



Nippon Chemiphar Co., Ltd. (4539)

Highlights of Second Quarter Fiscal 2011 Business Results

(Year ending March 31, 2012)



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Summary of Results

Consolidated Sales, Income

(¥mn)

	2Q FY2010		2Q FY2011			
	Amount	Disrib.	Amount	Distrib.	YOY	
					Amount	%
Total sales	13,264	100.0%	13,914	100.0%	649	4.9%
Cost of sales	6,338	47.8%	6,297	45.3%	(40)	(0.6%)
		(0.4P)		(2.5P)		
SG&A expenses	6,027	45.4%	6,290	45.2%	262	4.4%
		(4.0P)		(0.2P)		
Operating income	898	6.8%	1,325	9.5%	427	47.6%
Ordinary income	821	6.2%	1,228	8.8%	407	49.6%
Net income	87	0.7%	667	4.8%	580	x 7.6

Consolidated Sales, Income

Compared to May forecast

(¥mn)

	2Q Forecast in May		2Q FY2011		Difference	
	①	YOY	②	YOY	②-①	Achievement Ratio
Total sales	14,100	6.3%	13,914	4.9%	(186)	98.7%
Operating income	1,050	16.9%	1,325	47.6%	275	126.2%
Distribution ratio	7.4%		9.5%		2.1P	
Ordinary income	950	15.7%	1,228	49.6%	278	129.3%
Distribution ratio	6.7%		8.8%		2.1P	
Net income	420	x 5	667	x 7.6	247	159.0%
Distribution ratio	3.0%		4.8%		1.8P	

Sales of Products (Consolidated)

(¥mn)

	2Q FY2010		2Q FY2011		
	Amount	Distrib.	Amount	Distrib.	YOY
Total	11,873	100.0%	12,529	100.0%	5.5%
Generics	8,695	73.2%	9,546	76.2%	9.8%
Amlodipine	1,311		1,409		7.5%
Pravastatin	687		679		(1.2)%
Voglibose	576		552		(4.2)%
Lansoprazole	678		713		5.2%
Others	5,443		6,193		13.8%
Core products	3,178	26.8%	2,982	23.8%	(6.2)%
Uralyt	1,584		1,544		(2.5)%
Soleton	1,322		1,200		(9.2)%
Calvan	271		239		(11.8)%

ODM Generics (Consolidated)

(¥mn)

	2Q FY2010		2Q FY2011		YOY
	Amount	Distrib.	Amount	Distrib.	
Generics business	8,730	100.0%	9,740	100.0%	11.6%
Generics	8,695	99.6%	9,546	98.0%	9.8%
Generics (ODM)	35	0.4%	194	2.0%	x 5.5

Sales of ODM generics we have developed over the past few years have risen sharply.
 ⇒ **ODM generics will contribute our generics business**

