

DHG PHARMACEUTICAL JSC

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Found: 02/Sep/1974
Equitized: 02/Sep/2004
Listed: 21/Dec/2006

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Investor's most concerned queries

Revenue structure in 1H/2012 by functions:

Net revenue: 1,312 billion VND (100%)
In which:
Self-manufacture goods: 1,211 billion VND (92,3%)
Goods, raw materials: 55 billion VND (4,2%)
Travel activities: 3.74 billion VND (0,3%)
Promotion goods: 42.5 billion VND (3,2%)

Revenue structure in 1H/2012 by product categories:

Data of revenue, production of the whole company's system, including details of revenue of subsidiaries and export revenue. Revenue is calculated on the bill without discount.

10 function groups:

Product categories:	1H/ 2011		1H/ 2012		Growth compare to the same period	
	Ratio of sales volume	Revenue ratio	Ratio of sales volume	Revenue ratio	Sales volume	Revenue
Cate 1: Antibiotic	13.40%	41.35%	12.2%	38.37%	-4.66%	5.29%
Cate 2: Analgesic – Antipyretic	21.05%	16.23%	21.1%	16.60%	4.89%	16.00%
Cate 3: Respiratory	33.96%	13.33%	32.7%	13.49%	0.59%	14.84%
Cate 4: Vitamins and minerals	12.27%	8.45%	12.6%	8.51%	7.75%	14.29%
Cate 5: Muscular - Osteoarticular	4.92%	4.62%	5.3%	5.03%	12.58%	23.48%
Cate 6: Digestive	3.67%	4.61%	4.5%	5.10%	28.98%	25.66%
Cate 7: Ophthalmic – Nervous	2.62%	3.38%	3.3%	4.20%	33.77%	40.79%
Cate 8: Cardiovascular - Diabetic	2.75%	3.10%	3.4%	3.72%	30.15%	36.06%
Cate 9: Hepatic - Biliary	4.74%	2.90%	4.1%	3.03%	-8.45%	18.57%
Cate 10: Skin care	0.63%	2.04%	0.7%	1.96%	13.35%	8.82%
Total	100%	100%	100%	100%	4.64%	13.45%

Medicine and herbal medicine:

Categories	1H/ 2011		1H/ 2012		Growth rate over the same period	
	Ratio of the sales volume	Revenue ratio	Ratio of the sales volume	Revenue ratio	Sales volume	Revenue
Medicine	84.58%	87.57%	83.32%	87.15%	3.07%	12.91%
Herbal medicine	15.42%	12.43%	16.68%	12.85%	13.22%	17.27%
Total	100%	100%	100%	100%	4.64%	13.45%

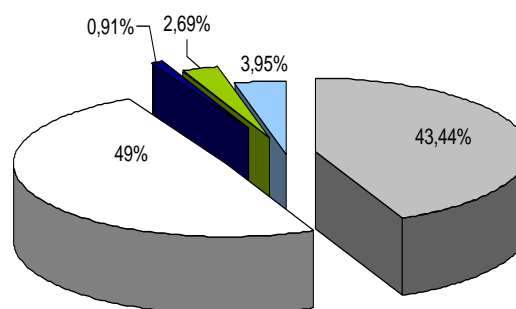
IR activities in first 07 months of 2012

IR activities

- Top 10 Excellent Annual report 2011
- Joined “Asian Investors 2012” workshop hold by CIMB on 13-14/Jun in Malaysia.
- Joined “Vietnamese Enterprises Day” workshop hold by Daiwa coordinated with HOSE on 06/Jul in Singapore.
- Arranged 58 appointments with domestic, foreign investors and held meeting for key shareholders on April 24th.

Shareholders structure on 12/Jun/2012

SCIC 43.44%
Foreign shareholders 49%
Inside shareholders 0.91%
Staff 2.69%
External shareholders 3.95%



Key shareholders: Franklin Templeton Investment Fund (8.37%)

Medicine. food supplement. cosmetic:

Categories	1H/ 2011		1H/ 2012		Growth rate	
	Ratio of the sales volume	Revenue ratio	Ratio of the sales volume	Revenue ratio	Sales volume	Revenue
Medicine	88.75%	93.38%	88.36%	93.39%	4.18%	13.47%
Cosmetic	0.00%	0.06%	0.00%	0.04%	-31.21%	-25.53%
Food supplement	11.25%	6.56%	11.64%	6.57%	8.24%	13.59%
Total	100%	100%	100%	100%	4.64%	13.45%

Volume of products produced in each factory

Factory	1H/ 2011		1H/ 2012		Growth rate	
	Volume	Value	Volume	Value	Volume	Value
Factory 1 + 5	80.19%	52.57%	79.46%	53.40%	- 1.50%	12.81%
Factory 2	12.17%	35.16%	11.58%	34.26%	- 5.43%	8.21%
Factory 3	0.98%	7.44%	1.02%	7.27%	3.40%	8.59%
Factory 4	6.66%	4.83%	7.93%	5.06%	18.41%	16.45%
Total	100%	100%	100%	100%	-0.61%	11.06%

Note: Solid non-betalactam products are produced at factory 1. Solid non-batalactam products are packaged at Factory 5. Solid Beta-lactam products at Factory 2. Liquid Non-betalactam products at Factory 3. Soft capsule products at Factory 4 (In 2011, F4 was not used for manufacturing. Processing semi-finished products for Medisun).

