



Nippon Chemiphar Co., Ltd.

(TSE 4539)

# Highlights of Second Quarter Fiscal 2012 Business Results

(Year ending March 31, 2013)

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# I. Summary of Results

# Consolidated Sales, Income

(¥mn)

	2Q FY2011		2Q FY2012			
	Amount	Disrib.	Amount	Disrib.	YOY	
					Amount	%
Total sales	13,914	100.0%	16,609	100.0%	2,694	19.4%
Cost of sales	6,297	45.3%	7,844	47.2%	1,546	24.6%
SG&A expenses	6,290	45.2%	6,444	38.8%	154	2.5%
		(2.5p)		1.9p		
		(0.2p)		(6.4p)		
Operating income	1,325	9.5%	2,319	14.0%	993	74.9%
Ordinary income	1,228	8.8%	2,249	13.5%	1,020	83.1%
Net income	667	4.8%	1,343	8.1%	676	x 2

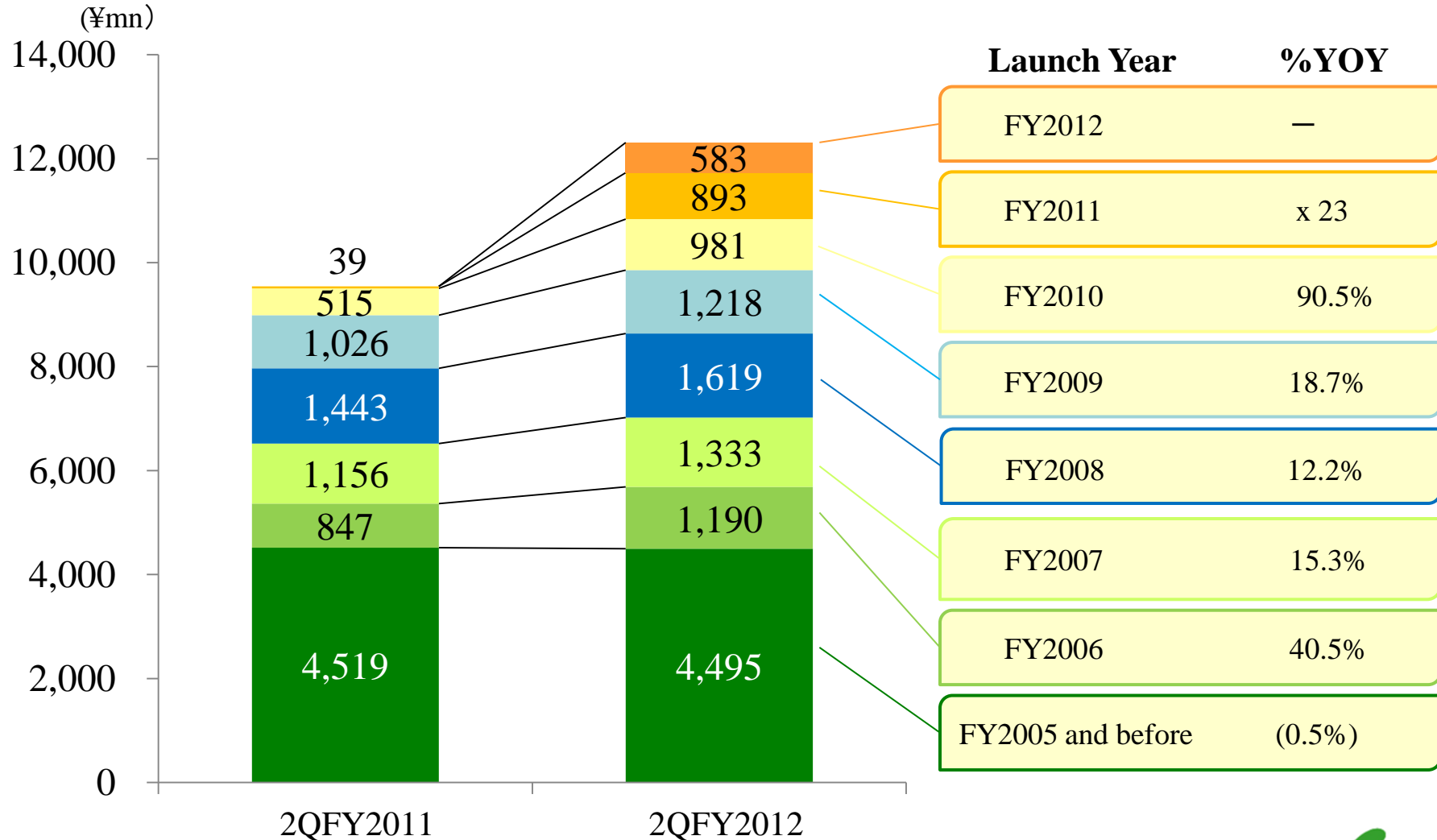
# Sales of Products (Consolidated)

