

# China National Accord Medicines Corporation Ltd.

## The First Quarterly Report 2012

### §1. Important Notes

1.1 Board of Directors and the Supervisory Committee of China National Accord Medicines Corporation Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

1.2 The First Quarterly Financial Report of 2012 has not been audited by CPAs.

1.3 All directors attended the voting meeting of the board of directors for examining the quarterly report by communication.

1.4 Mr. Wei Yulin, Chairman of the Company; Mr. Yan Zhigang, Director General Manager; Mr. Wei Pingxiao, CFO and Mr. Chi Guoguang, Financial Manager hereby confirm that the Financial Report of the First Quarterly Report is true and complete.

### §2. Company Profile

#### 2.1 Main accounting highlights and financial indexes

Unit: RMB

	At the end of the report period	At the period-end of the last year		Changes of increase/decrease (%)
		Before adjustment	After adjustment	
Total assets (RMB)	8,069,831,512.29	7,665,759,761.04	7,680,629,146.67	5.07%
Owners' equity attributable to shareholders of the listed company (RMB)	1,467,647,406.10	1,350,217,871.35	1,350,093,276.86	8.71%
Total share capital (Share)	288,149,400.00	288,149,400.00	288,149,400.00	0.00%
Net asset per share attributable to shareholders of listed company (RMB/Share)	5.093	4.686	4.685	8.71%
	In the report period	The same period of last year		Changes of increase/decrease (%)
		Before adjustment	After adjustment	
Total operating income (RMB)	4,274,691,013.50	3,526,818,451.42	3,534,426,881.47	20.94%
Net profit attributable to shareholders of the listed company (RMB)	121,822,129.24	87,259,288.17	87,197,481.02	39.71%
Net cash flow arising from operating activities (RMB)	-271,437,536.92	-316,947,045.11	-317,332,260.53	-14.46%
Net cash flow arising from operating activities per share (RMB/Share)	-0.942	-1.100	-1.101	-14.44%
Basic earnings per share (RMB/Share)	0.423	0.303	0.303	39.60%
Diluted earnings per share (RMB/Share)	0.423	0.303	0.303	39.60%
Weighted average return on equity (%)	8.63%	7.96%	7.94%	0.69%
Weighted average return on equity after deducting non-recurring gains and losses (%)	8.58%	7.70%	7.69%	0.89%

Items of non-recurring gains and losses

Applicable  Inapplicable

Unit: RMB

Items of non-recurring gains and losses	Amount from	Remarks (If
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	year-begin to period-end	applicable)
Gains and losses from the disposal of non-current assets	-35,049.59	
Governmental subsidy reckoned into current gains and losses, but closely relevant to the Company's business except for the governmental subsidy enjoyed in quota or ration according to the national general standards	1,284,500.28	
Current net gains/losses of subsidiary generated from period-begin to consolidation date by enterprise merger under same control	-175,050.36	
Impairment provision reversal on account receivable which conducting impairment testing separately	242,309.84	
Other non-operating income and expenditure except for the above items	199,552.20	
Influenced amount of minority shareholders' equity	-440,050.00	
Influenced amount of income tax	-268,622.84	
<b>Total</b>	<b>807,589.53</b>	<b>-</b>

## 2.2 Total number of shareholders at the end of the report period and shares held by the top ten shareholders with unrestricted conditions

