

# IMPAIRMENT LOSSES ON INVESTMENTS IN SECURITIES

## AS OF SEPTEMBER 30, 2010

Nippon Chemiphar Co., Ltd. (4539)  
October 26, 2010

Nippon Chemiphar Co., Ltd. (hereinafter “Chemiphar”) announced today that, as of September 30, 2010, it expects to recognize impairment losses on some investment securities, since their fair market value has declined significantly and is unlikely to recover in the foreseeable future.

### Total Amount of Impairment Losses on Investments in Securities (As of September 30, 2010)

(¥mn)

	Non-consolidated	Consolidated
(A) Total amount of loss on valuation of investment in securities as of September 30, 2010 <sup>1</sup>	272	272
(B) Net assets as of March 31, 2010 (A/B x 100)	6,640 4.1%	7,865 3.5%
(C) Ordinary income as of March 31, 2010 <sup>2</sup> (A/C x 100)	667 40.8%	587 46.4%
(D) Net income as of March 31, 2010 <sup>3</sup> (A/D x 100)	677 40.2%	270 100.6%

Notes:

- Chemiphar had adopted the reversal method for the impairment of investments in securities at the end of the quarter. Consequently, the amount of impairment losses on investments in securities as of March 31, 2011 may change.
- Since non-consolidated ordinary income represents less than 2% of net sales (for the most recent fiscal year), the average figure for the past five years has been used.
- Since non-consolidated net income represents less than 1% of net sales (for the most recent fiscal year), the average figure for the past five years has been used.

## Outlook

Chemiphar plans to record this impairment loss on the valuation of investment in securities as an extraordinary loss in the second quarter, ended September 31, 2010.

## Revision of Forecasts

### Consolidated Second-Quarter Forecasts

(April 1, 2010–September 30, 2010)

(¥mn)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous forecast (A)	14,000	650	550	150
New forecast (B)	13,260	890	820	85
Increase/decrease (B - A)	(740)	240	270	(65)
Increase/decrease (%)	(5.3)	36.9	49.1	(43.3)
Previous second-quarter results	11,581	279	205	46

### Consolidated Forecasts

(April 1, 2010–March 31, 2011)

(¥mn)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous forecast (A)	28,800	1,600	1,400	600
New forecast (B)	27,300	1,800	1,600	500
Increase/decrease (B - A)	(1,500)	200	200	(100)
Increase/decrease (%)	(5.2)	12.5	14.3	(16.7)
Previous year's results	23,982	767	587	270

## Non-consolidated Second-Quarter Forecasts

(April 1, 2010–September 30, 2010)

(¥mn)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous forecast (A)	13,000	400	300	50
New forecast (B)	12,270	570	510	15
Increase/decrease (B – A)	(730)	170	210	(35)
Increase/decrease (%)	(5.6)	42.5	70.0	(70.0)
Previous second-quarter results	11,167	293	196	36

## Non-consolidated Forecasts

(April 1, 2010–March 31, 2011)

(¥mn)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous forecast (A)	26,700	900	700	300
New forecast (B)	25,300	1,000	900	200
Increase/decrease (B - A)	(1,400)	100	200	(100)
Increase/decrease (%)	(5.2)	11.1	28.6	(33.3)
Previous results	22,837	675	450	135

## Reasons for Revision

Non-consolidated forecasts have been revised since the generic market has not grown as we expected. The forecast for net sales was lower, while operating and ordinary incomes were expected to be higher than forecast, due to trimmed SG&A expenses.

As mentioned above, impairment losses on certain securities, the fair market values of which has declined significantly, were posted as an extraordinary loss, prompting Chemiphar to revise its forecast.

Consolidated forecasts have been revised for the same reason as have been non-consolidated forecasts.

Note: Please note that the projections, prospects and targets mentioned above are based on current conditions in the business environment, and that actual results may differ, depending on future developments.

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