

Livzon Pharmaceutical Group Inc.

2013 First Quarterly Report

Announcement No.: 2013-20



April 2013

Section I Important Notice

The Board of Directors (BOD), Board of Supervisors (BOS), directors, supervisors and senior executives hereby guarantee that the data in this quarterly report contain no false representation, misleading statements and serious omissions, and shall be severally and jointly liable for the contents.

Mr. Zhu Baoguo, Chairman of the company, Mr. An Ning, the principal in charge of accounting, and Ms. Si Yanxia, the principal of the Accounting Department hereby declare: We guarantee the authenticity and completeness of the financial statements in this quarterly report.

All directors were personally present in the meeting of Board of Director examining this quarterly report.

This report is made both in Chinese and English; in case there is any contraction between the Chinese and English versions, the Chinese version shall prevail.

Section II Main Financial Data and shareholder changes

I. Main financial data

Whether there are retrospective adjustments or descriptions of financial data in previous years in this report period.

Yes No

	January to March 2013	January to March 2012	Increase or decrease compared with same period of previous year (%)
Total profit(RMB Yuan)	1,055,640,495.32	892,862,698.79	18.23%
Net profit attributable to the shareholders of listed companies (RMB Yuan)	146,739,417.67	117,291,231.12	25.11%
Net profit attributable to the shareholders of listed companies after deduction of non-recurring profit and loss(RMB Yuan)	138,769,476.59	109,667,397.10	26.54%
Net cash flows from operating activities (RMB Yuan)	48,651,126.55	133,979,956.38	-63.69%
Basic profit per share (RMB Yuan per share)	0.50	0.40	25.00%
Diluted profit per share (RMB Yuan per share)	0.50	0.40	25.00%
Weighted average yield rate of net assets (%)	4.76%	4.04%	Up 0.72 percentage points
	March 31, 2013	March 31, 2012	Increase or decrease compared with end of previous year (%)
Total assets (RMB Yuan)	5,959,089,293.50	5,633,753,961.14	5.77%
Net asset per share attributable to the shareholders of listed companies(RMB Yuan)	3,154,805,304.99	3,008,015,808.63	4.88%

Non-recurring profit and loss items and amounts

Applicable Inapplicable

Unit: RMB Yuan

Non-recurring profit and loss items	Amount from year beginning to end of report period	Note (if applicable)
Profit and loss in disposal of non-current assets	-4,747.38	
Governmental allowance accrued to the current profit and loss,	6,082,200.68	All governmental

except those that are closely related to the normal operation businesses of company, comply with the national policies, and are continuously granted based on the certain standard quota or certain quantity		allowances received by the Company
Except the effective hedge business related to the normal operation business of the company, the profit and loss in the changes of fair values caused by the holding of tradable financial assets and tradable financial liabilities as well as the investment returns in disposal of tradable financial assets, tradable financial liabilities and saleable financial assets	1,861,677.94	Returns from securities investment
Other net non-operating income and payment except the above items	1,079,528.10	
Subtotal	9,018,659.34	
Minus: Effect of the minority of shareholders' equities	-955.97	
Effect of income tax	1,049,674.23	
Total	7,969,941.08	-

II. Total quantity of shareholders and shareholding particulars of top ten shareholders at the end of report period

Unit: share

Total quantity of shareholders at the end of report period	17,543(including 6,045 B-share holders)				
Shares held by top ten shareholders					
Shareholder name (full name)	Shareholder nature	Shareholding percentage	Total shareholding quantity	Total quantity of shares with trading restriction	Shares for the mortgage or freezing
Joincare Pharmaceutical Group Industry Co., Ltd	Domestic non-state-owned legal person	26.21%	77,510,167	0	
Tiancheng Industry Co., Ltd	Foreign legal person	17.13%	50,660,052	50,660,052	
First Shanghai Securities Co., Ltd	Foreign legal person	3.66%	10,838,198	10,106,560	
GAOLING FUND,L.P.	Foreign legal person	3.64%	10,767,777	10,767,777	
Bank of China – Harvest Study Fine Stock-type Securities Investment Fund	Others	2.47%	7,312,201	0	
Industrial and Commercial Bank of China- Harvest Strategic Growth Mixed Securities Investment Fund	Others	2.39%	7,071,617	0	
Agricultural Bank of China – Penghua power growth mixed securities investment funds	Others	2.33%	6,900,000	0	
Industrial and Commercial Bank of	Others	2.10%	6,219,462	0	

