

Second Quarter Business Summary

(Year ended March 31, 2013)

Nippon Chemiphar Co., Ltd. (4539)

November 2, 2012

Highlights

Generics Push Up Consolidated Sales 19.4% YOY*

Chemiphar's second quarter sales of generics are up 29.0% YOY, mainly thanks to the government's promotional measures for generics, started in April, and growing sales of products launched last fiscal year. Sales of generics to other pharmaceutical makers also played a part.

Meanwhile, the NHI price revision and fierce competition have depressed sales of our core products, which are down 15.9% YOY—but in line with our expectations.

Income Rises

Operating income is up 74.9% YOY, ordinary income 83.1% YOY and net income 101.3%. This is because: 1) total sales are up; 2) SG&A expenses have been curbed; and 3) part of the R&D expenses were transferred to a later quarter.

Sales and Income Are Expect to Rise

For the full year FY2012, we forecast that sales will increase 12.2% YOY and operating income 19.7% YOY.

* YOY represents change from the same period of the previous year.

Sales and Income (Consolidated)

(¥mn)

	2nd Quarter FY2011		2nd Quarter FY2012			FY2012 (Forecast)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY* (%)	Amount	Achievement Ratio (%)
Total Sales	13,914	100.0	16,609	100.0	19.4	32,000	51.9
Pharmaceuticals	13,391	96.2	16,046	96.6	19.8		
Others	523	3.8	563	3.4	7.7		
Cost of sales	6,297	45.3	7,844	47.2	24.6		
				+1.9p			
SG&A expenses	6,290	45.2	6,444	38.8	2.5		
				(6.4p)			
Operating income	1,325	9.5	2,319	14.0	74.9	3,500	66.3
Ordinary income	1,228	8.8	2,249	13.5	83.1	3,300	68.2
Net income	667	4.8	1,343	8.1	101.3	1,800	74.7

* YOY represents change from the same period of the previous year.

Sales of Pharmaceuticals (Consolidated)

(¥mn)

	2nd Quarter FY2011		2nd Quarter FY2012			FY2012 (Forecast)	
	Amount	Distrib (%)	Amount	Distrib. (%)	YOY* (%)	Amount	Achievement Ratio (%)
Total	12,529	100.0	14,818	100.0	18.3	28,750	51.5
Generics	9,546	76.2	12,311	83.1	29.0	23,950	51.4
Sales to other makers	42		1,533		x36.5	1,840	83.3
Amlodipine	1,409		1,531		8.6	3,100	49.4
Lansoprazole	713		874		22.6	1,790	48.8
Pravastan	679		663		(2.4)	1,320	50.2
Rabeprazole	362		633		75.1	1,270	49.9
Limaprost alfadex	506		625		23.5	1,270	49.2
Voglibose	552		542		(1.9)	1,070	50.6
Others	5,325		7,443		39.8	14,130	52.7
Core products	2,982	23.8	2,507	16.9	(15.9)	4,800	52.2
Uralyt	1,544		1,375		(10.9)	2,690	51.1
Soleton	1,200		930		(22.5)	1,730	53.8
Calvan	239		201		(15.5)	380	52.9

* YOY represents change from the same period of the previous year.

(Reference) Sales to Other Makers

(¥mn)

	FY2010	FY2011	FY2012 (Forecast)
Generics	17,990	19,721	23,950
Sales to other makers	131	220	1,840

Sales of Generics Business (Consolidated)

(¥mn)

	2Q FY2011	2Q FY2012		FY2012 (Forecast)	
	Amount	Amount	YOY* (%)	Amount	Achievement Ratio (%)
Generics business	194	183	(5.8)	370	49.5
Generics	9,546	12,311	29.0	23,950	51.4
Generics (ODM**)	9,740	12,494	28.3	24,320	51.4

** Original design, manufacture

Expenditure (Consolidated)

(¥mn)

	2Q FY2011		2Q FY2012			FY2012 (Forecast)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)
R&D expenses	916	6.6	883	5.3	(3.6)	2,200	6.9
Depreciation expenses	347	2.5	387	2.3	11.5	830	2.6
Capital expenditure	445	3.2	863	5.2	93.9	1,100	3.4

Main Financial Figures (Consolidated) Earnings

	2Q FY2011	2Q FY2012	Change	FY2012 (Forecast)
Gross margin to sales (%)	54.7	52.8	(1.9p)	
SG&A to sales (%)	45.2	38.8	(6.4p)	
Operating income to sales (%)	9.5	14.0	+4.5p	10.9
EPS (¥)	15.89	32.73	+16.84	43.28

Balance Sheet Summary

	FY2011	2Q FY2012	Change
Total assets (¥mn)	33,790	37,746	3,955
Net assets (¥mn)	10,230	11,359	1,128
Owned capital (¥mn)	10,223	11,351	1,127
Capital-to-asset ratio (%)	30.3	30.1	(0.2p)
Current assets (¥mn)	20,561	24,040	3,479
Current debt (¥mn)	12,871	15,456	2,584
Current ratio (x)	1.60	1.56	(0.04p)
Net assets per share (¥)	248.92	276.49	27.57

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Note about Forward-Looking Statements and Forecasts

Statements made in this summary with respect to current plans estimates strategies and beliefs, and other statements of Chemiphar are forecasts about the future performance of Chemiphar. These forecasts are based on information currently available to management. Consequently, our forecasts are subject to known and unknown risks and uncertainties and may differ significantly from actual results. Items that may influence our forward-looking statements and forecasts include changes in the economy, the business and competitive environment surrounding Chemiphar's business, and revisions to the Pharmaceutical Affairs Law and other related legislation, etc., as well as other items not limited to the above.