Unit: Share

Total number of shareholders at the end of report period	18,481	
Particulars about the shares held by the top ten tradable shareholders with unrestricted conditions		
Full name of shareholder	Amount of tradable shares with unrestricted conditions held at the end of report period	Type of shares
SINOPHARM GROUP CO., LTD.	110,459,748	RMB common share
ICBC—GUANGFA JUFENG STOCK FUND	13,285,477	RMB common share
ICBC—HARVEST THEME NEW POWER STOCK FUND	10,290,292	RMB common share
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	7,032,720	Domestically listed foreign share
ABC—GREATWAL ANXIN RETURN MEX STOCK FUND	7,000,000	RMB common share
ICBC—HARVEST STRATEGY GROWTH MIXED STOCK FUND	4,256,042	RMB common share
ABC—JINSHUN GREATWALL RESOURCES MONOPOLY STOCK FUND (LOF)	4,001,481	RMB common share
ICBC- GD STRATEGY SELECTED MIXED STOCK FUND	3,996,486	RMB common share
ICBC – UNIVERSAL BALANCE GWORTH STOCK FUND	3,721,291	RMB common share
CCB—GREATWALL CONSUMER VALUE-ADDED STOCK FUND	3,292,879	RMB common share

## §3. Significant Events

### 3.1 Particulars about material changes in items of main accounting statement and financial index, and explanations of reasons

√Applicable      □Inapplicable

1. Account paid in advance at period-end increase 48.18 million yuan over that of period-begin with rate of 73.15 percent up. Mainly because the projects and equipment amount paid in advance increased from Zhijun Pharmaceutical, subsidiary of the Company; meanwhile, amount paid for good purchasing in advance increased due to soaring sales.
2. Other account receivable at period-end increase 10.59 million yuan over that of period-begin with rate of 36.96 percent up. Mainly because acquisition of subsidiary Sinopharm Zhaoqing in this period and amount of office establishment of Sinopharm Guangxi, subsidiary of the Company pre-paid.
3. Other current assets at period-end decrease 5.16 million yuan over that of period-begin with rate of -67.44 percent up. Mainly because excess payable VAT and income tax decreased.
4. Account paid in advance at period-end increase 29.61 million yuan over that of period-begin with rate of 50.44 percent up. Mainly because Zhijun Pharmaceutical, subsidiary of the Company, shows favorable condition in aspect of sales, amount for goods received in advance increased.
5. Wages payable at period-end decrease 43.8 million yuan over that of period-begin with rate of -30.75 percent up. Mainly because some of the remuneration, accrual last year, have been paid in this period.
6. Taxes payable at period-end increase 28.09 million yuan over that of period-begin with rate of 44.17 percent up. Mainly because vary taxes growth due to soaring sales and higher profitability.
7. Long-term loans at period-end increase 37.12 million yuan over that of period-begin with rate of 39.88 percent up. Mainly because the new loans for Sinopharm Guangxi Logistic Park project, subsidiary of the Company, and phase II, Guanlan, Medicine R & D base of Zhijun Pharmaceutical, subsidiary of the Company.
8. Capital reserve at period-end decrease 3.06 million yuan over that of period-begin with rate of -35.52 percent up. Mainly because Sinopharm Wuzhou Company was merged by the Company under same control, the make a retroactive adjustment on amount at year-begin.
9. Financial expense has a y-o-y growth of 19.29 million yuan with 73.78 percent up. Mainly because on one hand, lending rates growth affected by monetary tightening policy of the State; on the other hand, financing cost increased due to financing scale enlarged.
10. Loss of assets impairment has a y-o-y decrease of 5.17 million yuan with -95.92 percent up. Mainly because strictly control in inventory management and rapid up turnover of the inventory, and depreciation provision for inventory accrued decreased.
11. Non-operating income has a y-o-y decline of 0.95 million yuan with -33.57 percent up. Mainly because government subsidy obtained in this period decreased over same period of last year.
12. Non-operating expenses have a y-o-y growth of 0.4 million yuan with 1,097.66 percent up. Mainly because external donation and losses from disposal of non-current assets show an increase over same period of last year.
13. Net profit has a y-o-y growth of 33.91 million yuan with 38.14 percent up. Mainly because sales scale enlarged, and by controlling reasonable expenses and adjusted product's structure for subordinate subsidiaries of the Company, profitability gains a more room for growth.
14. Minority interest income has a y-o-y decline of 0.72 million yuan with -42.30 percent up. Mainly because Zhijun Wanqing, subsidiary of the Company, has a lower net profit than same period of last year.
15. Taxes returned received have a y-o-y growth of 90,000 yuan with 116.38 percent up. Mainly because Zhijun Medicine Trade Company, subsidiary of the Company, has a higher export return tax than same period of last year.
16. Other cash received from operating activities have a y-o-y decline of 10.45 million yuan with -36.99 percent up. Mainly because government subsidy and other items obtained in this period have lower amount than same period of last year.