China- E-fund Value Growth Mix Securities Investment Fund					
Guangzhou Begol Trading Corporation	State-owned legal person	2.05%	6,059,428	6,059,428	Mortgaged and frozen
Shenzhen Haibin Pharmaceutical Co., Ltd	Domestic non-state-owned legal person	1.99%	5,892,943	0	
Shareholding particulars of top ten shareholders without trading restriction					
Shareholder name		Quantity of shares without trading restriction	Share type	Quantity	
Joincare Pharmaceutical Group Industry Co., Ltd		77,510,167	RMB common share	77,510,167	
Bank of China – Harvest Study Fine Stock-type Securities Investment Fund		7,312,201	RMB common share	7,312,201	
Industrial and Commercial Bank of China- Harvest Strategic Growth Mixed Securities Investment Fund		7,071,617	RMB common share	7,071,617	
Agricultural Bank of China – Penghua power growth mixed securities investment funds		6,900,000	RMB common share	6,900,000	
Industrial and Commercial Bank of China- E-fund Value Growth Mix Securities Investment Fund		6,219,462	RMB common share	6,219,462	
Shenzhen Haibin Pharmaceutical Co., Ltd		5,892,943	RMB common share	5,892,943	
Agricultural Bank of China- Greatwall Anxin Return Mixed Securities Investment Fund		5,500,000	RMB common share	5,500,000	
Agricultural Bank of China- Invesco Greatwall Domestic Needs Growth No. 2 Stock-type Securities Investment Fund		5,047,614	RMB common share	5,047,614	
Bank of Communications – Greatwall Jiufu Core Growth Stock-type Securities Investment Fund (LOF)		3,950,000	RMB common share	3,950,000	
Agricultural Bank of China- Invesco Greatwall Domestic Needs Growth Open Securities Investment Fund		3,390,237	RMB common share	3,390,237	
Description of concerted action of above shareholders:	<p>①On January 2, 2004, Joincare Pharmaceutical Group Industry Co., Ltd (hereinafter called as “Joincare”) and Guangzhou Begol Trading Corporation (hereinafter called as “Begol”) signed the Agreement on Equity Transfer and Custody and the Agreement on Equity Mortgage, in which Guangzhou Begol Trading Corporation directly transferred, custodized and mortgaged 6,059,428 domestic legal person shares of our company to Joincare;②Tiancheng Industry Co., Ltd and Shenzhen Haibin Pharmaceutical Co., Ltd are the subcompanies directly or indirectly held 100% by Joincare;③Industrial and Commercial Bank of China- Harvest Strategic Growth Mixed Securities Investment Fund and Bank of China – Harvest Study Fine Stock-type Securities Investment Fund belong to Harvest Fund Management Co., Ltd. ④Agricultural Bank of China- Greatwall Anxin Return Mixed Securities Investment Fund and Bank of Communications – Greatwall Jiufu Core Growth Stock-type Securities Investment Fund (LOF) belongs to Greatwall Fund Management Co., Ltd; ⑤ Agricultural Bank of China- Invesco Greatwall Domestic Needs Growth No. 2 Stock-type Securities Investment Fund and Agricultural Bank of China- Invesco Greatwall Domestic Needs Growth Open Securities Investment Fund belongs to Invesco Great Wall Fund Management Company Limited; ⑥ The Company does not know whether there are any relations between the above shareholders or whether they belong to the persons acting in concert stated in the Management Measures about Takeover of Listed Companies.</p>				

Note: In accordance with the commitments separately made by Tiancheng Industry Co., Ltd, GAOLING FUND,L.P. and SUNRISE PALACE LIMITED (First Shanghai Securities Co., Ltd holds 10,106,560 B-shares of the company on behalf of it) at the time of implementing the transfer from B share to H share, by the end of this report period, the shares has the trading restriction.

