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China Biologic reports 20.7% jump in sales in 2012

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Singapore: China Biologic Products, a leading fully integrated plasma-based biopharmaceutical company in China, announced its financial results for the fourth quarter and fiscal year 2012.

Total sales in the fourth quarter of 2012 decreased by 4.6 percent to $34.0 million from $35.7 million in the same quarter of 2011. Gross profit decreased by 5.2 percent to $23.9 million from $25.2 million in the same quarter of 2011.Gross margin decreased to 70.4 percent in the fourth quarter of 2012 from

Total sales in 2012 increased by 20.7 percent to $184.8 million from $153.1 million in 2011.Ã?Â Gross profit in 2012 increased by 17.7 percent to $126.0 million from $107.1 million in 2011. Gross margin decreased to 68.2 percent in 2012 from 69.9 percent in 2011.

Mr David (Xiaoying) Gao, chairman and chief executive officer of China Biologic, commented, "We're pleased to see consistently strong demand for our products throughout 2012, which allowed us to enjoy steady top-line annual growth. Our

effort over recent years in expanding our sales force and focusing on direct sales to hospitals and inoculation centers has bolstered aspects of our pricing power and reduced our reliance on distributors. We also implemented additional cost control measures since the second half of 2012, resulting in lower selling expenses as a percentage of total sales. Additionally, thanks to enhanced corporate management initiatives, accounts receivable decreased 33.1 percent year-over-year. Inventories increased 6.1 percent, in line with production expansion."

He added: "In response to the previously announced delay in construction of our new production facility in Guizhou due to slower-than-expected government approval of land use rights, we implemented an alternative strategy to commence upgrading our current production facility at Guizhou Taibang in June or July 2013 to meet the more stringent Good Manufacturing Practice standards that take effect by year end. We expect the comprehensive upgrading to our Guizhou Taibang facility to take six to nine months, during which time we will suspend production at this facility. We expect the upgrade of the production facility will be complete in the first half of 2014. To mitigate the negative impact on sales and ensure supply continuity, we have been increasing inventory levels in the past few quarters, adjusting product shipment plans for 2013, and have been and will continue to increase production volume during the first half of 2013."

Mr Gao continued, "We are also pleased to announce that in January 2013, Shandong Taibang obtained approval from local authorities to establish a new plasma collection station in Cao County, Shandong Province. We expect to obtain operating permits and commence plasma collection operations by the end of June 2013. Cao County is home to a population of 1.6 million and we expect our new plasma station there to ramp up in the next three years, potentially enlarging our collection base in Shandong by 10 to 15 percent."