17. Net cash received from disposal of fixed assets, intangible assets and other long-term assets have a y-o-y decline of 0.3 million yuan with -58.85 percent up. Mainly because Zhijun Pharmaceutical, subsidiary of the Company, disposed some of the vehicle at same period of last year while no such business occurred in this period.

18. Other cash received from investment activities have a y-o-y decline of 1.91 million yuan with -100 percent up. Mainly because Sinopharm Guangxi Logistic, subsidiary of the Company, obtained supporting grant for logistic projects from Nanning Economy Development Zone at same period of last year while no such business occurred in this period.

19. Acquisition of subsidiaries and other business units, net cash have a y-o-y growth of 5.09 million yuan with 100 percent up. Mainly because Sinopharm Zhaoqing and Sinopharm Wuzhou were acquired by the Company in this period while no such business occurred at same period of last year.

20. Other cash paid for investment activities have a y-o-y decline of 9.7 million yuan with -100 percent up. Mainly because Sinopharm Guangxi paid balance of business acquisition of Nanning Medicine at same period of last year while no such business occurred in this period.

21. Other cash received from financing activities have a y-o-y growth of 326.42 million yuan with 1,732.72 percent up. Mainly because entrusted loans were increased and application of financing instrument of supplying chains for purpose of supporting business development.

22. Cash paid for debt settlement have a y-o-y growth of 108.73 million yuan with 105.60 percent up. Mainly because loans growth that debt payment correspondingly increased.

23. Cash paid for dividend and profit distribution or interest settlement have a y-o-y growth of 18.36 million yuan with 97.12 percent up. Mainly because financing cost increased due to financing scale enlarged.

24. Other cash paid for financing activities have a y-o-y growth of 284.62 million yuan with 869.66 percent up. Mainly because entrusted loans were paid in this period and financing from supplying chains increased over same period of last year.

25. influence on cash and cash equivalent from exchange rate movement has a y-o-y decline of 2,800 million yuan with -1,528.95 percent up. Mainly because of the amount of foreign currency held increased.

### **3.2 Analysis and explanation of significant events and their influence and solutions**

#### **3.2.1 Particular about Qualified Opinion**

Applicable                    Inapplicable

#### **3.2.2 Particular about fund offered to shareholder or its related parties by the Company and external guarantee with procedure violation**

Applicable                    Inapplicable

#### **3.2.3 Particular about the significant contract of routine operation signed and implemented**

Applicable                    Inapplicable

#### **3.2.4 Other**

Applicable                    Inapplicable

The Company purchased Sinopharm Wuzhou Co., Ltd. under same control in March 2012, made adjustment on comparison statements dated March 2011 in line with relevant regulations of “Accounting Standards for Business Enterprises No. 20 –Business Combination”. Income from January to March for year of 2011 increased 7.69 million yuan, net profit increased -60,000 yuan and net cash flow arising from operating activities increased -390,000 yuan while combined Sinopharm Wuzhou Co., Ltd.

### **3.3 Implementations of commitments by the Company, shareholders and actual controller**

Commitments make within the report period or persisted to the period by listed company and its director, supervisor and senior executives, shareholder with over 5 percent shares held and its actual controller

Applicable                    Inapplicable

### 3.4 Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason

Applicable Inapplicable

### 3.5 Other significant events which need explanations

#### 3.5.1 Particulars about securities investment

Applicable Inapplicable

#### 3.5.2 Registration form for receiving research, communication and interview in the report period

No acceptance of research, communication and interview in this report period.