Section III Major Events

I. Particulars and reasons for key changes of main accounting statement items and financial indexes during the report period

√ Applicable □ Inapplicable

1. Huge changes of balance sheet items and reasons

Item	Amount at the end of period (RMB Yuan)	Amount at the beginning of period (RMB Yuan)	Increase or decrease	Reasons for changes
Tradable financial assets	13,881,715.22	59,319,616.94	-76.60%	During the report period, the company sold the stocks.
Advance payment	363,355,912.72	207,180,789.68	75.38%	The advance payment of equipment increases.
Rewards paid to the staffs	52,035,765.80	74,462,512.02	-30.12%	The company pays the double salaries and performance rewards to staffs.
Interests payable	14,493,409.73	10,454,004.86	38.64%	The withdrawn loan interests increase.
Long-term loans	150,700,000.00	700,000.00	21428.57%	During the report period, the bank loans increase by RMB 150 million Yuan.

2. Huge changes of profit statement items and reasons for such changes

Item	Amount in this period (RMB Yuan)	Amount in previous period (RMB Yuan)	Change rate	Reasons for changes
Loss of asset depreciation	3,185,704.22	5,836,757.42	-45.42%	During the report period, the company reduced the bad debt reserve and depreciation loss of inventory.
Profits from the changes of fair values	1,006,067.22	4,971,946.09	-79.77%	During the report period, the company reduced the securities investment.
Investment returns	2,162,744.23	347,088.76	523.11%	During the report period, the company sold the tradable financial assets.
Non-operating income	7,291,019.38	2,612,890.25	179.04%	During the report period, the governmental allowance incomes increased.

3. Huge changes of cash flow sheet Items and reasons

Item	Amount in this period (RMB Yuan)	Amount in previous period (RMB Yuan)	Change rate	Reasons for changes
Cash paid to and on behalf of employees	116,178,068.57	86,826,827.95	33.80%	The salaries (including the performance rewards of company) paid to staffs increased.
Cash received from investment returns	343,750.00	1,116,870.13	-69.22%	After the decrease of securities investments, the dividend incomes received by company decreased correspondingly.
Net cash flow from operating activities	48,651,126.55	133,979,956.38	-63.69%	The circulation cycle of accounts receivable increased and the settlement mode of incomes changed.
Cash from loans	207,224,195.44	24,405,000.00	749.11%	During the report period, the bank loans increased by RMB 150 million Yuan.
Repayments of loans	96,454,960.94	224,405,000.00	-57.02%	During the same period of previous year, the company paid the short-term financing bonds of RMB 200 million Yuan
Cash paid for distribution of dividends, profits and repayment of interests	6,349,152.63	21,688,903.53	-70.73%	In the past year, the reagent company paid the dividends to the minority of shareholders in the profit distribution, and the group paid the interests of short-term financing bonds.
Effect of foreign exchange fluctuation on cash and cash equivalentents	-97,877.24	343,127.13	-128.53%	The RMB appreciation increased hugely.

II. Development and effect of important matters and analysis of resolution plans

Summary of important matters	Disclosure date	Searching index of temporary reports in the disclosure website
On January 30, 2013, the 14 th meeting of seventh Board of Directors examined and agreed that, the company proposed to change the listing place of domestically-listed shares for foreign investors (B shares) and list and trade in the main board of Hongkong Stock Exchange Limited in the mode of introduction.	January 31, 2013	Disclosure document: Announcement about resolutions passed in the 2013 first temporary shareholders' meeting of of Livzon Pharmaceutical Group Inc.(announcement No.: 2013-06), and Listing Location Change and Listing & Trading Plan of Domestically Listed Shares for Foreign Investors of Livzon Pharmaceutical Group Inc. by way of Introduction on the Main Board of the Hongkong Stock Exchange Limited; The website publishing the announcement: Juchao Website(http://www.cninfo.com.cn/)
Remarks: all above matters have been examined and passed by relevant shareholders' meetings of company. By the end of report period, the matters have not been completed. The company will, based on the development of matters and in accordance with relevant requirements, timely perform the disclosure obligations and the investors should pay attention to them.		

