009
Revenue from sale of finished goods	624,341,575,244	316,680,393,670
Revenue from sale of goods	245,457,251,066	437,086,591,166
	869,798,826,310	753,766,984,836

20. COSTS OF GOODS SOLD

UNIT: VND

	Year 2010	Year 2009
Costs of finished goods	359,810,572,054	170,290,486,732
Costs of merchandise	236,258,208,061	361,629,284,439
	596,068,780,115	531,919,771,171

21. FINANCIAL INCOME

UNIT: VND

	Year 2010	Year 2009
Interest income	892,011,264	3,994,632,630
Dividends, profits earned	-	540,000,000
Realized gain from foreign exchange difference	332,462,154	103,088,068
Interest from installment sales	3,057,826,405	
	4,282,299,823	4,637,720,698

22. FINANCIAL EXPENSES

UNIT: VND

	Year 2010	Year 2009
Interest expenses	9,849,281,942	4,619,625,653
Realized loss from foreign exchange difference	1,759,824,435	2,174,216,751
	11,609,106,377	6,793,842,404

23. INCOME TAX

Current income tax expense

UNIT: VND

	Year 2010	Year 2009
Tax expenses in respect of the current year taxable profit	25,140,236,698	18,626,847,235
Adjustment of tax expenses in previous years and tax expenses in the current year		
	25,140,236,698	18,626,847,235

24. BASIC EARNINGS PER SHARE

Earning per share distributed to common shareholders of the company is calculated as follows:

UNIT: VND

	Year 2010	Year 2009
Profit after tax	66,248,067,953	51,047,163,781
Profit or loss allocating for shareholders owned common stocks	66,248,067,953	51,047,163,781
Average circulation of common stocks in the period	10,955,965	8,191,983
Basic earnings per share	6,047	6,231

25. PRODUCTIONS COST BY ITEMS

UNIT: VND

	Year 2010	Year 2009
Raw materials	290,773,812,677	208,979,274,148
Labor	92,277,430,388	86,467,104,356
Depreciation expenses	8,002,587,848	8,616,945,353
Expenses from external services	52,176,814,656	19,196,431,503
Other expenses by cash	52,355,406,042	63,944,958,097
	495,586,051,611	387,204,713,457

26. REPORT BY COMPONENTS

The company operates primarily in the field of pharmaceutical production, other activities made up insignificant proportion of the results of business activities and the total asset value..

The entire operation of the Company was held in Vietnam territory

27. EVENTS AFTER BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date, which would require adjustments or disclosures to be made in the financial statements.

28. TRANSACTION WITH RELATED PARTIES

During operation, there are a number of transactions between the companies with related parties as follows:

UNIT: VND

	Relation	Year 2010	Year 2009
Revenue			
Traphaco High Tech Joint Stock Company	Other investment	39,209,521,868	49,089,090,668
Purchase			
Traphaco High Tech Joint Stock Company (purchase goods and raw materials)	Other investment	220,189,787,059	176,935,491,237

Up to financial statements date, payments which have not been made with related parties are as follows:

UNIT: VND

	Relation	Year 2010	Year 2009
Receivables			
Traphaco High Tech Joint Stock Company	Other investment	21,137,883,827	3,854,416,705

29. COMPARATIVE FIGURES

The corresponding figures are those taken from the accounts for the fiscal year ended as at 31 December 2009, which was audited by Auditing and Accounting Financial Consultancy Company Limited (AASC).

Those figures were reclassified as the accounting principles changed. According to Circular No. 244/2009/TT-BTC dated 31/12/2009 issued by Ministry of Finance on amending current accounting principles, from 01/01/2010 balance of Bonus and welfare fund is presented in Curent liabilities instead of Owner's equity.

