

FY2009 BUSINESS SUMMARY

(Year ended March 31, 2010)

Nippon Chemiphar Co., Ltd. (4539)
March 11, 2010

HIGHLIGHTS

Generics Sales Rise 21.8%, Total Up 7.5%

Consolidated sales were up 7.5% YOY while sales of generics jumped 21.8% YOY. This was the result of expanded sales to DPC hospitals and dispensing pharmacies.

Sales of core products were down 5.7%, reflecting declining Soleton sales in the increasingly competitive painkiller market.

Ordinary and Net Income Exceed 60%; Operating Income Up 32.2%,

Ordinary and net incomes grew by more than 60%. Further, operating income was up 32.2% YOY as a result of ongoing cost-cutting efforts.

30% YOY Rise in Generics Sales Forecast for FY2010

Indications are that sales of generic drugs will mark a 30% YOY rise in FY2010, helping push up total sales in excess of 20% YOY. At the same time, operating, ordinary and net incomes are expected to double. The increases reflect the growing demand for generic drugs that is being fuelled by the government's expanding promotion of these pharmaceuticals.

These forecasts have taken into account the influences expected as a result of Nihon Pharmaceutical Industry Co., Ltd. (NPI) having become a wholly owned subsidiary of Chemiphar, and the absorption of Chemiphar's Ibaraki factory by NPI.

Consolidated Sales and Income

(¥mn)

	FY2009			FY2008		FY2010 (Forecast)	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	YOY (%)
Total Sales	23,982	100.0	7.5	22,307	100.0	28,800	20.1
Pharmaceuticals	23,050	96.1	7.3	21,490	96.3	—	—
Others	932	3.9	14.1	817	3.7	—	—
Cost of Sales	11,448	47.7 +1.1P	10.2	10,387	46.6	—	—
SG&A expenses	11,767	49.1 (1.7P)	3.8	11,339	50.8	—	—
Operating income	767	3.2	32.2	580	2.6	1,600	2x
Ordinary income	587	2.4	61.4	363	1.6	1,400	2.4x
Net income	270	1.1	60.0	168	0.8	600	2.2x

Sales of Pharmaceuticals

(¥mn)

	FY2009			FY2008		FY2010 (Forecast)	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	YOY (%)
Total	21,416	100.0	11.2	19,266	100.0	24,940	16.5
Generics	14,360	67.1	21.8	11,787	61.2	18,640	29.8
Amlodipine	1,838		2 x	915		2,550	38.7
Pravastatin	1,234		2.3	1,206		1,410	14.3
Voglibose	1,003		20.7	831		1,240	23.6
Lansoprazole	927		61.8	573		1,470	58.6
Others	9,358		13.3	8,262		11,970	27.9
Core products	7,056	32.9	(5.7)	7,479	38.8	6,300	(10.7)
Uralyt	3,376		(0.9)	3,408		3,170	(6.1)
Soleton	3,077		(9.6)	3,405		2,590	(15.8)
Calvan	603		(9.5)	666		540	(10.4)

Consolidated Expenditure

(¥mn)

	FY2009			FY2008		FY2010 (Forecast)	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	YOY (%)
R&D expenses	1,722	7.2	20.7	1,427	6.4	2,050	19.0
Depreciation expenses	695	2.9	19.8	580	2.6	750	7.9
Capital expenditure	681	2.8	(23.4)	889	4.0	690	1.3

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