III. Commitments that are made by the company or shareholders holding over 5% of total shares during the report period or continued to the report period

√Applicable □Inapplicable

Commitments	Principal	Commitment content	Commitment date	Commitment period	Performance
Commitments about share reform		/			
Commitments in the purchase report or equity change reports		/			
Commitments at the time of asset restructuring		/			
Commitments at the time of first public issuing or refinancing		/			
Other commitments to medium and small shareholders of company	Joincare Pharmaceutical Group Industry Co., Ltd	The controlling shareholder Joincare made the following commitments while handling the restriction release of shares with trading restriction: 1. When Joincare transfers its tradable shares of Livzon Group whose trading restriction has been released, it will strictly comply with the relevant regulations of the <i>Guiding Opinions on the Listed Companies' Transfer of Original Shares Released from Trading Restrictions</i> ([2008] No. 15 announcement) issued by China Securities Regulatory Commission. (2) Joincare plans to reduce its tradable shares of Livzon Group whose trading restriction has been released through the competing price trading system in the stock exchange in the future and the reduced quantity of shares amounts to over 5% within 6 months from the first reduction, then Joincare will disclose the reminder announcement about the selling affairs via Livzon Group in 2 trading days before the first reduction.	December 17, 2008	Long-term	Perform based on actual situation
	Tiancheng Industry Co., Ltd	From January 9, 2012 to January 8, 2013, Tiancheng Industry Co., Ltd, the wholly-funded subcompany of controlling shareholder Joincare, increased the tradable B-shares of Livzon Group by the mode of central price competition through the competing price trading system in Shenzhen Stock Exchange. After the	January 8, 2013	6 months	Being performed

		implementation, Tiancheng Industry Co., Ltd made the following commitment: after this increase, the locking period of increased shares is 6 months from the completion date of such increase.			
	Tiancheng Industry Co., Ltd	While planing to implement the B-to-H project of the Company, Tiancheng Industry Co., Ltd signed the following letter of commitment: in the condition that the third-party arranged by Livzon Group provides the cash option to the Company in terms of the B-to-H matters, regarding 50,660,052 B shares of Livzon Group held by the Company, the Company agreed to waive the exercise of such cash option, and agreed to continue to hold and retain such shares until the shares are changed to H Shares in accordance with this program and listed on the Main Board of Hongkong Stock Exchange and traded, and from the date of signing of the letter of commitment to the date of completion of the implementation of this program, the Company will not purchase or sell the shares of Livzon Group (including A shares and B shares).	January 25, 2013	To the date when the B-to-H program of company is completely implemented.	Being performed
Whether the commitments are timely performed	Yes				
Actual reasons for failure to perform them and next plans	Inapplicable				
Whether any commitments have been made regarding the industry competition and associated transaction problems	None				
Solution period of commitments	Inapplicable				
Solution mode	Inapplicable				
Performance of commitments	Inapplicable				

IV. Forecast of operation performances for January to June 2013

Warning and reasons of forecasting that the accumulative net profit from year beginning to end of next report period may be the loss or change hugely compared with same period of previous year.

□Applicable √Inapplicable

V. Securities investment

√Applicable □Inapplicable

Securities Type	Securities Code	Securities abbreviation	Initial investment amount (RMB Yuan)	Holding quantity at the beginning of period (Share)	Holding quantity at the end of period (Share)	Book value at the end of period (RMB Yuan)	Percentage in total securities investment at the end of period (%)	Profit and loss during the report period (RMB Yuan)	Accounting calculation subject	Share source
Stock	00135	Kunlun Energy	4,326,582.24	1,500,000	1,000,000	13,324,905.00	95.99%	258,947.20	Tradable financial assets	Purchase from the market
Fund	206001	Penghua Fund	150,000.00	619,573	619,573	556,810.22	4.01%	17,286.09	Tradable financial assets	Purchase from the market
Other securities investment at the end of this period			-	-	-	-	-	-	-	-
Sold Securities investment during the report period			-	-	-	-	-	1,585,444.65	-	-
Total			4,476,582.24	2,119,573	1,619,573	13,881,715.22	100%	1,861,677.94	-	-

Remarks: for the securities investment and the investments in H-share market, the relevant amount has been converted to RMB for calculation at the exchange rate at the end of report period; the profit and loss during the report period means the effect of this investment on the consolidated net profit of company during the report period.