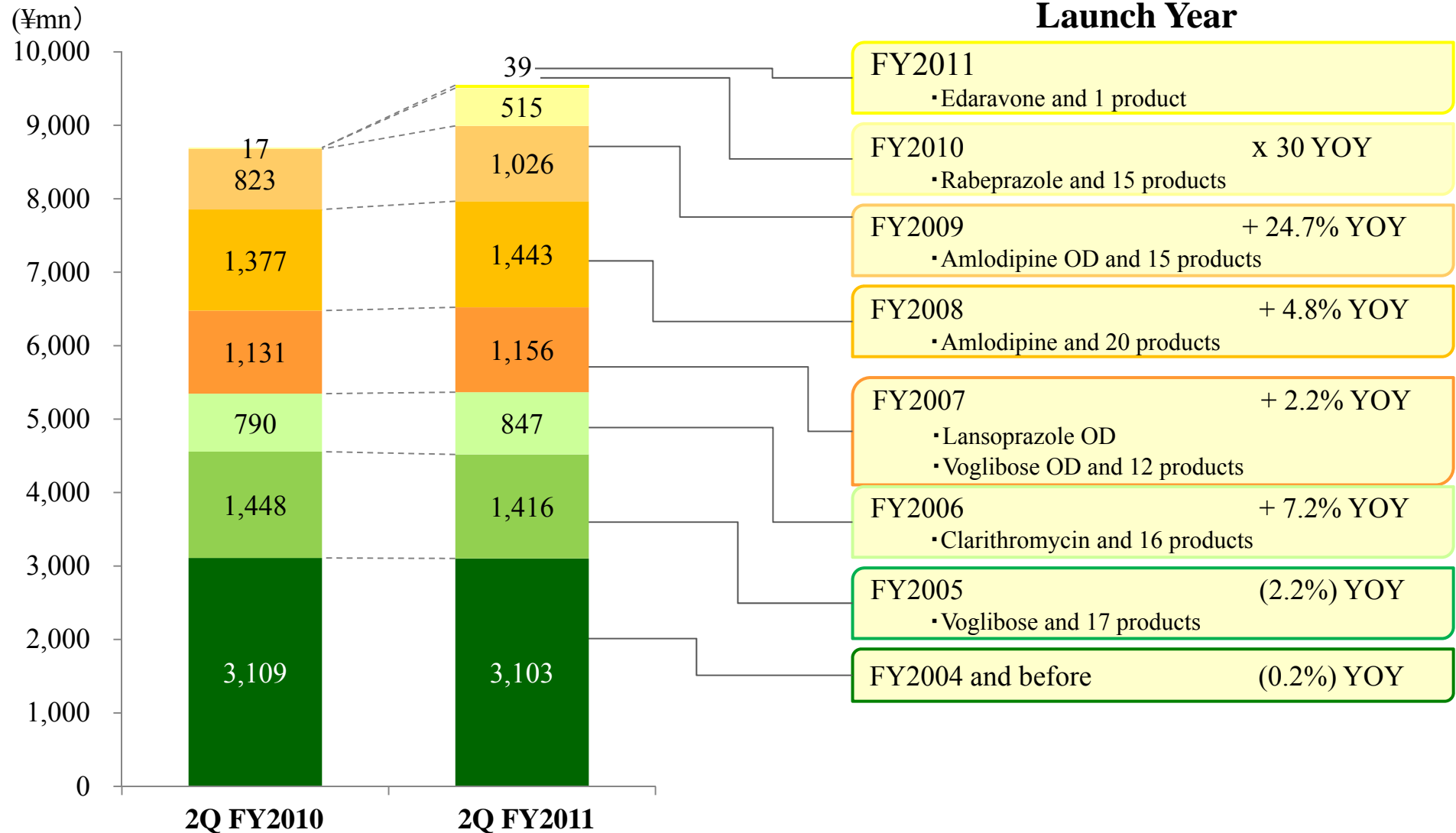


Ibaraki factory, NPI



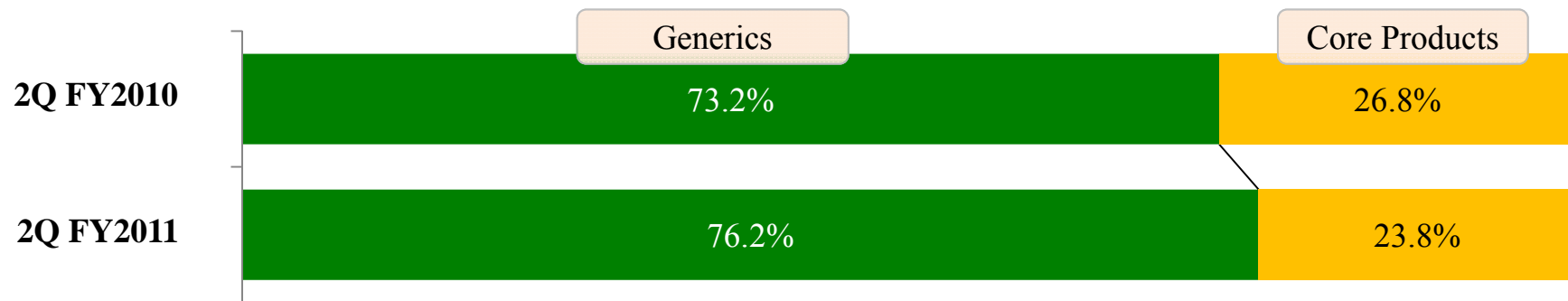
NPI's Tsukuba factory
 (formerly Chemiphar's
 Ibaraki factory)

Generics Sales (Consolidated)

