

Highlights of Interim Results

(Year ending March 31, 2009)

November 18, 2008

Nippon Chemiphar (4539)

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Consolidated Sales and Income

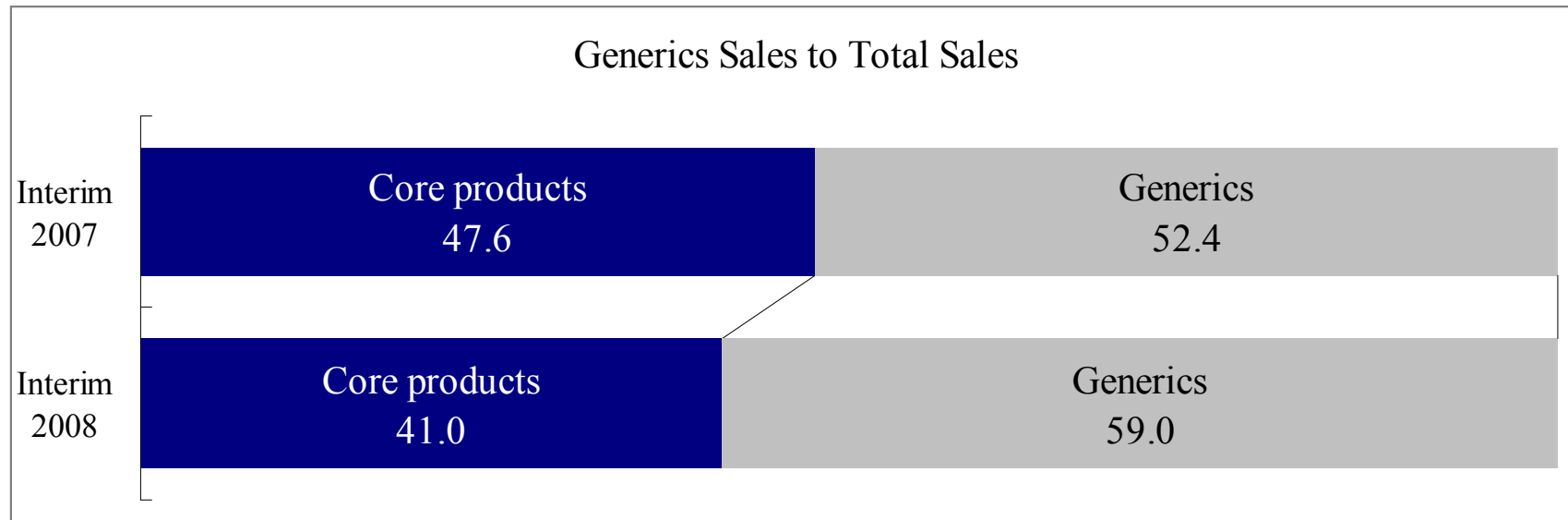
(¥mn)

	Interim 2007		Interim 2008			Forecast FY2008	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	YOY (%)
Sales	10,350	100.0	10,951	100.0	5.8	22,580	7.9
Cost of sales	4,228	40.9	5,038	46.0	19.2		
				+5.1 points			
SG&A expenses	5,493	53.1	5,819	53.1	5.9		
Operating income	629	6.1	93	0.8	(85.2)	530	(54.7)
Ordinary income	548	5.3	42	0.4	(92.2)	270	(73.2)
Net income	202	2.0	(59)	—	—	160	(59.0)

Sales of Pharmaceuticals

(¥mn)

	Interim 2007		Interim 2008			Forecast FY2008		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	YOY (%)
Core products	4,258	47.6	3,871	41.0	(9.1)	7,630	38.8	(6.4)
Generics	4,679	52.4	5,560	59.0	18.8	12,010	61.2	24.1
Total	8,937	100.0	9,431	100.0	5.5	19,640	100.0	10.1