### 3.6 Particulars about derivatives investment

Applicable Inapplicable

#### 3.6.1 Particulars about derivatives investment held at the end of report period

Applicable Inapplicable

## §4. Appendix

### 4.1 Balance sheet

Prepared by China National Accord Medicines Corporation Ltd. March 31, 2012 Unit: RMB

Items	Balance at period-end		Balance at year-begin	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	769,068,141.00	123,315,486.70	952,950,167.56	164,840,499.86
Settlement provisions				
Capital lent				
Transaction finance asset				
Notes receivable	645,659,095.89	16,583,240.02	534,922,741.30	8,718,971.96
Accounts receivable	4,089,854,384.91	383,292,855.69	3,580,559,211.65	295,227,856.20
Accounts paid in advance	114,035,437.98	8,264,618.77	65,857,961.31	3,148,580.55
Insurance receivable				
Reinsurance receivables				
Contract reserve of reinsurance receivable				
Interest receivable				
Dividend receivable				
Other receivables		624,957,803.73	28,656,020.58	704,287,016.32
Purchase restituted finance asset				
Inventories	1,225,868,343.47	91,141,533.79	1,313,213,414.68	125,157,825.01
Non-current asset due within one year				
Other current assets	2,492,195.25		7,653,736.21	39,482.38
Total current assets	6,886,224,450.23	1,247,555,538.70	6,483,813,253.29	1,301,420,232.28
Non-current assets:				
Granted loans and advances				
Finance asset available for sales				
Held-to-maturity investment				
Long-term account receivable				
Long-term equity	102,932,656.93	1,339,732,151.31	95,799,627.42	1,332,527,041.51

investment				
Investment property	94,558,835.15	8,344,418.51	86,164,929.70	8,841,071.50
Fixed assets	593,160,565.88	31,957,371.72	602,205,927.87	32,866,561.06
Construction in progress	116,447,937.53	253,886.24	131,042,772.59	253,886.24
Engineering material				
Disposal of fixed asset				
Productive biological asset				
Oil and gas asset				
Intangible assets	112,376,817.02	27,202,516.25	119,601,478.86	27,426,551.44
Expense on Research and Development	4,183,565.99		3,998,433.69	
Goodwill	56,150,018.62		53,555,677.09	
Long-term expenses to be apportioned	19,203,366.41	8,745,948.62	20,103,138.99	9,030,726.77
Deferred income tax asset	44,676,068.39	5,335,693.52	44,070,064.25	5,335,693.52
Other non-current asset	39,917,230.14	7,000,000.00	40,273,842.92	7,000,000.00
Total non-current asset	1,183,607,062.06	1,428,571,986.17	1,196,815,893.38	1,423,281,532.04
Total assets	8,069,831,512.29	2,676,127,524.87	7,680,629,146.67	2,724,701,764.32
Current liabilities:				
Short-term loans	1,951,710,994.95	510,000,000.00	1,839,838,065.68	417,648,980.60
Loan from central bank				
Absorbing deposit and interbank deposit				
Capital borrowed				
Transaction financial liabilities				
Notes payable	878,933,610.43	91,038,325.49	1,059,426,952.84	120,293,155.72
Accounts payable	2,764,184,066.16	305,762,959.62	2,496,808,221.25	343,946,734.72
Accounts received in advance	88,314,508.58	54,746.65	58,705,230.49	249,535.25
Selling financial asset of repurchase				
Commission charge and commission payable				
Wage payable	98,619,809.69	21,715,165.04	142,414,446.06	24,966,511.90
Taxes payable	91,693,793.46	3,237,625.01	63,600,830.11	1,640,177.39
Interest payable	10,340,819.33	355,514.19	10,451,229.03	868,585.17
Dividend payable				
Other accounts payable	358,519,769.29	786,569,133.38	346,965,182.34	865,237,491.48
Reinsurance payables				
Insurance contract reserve				
Security trading of agency				
Security sales of agency				
Non-current liabilities due within 1 year	21,500,000.00		23,960,000.00	
Other current liabilities				
Total current liabilities	6,263,817,371.89	1,718,733,469.38	6,042,170,157.80	1,774,851,172.23
Non-current liabilities:				
Long-term loans	130,203,295.31		93,082,967.96	
Bonds payable				
Long-term account	34,225.80		35,536.20	