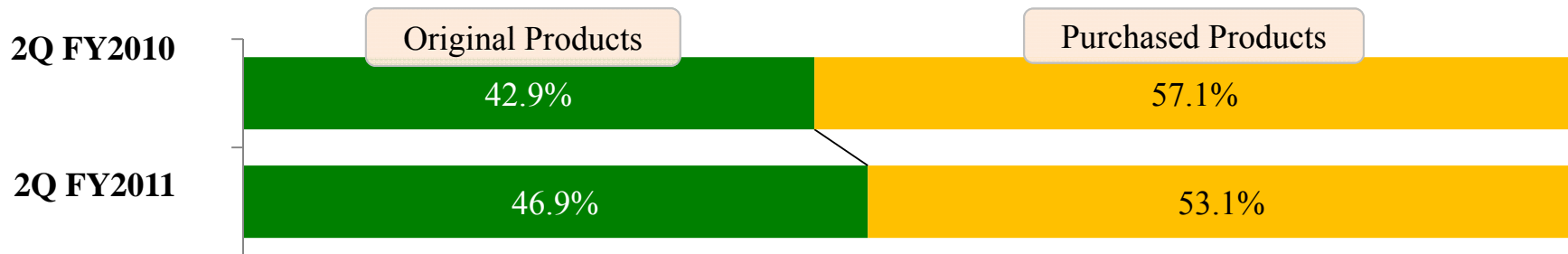


Breakdown of Generics Sales (Consolidated)

Core Products, Generics as Ratio of Pharmaceutical Sales



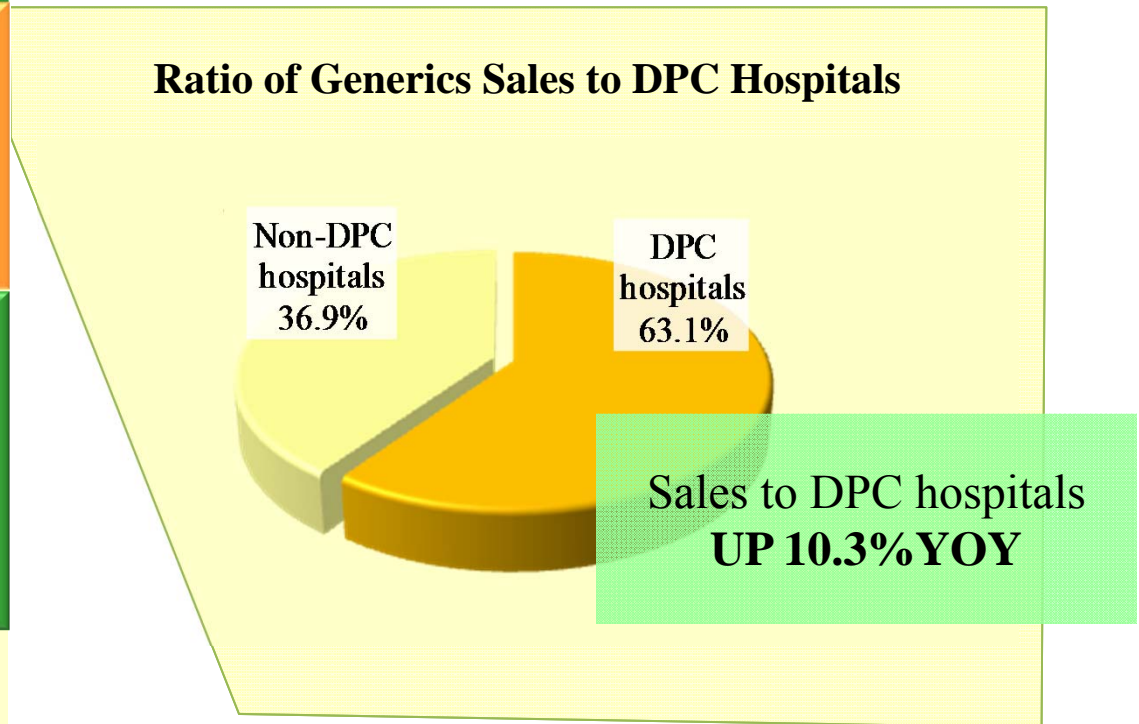
Original Products, Purchased Products as Ratio of Pharmaceutical Sales



