

FY2010 BUSINESS SUMMARY

(Year ended March 31, 2011)

Nippon Chemiphar Co., Ltd. (4539)

May 11, 2011

Highlights

Generics Push Up Consolidated Sales 14.1% YOY

Overall consolidated sales are ¥27,361 million, up 14.1% YOY. In the area of generics, meanwhile, consolidated sales rose 23.8% YOY, and non-consolidated sales 19.4% YOY. The increases reflect expanded sales by dispensing pharmacies, following implementation of additional incentives in April 2010.

As expected, sales of core products declined 12.9% YOY, reflecting both the NHI price revision and fierce competition.

Income More Than Doubles YOY

Cost of sales improved 0.2 % YOY after the consolidation of Nihon Pharmaceuticals Industry Co., Ltd. (NPI) in December 2009, and SG&A expenses dipped 3.9% YOY due to the better use of expenses.

As a result, operating income reached ¥1,999 million (up 2.6 times YOY), ordinary income ¥1,818 million (up 3.1 times YOY), and net income ¥573 million (up 2.1 times YOY).

Expanded Profits Expected

In FY2011, we expect generics' sales growth to stay in double digits. Consolidated sales to achieve ¥29,100 million (up 6.4% YOY), operating income to hit ¥2,500 million (up 25.1% YOY), ordinary income to be ¥2,300 million (up 26.5% YOY), and a net income of ¥1,100 million (up 92.0% YOY).

Sales and Income (Consolidated)

(\mn)

	FY2010			FY2009		FY2011 (Forecast)	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	YOY (%)
Total Sales	27,361	100.0	14.1	23,982	100.0	29,100	6.4
Pharmaceuticals	26,205	95.8	14.4	22,907*	95.5		
Others	1,155	4.2	7.5	1,075*	4.5		
Cost of sales	12,990	47.5 (0.2P)	13.5	11,448	47.7 +1.1P		
SG&A expenses	12,371	45.2 (3.9P)	5.1	11,767	49.1 (1.7P)		
Operating income	1,999	7.3	x2.6	767	3.2	2,500	25.1
Ordinary income	1,818	6.6	x3.1	587	2.4	2,300	26.5
Net income	573	2.1	x2.1	270	1.1	1,100	92.0

* Reflects modified product categories.

Sales of Pharmaceuticals (Consolidated)

(\mn)

	FY2010			FY2009*		FY2011 (Forecast)	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	YOY (%)
Total	24,138	100.0	11.8	21,584	100.0	26,340	9.1
Generics	17,990	74.5	23.8	14,528	67.3	20,660	14.8
Amlodipine	2,690		43.7	1,872		3,020	12.3
Pravastatin	1,362		8.8	1,252		1,390	2.1
Voglibose	1,148		13.6	1,011		1,200	4.5
Lansoprazole	1,367		46.2	935		1,460	6.8
Others	11,423		20.8	9,458		13,590	19.0
Core products	6,148	25.5	(12.9)	7,056	32.7	5,680	(7.6)
Uralyt	3,119		(7.6)	3,376		3,120	0.0
Soleton	2,512		(18.4)	3,077		2,080	(17.2)
Calvan	517		(14.3)	603		480	(7.2)

* Includes subsidiary's pharmaceutical sales since NPI was consolidated in January 2010.

Sales of Pharmaceuticals (Non-Consolidated)

(\mn)

	FY2010			FY2009		FY2011 (Forecast)	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	YOY (%)
Total	23,298	100.0	8.8	21,416	100.0	25,230	8.3
Generics	17,150	73.6	19.4	14,360	67.1	19,550	14.0
Amlodipine	2,506		36.3	1,838		2,810	12.1
Pravastatin	1,272		3.1	1,234		1,310	3.0
Voglibose	1,115		11.2	1,003		1,170	4.9
Lansoprazole	1,320		42.4	927		1,390	5.3
Others	10,937		16.9	9,358		12,870	17.7
Core products	6,148	26.4	(12.9)	7,056	32.9	5,680	(7.6)
Uralyt	3,119		(7.6)	3,376		3,120	0.0
Soleton	2,512		(18.4)	3,077		2,080	(17.2)
Calvan	517		(14.3)	603		480	(7.2)

Expenditure (Consolidated)

(\mn)

	FY2010			FY2009		FY2011 (Forecast)	
	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)	Amount	YOY (%)
R&D expenses	1,878	6.9	9.1	1,722	7.2	1,970	4.9
Depreciation expenses	775	2.8	11.5	695	2.9	800	3.2
Capital expenditure	584	2.1	(14.2)	681	2.8	980	67.8

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