

DHG PHARMACEUTICAL JSC

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Founded: 02/Sep/1974

Equitized: 02/Sep/2004

Listed: 21/Dec/2006

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Information to investors

Net sales of 6 months/2015

VND1,468 billion (100%, decreased by 13.30% y/y, reaching 36.7% of the year plan).

Export sales of 6 months of 2015: VND13 bn, increased by 21% y/y.

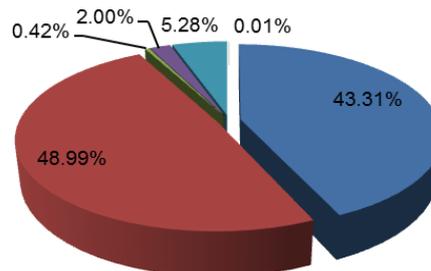
Profit before tax of 6M 2015: reaching VND315 bn, decreased by 6.7% y/y. Profit before tax (not including financial income of VND302 bn, decreased by 5,78% y/y, reaching 41.51% of the year plan of 2015.

IR ACTIVITIES OF 7M.2015

- Participating in and winning the Top 10 best annual report 2014.
- Introducing DHG at the seminar "Invest Asian Vietnam" organized by Maybank Kim Eng in HCMC dated 25/05/2015.
- IR Board met directly 69 investment funds and securities institutions. Updating business situation of Q1/2015 to shareholders and investors.
- Organizing a meeting with major shareholders, holding successfully DHG Pharma 2014.
- Implementing procedures to release ESOP 2012 share, the transfer expiration date: 28/Jun/2015, additional listing date: 3/Jul/2015, official trading date: 6/Jul/2015.
- Implementing procedures for transactions of treasury shares. On 24/Jul/2015, the Company has completed the acquisition of treasury shares with quantity of 212,250 shares, average purchase price: 73.805 VND/share. Source of implementation: development investment fund.

Shareholder structure on 12/05/2015

SCIC 43,31%
Foreign 48,99%
Internal 0,42%
Staffs 2,00%
External 5,27%
Treasury shares 0,01%



Major: SCIC 43,31%; Franklin Templeton Investment Funds (9,44%), Portal Global Limited (7,20%)

Net sales of DHG in 6M 2015 (according to semi-annual review report) **decreased by 13.3% y/y**, mainly influenced by decreased in **revenue of in-house goods**. The decline is due to reduced consumer purchasing power, high competition. Also, 2015 is also a year when DHG Pharma restructures a professional – effective sales system to create a solid foundation for developing the Company in the future.

Revenue from trading commodities and raw materials: reaching **VND290.5 bn**, growth of **121.8%** in comparison with the same period in 2014. This result in DHG in 2015 continues distributing Eugica product line and MSD goods. Business of commodities and raw materials helps the Company develop the advantage of distribution system and increase income.

STRUCTURAL ANALYSIS AND VOLATILITY COSTS IN THE FIRST HALF OF 2015

Cost of goods sold (COGS) increased by **VND53 billion (+ 6.62%)**, corresponding to the ratio of COGS/net sales increased by 10.85 percentage points due to the changes in the method of accounting from Circulars 200 and the proportion of distributed goods (group of goods have a gross profit percentage lower than self-produced goods) in DHG's period increased: 6 months/2015 accounted for 19.79%/revenue, 6 months/2014 only accounted for 7.7%/revenue. It affected the overall gross profit percentage on the revenue of the first half of 2015 and decreased comparing to the same period in 2014 (6 months/2015: 41.91%, 6 months/2014: 52.76%).

Cost of sales decreased **VND220 billion** (-52.38%), corresponding to the ratio of cost of sales/net sales decreased by 11.2 percentage points. Cost of sales decreased mainly due to the changes in the method of accounting from Circular 200, cost of sales was posted the revenue deductions for sales promotion.

Other profit: gained **VND40.5 billion**, increasing **VND32 billion** (+ 383.16%) Income from commissions due to the increase of income from sales commissions **VND13 billion**, the reversal of the temporary promotion deduction cost **VND13 billion** and **VND06 billion** of other income.

Profit before tax: gained **VND315 billion**, reducing **VND22 billion** compared with the same period of 2014 (-6.70%) due to the reducing profit together with turnover. Profit before tax (not including financial income): gained **VND302 billion**, occupying **41.51%** of 2015 plan.

Profit after tax: gained **VND262 billion**, reducing 9.5 billion vnd (-3.51%) compared with the same period of 2014, lower than the decrease of revenue and profit before tax because: New Factory (DHG Pharmaceutical one – member limited company) starts enjoying CIT incentives 0 % in 4 years (2015 -2018). The rate of corporate income tax 6 months/2014 on revenue is **19.72%**, 6 months/2015 reduced **16.98%**.

Yielding: profit before tax/net sales increased 1.52 percentage point compared with the same period of 2014 (6 months/2015: **21.47%**, 6 months/2014: **19.96%**); profit after tax/net sales of 6 months 2015 increased 1.81 percentage point compared with the same period of 2014 (6 months/2015: **17.83%**, 6 months: 2014: **16.02%**). Achieving this result was due to cost-saving efforts, effective exploitation of distribution of DHG outer system products and preferential policies on tax of new factory of DHG Pharma.