Sales of Generics to Hospitals, Clinics

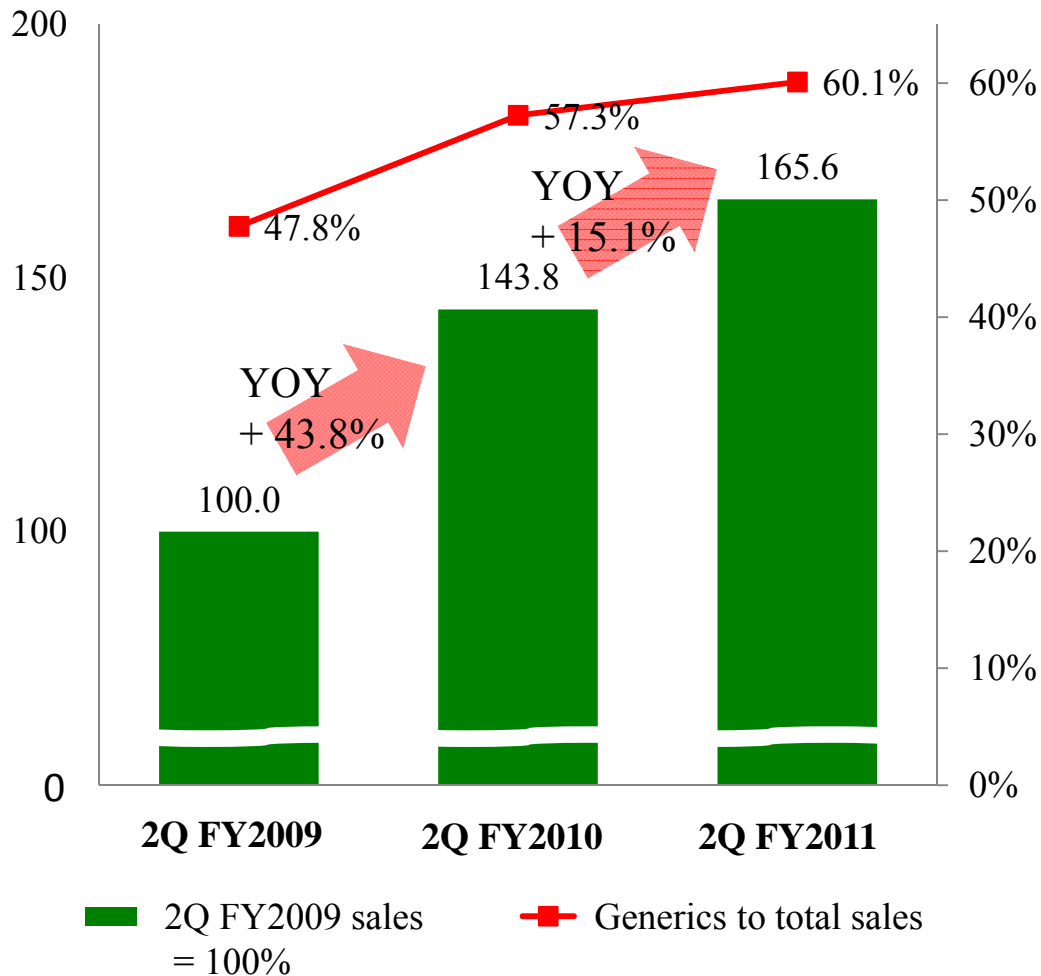
(Non-consolidated)