payable				
Special accounts payable	4,287,000.00	800,000.00	4,519,000.00	1,032,000.00
Projected liabilities				
Deferred income tax liabilities	19,551,637.48	3,773,319.00	19,900,787.30	3,773,319.00
Other non-current liabilities	106,727,577.56		94,245,023.54	
Total non-current liabilities	260,803,736.15	4,573,319.00	211,783,315.00	4,805,319.00
Total liabilities	6,524,621,108.04	1,723,306,788.38	6,253,953,472.80	1,779,656,491.23
Owner's equity (or shareholders' equity):				
Paid-in capital (or share capital)	288,149,400.00	288,149,400.00	288,149,400.00	288,149,400.00
Capital public reserve	5,550,338.57	14,348,726.93	8,608,438.57	14,116,726.93
Less: Inventory shares				
Reasonable reserve				
Surplus public reserve	63,480,745.16	63,480,745.16	63,607,611.63	63,480,745.16
Provision of general risk				
Retained profit	1,110,466,922.37	586,841,864.40	989,727,826.66	579,298,401.00
Balance difference of foreign currency translation				
Total owner's equity attributable to parent company	1,467,647,406.10	952,820,736.49	1,350,093,276.86	945,045,273.09
Minority interests	77,562,998.15		76,582,397.01	
Total owner's equity	1,545,210,404.25	952,820,736.49	1,426,675,673.87	945,045,273.09
Total liabilities and owner's equity	8,069,831,512.29	2,676,127,524.87	7,680,629,146.67	2,724,701,764.32

#### 4.2 Profit statement

Prepared by China National Accord Medicines Corporation Ltd. Jan.-Mar. 2012 Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	4,274,691,013.50	525,423,059.94	3,534,426,881.47	453,841,194.44
Including: Operating income	4,274,691,013.50	525,423,059.94	3,534,426,881.47	453,841,194.44
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	4,128,175,649.52	525,426,697.28	3,428,078,335.11	464,486,312.67
Including: Operating cost	3,880,365,134.83	498,089,934.80	3,190,422,022.92	433,808,415.71
Interest expense				
Commission charge and commission expense				
Cash surrender value				
Net amount of expense of compensation				
Net amount of withdrawal of insurance contract reserve				
Bonus expense of guarantee slip				
Reinsurance expense				
Operating tax and extras	10,249,357.93	1,330,854.18	8,177,784.52	911,988.51

