

THIRD QUARTER BUSINESS SUMMARY

(Year ending March 31, 2011)

Nippon Chemiphar Co., Ltd. (4539)

January 31, 2011

Highlights

Generics Push Up Consolidated Sales 16.0% YOY

The 16.0% YOY rise in consolidated sales is the result of a 19.9% YOY hike in non-consolidated generics sales and a 25.8% YOY rise in consolidated generics sales.

Meanwhile, as expected, sales of core products are down 13.6% YOY. This is the result of NHI-related price reductions and fierce competition.

Operating Income Increases 2.4 Times YOY

There was an improvement in operating income, at ¥1,534 million (x 2.4 YOY), ordinary income, at ¥1,406 million (x 2.7 YOY) and net income, at ¥405 million (91.6% YOY). This is due to increased sales of generics, and a decrease in both the cost of sales to sale ratio (down 0.2 points YOY) and SG&A to sales ratio (down 3.7 points YOY).

In order to further boost profits, we will make more efficient use of our cost and production systems, and market additional proprietary generics.

Consolidated Sales and Income

(¥mn)

	3rd Quarter FY2010			3rd Quarter FY2009		FY2010 Forecast	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	Achievement Ratio (%)
Total Sales	20,615	100.0	16.0	17,778	100.0	27,300	75.5
Pharmaceuticals	19,873	96.4	15.2	17,244	97.0		
Others	741	3.6	38.8	534	3.0		
Cost of sales	9,776	47.4 (0.2P)	15.4	8,470	47.6		
SG&A expenses	9,303	45.1 (3.7P)	7.2	8,679	48.8		
Operating income	1,534	7.4	2.4 x	627	3.5	1,800	85.2
Ordinary income	1,406	6.8	2.7 x	521	2.9	1,600	87.9
Net income	405	2.0	91.6	211	1.2	500	81.2

Sales of Pharmaceuticals (Non-Consolidated)

(¥mn)

	3rd Quarter FY2010			3rd Quarter FY2009		FY2010 Forecast	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	Achievement Ratio (%)
Total	17,646	100.0	8.6	16,253	100.0	23,600	74.8
Generics	12,899	73.1	19.9	10,761	66.2	17,300	74.6
Amlodipine	1,883		41.8	1,328		2,490	75.6
Pravastatin	972		3.2	942		1,280	75.9
Voglibose	854		13.0	756		1,160	73.6
Lansoprazole	1,009		51.0	668		1,380	73.1
Others	8,181		15.8	7,067		10,990	74.4
Core products	4,747	26.9	(13.6)	5,492	33.8	6,300	75.3
Uralyt	2,043		(8.8)	2,636		3,170	75.8
Soleton	1,948		(18.8)	2,399		2,590	75.2
Calvan	396		(13.3)	457		540	73.3

Sales of Pharmaceuticals (Consolidated)

(¥mn)

	3rd Quarter FY2010			3rd Quarter FY2009*		FY2010 Forecast	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	Achievement Ratio (%)
Total	18,283	100.0	12.5	16,253	100.0	24,460	74.7
Generics	13,536	74.0	25.8	10,761	66.2	18,160	74.5
Amlodipine	2,021		52.2	1,328		2,690	75.1
Pravastatin	1,041		10.5	942		1,380	75.4
Voglibose	880		16.4	756		1,200	73.3
Lansoprazole	1,045		56.4	668		1,430	73.1
Others	8,549		21.0	7,067		11,460	74.6
Core products	4,747	26.0	(13.6)	5,492	33.8	6,300	75.3
Uralyt	2,403		(8.8)	2,636		3,170	75.8
Soleton	1,948		(18.8)	2,399		2,590	75.2
Calvan	396		(13.3)	457		540	73.3

* Results for the FY2009 3rd quarter do not include Nihon Pharmaceutical Industry Co., Ltd.'s pharmaceutical sales, since the subsidiary was not fully consolidated.

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