	YOY	Distrib.
Hospitals	+8.2%	40%
Clinics	+10.8%	60%
Total	+9.8%	100.0%

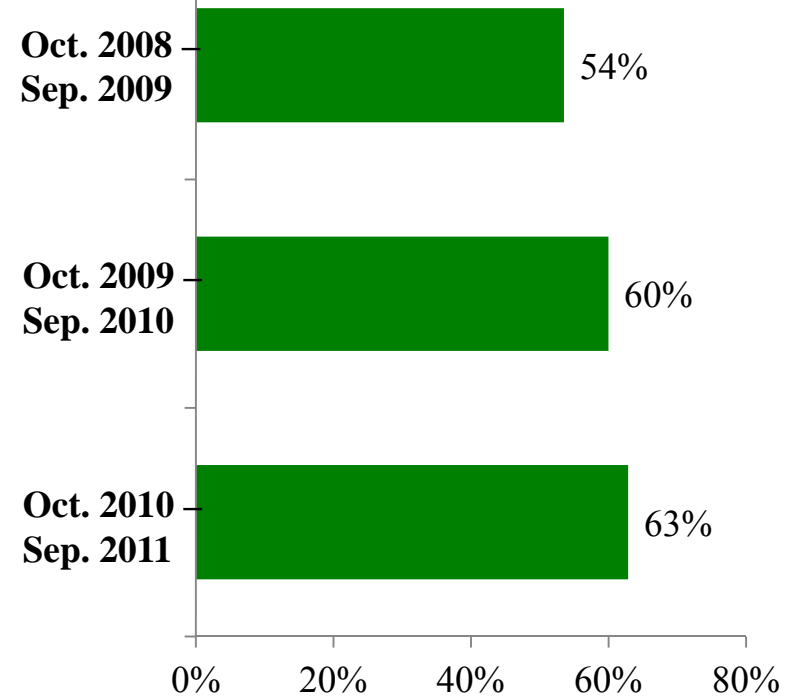


Sales of Generics to Dispensing Pharmacies

(Non-consolidated)



Ratio of Dispensing Pharmacies Selling Chemiphar Generics



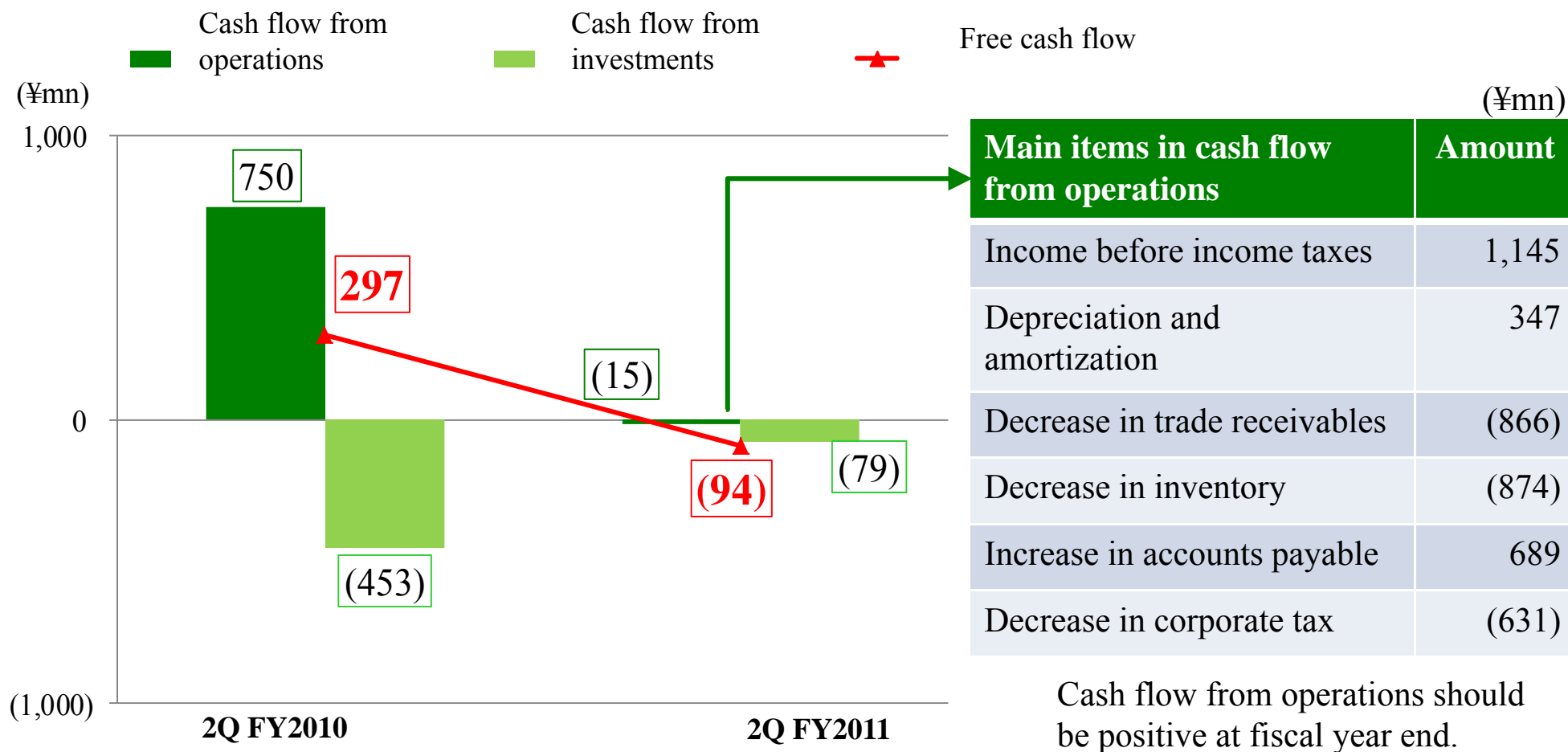
Consolidated Balance Sheet

(¥mn)