(¥mn)

	2Q FY2011		2Q FY2012		YOY
	Amount	Distrib.	Amount	Distrib.	
Total (①+②)	12,529	100.0%	14,818	100.0%	18.3%
①Generics	9,546	76.2%	12,311	83.1%	29.0%
Amlodipine	1,409		1,531		8.6%
Lansoprazole	713		874		22.6%
Pravastatin	679		663		(2.4%)
Rabeprazole	362		633		75.1%
Limaprost alfadex	506		625		23.5%
Voglibose	552		542		( 1.9%)
Others	5,325		7,443		39.8%
②Core products	2,982	23.8%	2,507	16.9%	( 15.9%)
Uralyt	1,544		1,375		( 10.9%)
Soleton	1,200		930		( 22.5%)
Calvan	239		201		( 15.5%)
Generics Business (①+③)	9,740	—	12,494	—	28.3%
①Generics	9,546	—	12,311	—	29.0%
③Generics (ODM)*	194	—	183	—	(5.8%)

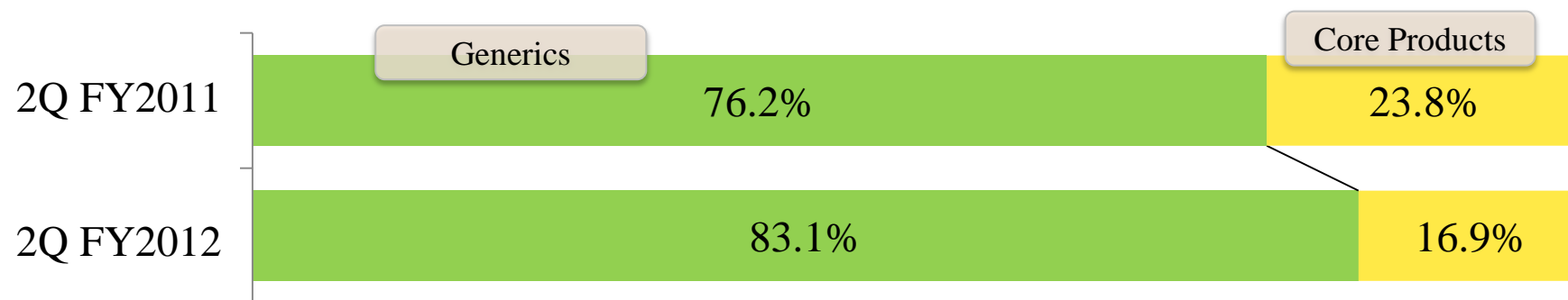
\*Original Design Manufacturing

# Generics Sales by Launch Year (Consolidated)

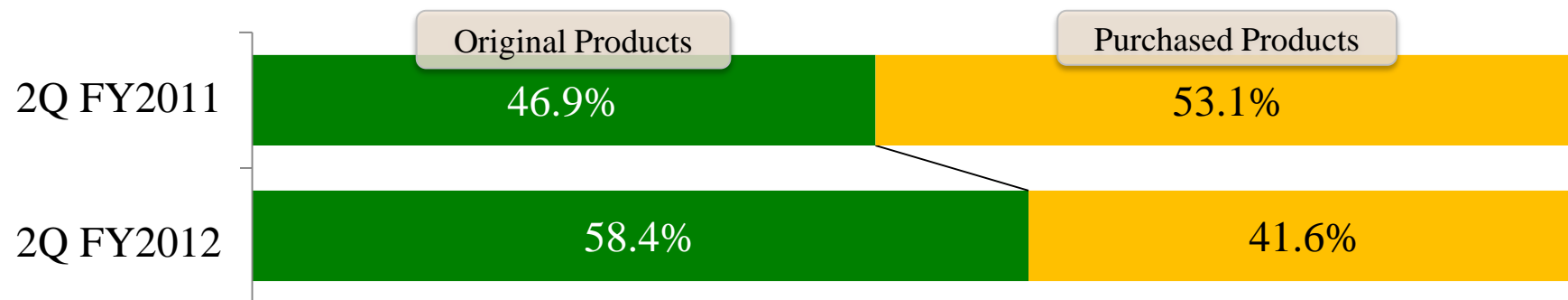


# Breakdown of Generics Sales (Consolidated)

## Core Products, Generics as Ratio of Pharmaceutical Sales



## Original Products, Purchased Products as Ratio of Pharmaceutical Sales

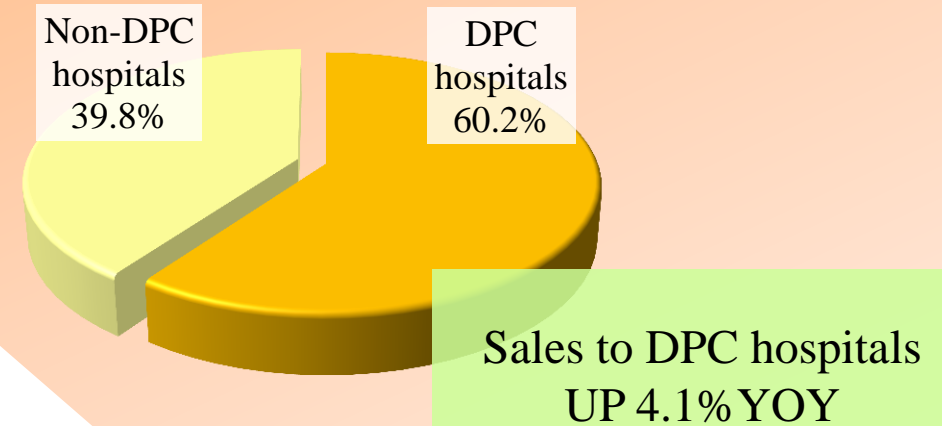


# Sales of Generics to Hospitals, Clinics

(Non-consolidated)