Volume of products classified by dosage forms

Dosage forms	Unit	1H/ 2011	1H/ 2012	Growth	Ratio of plan
Tablet	Tablet	825.026.445	801.777.085	-2.82%	49.98%
Sugar coated tablet	Tablet	194.795.390	144.592.282	-25.77%	36.66%
Film coated tablet	Tablet	309.081.393	328.300.686	6.22%	53.20%
Capsule	Capsule	380.871.840	371.560.231	-2.44%	48.85%
Soft capsule	Capsule	142.406.732	168.617.630	18.41%	47.48%
Ampoule	Ampoule	2.893.884	4.540.941	56.92%	61.91%
Oral suspension		5.676.827	4.523.896	-20.31%	43.91%
Powder	Bottle. tube. sachet	181.904.250	206.761.143	13.66%	63.89%
Cream		12.505.575	12.716.792	1.69%	47.10%
Probiotic	Tablet. sachet	6.557.755	6.234.145	-4.93%	50.19%
Lozenge (outsourced)	Lozenge	76.844.624	75.924.700	-1.20%	44.33%
Total		2.138.564.715	2.125.549.531	-0.61%	49.62%

PBT completed 60% of the year's plan, reasons:

- Profit growth as revenues rise
- Rate of return/revenue increased 2.6% over the same period
- Bank interest (VND 18.56 billion) was not added when preparing profit plan in 2012.

Revenue from medicine brands in 1H/2012

- Occupied 53% of total revenue of products manufactured by the Company.
- Average growth of 17% over the same period
In which:
 - + The highest growth rate was Gavix brand (Cardiovascular, 77%). diabetic (53%). Unikids (51%). Eyclight (49%).
 - + The highest absolute growth in value was Hapacol (VND 34 billion). Klamentin (VND 18.7 billion). Eugica (VND 18 billion)

Cost changes compared with the same period:

- COGS increased VND 86 billion (14.3%) and rate of revenue increased 0.56%. In which: the proportion of self-manufactured products rose 1.05% because the raw materials and aluminum foil cost grew 8%, package materials rose 25%, fixed assets depreciation increased 29%, basic salary rose according to the State regulation lead to the increasing movement of salary cost of 50%.
- Selling expenses decreased VND 26 billion (9.8%), which leads to the rise of rate of revenue of 4.6% because: the effective ways to pay salary to sales staff based on the turnover and the ratio of accrued expense for promotion, meetings to introduce products (outside services cost).
- Management cost increased VND 22 billion (29%) and rate of revenue increased 0.9% because of the growth of 4D salary based on work productivity, growth of basic salary according to the State regulation and fund distributed to organisations.

Business results

<i>Consolidated 1H2012 (before audited)</i>	2012	Amount	Growth	Ratio of plan
	Productivity value	VND 1,709 bn	11.06%	50.27%
	Net sales	VND 1,312 bn	13.06%	47.71%
	Profit before tax	VND 305 bn	27.20%	60.33%

Domestic market activities:

- Held 254 shows, media events of brands, categories. Attracted a large number of customers, accurate subjects for use and increased brand identity.
- Joined the activities of Vietnamese High Quality Products Fair 2012.
- Collaborated with Can Tho VTV, Can Tho TV, Vinh Long TV, Hau Giang TV to produce live programs instructing people to detect and prevent diseases: 6 instalments of "Doctor-Patient Interface", 14 instalments of "Health Magazine", 3 instalments of "Health Bridge" and 3 instalments of "Health Talk" which were broadcast over Mekong Delta provinces.
- Implemented 59 programs of free examination and medicine for 24,180 people of remote regions with medicine expense of VND 1.1 billion.
- Held the program "Summer Experience" for 900 children of customers nationwide; domestic and outbound tours for 172 customers.

Export activities:

- Export sales revenue of the first six months 2012: VND 11 billion, increasing 13% compared to the same period in 2011.
- Received purchase orders of the following countries: Moldova, Cambodia, Myanmar, Russia, Singapore, Mongolia, Laos, Nigeria. 15 new product registrations.
- Researched distribution system and visited customers in Indonesia, Myanmar.
- Contacted to new customers in Cambodia; Jordan; Ghana; Yemen, Tajikistan, Kazakhstan; Hongkong, Iran; Sri Lanka, Tanzania.