Shareholding particulars of other listed companies

Unit: RMB Yuan

Securities code	Securities abbreviation	Initial investment capital	Percentage of total shares of this Company	Book value at the end of this period	Profit and loss during the report period	Change of owners' equity during the report period	Accounting calculation subject	Source
601328	Bank of Communications	2,450,179.00	0.0025%	7,150,670.19	-	-349,183.47	Saleable financial assets	Share participation

000963	Huadong Medicine Co., Ltd	39,851.86	0.0211%	3,915,062.84	-	802,056.84	Saleable financial assets	Share participation
Total		2,490,030.86		11,065,733.03		452,873.37	-	-

Purchasing or selling particulars of the shares of other listed companies during the report period

Securities name	Holding quantity at the beginning of period (Share)	Purchasing quantity of shares during the report period (share)	Selling quantity of shares during the report period (share)	Holding quantity at the end of period (Share)	Capitals used for purchasing the shares (RMB Yuan)	Capitals received from selling the shares (RMB Yuan)	Investment returns(RMB Yuan)
Rainbow group	5,016,000	-	5,016,000	-	-	1,816,320.57	-3,964,521.05
Kunlun Energy	1,500,000	-	500,000	1,000,000	-	6,879,923.83	4,726,211.17
China National Offshore Oil Corporation	560,000	-	560,000	-	-	7,345,028.24	4,708,361.49
Baili International	428,000	-	428,000	-	-	5,999,102.80	3,842,299.57
Phoenix Island	2,570,317	-	2,570,317	-	-	8,624,042.92	-10,650,691.45
Shenzhen International	17,000,000	-	17,000,000	-	-	11,828,557.74	2,518,730.78
Sinotrans Shipping	260,500	-	260,500	-	-	447,629.29	-1,293,197.73
China Railway Engineering Group Co.	314,000	-	314,000	-	-	1,235,527.03	-245,433.99
China Railway Construction Corporation	114,000	-	114,000	-	-	861,358.85	-133,925.85
Total	27,762,817	-	26,762,817	1,000,000	-	45,037,491.27	-492,167.06

VI. Derivative investment

Applicable Inapplicable

VII. Activities that the Company receives the investigation, communication and interview, etc

Reception date	Reception place	Reception mode	Object type	Objects	Discussion topics and provided materials
January 7, 2013	Headquarters	Telephone communication	Individuals	Individual investors	Inquire about the suspension matters; the company described the planning of major events, and the trading will be timely resumed when the result comes out; no any document materials are provided.
February 1, 2013	Headquarters	Telephone communication	Individuals	Individual investors	Inquire about the details of B-to-H program of the company; the company answered based on the announcement contents; no any document materials are provided.
March 4, 2013	Headquarters	Telephone communication	Individuals	Individual investors	Inquire about the operating status and B-to-H development of the company, and the company answered based on the actual situation; no any document materials are provided.

Section IV Financial Statements

I. Financial statements

1. Balance sheet

Prepared by: Livzon Pharmaceutical Group Inc.

