



Orient Europharma Co., Ltd. announced Q2 financial report of 2011.

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[Press release]

(August 31, 2011) The Orient Europharma Co., Ltd. (4120) has announced today the second quarterly financial report of 2011, with a net profit of 2.054 billion NTD and a growth rate of 2.58% in comparison to last year. The operating income was reported at 191 million NTD, showing a growth rate of 9% in comparison to last year. The total consolidated income was 137 million NTD with a growth rate of 8.7% in comparison to last year. The tax-paid profit per share after consolidation was 1.86 NTD, showing a growth rate of 6.5% in comparison to last year.

In the first half of year 2011, Orient Europharma Co., Ltd. showed stable growth, with 50% of its operating income from the sales of pharmaceutical products and other medical cosmetic products. Because the domestic demographic structure is moving towards an aging society, there is an increasing demand on medication for chronic diseases. As a result, there were stable growths in sales of medicines for cardiovascular diseases, hypertension, diabetes, and andropause.

In addition, the new driving force for such growth in profit came from three new pharmaceutical products. They were short-term post-meal glucose control pill, low-dose hypolipidemic medicine for treating asthma via inhalant, and the newly marketed adhesive pad for Parkinson's disease, which were continuously introduced to various hospitals to provide more choices for safer medication. Plus, being the dealer of the Navelbine I.V. and the Navelbine Oral for treating non-small cell lung cancer and breast cancer, because of fewer side effects, both medications gained much recognition among doctors in clinical practice, allowing a rather stable increase in the sales of anti-tumor medicine.

In the aspect of cosmetic products, the company was actively expanding its market share in the first half of year. The top, organic, anti-aging care product with double certification had already been placed on shelves of Watson's chain stores for sales and gained quite the popularity among clients. And, in adaptation to the seasonal change, the company quickly introduced moisturizing lotion to provide convenience to the clients. Its star

product, hyaluronic acid, in the face of many competitors and the challenge of grey market goods, will have a new dosage form available in the second half of year, to satisfy needs of various consumers. The potential is extremely promising and exciting as more new products and new strategies to expand market share are driving the growth.

The other half of income in the first half of the year came from the operating income of dietary supplements (10.26 billions), yielding a growth rate of 4.06% in comparison to last year. Its primary contributor was the series product of "Karihome" with stable continuous growth rate, even when the domestic birth rate continued to plunge and a heating competition raged among competitors. It maintained as the leading brand in domestic market of milk powder. In the foreign market, with exception of continuous growths in Singapore, Malaysia, and Hong Kong, the company had also devoted more resources in expanding its share in Mainland China, which was reflected in the overall profit of the first half of year.

In view of the attention and practical need for preventive care by the public, the multi-dimensionality and the uniqueness in the products of the Orient Europharma allow room for growth, especially when the disinfecting spray with double qualification from Taiwan and the United States, oral spray or toothpaste of the Buccotherm series for oral hygiene, in particular the care products, and epidermal care products via oral administration, have gained quite some fame among the consumers.

On the other hand, the office building of its important subsidiary company, the Orient Pharma Co., Ltd., which is a re-investment of the Orient Europharma, had been completed and was officially in operating in the second quarter of this year. It had also passed the PIC/S GMP certification by the Food and Drug Administration of the Health Department of the Executive Yuan. By the end of the year, large manufacturing equipments would be gradually transported into the plant for testing before committing to mass production for better profit.

Besides the continuous growth in domestic market, the Orient Europharma is actively engaging in expanding its foreign market share. It has established several subsidiary companies in Mainland China, Hong Kong, Philippines, Singapore, and Malaysia, as its executives are currently planning to expand into Vietnam in the latter half of the year.

Tsai Cheng-Hung, Chairman of the Orient Europharma, said that the company continues to be the leading front because it never stops to import unique products. With excellent sales team and well-connected sales network, it will continue to profit and grow. Currently, the Orient Europharma is developing its own R&D and production capability in cooperation

with many foreign pharmaceutical tycoons. The company plans to sell its products to other Asian countries and the United States. The goals are to continue developing brand product with the most marketing potential and to expand its share in the fields of medicine and health care to Asian regions and the United States, and eventually becoming an international pharmaceutical corporation.