

THIRD QUARTER BUSINESS SUMMARY

January 30, 2009

Nippon Chemiphar Co., Ltd. (4539)

I. Highlights

- Third quarter consolidated net sales are up 5.3%, in line with forecasts; the achievement ratio to full-year forecast is 74.2%.

Sales of core products (Uralyt, Soleton and Calvan) are down 9.6% YOY, reflecting the impact of the National Health Insurance (NHI) drug price reduction.

Meanwhile, sales of generics jumped 22.7% YOY, due to the strong demand from Diagnosis Procedure Combination (DPC) hospitals and dispensing pharmacies.

- Operating income is down 60.3% YOY, due to: 1) NHI drug price reductions in April; 2) sluggish sales of core products, which have greater gross margins; and 3) the 4.7-point hike in the cost of sales that mirrors the rise in the ratio of generic sales (which have lower gross margins than core products) to total sales.

Because the Company has made every effort to reduce SG&A expenses, the third quarter operating income was better than that for the first and second quarters.

- In order to achieve its full-year forecast, the Company is: 1) promoting its newly launched generic products, since it expects DPC hospital demand to grow; and 2) focusing on sales of core products, especially Uralyt.

II. Consolidated Sales and Income

¥mn

	3rd Quarter FY2007		3rd Quarter FY2008			Forecast FY2008	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	YOY (%)
Sales	15,908	100.0	16,756	100.0	5.3	22,580	74.2
Cost of sales	6,579	41.4	7,716	46.1	17.3		
				+4.7points			
SG&A expenses	8,322	52.3	8,640	51.6	3.8		
Operating income	1,006	6.3	399	2.4	(60.3)	530	75.5
Ordinary income	890	5.6	207	1.2	(76.7)	270	77.0
Net income	479	3.0	21	0.1	(95.6)	160	13.3

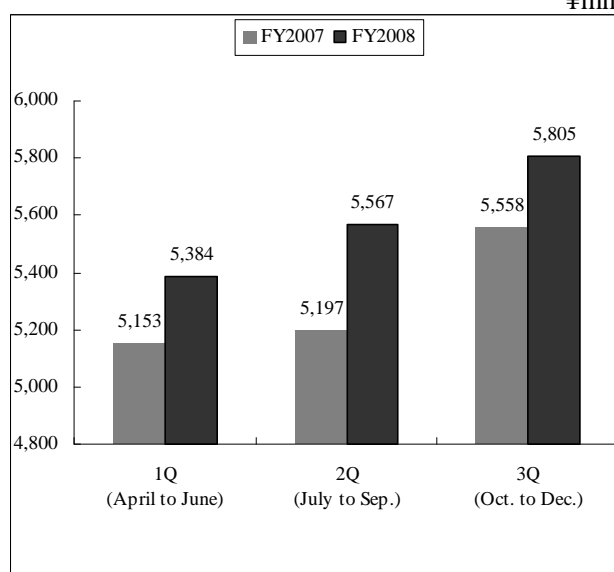
III. Non-Consolidated Sales of Pharmaceuticals

¥mn

	3rd Quarter FY2007		3rd Quarter FY2008			Forecast FY2008	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	YOY (%)
Pharmaceuticals	13,808	100.0	14,873	100.0	7.7	19,640	75.7
Core products	6,404	46.4	5,788	38.9	(9.6)	7,630	75.9
Uralyt	2,697		2,625		(2.7)	3,440	76.3
Soleton	3,146		2,660		(15.4)	3,540	75.1
Calvan	561		503		(10.3)	650	77.4
Generics	7,404	53.6	9,085	61.1	22.7	12,010	75.6
Pravastatin	945		919		(2.8)	1,230	74.7
Voglibose	403		625		55.1	820	76.2
Lansoprasole	78		415		5.3times	530	78.3
Others	5,978		7,126		19.2	9,430	75.6

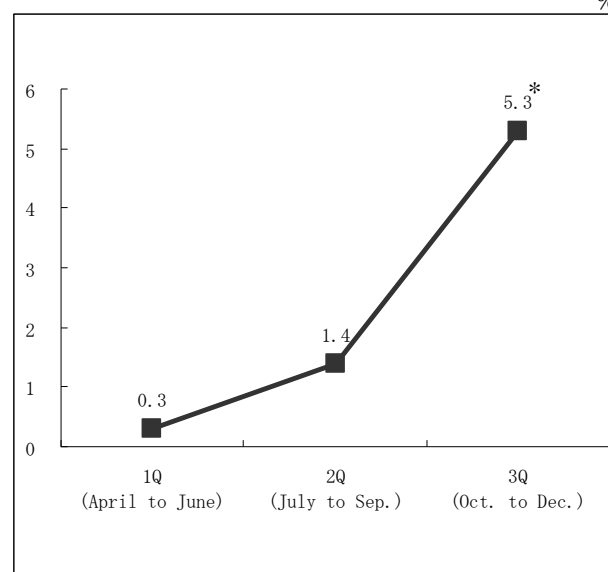
IV. Quarterly Consolidated Sales

¥mn



V. Consolidated Operating Income to Sales

%



* Q1 — Q3 (April to December) operating income to Sales is 2.4%

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