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**廣州藥業股份有限公司**

**Guangzhou Pharmaceutical Company Limited**

*(a joint stock company with limited liability established in the People's Republic of China)*

(H Share Stock Code: 0874)

## **2012 THIRD QUARTERLY REPORT**

### **1. IMPORTANT NOTICE**

- 1.1 The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”) of Guangzhou Pharmaceutical Company Limited (“GPC” or the “Company”) and its directors, supervisors and senior management collectively and individually accept full responsibility for the authenticity, accuracy and completeness of the information contained in this quarterly report and confirm that there are no false information, misleading statements or material omissions in this quarterly report.
- 1.2 All the directors of the Board attended the 19<sup>th</sup> meeting of the fifth session of the Board held on 29 October 2012.
- 1.3 The financial reports of the Company and its subsidiaries (collectively the “Group”), and the Company for the third quarter ended 30 September 2012 (the “Reporting Period”) were prepared in accordance with the China Accounting Standards for Business Enterprises and were unaudited.
- 1.4 Mr. Yang Rongming (the chairman of the Board), Mr. Wu Changhai (director and general manager) and Mr. Chen Binghua (the financial controller and senior manager of the Finance Department) warrant and confirm the authenticity and completeness of the financial reports contained in this quarterly report.
- 1.5 This 2012 third quarterly report is published in Hong Kong pursuant to Rule 13.09 (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx”).
- 1.6 This quarterly report is prepared in both English and Chinese. In the event that different interpretation occurs, the Chinese version shall prevail.

## 2. CORPORATE INFORMATION

### 2.1 Principal financial data and indicators

Items	As at 30 September 2012 <i>(Unaudited)</i>	As at 31 December 2011 <i>(Audited)</i>	Increase/(Decrease) as compared with 31 December 2011 <i>(%)</i>
Total assets (RMB'000)	6,350,248	4,851,266	30.90
Shareholders' equity attributable to the shareholders of the Company (RMB'000)	3,991,830	3,781,652	5.56
Net assets per share attributable to the shareholders of the Company (RMB)	4.92	4.66	5.56

Items	1 January-30 September 2012 <i>(Unaudited)</i>	Increase/(Decrease) as compared with the corresponding period of 2011 <i>(%)</i>
Net cash flow from operating activities (RMB'000)	588,330	464.49
Net cash flow from operating activities per share (RMB)	0.73	464.49

Items	The Reporting Period (1 July-30 September 2012) <i>(Unaudited)</i>	1 January-30 September 2012 <i>(Unaudited)</i>	Increase/(Decrease) of the Reporting Period as compared with the corresponding period of 2011 <i>(%)</i>
Net profit attributable to the shareholders of the Company (RMB'000)	75,539	292,624	25.12
Basic earnings per share (RMB)	0.093	0.361	25.12
Basic earnings per share after deducting non-recurring items (RMB)	0.090	0.349	24.77
Diluted earnings per share (RMB)	0.093	0.361	25.12
Weighted average return on net assets (%)	1.96	7.52	An increase of 0.32 percentage point
Weighted average return on net assets after deducting non-recurring items (%)	1.90	7.27	An increase of 0.31 percentage point

Notes: (1) The above financial data and indicators are computed based on the consolidated financial statements.

(2) Non-recurring items include:

<b>Items (1 January – 30 September 2012)</b>	<b>Amount</b> <i>(RMB'000)</i>	<b>Explanation</b>
Gain on disposal of non-current assets	1	
Government subsidies recognized as gain	11,458	This is the amount of government subsidies received by the Company's subsidiaries and currently transferred to non-operating income.
Loss of changes in fair value arising from trading financial assets and trading financial liabilities held (excluding the valid hedging business related to normal operating activities of the Company), as well as investment gains received from disposal of trading financial liabilities and financial assets available for sale	(599)	
Write back of provision for impairment of accounts receivable undergoing independent impairment test	179	
Loss received from entrusted loans	(539)	
Other non-operating income and expenses excluding the above items	(403)	
Income tax effect	(156)	
Effect on minority interest (after tax)	(367)	
	<hr/>	
<b>Total</b>	<b>9,574</b>	
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**2.2 Number of shareholders as at the end of the Reporting Period and the shareholdings of the top ten shareholders of the Company as follows (with the Share Reform Plan completed):**

As at 30 September 2012, there were 50,374 shareholders in total, among which, 50,338 shareholders holding the Renminbi-denominated ordinary shares (A shares) and 36 shareholders holding overseas listed foreign shares (H shares).