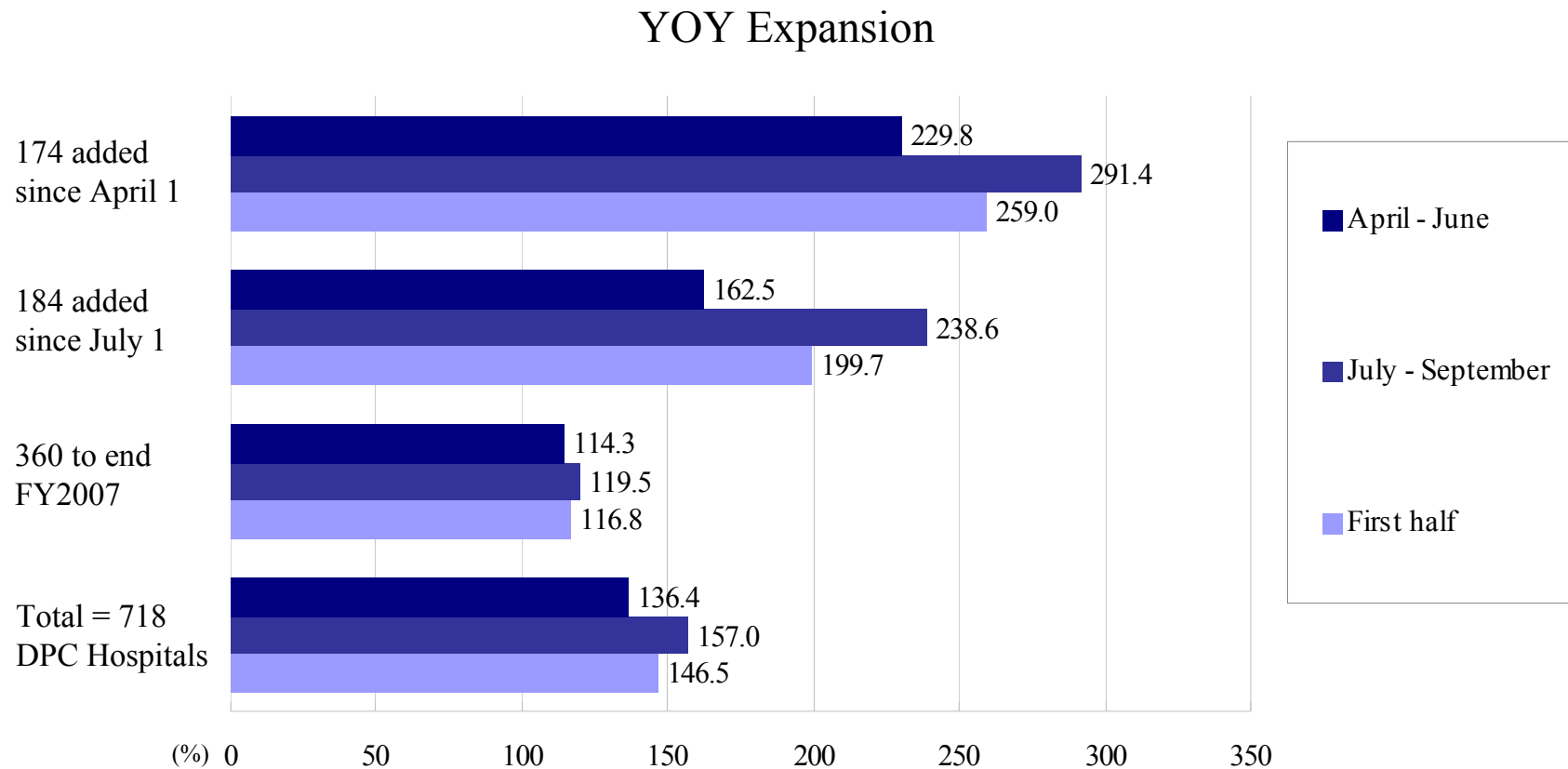


Sales of Main Products

(¥mn)

