

FIRST QUARTER BUSINESS RESULTS

(Year ending March 31, 2009)

Nippon Chemiphar Co., Ltd. (4539)

August 1, 2008

I. Highlights

- Sales of core products slipped 4.7% YOY due to the NHI's latest price revision. However, as forecast, consolidated sales rose 4.5% YOY, reflecting a 12.4% increase in generics sales.
- In line with our forecasts, operating income was down 94.3% YOY, while ordinary income and operating income slipped slightly, as a result of:
 - a 6.1 point rise in the cost of sales ratio, following the NHI's price revision and higher generics sales;
 - the cost of promoting new products launched in July.
- The Company expects sales and income to be in line with Q2 forecasts, as sales of new products take off.

II. Consolidated Sales and Income

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	1 st Quarter FY 2008	Interim Forecast 2008	Achievement Ratio (%)	1 st Quarter FY 2007	YOY (%)
Sales	5,384	11,650	46.2	5,153	4.5
Cost of sales	46.5%			40.4%	6.1 points
SG&A expenses	2,863			2,758	3.8
Operating income	17	470	3.8	311	(94.3)
Ordinary income	(13)	390	(3.6)	288	—
Net income	(38)	170	(22.5)	117	—

III. Sales of Pharmaceuticals

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	1 st Quarter FY 2008	Achievement Ratio (%)	1 st Quarter FY 2007	YOY (%)
Total sales	4,643	44.8	4,449	4.4
Core products	1,991		2,090	(4.7)
Ratio to pharmaceutical sales	42.9%		47.0%	(4.1 points)
Generics	2,652		2,359	12.4
Ratio to pharmaceutical sales	57.1%		53.0%	4.1 points