Name of shareholders	No. of shares held as at the end of the Reporting Period (share)	Nature of shares
Guangzhou Pharmaceutical Holdings Limited (“GPHL”)	390,833,391	Domestic shares
HKSCC Nominees Limited <i>(note)</i>	219,283,389	Foreign capital shares
Industrial and Commercial Bank of China-Guang Fa General Growth Mixed Securities Investment Fund	11,000,459	Domestic shares
China Construction Bank Corporation – Xing Quan Social Responsibility Securities Investment Fund	2,582,705	Domestic shares
Agricultural Bank of China Co., Ltd. – Invesco Great Wall of Energy Infrastructure Securities Investment Fund	2,199,990	Domestic shares
Industrial and Commercial Bank of China – Hai Fu Tong Small-cap Equity Securities Investment Fund	1,804,870	Domestic shares
Zhong Rong International Trust Co., Ltd. – Credit Bond Investment	1,618,816	Domestic shares
Industrial and Commercial Bank of China Limited – Hui Tian Fu Medicines and Health Equity Securities Investment Fund	1,410,039	Domestic shares
China Construction Bank Corporation-Morgan Stanley Huaxin Pilot Hybrid Securities Investment Fund	1,399,968	Domestic shares
Li Yanlong	1,063,000	Domestic shares

*Note:* According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of several clients.

### 3. MAJOR EVENTS

#### 3.1 Significant changes in major accounting items and financial indicators of the Company's financial statements and reasons for change

Applicable  Not applicable

<b>Items</b>	<b>As at 30 September 2012 (RMB'000)</b>	<b>As at 31 December 2011 (RMB'000)</b>	<b>Fluctuation (%)</b>	<b>Reason of fluctuation</b>
Cash	868,035	384,136	125.97	This is due to the increase in the Group's sales revenue and growth in advances from customers received by the Group during the Reporting Period.
Accounts receivable	760,854	446,596	70.37	Increase in accounts receivable was in line with the increase in sales, which was due to the effective marketing strategies and the expansion of market share in the Reporting Period.
Prepayment	523,462	132,518	295.01	The increase was mainly due to the increased prepayments by the Company's subsidiaries for the purchase of pharmaceutical raw materials and packaging materials during the Reporting Period.
Dividends receivable	34,432	—	—	As at 30 September 2012, the increase in dividends receivable was mainly due to the accrued dividends from the Company's joint ventures.

<b>Items</b>	<b>As at 30 September 2012 (RMB'000)</b>	<b>As at 31 December 2011 (RMB'000)</b>	<b>Fluctuation (%)</b>	<b>Reason of fluctuation</b>
Other receivables	100,841	54,057	86.55	As at 30 September 2012, other receivables increased mainly due to the increased trademark usage fees by a joint venture which has not been charged and the export tax reimbursement.
Other current assets	894	2,342	(61.85)	As at 30 September 2012, the Company's subsidiaries deductible input tax decreased.
Construction in progress	29,352	20,370	44.10	Increase was mainly due to the increased investments in technical renovation projects by the Group during the Reporting Period.
Deferred income tax assets	68,531	38,542	77.81	Increase was mainly due to the increase in deductible temporary differences of employee benefits payable and accrued expense during the Reporting Period.
Notes payable	34,362	5,432	532.58	During the Reporting Period, the Company's trading subsidiaries inclined to settle with suppliers at endorsement of bank notes to circulate necessary funds, in order to reduce financing costs.
Accounts payable	772,208	350,250	120.47	Increase was mainly due to the longer credit term granted by suppliers to the Company's subordinated enterprises during the Reporting Period.

<b>Items</b>	<b>As at 30 September 2012 (RMB'000)</b>	<b>As at 31 December 2011 (RMB'000)</b>	<b>Fluctuation (%)</b>	<b>Reason of fluctuation</b>
Advances payable	680,326	146,932	363.02	During the Reporting Period, the newly established wholly-owned subsidiary of the Company, namely Guangzhou Wang Lao Ji Great Health Industry Co., Ltd, received a large amount of advances from customers.
Salary payable	138,095	64,167	115.21	As at 30 September 2012, increase in salary payable was mainly due to the increased budget and the un-paid year-end salary.
Taxes payable	78,308	37,951	106.34	As at 30 September 2012, increase was mainly due to the increase in value-added tax and corporate income tax which had not been paid by the Group.
Dividends payable	4,745	136	3,377.49	As at 30 September 2012, increase in dividends payable was mainly due to 2011 cash dividends for minority shareholders of the Group which had been declared but not paid.
Other payables	279,166	121,544	129.68	As at 30 September 2012, increase in other payables was mainly due to increase in the Group's non-reimbursement of advertising costs and terminal fees.