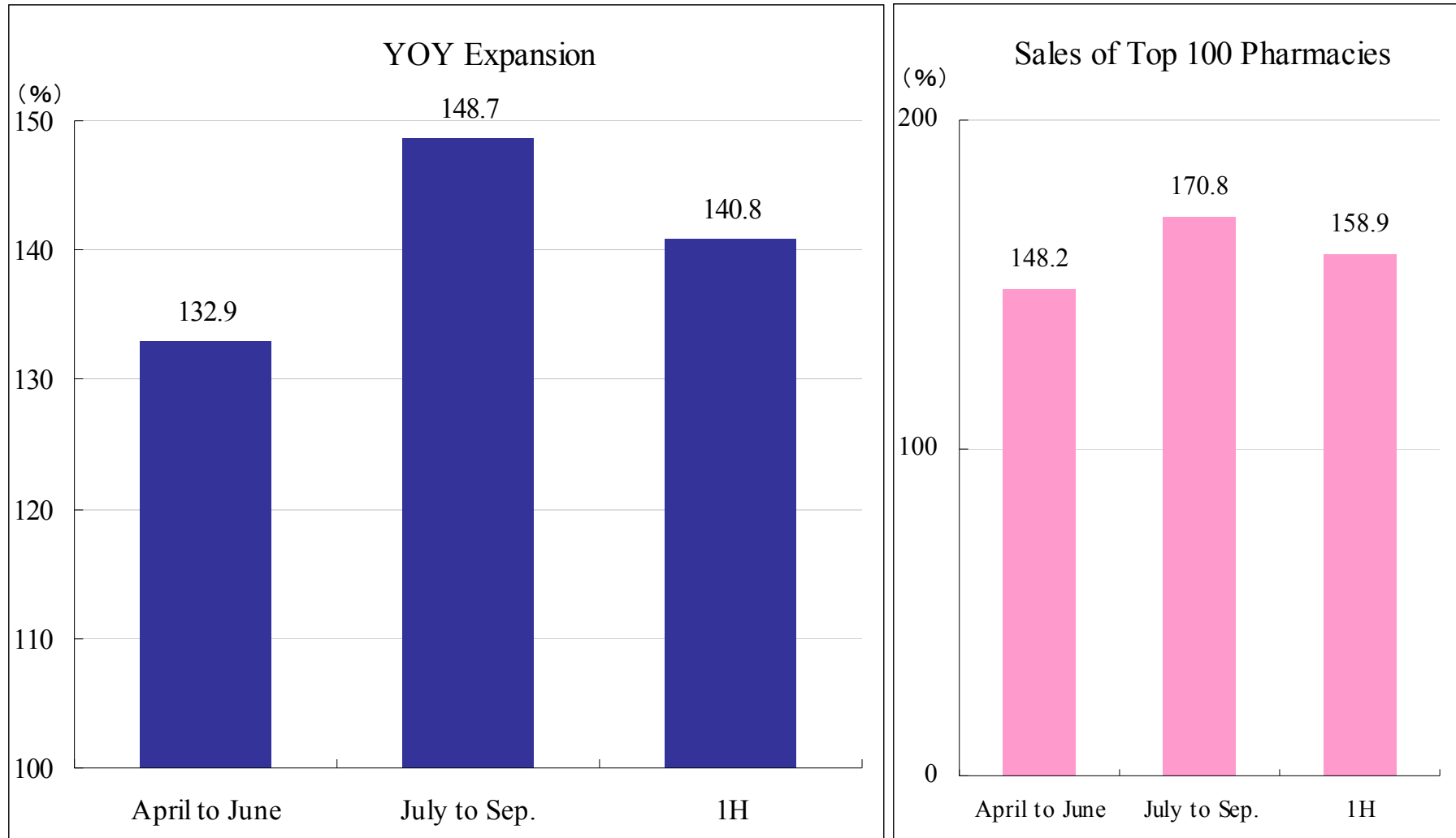
	Interim 2007		Interim 2008			Forecast FY2008	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	YOY (%)
Pharmaceuticals	8,937	100.0	9,431	100.0	5.5	19,640	10.1
Core products	4,258	47.6	3,871	41.0	(9.1)	7,630	(6.4)
Uralyt	1,744		1,722		(1.3)	3,440	(1.0)
Soleton	2,143		1,809		(15.6)	3,540	(10.5)
Calvan	371		340		(8.4)	650	(10.2)
Generics	4,679	52.4	5,560	59.0	18.8	12,010	24.1
Pravastatin	606		596		(1.7)	1,230	0.5
Voglibose	242		399		64.9	820	46.7
Lansoprasole	35		252		7.2 times	530	4.2 times
Others	3,796		4,313		13.6	9,430	21.4