2013-3-31

Unit: RMB Yuan

Item	Balance at the end of period		Balance at the beginning of year	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Tradable financial assets	1,172,682,903.95	1,042,727,831.86	1,221,332,802.40	1,140,415,395.77
Notes receivable	13,881,715.22	-	59,319,616.94	-
Notes receivable	144,304,435.99	28,169,699.20	112,482,782.18	18,838,299.32
Accounts receivable	828,617,562.39	385,203,302.75	774,021,470.88	356,944,182.17
Advance money	363,355,912.72	18,566,587.81	207,180,789.68	11,947,252.36
Dividend receivable	-	-	-	-
Interests receivable	-	-	-	-
Other receivables	64,795,382.84	720,937,771.72	53,040,257.13	672,875,015.59
Inventory	583,527,990.51	71,288,827.05	546,497,999.53	80,003,596.83
Non-current assets due within one year	-	-	-	-
Other current assets	-	-	-	-
Total of current assets	3,171,165,903.62	2,266,894,020.39	2,973,875,718.74	2,281,023,742.04
Non-current assets:				
Saleable financial assets	11,065,733.03	11,065,733.03	10,612,859.66	10,612,859.66
Investment held to the maturity date	-	-	-	-
Long-term accounts receivable	-	-	-	-
Long-term equity investment	121,924,586.89	1,660,142,518.42	120,961,203.38	1,660,096,199.25
Real estate for Investment	-	-	-	-
Fixed assets	1,110,902,878.26	87,841,712.29	1,127,285,485.37	89,894,096.64
Engineering under construction	1,173,277,124.64	-	1,028,769,050.48	-
Engineering goods	2,085,525.59	-	1,623,576.06	-
Liquidation of fixed assets	-	-	-	-
Production biology assets	-	-	-	-
Intangible assets	200,492,868.81	31,189,592.99	205,129,693.66	33,297,100.50
Development expenses	1,510,153.51	1,289,662.78	1,510,153.51	1,289,662.78
Goodwill	103,040,497.85	-	103,040,497.85	-
Long-term deferred and prepaid expenses	18,952,756.72	-	17,785,870.45	-
Assets with deferred income taxes	44,671,264.58	13,601,981.09	43,159,851.98	13,899,260.85
Other non-current assets	-	-	-	-
Subtotal of non-current assets	2,787,923,389.88	1,805,131,200.60	2,659,878,242.40	1,809,089,179.68
Total of assets	5,959,089,293.50	4,072,025,220.99	5,633,753,961.14	4,090,112,921.72

Legal person representative: Zhu Baoguo Principal of the Financial Department: An Ning Principal of the Accounting Department: Si Yanxia

2、 Balance sheet (continued)

Prepared by: Livzon Pharmaceutical Group Inc.

2013-3-31

Unit: RMB Yuan

Item	Balance at the end of period		Balance at the beginning of year	
	Consolidation	Parent Company	Consolidation	Parent Company
Current liabilities:				
Short-term loans	496,009,819.29	363,568,339.29	536,169,502.91	403,190,102.91
Tradable financial liability	-	-	-	-
Notes payable	301,351,158.61	583,629,158.61	283,581,118.89	565,951,118.89
Accounts payable	366,357,230.95	173,628,318.09	311,814,060.41	117,634,591.39
Advance accounts	37,730,751.50	6,756,129.19	37,950,040.42	7,154,698.64
Payroll payable	52,035,765.80	16,321,495.54	74,462,512.02	24,141,017.37
Tax payable	85,068,806.54	29,102,170.74	96,658,310.36	24,119,667.76
Interests payable	14,493,409.73	13,015,318.78	10,454,004.86	9,058,796.48
Dividend payable	2,531,984.46	20,174.46	2,531,984.46	20,174.46
Other accounts payable	648,798,619.97	960,889,579.82	622,164,203.12	1,042,693,215.88
Non-current liabilities due within one year	400,000.00	-	400,000.00	-
Other current liabilities	400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Total of current liabilities	2,404,777,546.85	2,546,930,684.52	2,376,185,737.45	2,593,963,383.78
Non-current liabilities				
Long-term loan	150,700,000.00	-	700,000.00	-
Bonds payable	-	-	-	-
Long-term accounts payable	-	-	-	-
Special accounts payable	-	-	-	-
Deferred profit	71,859,488.22	6,420,854.84	74,172,485.90	9,311,879.60
Anticipation liability	-	-	-	-
Liabilities with the deferred income taxes	2,784,572.73	1,286,355.34	2,576,489.15	1,218,424.33
Other non-current liabilities	-	-	-	-
Subtotal of non-current liabilities	225,344,060.95	7,707,210.18	77,448,975.05	10,530,303.93
Total of liabilities	2,630,121,607.80	2,554,637,894.70	2,453,634,712.50	2,604,493,687.71
Shareholders' equities:				
Share capital	295,721,852.00	295,721,852.00	295,721,852.00	295,721,852.00
Capital reserve	219,495,148.04	339,504,086.86	219,110,205.68	339,119,144.50
Minus: treasury share	-	-	-	-
Surplus reserve	490,319,036.90	285,355,983.32	490,319,036.90	285,355,983.32
Profit in this year	146,739,417.67	31,383,149.92	-	-
Undistributed profit	2,023,348,842.58	565,422,254.19	2,023,348,842.58	565,422,254.19
foreign currency statements	-20,818,992.20	-	-20,484,128.53	-
Investment loss that is not confirmed	-	-	-	-
Total of equities attributable to shareholders of parent company	3,154,805,304.99	1,517,387,326.29	3,008,015,808.63	1,485,619,234.01
Equities of the minority of shareholders	174,162,380.71	-	172,103,440.01	-
Total of shareholders' equities	3,328,967,685.70	1,517,387,326.29	3,180,119,248.64	1,485,619,234.01
Total of liabilities and shar	5,959,089,293.50	4,072,025,220.99	5,633,753,961.14	4,090,112,921.72