<b>Items</b>	<b>1 January-30 September 2012 (RMB'000)</b>	<b>1 January-30 September 2011 (RMB'000)</b>	<b>Fluctuation (%)</b>	<b>Reason of fluctuation</b>
Income from operations	5,475,069	4,122,367	32.81	Increase was mainly due to the effective marketing strategies and the expansion of market share during the Reporting Period.
Cost of operations	4,042,985	3,095,450	30.61	The cost of operations increased in line with the increased sales during the Reporting Period.
Sales taxes and surcharges	44,877	32,825	36.72	The sales taxes and surcharge increased in line with the increased sales during the Reporting Period.
Sales expenses	788,035	512,321	53.82	During the Reporting Period, the Group actively carried out marketing activities so as to boost its sales revenue. Increase in sales expenses was mainly due to the strengthened advertising and end-users promotion as well as increase in marketing staff expenses and other sales expenses.
Finance expenses	3,838	283	1,256.41	The Group's interest expenses increased as compared with the corresponding period of last year due to increase in bank borrowings of the Company's trading subsidiaries during the Reporting Period.
Asset impairment loss	7,174	2,055	249.04	Increase was mainly due to the increase in bad debt provision made as a result of increase in accounts receivable during the Reporting Period.



<b>Items</b>	<b>1 January-30 September 2012 (RMB'000)</b>	<b>1 January-30 September 2011 (RMB'000)</b>	<b>Fluctuation (%)</b>	<b>Reason of fluctuation</b>
Gain from changes in fair value	(599)	(3,723)	83.92	Decrease was due to the fall in the share price of the listed shares held by the Company in Harbin Pharmaceutical Group Co., Ltd. and Hafei Aviation Industry Co., Ltd. as compared with the corresponding period of last year during the Reporting Period.
Net cash flows from operating activities	588,330	(161,411)	464.49	During the Reporting Period, the improvement in net cash flows from operating activities was mainly due to the increase in revenue, improved money collection and increase in advances from customers.
Net cash flows from investing activities	(15,692)	(239,376)	93.44	The Group's foreign investment projects reduced and short-term loan margin due was redeemed by the Company's trading subsidiaries during the Reporting Period.
Net cash flows from financing activities	(69,320)	50,320	(237.76)	During the Reporting Period, the dividends paid by the Company for the year 2011 increased as compared with the corresponding period of last year, and the Group paid some bank borrowings.

### 3.2 Explanation and analysis on major events and their impact and solutions

Applicable     Not applicable

### 3.3 Performance of the undertakings by the Company, its shareholders and beneficial owner

Applicable     Not applicable

### **3.4 Early warning and explanation for negative impact on profit for the next reporting period, or significant profit fluctuation in comparison to the corresponding period of 2011**

Applicable     Not applicable

### **3.5 The status of implementation of cash dividend policy during the Reporting Period**

1. Pursuant to the resolutions on profit and dividend distribution passed at the 2011 Annual General Meeting held on 12 April 2012, the 2011 final dividend of RMB1.00 (including tax) for every 10 shares held was approved and paid, in cash, to all shareholders of the Company, based on the total share capital of 810,900,000 shares at the end of 2011;
2. The final dividend of RMB0.10 (including tax) per share for 2011 was paid to the Company's H shareholders whose names appeared on the register of the Company as at 2 May 2012 on 11 June 2012;
3. According to the announcement for 2011 final dividend published in Shanghai Securities News in the People's Republic of China ("PRC") on 14 May 2012, the registration date for A shares was 17 May 2012, the ex-dividend date was 18 May 2012 and the dividend payment date was 11 June 2012.

### **3.6 Major asset reorganization**

The Company had applied for suspension of trading in the A shares on the Shanghai Stock Exchange ("SSE") and the H shares on the HKEx with effect from 7 November 2011, as GPLH, the controlling shareholder of the Company, was planning for a major assets reorganization (the "Major Assets Reorganization") in relation to the Company. During such suspension, the Company continued to fulfill its disclosure obligations in respect of the progress of the Major Assets Reorganization on a timely basis and made further announcements regarding the progress of the Major Assets Reorganization every five trading days.