Sales of Generics to DPC* Hospitals

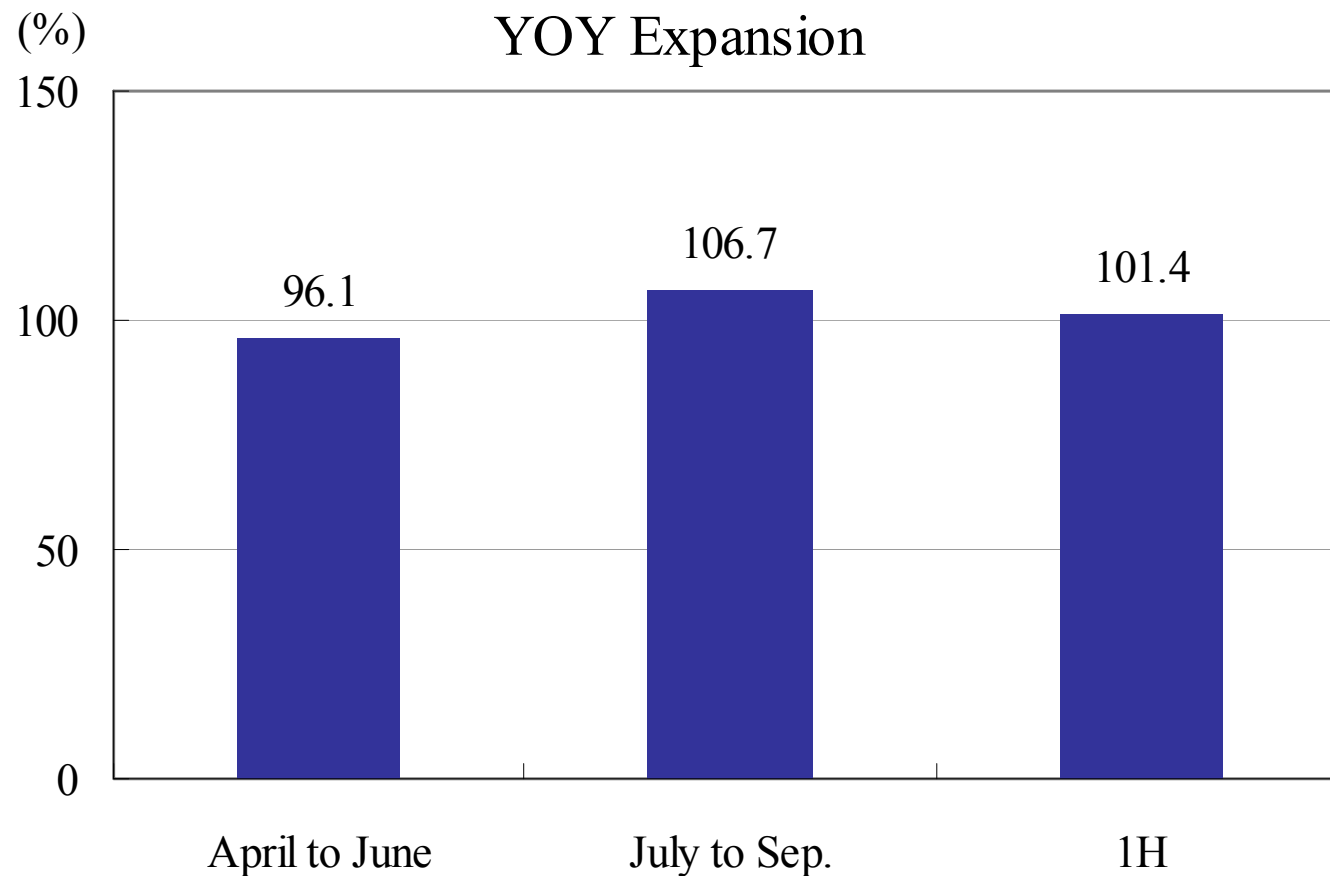


* The DPC system sets fixed per-diem hospitalization fees.