	FY2010	2Q FY2011	YOY (Amount)	Main Causes	
Current assets	17,098	19,733	2,634	Cash, deposits	658
				Notes, accounts receivable-trade	866
				Inventories	874
				Money held in trust	262
Fixed assets	13,667	13,438	(229)	Tangible fixed assets	145
				Intangible fixed assets	(84)
				Investment and others	(290)
Total assets	30,786	33,189	2,402		
Liabilities	21,821	23,752	1,930	Notes, accounts payable-trade	689
				Loans payable	1,516
Net assets	8,964	9,436	471	Accumulated earnings	540
Equity ratio	29.1%	28.4%	(0.7p)	Treasury stock	(89)
Liabilities, net assets	30,786	33,189	2,402		

* The chart has been translated from the Japanese original. The numbers in our English annual report are rounded off in accordance with U.S. accounting standards, and so differ from those in the chart.

Cash Flow (Consolidated)



* The chart has been translated from the Japanese original. The numbers in our English annual report are rounded off in accordance with U.S. accounting standards, and so differ from those in the chart.

Shareholder Benefits

Share Buy-back

Designed to improve capital efficiency, our ongoing plan is as follows:

- * Share acquisition: 1 million (maximum)
- * Shares acquire: 1 million (as of Nov.30, 2011)

Dividend

¥3/share FY 2010

¥5/share FY2011 (forecast)



Forecast, Achievements and Plans

FY 2011 Forecast (Consolidated)

(¥mn)

	2Q FY2011		FY2011 (Forecast)		
	Amount	Distrib.	Amount	Distrib.	Achievement Ratio
Total sales	13,914	100.0%	29,100	100.0%	47.8%
Pharmaceuticals	12,529	90.0%	26,340	90.5%	47.6%
Generics	9,546	68.6%	20,660	71.0%	46.2%
Core products	2,982	21.4%	5,680	19.5%	52.5%
Operating income	1,325	9.5%	2,500	8.6%	53.0%
Ordinary income	1,228	8.8%	2,300	7.9%	53.4%
Net income	667	4.8%	1,100	3.8%	60.6%

New Generics (FY2011)

Three products launched in June

Main Product	Original Trade Name	Function
Edaravone intravenous injection, bag	Radicut	Free radical scavenger

Nine products launched in November

Main Products	Original Trade Name	Function
Donepezil Tablet, OD	Aricept	Treatment for Alzheimer's
Sodium Resedronate tablets	Actonel/ Benet	Treatment for osteoporosis
Loratadine Tablet, OD	Claritine	Treatment for allergy

