

FY2008 BUSINESS SUMMARY

May 11, 2009

Nippon Chemiphar Co., Ltd. (4539)

1. Highlights

1. Consolidated sales are up 6.6% YOY. Sales of our core products are down 8.3% YOY, reflecting the impact of NHI price revisions and the decline in Soleton sales caused by fierce competition in the pain killer market. However, sales of our generics are up 21.8% YOY because: 1) sales of new products such as Amlodipine are brisk; and 2) sales to DPC hospitals and dispensing pharmacies are strong. Thus, for the first time Chemiphar's generics sales have exceeded ¥10 billion, thereby strengthening the role of generics as a pillar of our business.
2. Operating income is down 50.4% YOY, since the cost of sales is up 4.6 points, the result of a 61.2% ratio of generics to total pharmaceutical sales. Generic sales to total pharmaceutical sales are up 6.9 points YOY.
3. We expect FY2009 sales and income to be higher year on year, with sales forecast to be up 5.8% YOY. Consequently, the Company anticipates a 29.3% YOY jump in operating income, and a 19.0% YOY hike in net income.

2. Consolidated Sales and Income

¥mn

	FY2007		FY2008			Forecast FY2009	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	YOY (%)
Sales	20,918	100.0	22,307	100.0	6.6	23,600	5.8
Pharmaceuticals	19,823	94.8	21,490	96.3	8.4	22,650	5.4
Exports	405	1.9	346	1.6	(14.5)	337	
Others	1,095	5.2	817	3.7	(25.4)	950	16.3
Cost of sales	8,780	42.0	10,387	46.6	18.3		
				+4.6 points			
SG&A expenses	10,967	52.4	11,339	50.8	3.4		
Operating income	1,170	5.6	580	2.6	(50.4)	750	29.3
Non-operating income	(162)		(216)			(250)	
Ordinary income	1,008	4.8	363	1.6	(63.9)	500	37.7
Net income	390	1.9	168	0.8	(56.9)	200	19.0

3. Sales of Pharmaceuticals

¥mn

	FY2007		FY2008			Forecast FY2009	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	YOY (%)
Pharmaceuticals	17,835	100.0	19,266	100.0	8.0	21,415	11.2
Core products	8,155	45.7	7,479	38.8	(8.3)	7,300	(2.4)
Uralyt	3,474		3,408		(1.9)	3,500	2.7
Soleton	3,957		3,405		(13.9)	3,200	(6.0)
Calvan	724		666		(8.0)	600	(9.9)
Generics	9,680	54.3	11,787	61.2	21.8	14,115	19.8
Pravastatin	1,224		1,206		(1.5)	1,260	4.5
Amlodipine	—		915		—	1,800	96.7
Voglibose	559		831		48.7	950	14.3
Lansoprasole	126		573		4.5 times	700	22.2
Others	7,771		8,262		6.3	9,405	13.8

4. Consolidated

¥mn

	FY2007		FY2008			Forecast FY2009	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	YOY (%)
R&D expenses	1,317	6.3	1,427	6.4	8.4	1,630	14.2
Depreciation expenses	282	1.4	580	2.6	105.7	630	8.6
Capital expenditure	1,116	6.3	889	4.0	(20.3)	660	(25.8)

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