

# FIRST QUARTER BUSINESS SUMMARY

(Year ending March 31, 2011)

Nippon Chemiphar Co., Ltd. (4539)

July 30, 2010

## HIGHLIGHTS

### Generics the Main Driver behind Higher Consolidated Sales

In April, the government introduced further measures to promote the use of generics, helping to boost our sales of generics 23.4% YOY and consolidated sales 12.7% YOY.

### Profit Ratio Improves

Making Nihon Pharmaceutical Industry Co., Ltd., a newly consolidated Chemiphar subsidiary, reduced the cost of sales ratio. This is even though the cost of sales rose as a result of both the most recent NHI price reduction, and an increase in the ratio of generics sales to total sales.

Meanwhile, as a result of our ongoing cost cutting efforts, SG&A expenses represented 47.0% of total sales, down 3.1 points YOY. That produced good year-on-year results: a three-fold increase in operating income, 3.2 times higher ordinary income, and 70.4% rise in net income.

## Consolidated Sales and Income

(¥mn)

	1st Quarter FY2010			1st Quarter FY2009		2nd Quarter FY2010 (Forecast)	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	Achievement Ratio (%)
Total Sales	6,486	100.0	12.7	5,754	100.0	14,000	46.3
Pharmaceuticals	6,333	97.6	14.2	5,547	96.4	—	—
Others	153	2.4	(25.8)	206	3.6	—	—
Cost of Sales	3,074	47.4 (0.3P)	11.9	2,746	47.7	—	—
SG&A expenses	3,050	47.0 (3.1P)	5.7	2,885	50.1	—	—
Operating income	362	5.6	3x	122	2.1	650	55.7
Ordinary income	337	5.2	3.2x	104	1.8	550	61.4
Net income	53	0.8	70.4	31	0.5	150	35.5

## Sales of Pharmaceuticals (Non-Consolidated)

(¥mn)

	1st Quarter FY2010			1st Quarter FY2009		FY2010 (Forecast)	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	Achievement Ratio (%)
<b>Total</b>	5,793	100.0	11.4	5,202	100.0	24,940	23.2
Generics	4,158	71.8	23.4	3,370	64.8	18,640	22.3
Amlodipine	599		54.4	388		2,550	23.5
Pravastatin	320		5.3	304		1,410	22.7
Voglibose	278		16.3	239		1,240	22.4
Lansoprazole	322		64.3	196		1,470	21.9
Others	2,639		17.7	2,243		11,970	22.0
Core products	1,635	28.2	(10.8)	1,832	35.2	6,300	26.0
Uralyt	800		(6.8)	858		3,170	25.2
Soleton	695		(14.8)	816		2,590	26.8
Calvan	140		(11.4)	158		540	25.9

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