UNIT: VND

	Code	Reclassifiedstatements	Presented on the last year financial
Balance Sheet			
Current liabilities	310	118,134,171,668	117,330,933,744
Bonus and welfare fund	323	803,237,924	-
Owner's Equity	400	285,528,734,455	286,331,972,379
Bonus and welfare fund	431	-	803,237,924



Dinh Trung Kien
Chief Accountant

Prepared, 24 February 20111



Vu Thi Thuan
General Director

KEEPING TECHNOLOGY GREEN



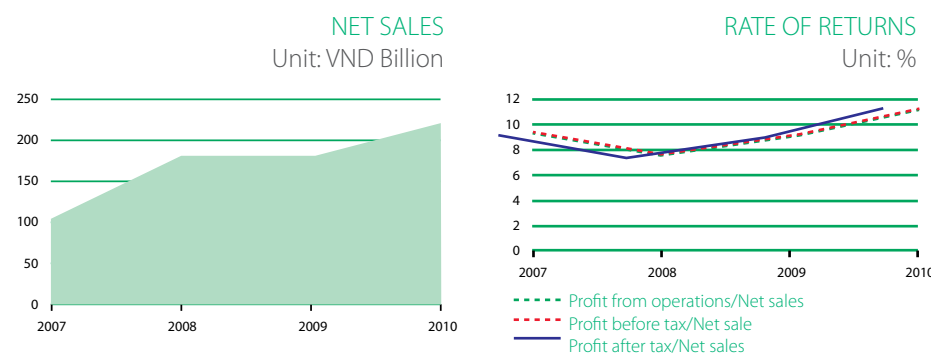
SUBSIDIARIES AND AFFILIATES



SUBSIDIARIES AND AFFILIATES

1. TRAPHACO HIGH-TECHNOLOGY JOINT STOCK COMPANY (CNC)

TRAPHACO CNC is partially-owned subsidiary, specializing in processing and manufacturing of TRAPHACO's products. The factory of TRAPHACO CNC, which is located at Van Lam, Hung Yen, was first constructed in October 2004 and put into operation in January 2007. With over 10,000m² of facilities and warehouses, the factory is comprised of 01 facility for traditional medicines' compressed pills, 01 facility for preliminary processing, 01 tea processing facility, 01 facility for tubed and in-take powdered medicines. The Van Lam Factory specializes in traditional medicines and has been certified with GPs-WHO standards in 2008. It is the first, largest and most technologically-advanced traditional medicine manufacturing facility in Vietnam.



Since its inception in 2007, CNC's revenue has been growing at a high rate. Revenue grew by 74% and 21% in 2008 and 2010, respectively. Net revenue growth was flat in 2009 due to the slow growth of Hoat Huyet Duong Nao, the key product that accounted for 49% of total net revenue in 2008. Revenue was primarily driven by the key products such as Boganic (31%) and Hoat Huyet Duong Nao (16%). The group of six key products accounted for 70% of total net turnover.

The gross profit margin of CNC remained a stable high rate since its inception (from 31% to 37%) due to the low input cost of Boganic and Hoat Huyet Duong nao. The group of 6 key products contributed to 96% of gross profit.

The administrative and selling expenses (as percentage of revenue) remained at a stable high rate, accounting for 9% to 10% of net revenue. Due to its stable cost structure, the EBITDA margin remained in the range between 16% to 18% from 2007 to 2009. The fixed asset value remained the same as all machineries and equipments were bought before 2007, hence stable depreciation cost. Given the insignificant financial revenue and the stable financial expenses, accounting for 3.8% to 5% of net revenue, EBIT margin was roughly the same as EBITDA margin.

As the Company mainly focused on its core business and during the period of corporate income tax exemption (from 2007 to 2010), CNC's operating profit margin, pretax profit and after tax profit margins were roughly the same. The profit margin was stable between 8% to 9% for the period of 2007 and 2009.

The profit margin increased to 11% in 2010 due to lowered financial expense (as percentage of revenue) ratio of 3.7% (from 5% previously). This was a result of a lowering debt/net revenue ratio as CNC was able to retain more and more of its net profit.