Generics Business Goals

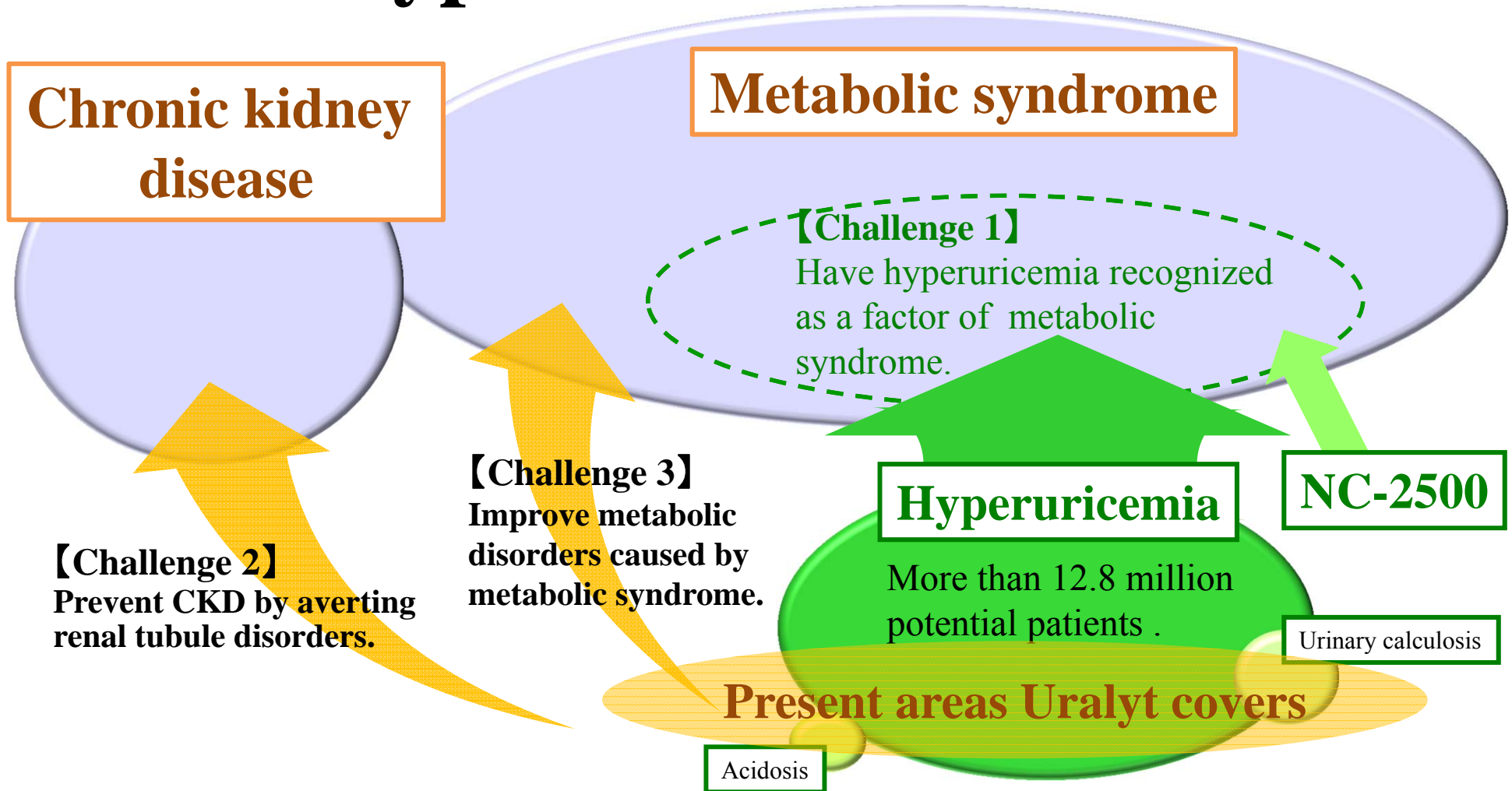
Promote cost competitiveness

- ✓ Decrease cost of sales by increasing original product ratio.
- ✓ Boost production efficiency by integrating production departments.

Enhance sales operations

- ✓ Introduce team operations to strengthen service to hospitals.
- ✓ Enhance education of MRs.
- ✓ Provide expanded information via magazines.
- ✓ Approach DPC hospitals through the DPC management forum.
- ✓ Enhance sales of central nervous system-related products through Japanese Research on Senile Dementia association channels.

Business Development in Hyperuricemia Market



Research and Development

	NC-2500*	NC-2300	NC-2400
Purpose	Lowering of uric acid	Treating bone disease	Improving lipid metabolism
Function	Xanthine oxidoreducase inhibitor	Cathepsin K inhibitor	PPAR δ Agonist
Discovery	Nippon Chemiphar	Nippon Chemiphar	Nippon Chemiphar
Development	Nippon Chemiphar	Velcura (USA)	Cerenis (France)
Phase	Preclinical testing finished	Development stopped	Phase I
Country	Japan	USA	USA

* It inhibits the enzyme xanthine oxidoreducase, and prevents the production of uric acid. It is expected to be used as a medication for hyperuricemia and gout.

Our Three Goals

Goal 1

- Secure our presence in the generics business

Top priority

Goal 2

- Achieve a stronger position in the hyperuricemia market, centered on Uralyt

Goal 3

- Contribute to society through proprietary developments toward drug discovery

Note about Forward-Looking Statements and Forecasts

Statements made in this *Highlights of Business Results* with respect to current plans, estimates, strategies and beliefs, and other statements of Nippon Chemiphar that are not historical facts are forward-looking statements about the future performance of Nippon Chemiphar.

These statements are based on management's current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. Consequently, undue reliance should not be placed on these statements.

Nippon Chemiphar cautions the reader that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.

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