Sales expenses	115,542,181.90	9,591,216.16	117,886,305.85	7,538,568.30
Administration expenses	76,371,797.88	9,925,545.34	80,064,449.15	15,490,744.57
Financial expenses	45,427,279.11	6,891,875.19	26,140,058.40	7,050,860.61
Losses of devaluation of asset	219,897.87	-402,728.39	5,387,714.27	-314,265.03
Add: Changing income of fair value(Loss is listed with "-")				
Investment income (Loss is listed with "-")	7,133,029.51	7,569,709.80	6,273,433.12	6,273,433.12
Including: Investment income on affiliated company and joint venture	7,133,029.51	7,133,029.51	6,273,433.12	6,273,433.12
Exchange income (Loss is listed with "-")				
III. Operating profit (Loss is listed with "-")	153,648,393.49	7,566,072.46	112,621,979.48	-4,371,685.11
Add: Non-operating income	1,880,398.82	246,516.01	2,830,817.22	-7.85
Less: Non-operating expense	431,395.93	269,125.07	36,019.88	
Including: Disposal loss of non-current asset	81,021.97	69,125.07	8,067.76	
IV. Total Profit (Loss is listed with "-")	155,097,396.38	7,543,463.40	115,416,776.82	-4,371,692.96
Less: Income tax	32,294,666.00		26,519,899.57	1,635,778.25
V. Net profit (Net loss is listed with "-")	122,802,730.38	7,543,463.40	88,896,877.25	-6,007,471.21
Net profit attributable to owner's equity of parent company	121,822,129.24	7,543,463.40	87,197,481.02	-6,007,471.21
Minority shareholders' gains and losses	980,601.14		1,699,396.23	
VI. Earnings per share				
i. Basic earnings per share	0.423		0.303	
ii. Diluted earnings per share	0.423		0.303	
VII. Other consolidated income				
VIII. Total consolidated income	122,802,730.38	7,543,463.40	88,896,877.25	-6,007,471.21
Total consolidated income attributable to owners of parent company	121,822,129.24	7,543,463.40	87,197,481.02	-6,007,471.21
Total consolidated income attributable to minority shareholders	980,601.14		1,699,396.23	

Concerning the enterprise consolidation under common control occurred in the period; the merged party realized net profit before consolidation amounting to -240,695.14 yuan.

#### 4.3 Cash flow statement

Prepared by China National Accord Medicines Corporation Ltd. Jan.-Mar. 2012 Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				



Cash received from selling commodities and providing labor services	3,779,498,907.42	484,645,217.07	3,421,356,628.79	512,728,220.34
Net increase of customer deposit and interbank deposit				
Net increase of loan from central bank				
Net increase of capital borrowed from other financial institution				
Cash received from original insurance contract fee				
Net cash received from reinsurance business				
Net increase of insured savings and investment				
Net increase of disposal of transaction financial asset				
Cash received from interest, commission charge and commission				
Net increase of capital borrowed				
Net increase of returned business capital				
Write-back of tax received	163,222.89		75,431.82	
Other cash received concerning operating activities	17,797,483.61	3,557,267.61	28,247,629.33	10,330,297.16
Subtotal of cash inflow arising from operating activities	3,797,459,613.92	488,202,484.68	3,449,679,689.94	523,058,517.50
Cash paid for purchasing commodities and receiving labor service	3,725,221,147.10	479,168,053.99	3,439,887,798.75	603,678,760.41
Net increase of customer loans and advances				
Net increase of deposits in central bank and interbank				
Cash paid for original insurance contract compensation				
Cash paid for interest, commission charge and commission				
Cash paid for bonus of guarantee slip				
Cash paid to/for staff and workers	139,233,755.22	15,761,713.23	137,875,108.11	15,146,125.23
Taxes paid	103,980,345.49	5,045,537.47	84,541,630.69	6,592,520.64
Other cash paid concerning operating activities	100,461,903.03	27,322,022.51	104,707,412.92	15,948,200.18

Subtotal of cash outflow arising from operating activities	4,068,897,150.84	527,297,327.20	3,767,011,950.47	641,365,606.46
Net cash flows arising from operating activities	-271,437,536.92	-39,094,842.52	-317,332,260.53	-118,307,088.96
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income		9,752,052.28		
Net cash received from disposal of fixed, intangible and other long-term assets	207,915.00	207,900.00	505,236.40	
Net cash received from disposal of subsidiaries and other units		5,424,600.00		
Other cash received concerning investing activities		125,500,000.00	1,908,000.00	
Subtotal of cash inflow from investing activities	207,915.00	140,884,552.28	2,413,236.40	
Cash paid for purchasing fixed, intangible and other long-term assets	45,372,897.36	942,800.00	41,755,033.01	1,613,807.64
Cash paid for investment				49,600,000.00
Net increase of mortgaged loans				
Acquisition of subsidiaries and other business units, net cash	5,085,907.61	3,542,000.00		
Other cash paid concerning investing activities		48,880,000.00	9,698,496.42	
Subtotal of cash outflow from investing activities	50,458,804.97	53,364,800.00	51,453,529.43	51,213,807.64
Net cash flows arising from investing activities	-50,250,889.97	87,519,752.28	-49,040,293.03	-51,213,807.64
III. Cash flows arising from financing activities				
Cash received from absorbing investment				
Including: Cash received from absorbing minority shareholders' investment by subsidiaries				
Cash received from loans	356,403,865.78	70,000,000.00	474,340,000.00	280,000,000.00
Cash received from issuing bonds				
Other cash received concerning financing activities	345,255,690.18	228,648,356.64	18,838,396.82	211,336,940.75
Subtotal of cash inflow from financing activities	701,659,555.96	298,648,356.64	493,178,396.82	491,336,940.75