Generics Sales to Dispensing Pharmacies

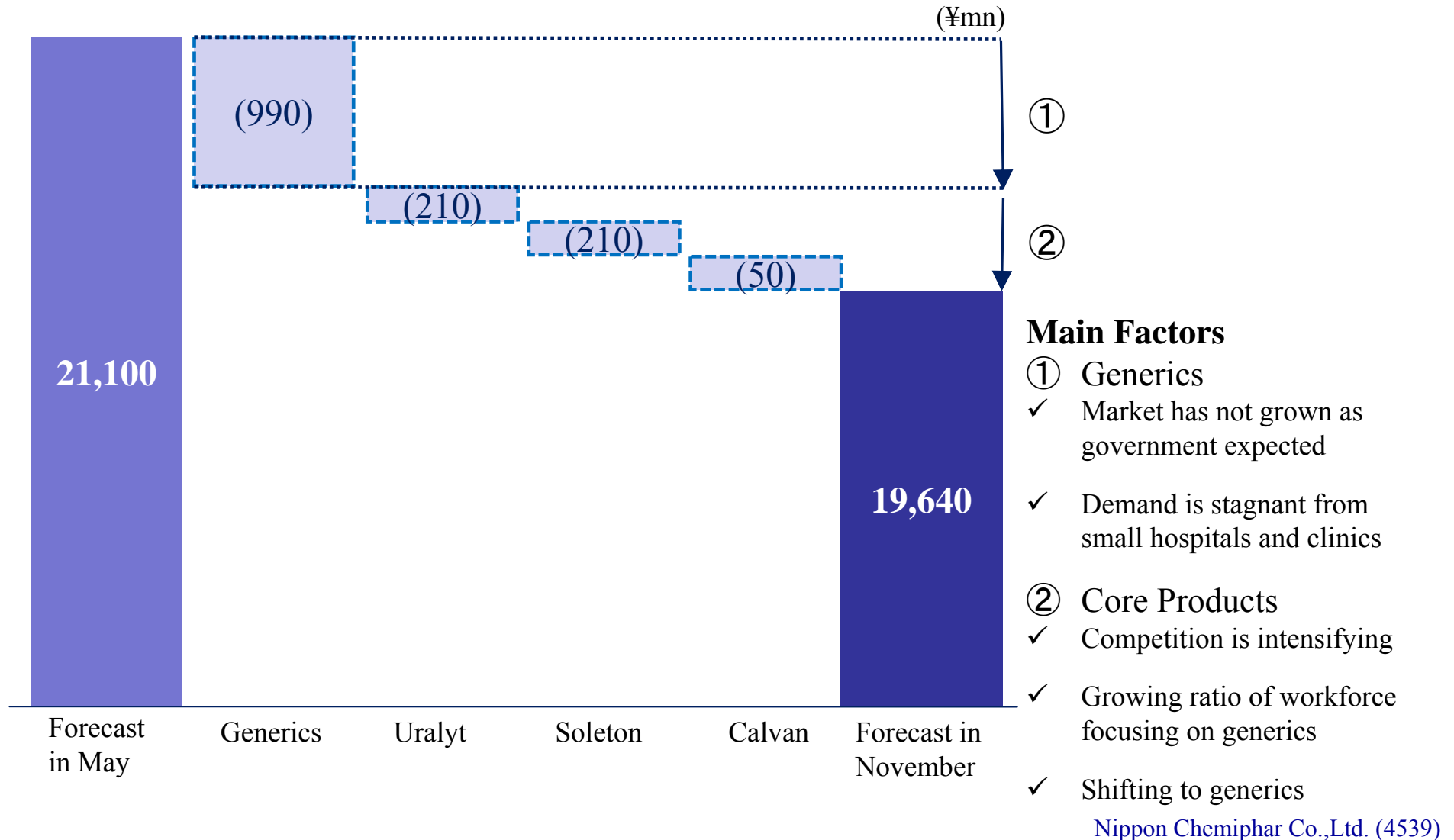


Generics Sales to Small Hospitals*, Clinics

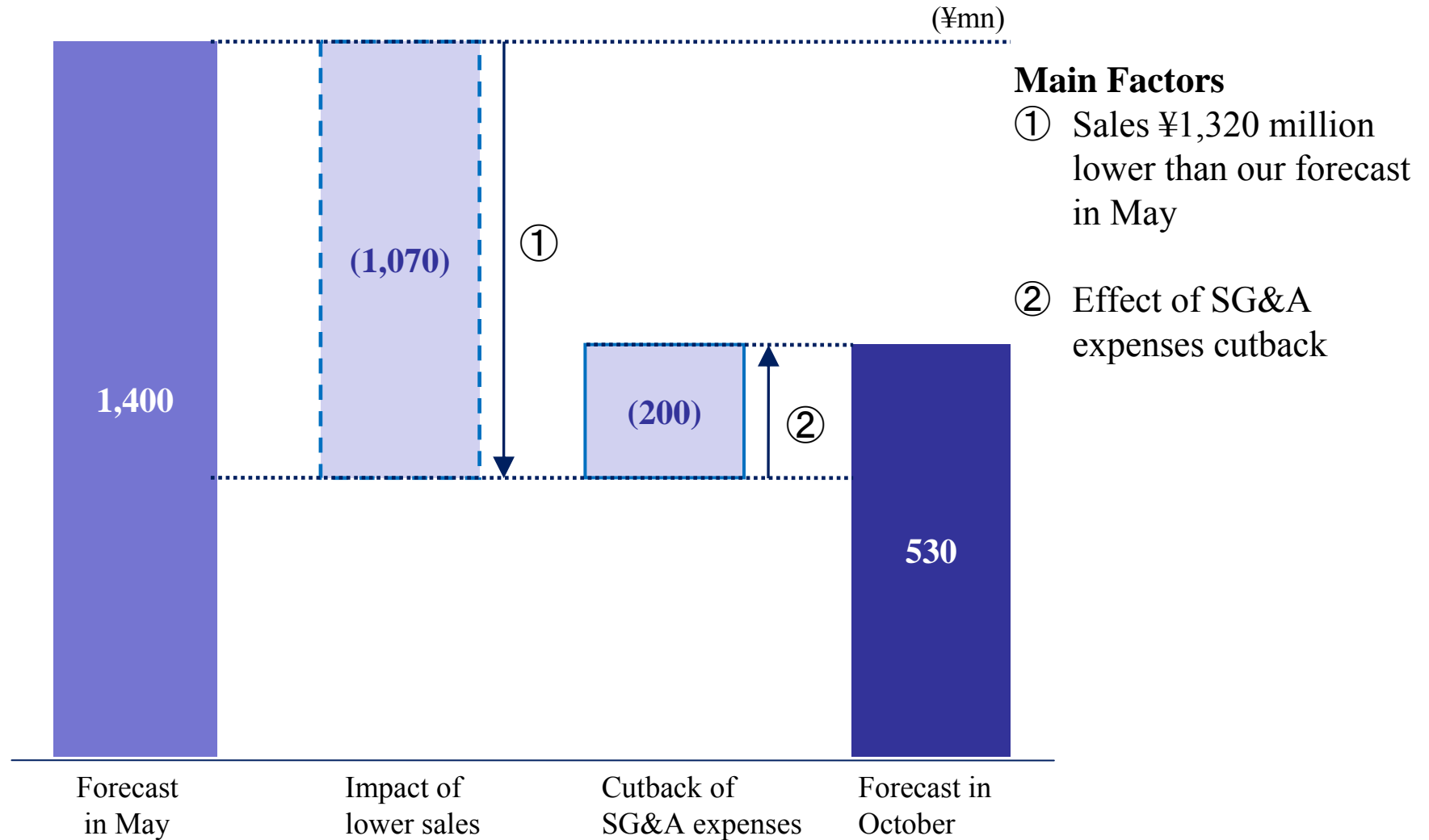


* Less than 100 beds.