SHORT NEWS OF DHG FIRST HALF 2015

- The strategy of restructuring the professional – effective sales system of the Company starts to bring good effect expressed by some below figures:
 - + The number of customers increased by 5.6% (nearly 1,000 customers) in Q2/2015 compared to that of Q1/2015.
 - + The number of customers with regular transactions (purchasing 3 consecutive months) increased by 56% in Q2/2015 compared to Q1/2015, which demonstrates the application of sales policies for price stability brought effect, helped sales staff divide sales for each month instead of focus on sales in some last months of the quarter and year.
 - + The number of customers joined the Mutual Prosperity Club gradually rising from Q2/2015, in which, all the members of each type (Diamond, Platinum, Gold, Silver and Bronze) increased, making the total number of customers of the club grew from 6,351 in Q1/2015 to 8248 customers in Q2/2015.
- Category and Brand Managers held communications activities directly to the end-users and product introduction seminars, symposiums for doctors, pharmacists, customers and end-users.
- Continue to implement further distribution of imported products, expand the distribution of antipyretic patches for Japanese partners from Q1/2015 with the aim of take advantage of distribution system operators, increase sales, exchange experience managing commodity and sales methods.
- Production capacity of 6 months in 2015 accounted for 1.8 billion of product unit incurred 38.4% of the annual plan, production value is 1,464 billion VND achieved 33.1% of the year plan.
- Instruct end-users in disease prevention and treatment through the programs: Doctors for every house on Can Tho Television, Health and Life on Hau Giang Television, Listening to your body on Hanoi Television, For the future life on HTV television.
- Continuously coordinated with EY consultants to carry out Human Resources Management Project.
- Decreased 13% of product loss in manufacturing products in the first 6 months of 2015; reduced aluminum loss (-1.96%) and PVC loss (3.65%) with a total value saved due to product loss was 1.47 billion VND.
- Vilas paid a periodical visit to the DHG laboratories and continuously accredited these laboratories' activities in accordance with the requirements of ISO / IEC 17025.
- Betalactam factory: assessed to achieve GMP WHO standards on 11th November 2015, looking forward for product registration number granted.
- Implemented the campaign "Identify waste to avoid waste": received 803 ideas from the staff, performed competition in the month of June 2015 "An effective month, 30 days no mistake".



DHG Pharma has been one of VietNam's 50 Best Performing Companies organized by the Investment Bridge Magazine (in 4 consecutive years)

The Resolution / Decision of BOD of 6 first months of 2015

In 6 first months of 2015, BOD has conducted 03 direct meetings and 05 meetings through sending letters to adopt the following contents: document content to submit Annual meeting of Shareholders 2014; structural changes of Department of Finance / Accounting / IR; appointment, dismiss and reception personnel; amending and supplementing the Regulation on financial management, Regulation on property procurement and repair; Regulation on using remuneration and bonus fund of BOD, BOS of DHG Pharma; plan to repurchase DHG shares as treasury shares; purchasing and selling the land-use right in Can Tho, affiliates and subsidiaries and other matters under the jurisdiction of BOD.

Activities of investments, project progress

- DHG Pharmaceutical Factory in Tan Phu Thanh Industrial Par has been already completed.
 - + Value for approved investment: VND676 billion (excluding VND37.4 billion for the DHG PP1, the remaining value of Non Betalactam and Betalactam Factory was VND638.6 billion and (before VAT). The total signed value was VND553.98 billion (before VAT: VND503.6 billion). In which, VND100.8 billion was for Betalactam factory.
 - + Disbursed to 30/Jun/2015: VND541 billion (including VAT and land rent: VND39 billion). In which, VND69.9 billion was for Betalactam factory.
- The investments approved in 2014 are being implemented: Project of tablets for system; construction of houses for HCMC Branch, Hai Phong branch and Vung Tau branch and maintenance of houses for branches, subsidiaries; project of medicinal material processing with WHO GMP standard; project of data center; project of north central warehouse and investment, research for product development. The undisbursed remaining value at the early 2015 was VND101.7 billion; in Q1 and Q2/2015, VND15.7 billion was disbursed (15.4%); The remaining was VND86 billion.
- The investment plans in 2015 was approved by the 2014 AGM: VND367.68 billion; expected to disburse in 2015: VND173.88 billion. The disbursed value until 30/Jun/2015 was only VND11 billion (6.33% of the plan). Cause the first 6 months of 2015, market conditions and volatility strategies implemented restructuring the distribution system. The company priority focus on solving business problems in advance should not promote the progress of the planned investment.

This news is made in order to provide investors with update information on trading, production, investment activities, the progress of current projects, the decisions and important strategies of Board of Directors, Board of Management of DHG Pharmaceutical Joint-Stock Company (DHG).

Beside, DHG's IR Board would like to share its activities with investors in order to reaffirm the role of investors in DHG's "tripod" strategy (shareholders – customers – employees)