

## PRESS RELEASE

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### NIPPON CHEMIPHAR'S NPI IN JOINT VENTURE WITH RANBAXY

#### NIPPON CHEMIPHAR REVISES UP BUSINESS FORECASTS

Nippon Chemiphar Co., Ltd. (President and CEO, Kazuhiro Yamaguchi; head office, Tokyo; capital, ¥4,304 million) announced today that the board of directors had decided to transfer 40% of the Chemiphar's shares in subsidiary Nihon Pharmaceutical Industry Co., Ltd (NPI) to Ranbaxy Netherlands B.V.\*

NPI, which is involved in the development and production of generic drugs in Japan, has thus become a 50:50 joint venture with Ranbaxy.

Reflecting the transfer agreement, Chemiphar revised up\*\* its 2006 business forecasts, which had been announced on August 5, together with the first fiscal quarter results.

#### Background of Share Transfer

In September 2002, Chemiphar entered into a strategic alliance with Ranbaxy, one of the world's leading generic drug manufacturing companies. Under the agreement, Chemiphar gave 10% of its shareholdings in NPI to the Indian enterprise.

As a result of the good relationship that has since developed between the two companies, Chemiphar decided to transfer its shares (totaling 128,000 shares, or 40% of the total NPI share issue) to Ranbaxy. This it has done with a view to strengthening the relationship between Ranbaxy Laboratories Limited and Chemiphar, enhancing the latter's product lineup—by introducing Ranbaxy's high-quality generics to the Japanese market—and building up the pipeline for product development.

This agreement has changed NPI's status from subsidiary to affiliate company, and the joint venture has, thus, been classified as an affiliate financially since the second half of fiscal 2006 (which commenced October 1, 2005).

#### Profile of NPI

Name: Nihon Pharmaceutical Industry Co., Ltd.  
President and CEO: Takashi Shimada  
Address: 2-2-3, Iwamoto-cho, Chiyoda-ku, Tokyo  
Date established: August 4, 1960  
Business: Production and sale of pharmaceuticals  
Fiscal year-end: March 31  
Number of employees: 57 (as of October 31, 2005)  
Other facility: Ibaraki factory  
Capital: ¥160 million  
Shares issued: 320,000

\* Ranbaxy Netherlands B.V. (RNBV) is a wholly owned subsidiary of Ranbaxy Laboratories Limited, which has a comprehensive business alliance with Chemiphar.

\*\* According to this transaction, Chemiphar will gain extraordinary income (¥1.2 billion in consolidated and ¥1.6 billion in non-consolidated bases).

### Major NPI Shareholders (as of October 31, 2005)

Company	No. of Shares	% of Total
Nippon Chemiphar Co., Ltd.	181,440	56.7
Japan Sopharchim Co., Ltd.	63,880	20.0
Kazushiro Yamaguchi	38,680	12.1
Ranbaxy Netherlands B.V.	32,000	10.0

### Profile of Ranbaxy Netherlands B.V.

Name: Ranbaxy Netherlands B.V.  
Representative: Ram S. Ramasundar  
Address: Rokin 55, 1012 KK Amsterdam, The Netherlands  
Business: Import, export, purchase and sale of pharmaceutical and related products

### Number of NPI Shares Held by Chemiphar and Transfer Price

	No. of Shares Owned	% of Total	Voting Rights	Price
Before transfer	181,440	56.7	181,440	—
Shares transferred	128,000	—	128,000	¥1,800 mn
After transfer	160,000*	50.0	160,000	—

Of these, 106,560 shares (ownership: 33.3%, voting rights: 106,560) have been obtained by way of stock lending transaction; 53,440 shares (ownership: 16.7%, voting rights: 53,440) are Chemiphar's own shares.

### Revised Business Forecasts

#### Consolidated Forecasts for Fiscal 2006 (April 1, 2005–March 31, 2006)

(millions of yen)

	Net Sales	Ordinary Income	Net Income
Last estimate (A)	21,300.0	2,000.0	1,200.0
Revised estimate (B)	20,800.0	1,600.0	2,300.0
Increase, decrease (B – A)	(500.0)	(400.0)	1,100.0
Increase, decrease (%)	(2.3)	(20.0)	91.7
Last fiscal year	20,162.0	1,415.0	846.0

#### Non-Consolidated Forecasts for Fiscal 2006

(millions of yen)

	Net Sales	Ordinary Income	Net Income
Last estimate (A)	18,500	1,200.0	800.0
Revised estimate (B)	18,500	1,000.0	1,900.0
Increase, decrease (B – A)	—	(200.0)	1,100.0
Increase and decrease (%)	—	(16.7)	137.5
Last fiscal year	17,538	634.0	464.0

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