The 13<sup>th</sup> meeting of the fifth session of the Board was held on 29 February 2012 and approved matters in relation to the Major Assets Reorganization, i.e. absorption and merger of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. ("BYS") by the Company through share swap of additional A shares, and the asset acquisition by the Company through issuance of A shares to GPLH. The announcements in relation to the Major Assets Reorganization were published in Shanghai Securities News, the Securities Times and the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) on 28 March 2012 and on the website of the HKEx ([www.hkex.com.hk](http://www.hkex.com.hk)) on 27 March 2012. Trading in the A shares and H shares of the Company resumed on 28 March 2012.

The 17<sup>th</sup> meeting of the fifth session of the Board was held on 15 June 2012 and approved matters, including the absorption and merger of BYS by the Company through share swap of additional A shares, and the asset acquisition by the Company through issuance of A shares to GPLH. The announcements in relation to the Major Assets Reorganization were published in Shanghai Securities News, the Securities Times and the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) on 19 June 2012 and on the website of the HKEx ([www.hkex.com.hk](http://www.hkex.com.hk)) on 18 June 2012.

The first extraordinary general meeting in 2012, the first class meeting of holders of domestic shares in 2012 and the first class meeting of holders of overseas listed foreign capital shares in 2012 (hereinafter as “the general meetings”) were held on 19 September 2012 and approved matters, including the absorption and merger of BYS by the Company through share swap of additional A shares, and the asset acquisition by the Company through issuance of A shares to GPLH. The announcements in relation to the resolutions passed at the general meetings and the Major Assets Reorganization were published in Shanghai Securities News, the Securities Times and the website of the SSE (www.sse.com.cn) on 20 September 2012 and on the website of the HKEx (www.hkex.com.hk) on 19 September 2012 and 20 September 2012 respectively.

The Company received the China Securities Regulatory Commission (“CSRC”)’s Acceptance Notice of the Application for Administrative Permission (No. 121723)\* (《中國證監會行政許可申請受理通知書》(121723號)) from the CSRC on 15 October 2012, the Application for Administrative Permission submitted by the Company has been accepted by CSRC. The relevant progress announcements had been published on Shanghai Securities News, Securities Times and the website of the SSE (www.sse.com.cn) on 17 October 2012 and the website of HKEx (www.hkex.com.hk) on 16 October 2012.

#### 4. APPENDIX

##### Prepared in accordance with China Accounting Standards for Business Enterprises (unaudited)

##### Balance Sheet

As at 30 September 2012

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of the year (RMB)	At the end of the Reporting Period (RMB)	At the beginning of the year (RMB)
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash	868,034,639.38	384,135,738.08	104,889,448.66	107,691,016.27
Trading financial assets	2,528,924.80	3,127,692.50	2,528,924.80	3,127,692.50
Notes receivable	329,089,985.17	430,388,075.25	–	–
Accounts receivable	760,854,207.30	446,596,366.96	2,711,830.58	3,306,347.93
Prepayment	523,461,697.28	132,518,184.98	–	–
Interest receivable	–	–	–	–

Items	Consolidated		The Company	
	At the end of the	At the beginning of	At the end of the	At the beginning of
	Reporting Period	the year	Reporting Period	the year
	(RMB)	(RMB)	(RMB)	(RMB)
Dividends receivable	34,432,479.69	–	136,531,096.16	134,099,380.47
Other receivables	100,841,331.36	54,056,817.63	487,941,966.34	488,959,386.91
Inventories	1,103,191,486.99	859,005,842.50	356,902.87	290,740.04
Entrusted loans	–	–	–	–
Non-current assets due within 1 year	–	–	–	–
Other current assets	893,567.31	2,342,210.36	56,147.26	–
<b>Total current assets</b>	<b>3,723,328,319.28</b>	<b>2,312,170,928.26</b>	<b>735,016,316.67</b>	<b>737,474,564.12</b>
<b>Non-currents assets:</b>				
Available-for-sale financial assets	17,510,123.08	18,907,856.64	16,093,000.00	17,424,000.00
The held-to-maturity	–	–	198,000,000.00	228,000,000.00
Long-term receivables	–	–	–	–
Long-term equity investments	1,361,310,991.44	1,255,088,628.89	2,596,042,331.87	2,430,766,919.98
Investment properties	97,810,904.19	102,290,186.93	35,114,399.97	36,121,032.39
Fixed assets	953,668,207.23	1,000,021,241.01	13,895,167.33	14,189,764.08
Construction in progress	29,352,248.35	20,369,955.46	–	–
Construction supplies	–	–	–	–
Disposal of fixed assets	–	–	–	–
Intangible assets	92,638,022.56	95,138,045.81	–	–
Development expenses	832,547.06	792,251.69	–	–
Goodwill	–	–	–	–