Pharmaceutical Sales: Changed Forecast



Operating Income: Changed Forecast



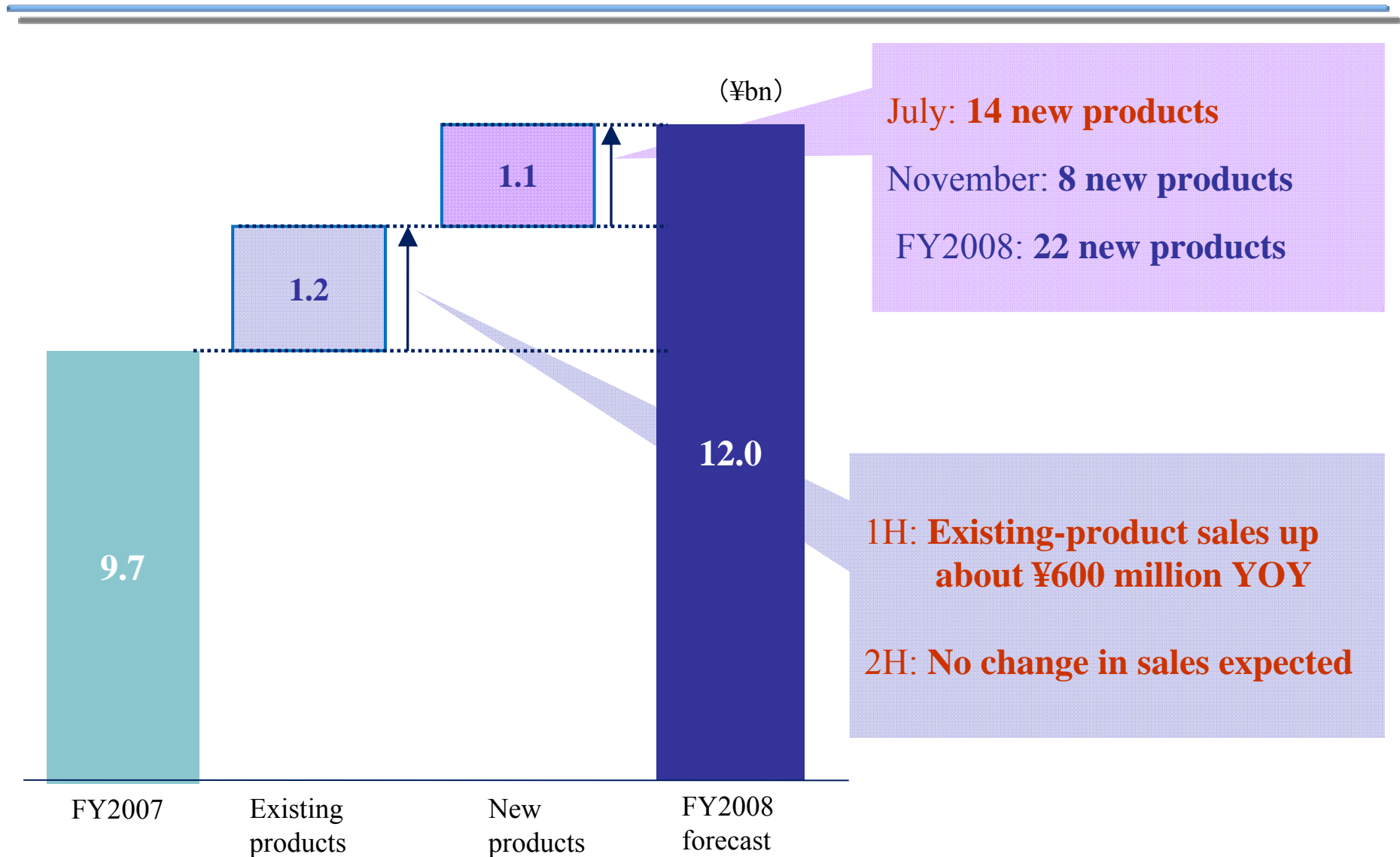
Action Plan for Second Half

Eight Products Launched in November

Chemiphar Trade Name	Strength	Original Trade Name	Market Size
New products			
Imidapril Tablet Chemiphar	2.5mg, 5mg, 10mg	Tanatril	¥13bn
Mesalazine Tablet Chemiphar	250mg	Pentasa	¥15bn
Teicoplanin Injection Chemiphar	200mg	Targocid	¥7bn
Newly added strength			
Tiepenem Injection	0.25g	Tienam	
Naspalun Injection	0.5g	Sulperazon	
Blubatosine Injection	75mg	Habekacin	

Chemiphar's generics lineup totaled 147 products in November. It will increase its proprietary products by enhancing its R&D capability.