Legal person representative: Zhu Baoguo

Principal of the Financial Department: An Ning

Principal of the Accounting Department: Si Yanxia

3、 Profit Statement

Prepared by: Livzon Pharmaceutical Group Inc.

January to March 2013

Unit: RMB Yuan

Item	Amount in this period		Amount in previous period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Operating income	1,055,640,495.32	495,363,096.60	892,862,698.79	413,283,058.89
Minus: operating cost	398,015,618.32	212,196,587.72	353,346,370.49	206,712,907.58
Operating tax and surtax	12,843,687.86	5,834,252.31	11,757,363.91	4,748,890.88
Sales expense	394,275,694.66	217,111,456.46	320,103,016.74	174,331,060.97
Management expense	88,801,916.60	31,906,753.49	73,417,775.90	24,511,957.37
Financial expense	-3,534,966.64	-2,643,255.66	-4,885,220.34	-330,120.03
Loss from asset depreciation	3,185,704.22	-1,475,706.29	5,836,757.42	5,909,616.80
Plus: returns from the changes of fair values (the loss is listed beginning with "-").	1,006,067.22	-	4,971,946.09	-
Investment returns (the loss is listed beginning with "-").	2,162,744.23	390,069.17	347,088.76	9,810,857.21
Including: the investment returns from the associated enterprises and joint enterprises	963,383.51	46,319.17	-217,800.79	-389,142.79
II. Operating profit (the loss is listed beginning with "-")	165,221,651.75	32,823,077.74	138,605,669.52	7,209,602.53
Plus : non-operating income	7,291,019.38	3,227,624.76	2,612,890.25	-86,289.50
Minus: non-operating payments	134,037.98	14,620.05	120,460.55	17,362.58
Including: loss in the disposal of non-current assets	53,808.92	4,620.05	112,680.14	-
III. Total profit (the loss is listed beginning with "-")	172,378,633.15	36,036,082.45	141,098,099.22	7,105,950.45
Minus: income tax expense	23,583,703.99	4,652,932.53	19,156,297.99	-346,865.20
IV. Net profit (the loss is listed beginning with "-")	148,794,929.16	31,383,149.92	121,941,801.23	7,452,815.65
Net profits attributable to the owners of parent company	146,739,417.67	31,383,149.92	117,291,231.12	7,452,815.65
Profit and loss of the minority of shareholders	2,055,511.49	-	4,650,570.11	-
V. Profit per share:				
(I) Basic profit per share	0.50		0.40	
(II) Diluted profit per share	0.50		0.40	
VI. Other comprehensive profit	50,976.46	384,942.36	-1,255,184.77	162,946.69
VII. Total amount of comprehensive profit	148,845,905.62	31,768,092.28	120,686,616.46	7,615,762.34
Total comprehensive profit attributable to the owners of parent	146,789,496.36	31,768,092.28	116,036,046.35	7,615,762.34
Total comprehensive profit attributable to the minority of	2,056,409.26		4,650,570.11	-

Legal person representative: Zhu Baoguo

Principal of the Financial Department: An Ning

Principal of the Accounting Department: Si Yanxia

4、Cash flow statement

Prepared by: Livzon Pharmaceutical Group Inc.

