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China Botanic reports Q3 2012 results

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China Botanic Reports Third Quarter Fiscal Year 2012 Results



Singapore: China Botanic Pharmaceutical revealed its financial results for the three months ending July 31, 2012. During the third quarter (Q3) of fisal year 2012, net revenue increased by 21.8 percent to $15.1 million from $12.4 million in the same period of 2011.

Sales volume and revenue increased in all product categories during the quarter largely due to growing market acceptance of the company's Siberian Ginseng Series products, Compound Yangjiao Tablets, Tianma Series and Compound Honeysuckle Granules as a result of sales promotions and other marketing efforts.

Gross profit increased 19.0 percent to $8.9 million compared to $7.5 million in the second quarter of fiscal 2011. Gross margin declined to 58.9 percent as compared to 60.3 percent in the same period last year. The year-over-year decline in gross margin for the quarter was primarily due to increases in average raw material prices as a result of inflation and sales tax and additions.

Operating expenses for the three months ending July 31, 2012 increased 13.8 percent to $5.1 million, as compared to $4.5 million in the year ago period. As a percentage of revenue, operating expenses decreased to 33.8 percent of total revenue from 36.2percent in the year ago period. Sales and marketing expenses rose 17.5 percent to $1.8 million from $1.6 million a year ago, as the company strengthened its TV advertising efforts in Heilongjiang province during the quarter to enhance market recognition of its botanic anti-depression series.

General and administrative expenses increased 10.7 percent to $1.4 million from $1.2 million in the year-ago period. The increase was largely due to increases in depreciation expense and medical insurance premiums. Research and development expenses were approximately $1.9 million, up 12.7 percent from approximately $1.7 million in the year ago period.

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Operating income increased 26.8 percent to $3.8 million, as compared to $3.0 million in the third quarter of fiscal 2011. Operating margin increased year-over-year to 25.1 percent from 24.1 percent.

The company incurred income tax expenses of $0.6 million in the third quarter of fiscal 2012, compared to $0.5 million for the comparable period in 2011. Net income increased 29.2 percent year over year to $3.3 million, or $0.09 per diluted share, from $2.5 million, or $0.07 per diluted share for the same period a year ago.