Forecast for Generics



Support for DPC Hospitals

Co-host DPC Management Forum



Schedule

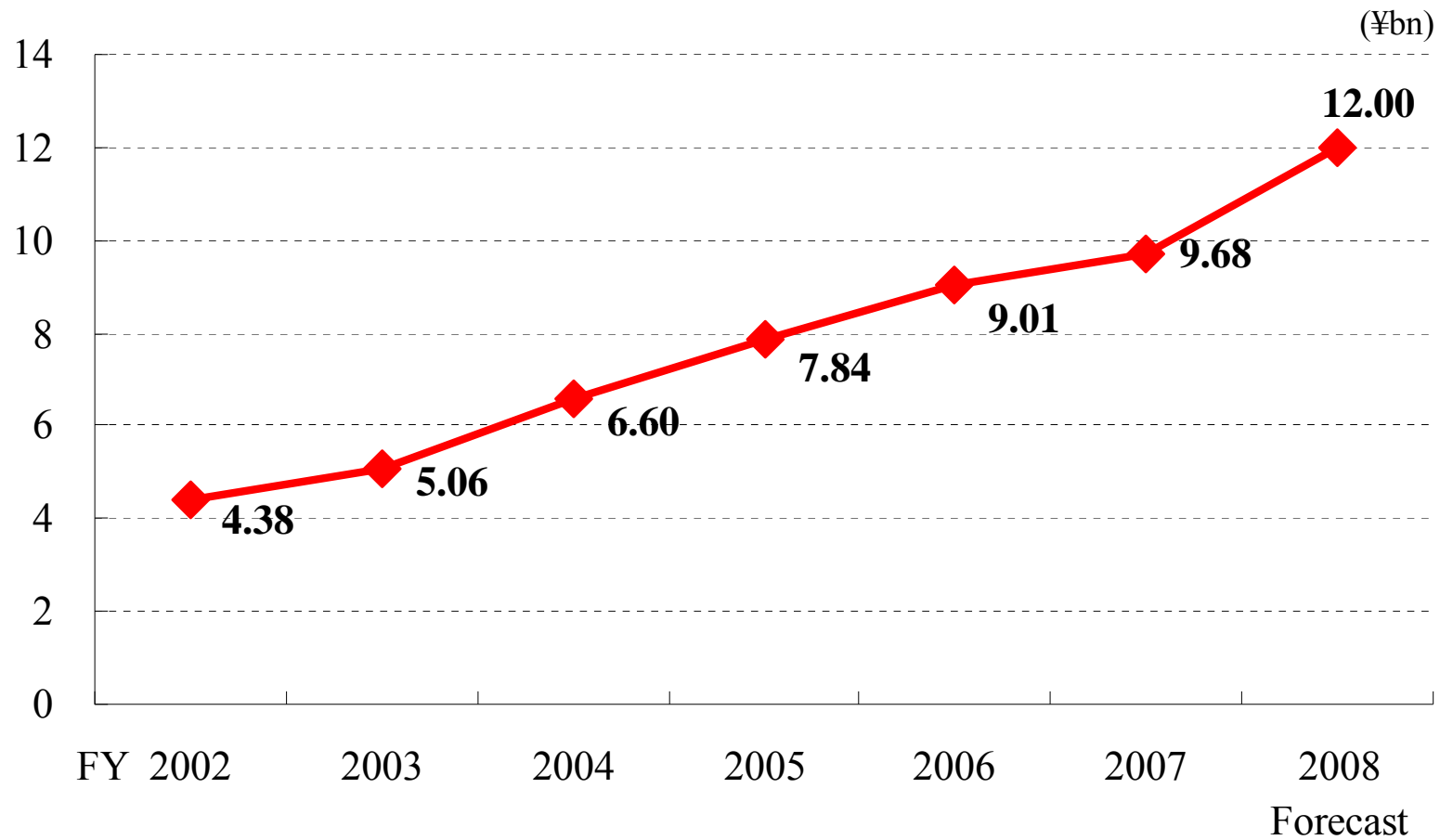
January 17, 2009

7th DPC Management Forum
(Tokyo)

Forum homepage: <http://dpc-management.com/>

The screenshot shows the homepage of the DPC Management Forum. The browser window title is 'DPCマネジメント研究会 - Windows Internet Explorer'. The address bar shows 'http://dpc-management.com/'. The page content includes a header with the organization's name and navigation links. A main section titled 'Opinion Interview' features an article from October 27, 2008, discussing the 24th forum's focus on reflecting regional and hospital characteristics in medical care. A login section is also visible on the left side of the page.

Generics Sales and Forecast



Research and Development

NC-2300 (Phase I)

Drug discovery: Nippon Chemiphar

Drug development: Velcura Therapeutics, Inc. (U.S.A.)

