

China Biologic Products Reports Unaudited Preliminary Highlights for the Year 2010

TAI'AN, China, March 17, 2011 /PRNewswire-Asia/ -- China Biologic Products, Inc. (Nasdaq: CBPO) ("China Biologic" or the "Company"), one of the leading plasma-based biopharmaceutical companies in the People's Republic of China, today reported unaudited preliminary financial highlights for the year ended December 31, 2010. The financial results provided in this news release are unaudited, preliminary, and subject to adjustment. Final audited results for the year 2010 could vary from preliminary estimates.

The Company will file a Notification of Late Filing under Rule 12b-25 of the Securities Exchange Act of 1934, as amended, with the Securities and Exchange Commission ("SEC") for its Annual Report on Form 10-K for the year 2010 ("Form 10-K"). This filing provides for an extension of the Form 10-K filing for 15 days. The Company expects to file its Form 10-K and report its year 2010 financial results before March 31, 2011, which is the extension deadline.

The delay in filing is due to two factors.

First, the Company is reevaluating the application of the U.S. generally accepted accounting principles ("GAAP") in certain accounting treatments applied to its prior year financial results and the first three quarters of 2010. These accounting treatments include (a) the valuation for warrants issued in 2006 and (b) the accrual of deferred tax liabilities related to an acquisition in 2009. The Company believes that these accounting treatment reevaluations are unlikely to materially affect its non-GAAP net income, since they are all noncash adjustments. Taken together, these adjustments are likely to increase GAAP net income for 2009.

Second, the Company appointed KPMG as its new auditor on December 22, 2010 and expected KPMG would finish their audit before March 31, 2011.

Unaudited preliminary year 2010 results

- Estimated revenues increased 17.4% to \$139.7 million for the year ended December 31, 2010 from \$119.0 million in 2009
- Estimated gross profit increased 18.9% to \$102.7 million in 2010 from \$86.4 million in 2009. Gross profit margin (gross profit as a percent of revenues) increased to 73.5% in 2010 from 72.6% in 2009.
- Estimated income from operations increased 13.3% to \$69.5 million in 2010 from \$61.4 million in 2009.
- Estimated adjusted non-GAAP net income in 2010, although not yet disclosed, is expected to exceed China Biologic's upper end of its guidance range of \$34 million to \$36 million for the year 2010. Adjusted non-GAAP net income is defined below.
- Estimated cash and cash equivalents totaled \$64.9 million as of December 31, 2010, up 20.6% from \$53.8 million at yearend 2009.

Estimated results versus guidance

The Company's estimated revenues of \$139.7 million were 1.6% lower than its minimum revenues guidance of \$142 million to \$149 million, which was primarily due to lower than expected demand for human albumin resulting from unexpected high volume of lower-priced human albumin imports into China and less than expected direct institution sales from Dalin. The Company chose not to compromise the reputation of its high-quality products by reducing prices.

Estimated adjusted non-GAAP net income in 2010, although not yet disclosed, is expected to exceed the upper end of its guidance range of \$34 million to \$36 million for the year 2010.

Estimated adjusted non-GAAP net income excludes (a) noncash (stock-based) employee compensation, (b) any noncash charge related to change in the fair value of derivative liabilities, and (c) any noncash adjustments in the U.S. federal income tax provision in 2010 related to the expiration of the look-through exception for Subpart F income on December 31, 2009.

CEO comments

Mr. Chao Ming (Colin) Zhao, Chief Executive Officer of China Biologic, said, "We are pleased with our progress and good operating and financial results for 2010. We believe our acquisitions from 2008 and 2009 are starting to deliver the expected good performance.

"We believe that our strategy of direct institutional sales remains the correct long-term model for serving our customers for all our products and markets in China. When we acquired Dalin, we converted its sales model to direct institutional sales from sales conducted mainly through distributors. In 2010, direct institutional sales of Dalin did not grow as quickly as we expected. Clearly, we are working in 2011 to strengthen Dalin's direct institutional sales approach.

"China Biologic's outlook for 2011 remains good, with China's economy continuing to expand. Higher health standards are among the government's priorities. And our plasma collection stations and processing facilities are in good locations and are operating at high standards.

"In addition, we have completed the development stages for two new products and expect their approval by China's State Food and Drug Administration in 2011.

"We expect to continue to grow our business, primarily by internal growth and, when appropriate, by prudent acquisitions that can enlarge our geographic operations or provide natural extensions of our current product lines. We look forward to the year 2011 with confidence and determination."

Use of Non-GAAP Financial Measures

This news release contains non-GAAP financial measures that exclude noncash compensation expenses related to options granted to employees and directors under the Company's 2008 Equity Incentive Plan, changes in the fair value of derivative liabilities, including warrants and derivative instruments (including the conversion option) embedded in the Company's Senior Secured Convertible Notes, and adjustments in the U.S. federal income tax provision in 2010 related to the expiration of the look-through exception for Subpart F income on December 31, 2009. To supplement the Company's condensed consolidated financial statements presented on a GAAP basis, the Company has provided non-GAAP financial information excluding the impact of these noncash expenses in this release. The Company's management believes that these non-GAAP measures provide investors with a better understanding of how the results relate to the Company's historical performance. This additional non-GAAP information is not meant to be considered in isolation or as a substitute for GAAP financials. The non-GAAP financial information that the Company provides also may differ from the non-GAAP information provided by other companies.

About China Biologic Products, Inc.

China Biologic Products, Inc., through its indirect majority-owned subsidiaries, Shandong Taibang Biological Products Co., Ltd. and Guiyang Dalin Biologic Technologies Co., Ltd. and its equity investment in Xi'an Huitian Blood Products Co., Ltd., is currently one of the leading plasma-based biopharmaceutical companies in China. The Company is a fully integrated biologic products company with plasma collection, production and manufacturing, research and development, and commercial operations. The Company's plasma-based biopharmaceutical products are irreplaceable during medical emergencies and are used for the prevention and treatment of various diseases. The Company sells its products to hospitals and

other healthcare facilities in China. For more information, please see the Company's website <http://www.chinabiologic.com>.

Safe Harbor Statement

This news release may contain certain "forward-looking statements" relating to the business of China Biologic Products, Inc. and its subsidiaries. All statements, other than statements of historical fact included herein are "forward-looking statements," including, among others, those concerning our outlook and expected financial performance in 2011, expected approval for our new products by the Chinese State Food and Drug Administration in 2011, our liquidity and strategic and operational plans, our business model and future operating results, our expectations regarding the market for our products, our expectations regarding the biopharmaceutical market and Chinese economy, as well as all assumptions, expectations, predictions, intentions, or beliefs about future events. These forward-looking statements are often identified by the use of forward-looking terminology such as "believes," "expects," or similar expressions, and involve known and unknown risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks, and uncertainties, and these expectations may prove to be incorrect. Investors should not place undue reliance on these forward-looking statements, which speak only as of the date of this news release. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in the Company's periodic reports that are filed with the Securities and Exchange Commission, which are available on its website at <http://www.sec.gov>. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these factors. Other than as required under the securities laws, the Company does not assume a duty to update these forward-looking statements.

Source: China Biologic Products, Inc.

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