

## Dehaier revenue slips to \$7 mn in Q2 2012

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**Singapore:** Dehaier Medical Systems, an emerging leader in the development, assembly, marketing and sale of medical devices and homecare medical products, announced its financial results for its second quarter and six months ended June 30, 2012.

Total revenue of the company stood at \$7 million for the three months ended June 30, 2012, compared to \$7.7 million in the prior-year quarter. The decrease was largely a result of the change in operating strategy to focus on Dehaier's own home-care products and larger government procurement projects.

The company's gross profit for the quarter ended June 30, 2012, was \$2.7 million, or 39.2 percent of revenue, compared to \$2.8 million or 36. percent of revenue, in the prior-year period. Gross margin improved largely as a result of improved operating efficiencies and inventory management.

Dehaier's income from operations improved slightly (0.1 percent), to \$1,928,212 in the 2012 second quarter from \$1,925,024 in the prior-year period, largely due to lower selling expenses for the period. The company expects its selling expenses to grow as it invests in strengthening its distribution network, growing relationships with customers, developing the homecare device market (in particular its oxygen therapy service initiative) and driving top-line growth in these areas. The company reported net income attributable to the company of \$1.7 million, or \$0.36 per diluted share in the 2012 second quarter, compared to \$1.7 million, or \$0.39 per diluted share in the prior year.

Mr Ping Chen, chief executive officer of Dehaier Medical, said, "Throughout the first half of 2012, we continued to focus on diversifying our revenues. While we have continued to build on our medical device sales and distribution foundation, we have also devoted sales resources to growing our proprietary respiratory and oxygen homecare products, explored international expansion possibilities and put more energy into developing and researching home-care products and protecting our intellectual property. Throughout this process, we have continued to report strong operating profits. We improved our gross and operating margins and continue to leverage a strong balance sheet with minimal long-term debt. We believe that our business will continue to grow at a healthy rate in the long term as we strengthen our medical device distribution network; increase the market recognition and demand for our proprietary products; research, develop and begin to sell new products; and ramp up our international expansion."

The company's total revenue decreased by three percent to \$10.3 million for the six months ended June 30, 2012, from \$10.7 million in the prior-year period. Its gross profit for the six months was \$4 million, or 39 percent of revenue, compared to \$3.8 million, or 36 percent of revenue, in the prior-year period.