2. TRAPHACO SAPA

Traphaco Sapa is Single member Limited Liabilities Company, 100% owned by TRAPHACO, which specializes in the processing of ingredients and input herbal ingredients as well as the researching of GAP for TRAPHACO. At the same time, it serves as the center for developing farming areas for herbal ingredients for TRAPHACO. The TRAPHACO SAPA factory started in 1998 with a high-speed extraction assembly line, processing the input herbal ingredients and with more than 4 ha of land for the test-farming of medicinal herbs.

FORMENTON

bổ thận - tráng dương - sinh tinh - ích tinh

GIEO MẦM HẠNH PHÚC





BRANCH NETWORK

HA NOI TRAPHACO JOINT STOCK COMPANY

Head Office : 75 Yen Ninh Street, Ba Dinh District, Hanoi City
Phone : (84-4) - 38430076 / 38454813
Fax : (84-4) - 37341798
Email : info@traphaco.com.vn
Website : http://www.traphaco.com.vn

BINH THUAN BRANCH IN BINH THUAN - TRAPHACO JOINT STOCK COMPANY

24 Bui Thi Xuan Street, Xuan An Ward, Phan Thiet City, Binh Thuan Province
Phone : 0918 155 168 (Director)

HUNG YEN TRAPHACO HIGH-TECH JOINT STOCK COMPANY

Tan Quang Commune, Van Lam District, Hung Yen Province
Phone : (84-321) - 3991790
Fax : (84-321) - 3991790

LAO CAI TRAPHACO SAPA SINGLE MEMBER JOINT STOCK COMPANY

Sapa Town, Sapa District, Lao Cai Province
Phone : (84-20) - 3871813
Fax : (84-20) - 3871813

HO CHI MINH CITY TRAPHACO JOINT STOCK COMPANY BRANCH

506/15/28, 3/2 Street, Ward 14, District 10, Hochiminh City
Phone : (84-8) - 38661771
Fax : (84-8) - 38639322
Email : traphacohcm@hcm.fpt.vn

VING LONG BRANCH IN VINH LONG PROVINCE - TRAPHACO JOINT STOCK COMPANY

52/12B Pho Co Dieu, Street, Quarter 5, Ward 4, Vinh Long City
Phone : 0909 343 408 (Director)

DONG NAI BRANCH IN DONG NAI PROVINCE- TRAPHACO JOINT STOCK COMPANY

C7 - Hoa An Resident Area, Nguyen Ai Quoc Street, Hoa An Ward, Bien Hoa City, Dong Nai Province
Phone : 0918 419 831 (Director)

DA NANG CENTRAL BRANCH - TRAPHACO JOINT STOCK COMPANY

255 Ton Duc Thang Street, Hoa Minh Ward, Lien Chieu District, Danang City
Phone : (0511) - 3767750
Phone : (0511) - 3767751
Director : (0511) - 3767752

NGHE AN BRANCH IN NGHE AN PROVINCE - TRAPHACO JOINT STOCK COMPANY

Vinh Tan New Town Area, Vinh City, Nghe An Province
Phone : 0985 995599 (Director)

THANH HOA BRANCH IN THANH HOA PROVINCE - TRAPHACO JOINT STOCK COMPANY

Plot K1+K2, 4 Area, Bac Dai Lo Le Loi new town area, Dong Huong Commune, Thanh Hoa City
Phone : 0974 228 899 (Director)

NAM DINH BRANCH IN NAM DINH PROVINCE - TRAPHACO JOINT STOCK COMPANY

Truong Han Sieu Street, Hoa Vuong Town Area, Nam Dinh City
Phone : (0350) - 3845628
Fax : (0350) - 3845628

HAI PHONG BRANCH IN HAI PHONG CITY - TRAPHACO JOINT STOCK COMPANY

No.14 - 15, Plot BD6, PG An Dong Town Area, An Duong District, Hai Phong City
Phone : 0912 490 538 (Director)



TRAPHACO JOINT STOCK COMPANY

75 Yen Ninh, Ba Dinh, Hanoi, Vietnam

Tel: (84-4) 384 30076 - 384 54813

Fax: (84-4) 373 41798

Email: info@traphaco.com.vn

[www. traphaco.com.vn](http://www.traphaco.com.vn)