Research, production activities

- Plan of 2012: register 40 new product registrations. Performance of first six months: 26 (19 medicines and 7 food supplements).
- Total production of first six months/2012: 2.13 billion product units, decreasing 0.61% compared to the same period.
- Exploited, used full capacity of equipment, meeting the needs of goods. Some equipment have high capacity, which helped decrease manpower and increase productivity.
- DHG PP: external sales revenue and profit well increased. Upgraded carton automatic production line, labor productivity increased 10%.

Management and personnel activities

- ERP system with BFO solution: sales staff, personnel staff used stably, continued to deploy software for production and some remaining professionals of AC.
- Internal control has checked and re-systemized the Company's regulations.
- Maintained application of quality standards meeting the ISO 9001:2008, GMP/GLP/GSP WHO in the system. Prepared files, documents, manpower for the new factory.
- Issued new organizational structure on May 2nd including: General Manager, 03 Deputy General Manager, 05 Functional Directors, 04 Regional Directors, 46 units and 13 subsidiaries.
- Officially separated the title Chairperson of Board of Management and appointed new General Manager on July 1st 2012. Total employees on June 30th 2012: 2,743.

DHG BRIEF NEWS OF THE PERIOD

Issued Decisions/Resolutions of Board of Management

In the first 6 months of 2012, the Company's Board of Management held 02 ordinary meetings and 06 extra ordinary meetings. Issued 06 Réolutions and 30 Decisions with the contents as follows:

- Passing the ESOP documents 2012, Quarter Financial Reports, Quarter Activities Reports, Report on implementation of Resolution of Shareholders' Meeting.
- Passing the guideline of establishing 05 subsidiaries 100% capital from DHG and capital representatives, Board of Memebers: DHG PP1, DHG Nature 1, BT Pharma (Ben Tre), VL Pharma (Vinh Long), TVP Pharma (Tra Vinh).
- Passing the dividend share of Q2/2011 (remaning 10%) on 12/07/2012 following R.SM.
- Passing the guideline of buying lands, building houses for Thai Binh, Ca Mau branches.
- Ratifying bidding plan for new pharmaceutical factory project.
- Appointing, dismissing management titles and other contents under the authority of Board of Management.

Investment activities, in-progress project

New factory project:

The total amount disbursed from the beginning of the year to August 10th, 2012: 14.8 billion (3.43% of disbursement progress in 2012). It is expected to be strongly disbursed at the time of quarter 4/2012 and quarter 1/2013. The total amount disbursed for the project from the beginning to August 12th, 2012: 88.5 billion (in which money for land: 59.6 billion).

It is expected to complete on schedule at quarter 1/2013. Ongoing construction and complete Non Betalactam factory to July 24th, 2012: 45% of foundation volume, 70% of steel structural processing of plant, 40% of construction of reinforced concrete frame, 30% of complete construction. Internal roads and subsidiary items are expected to complete the approval of contractors and nomination contractors in August, 2012. Office building and equipment systems: bidding in August, 2012.



Construction: DHG's new factory

Photo on 25/07

Photo on 12/07



Association investment with Vinh Hao Algae Processing JSC: (31.5%)

Six months of 2012: production output reaches 14.71 tons of algae powder with 16.3% growth over the same period. The business results with net revenue 6.5 billion (with 18% growth, gained 46% of yearly plan), profit after tax 2.2 billion (with 8% growth, gained 45% of yearly plan). The company is exempted corporate income tax within 4 years 2008-2011, 5% 2012-2020, 10% in 2021, 2022.

Association investment with Vinh Tuong High-Tech Packaging JSC (20%):

Have not found solutions yet to overcome difficulties for VIPACO, high overdue loans, ineffective business situation. DHG has continued provision for this investment (to December 31st, 2012 extracted 16.5 billion. Initial investment: 20 billion).

Property investment in six months of 2012 over the same period:

The total invested assets in six months of 2012: 103.6 billion with 33% down over the same period. Specifically, tangible fixed assets: 63 billion (23% down), intangible fixed assets: 9.7 billion (29.5% down), construction in progress: 30.7 billion (47% down).

Details of tangible fixed assets:

- Investment in building houses for branches, and subsidiary items: VND 14.3 bn (44% down) .
- Investment in machinery and management equipment for production, quality control, research.... 29.6 billion (13% down)
- Investment in means of transportation for product delivery and management: 13.6 billion (6.8% down).
- Investment in office equipments: 5.8 billion (28% down).

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

Beside, DHG's IR Department would like to share its activities with investors in order to reaffirm the role of investors in DHG's "tripod" strategy.