Items	Consolidated		The Company	
	At the end of the	At the beginning of	At the end of the	At the beginning of
	Reporting Period	the year	Reporting Period	the year
	(RMB)	(RMB)	(RMB)	(RMB)
Long-term deferred expenses	5,265,934.37	7,944,670.09	—	—
Deferred income tax assets	68,530,892.21	38,542,083.57	7,188,663.29	3,204,177.31
Other non-current assets	—	—	—	—
<b>Total non-current assets</b>	<b>2,626,919,870.49</b>	<b>2,539,094,920.09</b>	<b>2,866,333,562.46</b>	<b>2,729,705,893.76</b>
<b>Total assets</b>	<b>6,350,248,189.77</b>	<b>4,851,265,848.35</b>	<b>3,601,349,879.13</b>	<b>3,467,180,457.88</b>
<b>Liabilities and shareholders' equity:</b>				
<b>Current liabilities:</b>				
Short-term borrowings	165,167,087.26	144,928,849.42	—	—
Trading financial liabilities	—	—	—	—
Notes payable	34,361,910.98	5,432,012.71	—	—
Accounts payable	772,208,370.74	350,249,598.28	974,345.14	361,917.10
Advances payable	680,326,103.88	146,931,794.49	32,584.69	31,189.69
Salary payable	138,094,826.02	64,167,157.18	575,378.22	1,783,493.18
Taxes payable	78,307,603.09	37,951,281.66	6,364,431.54	2,558,098.84
Interests payable	—	—	—	—
Dividends payable	4,744,699.52	136,440.45	232.15	(596.91)
Other payables	279,166,455.71	121,543,593.12	106,580,974.97	111,016,824.41
Non-current liabilities due within 1 year	—	—	—	—
Other current liabilities	—	—	—	—
<b>Total current liabilities</b>	<b>2,152,377,057.20</b>	<b>871,340,727.31</b>	<b>114,527,946.71</b>	<b>115,750,926.31</b>

Items	Consolidated		The Company	
	At the end of the	At the beginning of	At the end of the	At the beginning of
	Reporting Period	the year	Reporting Period	the year
	(RMB)	(RMB)	(RMB)	(RMB)
<b>Non-current liabilities:</b>				
Long-term borrowings	—	—	—	—
Bonds payable	—	—	—	—
Long-term payable	4,423,405.56	4,423,405.56	—	—
Special payables	—	—	—	—
Estimated liabilities	—	—	—	—
Deferral income tax liabilities	3,292,650.89	3,802,712.90	2,780,520.12	3,135,142.17
Other non-current liabilities	78,829,642.24	76,526,985.01	—	—
<b>Total non-current liabilities</b>	<b>86,545,698.69</b>	<b>84,753,103.47</b>	<b>2,780,520.12</b>	<b>3,135,142.17</b>
<b>Total liabilities</b>	<b>2,238,922,755.89</b>	<b>956,093,830.78</b>	<b>117,308,466.83</b>	<b>118,886,068.48</b>
<b>Shareholders' equity:</b>				
Share capital	810,900,000.00	810,900,000.00	810,900,000.00	810,900,000.00
Capital reserves	1,146,660,622.37	1,148,016,718.97	1,093,606,818.74	1,094,637,907.64
Less: Treasury shares	—	—	—	—
Surplus reserves	602,895,675.46	602,895,675.46	269,761,211.63	269,761,211.63
Retained profits	1,431,373,880.85	1,219,839,567.46	1,309,773,381.93	1,172,995,270.13
Exchange difference on foreign currency capital	—	—	—	—
<b>Shareholders' equity attributable to the Shareholders of the Company</b>	<b>3,991,830,178.68</b>	<b>3,781,651,961.89</b>		
Minority interests	119,495,255.20	113,520,055.68		
<b>Total shareholders' equity</b>	<b>4,111,325,433.88</b>	<b>3,895,172,017.57</b>	<b>3,484,041,412.30</b>	<b>3,348,294,389.40</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,350,248,189.77</b>	<b>4,851,265,848.35</b>	<b>3,601,349,879.13</b>	<b>3,467,180,457.88</b>