Indication: bone diseases

Efficacy: At preclinical trials, it was found that NC-2300 not only inhibits the production of cathepsin K, a key enzyme that causes bone destruction, but also suppresses inflammation

Application: osteoporosis, rheumatoid arthritis

NC-2400 (Phase I)

Drug discovery: Nippon Chemiphar

Drug development: Cerenis Therapeutics, SA (France)

Indication: disorders of lipid metabolism

Efficacy: At preclinical trials, it raised HDL levels, removed cholesterol from artery walls

Application: arteriosclerosis

Capital Investment and Depreciation

(Non-consolidated)

Capital Investment

(¥mn)

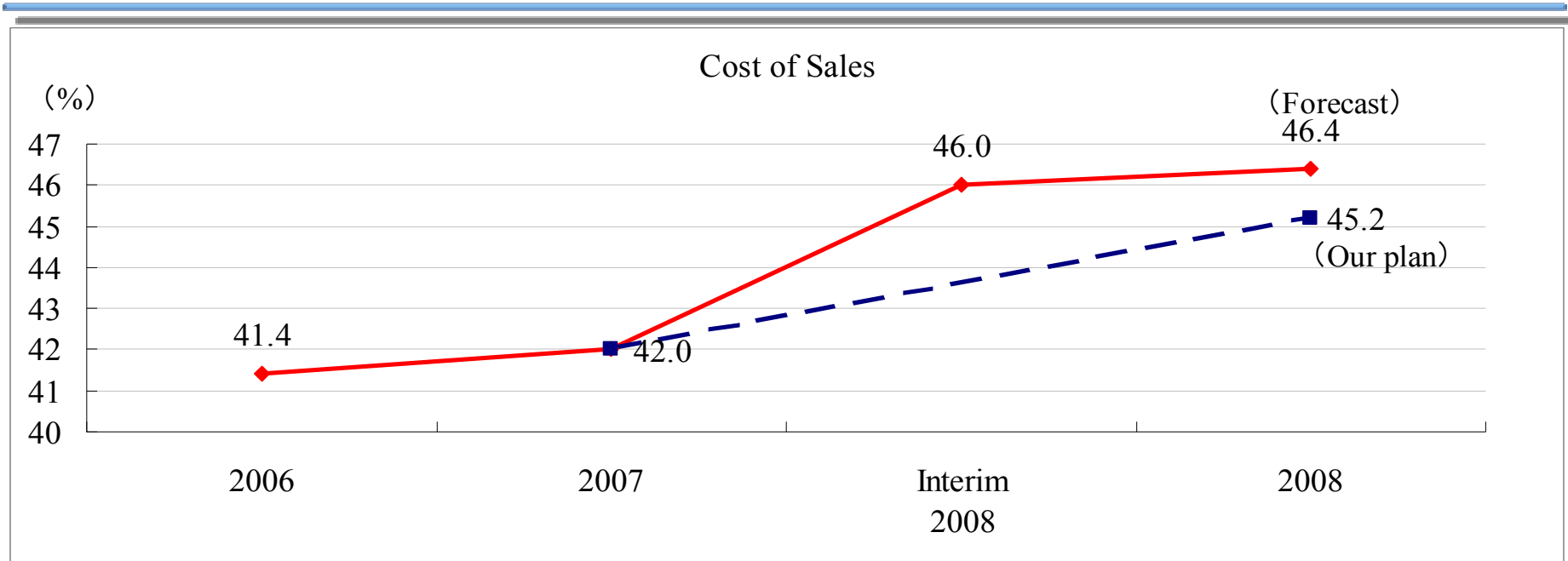
Fiscal Year	Mid-term Plan	2007	1H 2008	2H 2008 Forecast	2008 Forecast	2007-2009 Remaining Balance
Total	3,740	1,071	452	263	715	1,954
Factory	2,660	536	123	116	239	1,885
Generics R&D	480	90	109	102	211	179
Laboratories	130	30	22	5	27	73
Others	470	415	198	40	238	(183)

Depreciation

(¥mn)

Fiscal Year	Mid-term Plan	2007	1H 2008	2H 2008 Forecast	2008 Forecast
Depreciation	1,540	206	220	300	520

Measures to Boost Profits



■ Steps to Lower Cost of Sales ■

- In 2008, set up Improving Productivity Project to lower cost of sales
- Continued enhancement of purchasing ability
- Boosting proprietary generics to total generics sales from 40% to 60%
- Expansion of core product sales

Sales and Income

(¥mn)

	First Half	Second Half	YOY		FY2008
			Amount	%	
Sales	10,951	11,629	678	6.2	22,580
Cost of sales (%)	46.0	46.8		0.8 points	46.4
SG&A expenses (%)	53.1	49.3		(3.8 points)	51.2
Operating income	93	437	344	4.7 times	530
Operating income	0.8	3.8			2.3
Ordinary income	42	228	186	5.4 times	270
Net income	(59)	219	278	—	160

Structural adjustments will be devised to:

- Increase sales of proprietary generics, which have higher gross margins than purchased generics
- Apply research results to expand Uralyt sales
- Supply competitively priced generics