Cash paid for settling debts	211,686,102.18	90,062,726.66	102,958,420.88	40,000,000.00
Cash paid for dividend and profit distributing or interest paying	37,264,660.38	16,534,200.84	18,904,425.68	14,210,318.24
Including: Dividend and profit of minority shareholder paid by subsidiaries				
Other cash paid concerning financing activities	317,345,129.32	282,001,352.06	32,727,621.72	204,722,807.48
Subtotal of cash outflow from financing activities	566,295,891.88	388,598,279.56	154,590,468.28	258,933,125.72
Net cash flows arising from financing activities	135,363,664.08	-89,949,922.92	338,587,928.54	232,403,815.03
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-2,940.42		-180.51	
V. Net increase of cash and cash equivalents	-186,327,703.23	-41,525,013.16	-27,784,805.53	62,882,918.43
Add: Balance of cash and cash equivalents at the period -begin	907,884,162.14	164,840,499.86	684,764,869.84	135,498,819.87
VI. Balance of cash and cash equivalents at the period -end	721,556,458.91	123,315,486.70	656,980,064.31	198,381,738.30

#### 4.4 Auditor' report

Auditor's opinions: Un-audited

#### 4.5 Other events

Progress of establishment of internal control for first quarterly of 2012 under the name of National Accord

Under requirement of "Basic Norms of Internal Control for Enterprises" and relevant regulations and document requirements of "Notice of Standard Pilot for Internal Control of Listed Companies in Shenzhen issued by Shenzhen Security Regulatory Bureau", National Accord, in first quarterly of 2012, has its internal control construction as:

I. Particular about progress based on establishment of internal control

1. Organizing and completed self-assessment on internal control dated 31 December 2011, coordinate with PwC for auditing on internal control of the Company.

2. The annual self-assessment report of internal control, without major defect of internal control been found, which have concerned with financial report and non-financial report, for year of 2011, has been issued outside by the Company. PwC carried out an auditing report for financial report internal control for year of 2011, in all major aspect of the Company, relevant notice has released externally.

3. Combining with adjustment of structure and functions of the Company, organizing and completed the amendment of manual for system procedures for year of 2012 and self-assessment of internal control.

4. Compiled and completed the working plans of risk control and process management for year of 2012, more details are:

a. improved risk management system, standardized risk evaluation and analysis mechanism, well-defined and implemented integrity solution plan for major risks, renewal and perfected library of risk events and upgrade ability of risk prevention;

b. continuous to optimized and improved system process (internal control) mechanism in

headquarters and vary business division, achieving full coverage of standards of self-assessment of internal control and compacting fundamental management;

c. established and perfected internal control inspection and self-evaluation mechanism, completed self-assessment of internal control within the year and upgrade entirety execution.

d. analysis and evaluated the feasibility of introduction of information technology means for internal control mechanism.

II. Comparison, reasons of differences and solutions with progress in working plan

Being compared with plans involved in “implementation of ‘Basic Norms of Internal Control for Enterprises’”, the Company completed relevant works by strictly in line with the planning.

Chairman: Wei Yulin

China National Accord Medicines Corporation Ltd.

23 April 2012