## Consolidated Income Statement

1 January – 30 September 2012

Items	1 July-30	1 July-30	1 January-30	1 January-30
	September 2012	September 2011	September 2012	September 2011
	(RMB)	(RMB)	(RMB)	(RMB)
<b>1. Income from operations</b>	<b>1,977,023,072.75</b>	<b>1,305,025,527.75</b>	<b>5,475,069,225.07</b>	<b>4,122,366,838.32</b>
Including: income from principal operations	1,949,597,756.97	1,280,115,100.63	5,397,321,594.18	4,050,646,897.03
<b>2. Cost of operations</b>	<b>1,375,204,264.69</b>	<b>977,365,720.71</b>	<b>4,042,985,273.91</b>	<b>3,095,450,189.82</b>
Including: cost of principal operations	1,370,513,066.72	974,751,688.51	4,030,319,698.47	3,083,760,916.24
Less: sales taxes and surcharges	17,572,525.50	9,789,542.82	44,877,328.98	32,825,319.26
Sales expenses	378,248,384.39	167,937,213.63	788,034,786.08	512,321,112.91
General and administrative expenses	159,206,462.96	126,572,890.27	417,396,368.99	344,334,720.29
Finance expenses	983,636.98	1,100,481.07	3,837,738.80	282,933.19
Asset impairment loss	1,991,057.04	532,536.05	7,174,095.25	2,055,389.35
Add: Gain from changes in fair value	(342,477.00)	(2,094,979.70)	(598,767.70)	(3,722,725.82)
Investment income	36,793,228.87	41,155,651.18	150,577,568.86	125,432,148.76
Including: Share of profits from associates and joint venture	36,148,852.24	41,165,594.85	150,264,592.04	124,776,557.87
<b>3. Operating profit</b>	<b>80,267,493.06</b>	<b>60,787,814.68</b>	<b>320,742,434.22</b>	<b>256,806,596.44</b>
Add: Non-operating income	5,599,729.55	5,823,363.03	15,105,919.86	16,921,190.12
Less: Non-operating expenses	2,688,006.27	2,451,401.41	4,050,843.70	3,735,782.46
Including: Loss from disposal of non-current assets	84,035.24	604,430.14	204,586.28	859,514.43

Items	1 July-30	1 July-30	1 January-30	1 January-30
	September 2012	September 2011	September 2012	September 2011
	(RMB)	(RMB)	(RMB)	(RMB)
<b>4. Total profit</b>	<b>83,179,216.34</b>	<b>64,159,776.30</b>	<b>331,797,510.38</b>	<b>269,992,004.10</b>
Less: Income tax expense	5,183,136.46	1,104,068.07	27,489,402.11	20,350,457.79
<b>5. Net profit</b>	<b>77,996,079.88</b>	<b>63,055,708.23</b>	<b>304,308,108.27</b>	<b>249,641,546.31</b>
Net profit attributable to the shareholders of the Company	75,539,362.88	60,373,229.08	292,624,313.39	239,994,263.71
Minority interest	2,456,717.00	2,682,479.15	11,683,794.88	9,647,282.60
<b>6. Earnings per share</b>				
(1) Basic earnings per share	0.093	0.074	0.361	0.296
(2) Diluted earnings per share	0.093	0.074	0.361	0.296
<b>7. Other comprehensive income</b>	<b>(939,272.53)</b>	<b>(2,044,873.29)</b>	<b>(1,085,765.59)</b>	<b>(4,866,990.57)</b>
<b>8. Total comprehensive income</b>	<b>77,056,807.35</b>	<b>61,010,834.94</b>	<b>303,222,342.68</b>	<b>244,774,555.74</b>
(1) Comprehensive income attributable to the shareholders of the Company	74,602,021.44	58,332,260.90	291,540,009.00	235,130,800.08
(2) Comprehensive income attributable to the shareholders of minority interest	2,454,785.91	2,678,574.04	11,682,333.68	9,643,755.66