2013-3-31

Unit: RMB Yuan

Item	January to March 2013		January to March 2012	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows from operating activities				
Cash received from sales of goods or rendering of services	987,724,095.23	487,056,819.47	889,352,722.29	406,678,883.46
Tax refunding	5,213,924.69	-	4,488,175.13	-
Cash received related to other operating activities	30,969,327.10	26,121,712.67	31,637,499.97	38,000,163.88
Subtotal of cash inflow from the operating activities	1,023,907,347.02	513,178,532.14	925,478,397.39	444,679,047.34
Cash paid for purchase of goods or receiving of services	270,328,722.42	178,467,310.70	234,143,478.60	201,219,655.05
Cash paid to and on behalf of employees	116,178,068.57	27,884,289.58	86,826,827.95	21,847,653.33
Tax payments	155,227,287.35	53,615,483.30	129,595,034.42	39,316,948.41
Other cashes paid to operating activities	433,522,142.13	212,076,570.61	340,933,100.04	149,356,102.43
Subtotal of cash outflow from operating activities	975,256,220.47	472,043,654.19	791,498,441.01	411,740,359.22
Net cash flow from operating activities	48,651,126.55	41,134,877.95	133,979,956.38	32,938,688.12
II. Cash flow from investment activities:				
Cash received from disposal of investments	47,153,632.87	-	-	-
Cash received from investment returns	343,750.00	343,750.00	1,116,870.13	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	68,000.00	23,000.00	100,350.00	-
Net cash received in disposal of the subcompanies and other operating units	-	-	-	-
Cash received related to other investment activities	1,500,000.00	-	-	10,200,000.00
Subtotal of cash inflow from the investment activities	49,065,382.87	366,750.00	1,217,220.13	10,200,000.00
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	249,188,612.50	9,735,601.88	213,873,211.70	6,925,406.00
Cash paid to acquire investments	-	-	-	-
Net cash paid to acquire the subcompanies and other operating units	-	-	-	-
Cash paid related to other investment activities	-	-	-	-
Subtotal of cash outflow from investment activities	249,188,612.50	9,735,601.88	213,873,211.70	6,925,406.00
Net amount of cash flow received from the investment activities	-200,123,229.63	-9,368,851.88	-212,655,991.57	3,274,594.00
III. Cash flow from financing activities:				
Cash received from investors	-	-	-	-
Cash received from the subcompanies	-	-	-	-
Cash from loans	207,224,195.44	57,224,195.44	24,405,000.00	-
Cash received related to other financing activities	1,956,000.00	-	-	-
Cash received from the issuing of bonds	-	-	-	-
Subtotal of cash inflow from the financing activities	209,180,195.44	57,224,195.44	24,405,000.00	-
Repayments of loans	96,454,960.94	96,454,960.94	224,405,000.00	200,000,000.00
Cash paid for distribution of dividends, profits and repayment of interests	6,349,152.63	7,264,012.21	21,688,903.53	16,951,255.42
Including: dividends and profits paid to the minority of shareholders by subcompanies	-	-	9,800,000.00	-
Cash payments related to other financing activities	-	-	-	-
Loans paid to the subcompanies	-	81,046,182.01	-	-417,203,127.84
Sub-total of cash outflow from the financing activities	102,804,113.57	184,765,155.16	246,093,903.53	-200,251,872.42
Net cash flow from financing activities	106,376,081.87	-127,540,959.72	-221,688,903.53	200,251,872.42
IV. Effect of foreign exchange fluctuation on cash and cash equivalents	-97,877.24	43,369.74	343,127.13	-2,915.88
V. Net increase of cash and cash equivalents	-45,193,898.45	-95,731,563.91	-300,021,811.59	236,462,238.66
Plus: Balance of cash and cash equivalents at the beginning of the period	1,178,636,300.52	1,099,218,893.89	1,432,175,794.78	801,020,459.54
VI Balance of cash and cash equivalents at the end of the period	1,133,442,402.07	1,003,487,329.98	1,132,153,983.19	1,037,482,698.20

Legal person representative: Zhu Baoguo
Accounting Department: Si Yanxia

Principal of the Financial Department: An Ning

Principal of the

II. Auditing Report

Whether the first quarterly report has been audited

Applicable Inapplicable

Livzon Pharmaceutical Group Inc.

Chairman: Zhu Baoguo

April 19, 2013