

FY2011 FIRST QUARTER BUSINESS SUMMARY

(Year ending March 31, 2012)

Nippon Chemiphar Co., Ltd. (4539)
July 29, 2011

Highlights

Generics Push Up Consolidated Sales 5.8% YOY

Because of the increase in sales of products launched last fiscal year, generics sales are up 9.0% YOY. Consequently, despite the expected stronger competition that pushed down core product sales 9.4% YOY, consolidated sales are ¥6,863 million, a hike of 5.8% YOY.

Operating, Ordinary Incomes Double YOY; Net Income Jumps 6.8-fold YOY

The rise in the ratio of generics sales to total sales produced an increase in the cost of sales. However, this was offset by the growing ratio of proprietary to purchased generics. As a result, the ratio of cost of sales to sales improved 3.3 points. In addition, our ongoing rationalization of expenses caused the ratio of SG&A expenses to sales to decline a further 1.9 points. Thus, operating and ordinary incomes doubled YOY, while net income is up 6.8 times YOY.

Sales and Income (Consolidated)

(¥mn)

	1st Quarter FY2010		1st Quarter FY2011			2nd Quarter FY2011(Forecast)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	Achievement Ratio (%)
Total Sales	6,486	100.0	6,863	100.0	5.8	14,100	48.7
Pharmaceuticals	6,330*	97.6	6,674	97.2	5.4		
Others	155*	2.4	189	2.8	21.6		
Cost of sales	3,074	47.4 (0.3P)	3,025	44.1 (3.3P)	(1.6)		
SG&A expenses	3,050	47.0 (3.1P)	3,092	45.1 (1.9P)	1.4		
Operating income	362	5.6	746	10.9	x2.1	1,050	71.1
Ordinary income	337	5.2	712	10.4	x2.1	950	75.0
Net income	53	0.8	362	5.3	x6.8	420	86.4

* Reflects modified product categories.

Sales of Pharmaceuticals (Consolidated)

(¥mn)

	1st Quarter FY2010		1st Quarter FY2011			2nd Quarter FY2011(Forecast)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	Achievement Ratio (%)
Total	6,004	100.0	6,245	100.0	4.0	26,340	23.7
Generics	4,369	72.8	4,763	76.3	9.0	20,660	23.1
Amlodipine	643		703		9.5	3,020	23.3
Pravastatin	343		337		(1.9)	1,390	24.2
Voglibose	287		276		(3.8)	1,200	23.0
Lansoprazole	333		350		5.1	1,460	23.9
Others	2,763		3,097		12.1	13,590	22.8
Core products	1,635	27.2	1,482	23.7	(9.4)	5,680	26.1
Uralyt	800		758		(5.3)	3,120	24.3
Soleton	695		602		(13.4)	2,080	28.9
Calvan	140		122		(12.9)	480	25.4

Main Financial Figures (Consolidated)
Earnings

	1st Quarter FY2010	1st Quarter FY2011	Change (YOY)
Gross margin to sales (%)	52.6	55.9	+3.3p
SG&A to sales (%)	47.0	45.1	(1.9p)
Operating income to sales (%)	5.6	10.9	+5.3p

Balance Sheet Summary

	FY2010	1st Quarter FY2011	Change (YOY)
Total assets (¥mn)	30,786	33,905	3,118
Net assets (¥mn)	8,964	9,181	216
Capital-to-asset ratio (%)	29.1	27.1	(2.0p)
Current assets (¥mn)	17,098	20,336	3,238
Current debt (¥mn)	12,035	14,142	2,106
Current ratio (x)	1.42	1.44	+0.02p

Per-share Information

	FY2010	1st Quarter FY2011	Change (YOY)
Net income per share (¥)	1.40	8.62	7.22
Net assets per share (¥)	212.92	218.06	5.14

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