## Income Statement of the Company

1 January – 30 September 2012

Items	1 July – 30	1 July-30	1 January-30	1 January-30
	September 2012	September 2011	September 2012	September 2011
	(RMB)	(RMB)	(RMB)	(RMB)
<b>1. Income from operations</b>	<b>21,690,550.41</b>	<b>15,800,444.07</b>	<b>49,665,240.83</b>	<b>46,982,349.58</b>
Including: income from principal operations	910,156.25	3,039,990.29	2,202,723.77	11,969,585.09
<b>2. Cost of operations</b>	<b>1,197,725.58</b>	<b>3,325,632.07</b>	<b>3,106,428.06</b>	<b>12,761,058.63</b>
Including: cost of principal operations	862,181.44	2,990,087.93	2,099,795.64	11,754,426.21
Less: Sales taxes and surcharges	1,345,518.78	888,694.85	3,276,110.50	2,538,333.65
Sales expenses	54,721.81	60,074.70	164,165.65	209,072.07
General and administrative expenses	16,696,575.91	6,612,264.64	36,052,084.63	18,444,727.94
Finance expenses	857,739.45	1,046,353.07	2,919,496.42	852,575.24
Asset impairment loss	(41,917.24)	325,973.18	(66,212.48)	(470,305.69)
Add: Gain from changes in fair value	(342,477.00)	(2,094,979.70)	(598,767.70)	(3,722,725.82)
Investment income	30,848,634.62	32,884,104.01	217,077,165.39	225,381,166.97
Including: Share of profits from associates and joint venture	27,290,656.18	30,082,417.49	112,440,730.48	112,751,639.25
<b>3. Operating profit</b>	<b>32,086,343.74</b>	<b>34,330,575.87</b>	<b>220,691,565.74</b>	<b>234,305,328.89</b>
Add: Non-operating income	60.00	130.00	1,300,045.83	1,071,543.22
Less: Non-operating expenses	500,018.57	7,646.51	1,011,661.62	9,648.24
Including: Loss from disposal of non-current assets	18.57	7,646.51	11,661.62	8,880.51
<b>4. Total profit</b>	<b>31,586,385.17</b>	<b>34,323,059.36</b>	<b>220,979,949.95</b>	<b>235,367,223.87</b>
Less: Income tax	533,753.67	(463,164.19)	3,111,838.15	2,999,978.72
<b>5. Net profit</b>	<b>31,052,631.50</b>	<b>34,786,223.55</b>	<b>217,868,111.80</b>	<b>232,367,245.15</b>
<b>6. Other comprehensive income</b>	<b>(861,474.26)</b>	<b>(1,883,833.40)</b>	<b>(1,031,088.90)</b>	<b>(4,721,106.23)</b>
<b>7. Total comprehensive income</b>	<b>30,191,157.24</b>	<b>32,902,390.15</b>	<b>216,837,022.90</b>	<b>227,646,138.92</b>

## Cash Flow Statement

1 January – 30 September 2012

Items	Consolidated		The Company	
	1 January – 30 September 2012	1 January – 30 September 2011	1 January – 30 September 2012	1 January – 30 September 2011
	(RMB)	(RMB)	(RMB)	(RMB)
<b>1. Cash flows from operating activities</b>				
Cash received from sale of goods and rendering of services	5,414,027,199.48	3,381,183,577.55	3,268,587.68	31,910,776.93
Refund of tax and levies	20,980,967.07	25,073,690.04	–	491,181.48
Other cash received relating to operating activities	107,670,561.53	83,032,571.05	21,492,605.07	17,444,446.02
<b>Sub-total of cash inflows from operating activities</b>	<b>5,542,678,728.08</b>	<b>3,489,289,838.64</b>	<b>24,761,192.75</b>	<b>49,846,404.43</b>
Cash paid for goods and services	3,500,576,973.20	2,388,706,598.38	1,957,019.56	20,218,334.46
Cash paid to and on behalf of employees	643,301,909.95	569,261,937.82	8,442,528.02	8,825,871.47
Taxes paid	379,249,702.73	323,012,290.07	5,769,866.20	10,454,137.93
Cash paid relating to other operating activities	431,220,211.73	369,719,663.80	19,435,945.73	15,785,857.77
<b>Sub-total of cash outflows from operating activities</b>	<b>4,954,348,797.61</b>	<b>3,650,700,490.07</b>	<b>35,605,359.51</b>	<b>55,284,201.63</b>
<b>Net cash flows from operating activities</b>	<b>588,329,930.47</b>	<b>(161,410,651.43)</b>	<b>(10,844,166.76)</b>	<b>(5,437,797.20)</b>
<b>2. Cash flows from investing activities</b>				
Cash received from investment	–	5,000,000.00	–	–
Cash received from sales of subsidiaries	–	–	–	–
Cash received from investment income	851,757.48	1,192,921.70	127,723,320.09	25,576,544.28
Cash paid for disposal of fixed assets, intangible assets and other long-term assets	107,150.70	431,306.00	840.00	47,339.00

Items	Consolidated		The Company	
	1 January – 30 September 2012	1 January – 30 September 2011	1 January – 30 September 2012	1 January – 30 September 2011
	(RMB)	(RMB)	(RMB)	(RMB)
Other cash received from investing activities	25,892,002.85	3,411,414.44	344,438,825.82	302,189,558.74
<b>Sub-total of cash inflows from investing activities</b>	<b>26,850,911.03</b>	<b>10,035,642.14</b>	<b>472,162,985.91</b>	<b>327,813,442.02</b>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	37,991,174.63	43,526,630.27	504,538.00	528,057.00
Cash paid for purchase of investments	–	180,000,000.00	87,300,000.00	180,000,000.00
Cash paid for purchasing subsidiaries	–	–	–	–
Other cash paid in relation to investing activities	4,551,420.51	25,884,592.32	271,170,226.71	319,290,778.18
<b>Sub-total of cash outflows from investing activities</b>	<b>42,542,595.14</b>	<b>249,411,222.59</b>	<b>358,974,764.71</b>	<b>499,818,835.18</b>
<b>Net cash flows from investing activities</b>	<b>(15,691,684.11)</b>	<b>(239,375,580.45)</b>	<b>113,188,221.20</b>	<b>(172,005,393.16)</b>
<b>3. Cash flows from financing activities</b>				
Proceeds from absorbing investments	2,200,000.00	–	–	–
Including: Cash received from minority shareholders from subsidiaries	2,200,000.00	–	–	–
Cash received from borrowings	215,720,000.00	158,051,167.25	–	–
Other proceeds relating to financing activities	–	–	–	110,000,000.00
<b>Sub-total of cash inflows from financing activities</b>	<b>217,920,000.00</b>	<b>158,051,167.25</b>	<b>–</b>	<b>110,000,000.00</b>
Repayment of borrowings	195,481,762.16	62,879,405.09	–	30,000,000.00

Items	Consolidated		The Company	
	1 January – 30 September 2012	1 January – 30 September 2011	1 January – 30 September 2012	1 January – 30 September 2011
	(RMB)	(RMB)	(RMB)	(RMB)
Cash paid for distribution of dividends, profits or interests	91,757,885.45	44,852,207.96	81,472,420.38	40,957,234.79
Including: Dividend and profit payable to minority shareholders from subsidiaries	3,571,496.36	1,995,832.56		
Other cash paid in relating to financing activities	–	–	23,677,055.50	2,003,944.45
<b>Sub-total of cash outflows from financing activities</b>	<b>287,239,647.61</b>	<b>107,731,613.05</b>	<b>105,149,475.88</b>	<b>72,961,179.24</b>
<b>Net cash flows from financing activities</b>	<b>(69,319,647.61)</b>	<b>50,319,554.20</b>	<b>(105,149,475.88)</b>	<b>37,038,820.76</b>
<b>4. Effects of foreign exchange rate changes on cash and cash equivalents</b>	<b>244,032.71</b>	<b>–</b>	<b>3,853.83</b>	<b>–</b>
<b>5. Net increase in cash and cash equivalents</b>	<b>503,562,631.46</b>	<b>(350,466,677.68)</b>	<b>(2,801,567.61)</b>	<b>(140,404,369.60)</b>
Add: Cash and cash equivalents at the beginning of the period	355,748,504.33	696,347,134.34	107,691,016.27	213,007,698.60
<b>6. Cash and cash equivalents at the end of the period</b>	<b>859,311,135.79</b>	<b>345,880,456.66</b>	<b>104,889,448.66</b>	<b>72,603,329.00</b>

The Board of  
**Guangzhou Pharmaceutical Company Limited**

Guangzhou, the PRC, 29 October 2012

*As at the date of this report, the Board comprises Mr. Yang Rongming, Mr. Li Chuyuan, Ms. Cheng Ning and Mr. Wu Changhai as executive directors, and Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua, Mr. Wong Lung Tak Patrick and Mr. Qiu Hongzhong as independent non-executive directors.*