	YOY	Distrib.
Hospitals	6.0%	36.3%
Clinics	17.5%	63.7%
Total	13.0%	100.0%

Ratio of Generics Sales to DPC\* Hospitals

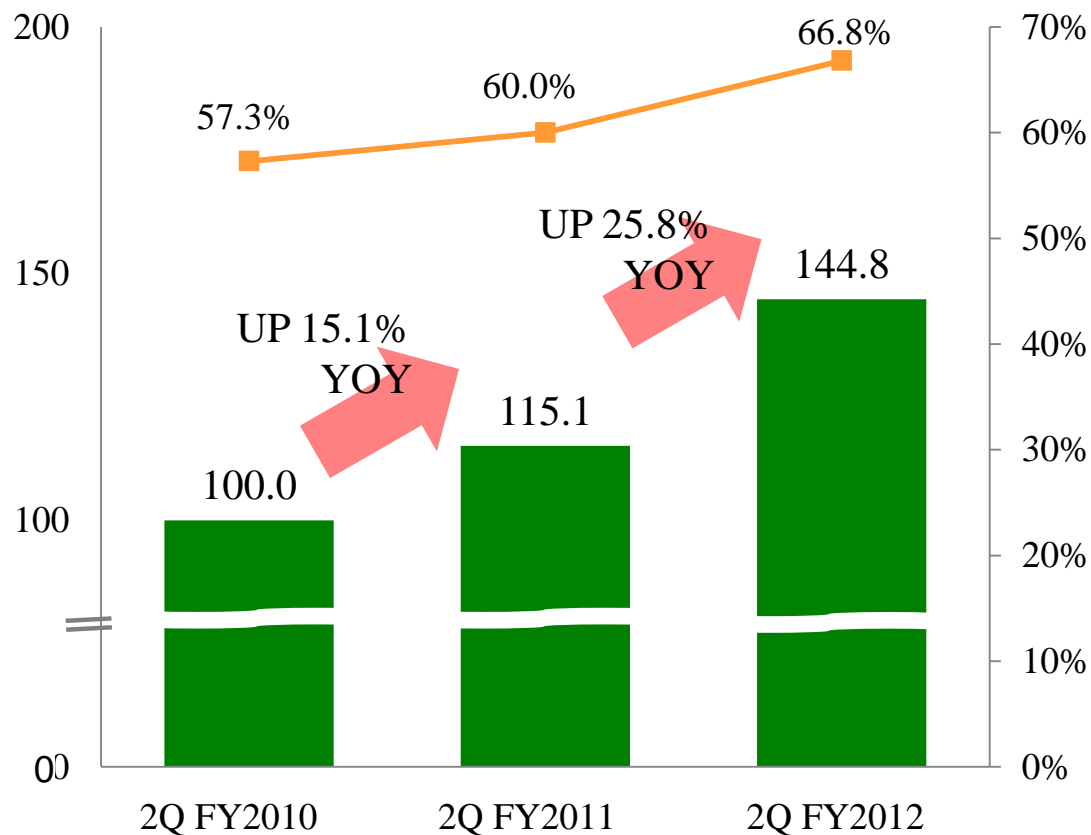


\*Diagnosis Procedure Combination  
The DPC system sets fixed per-diem hospitalization fees.



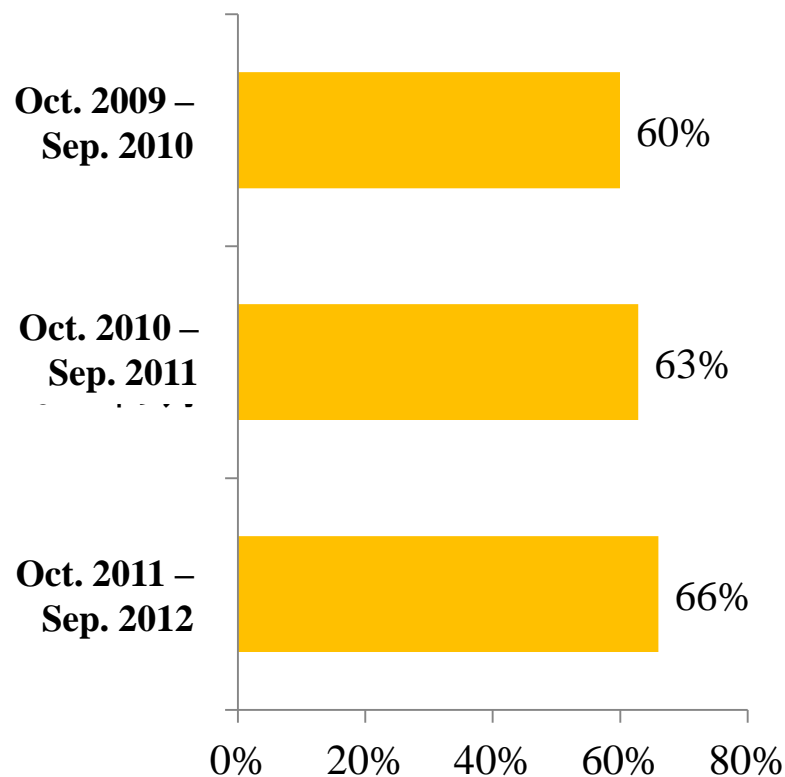
# Sales of Generics to Dispensing Pharmacies

(Non-consolidated)



■ 2Q FY2010 sales = 100%
 —■ Generics to total sales

## Ratio of Dispensing Pharmacies Selling Chemiphar Generics

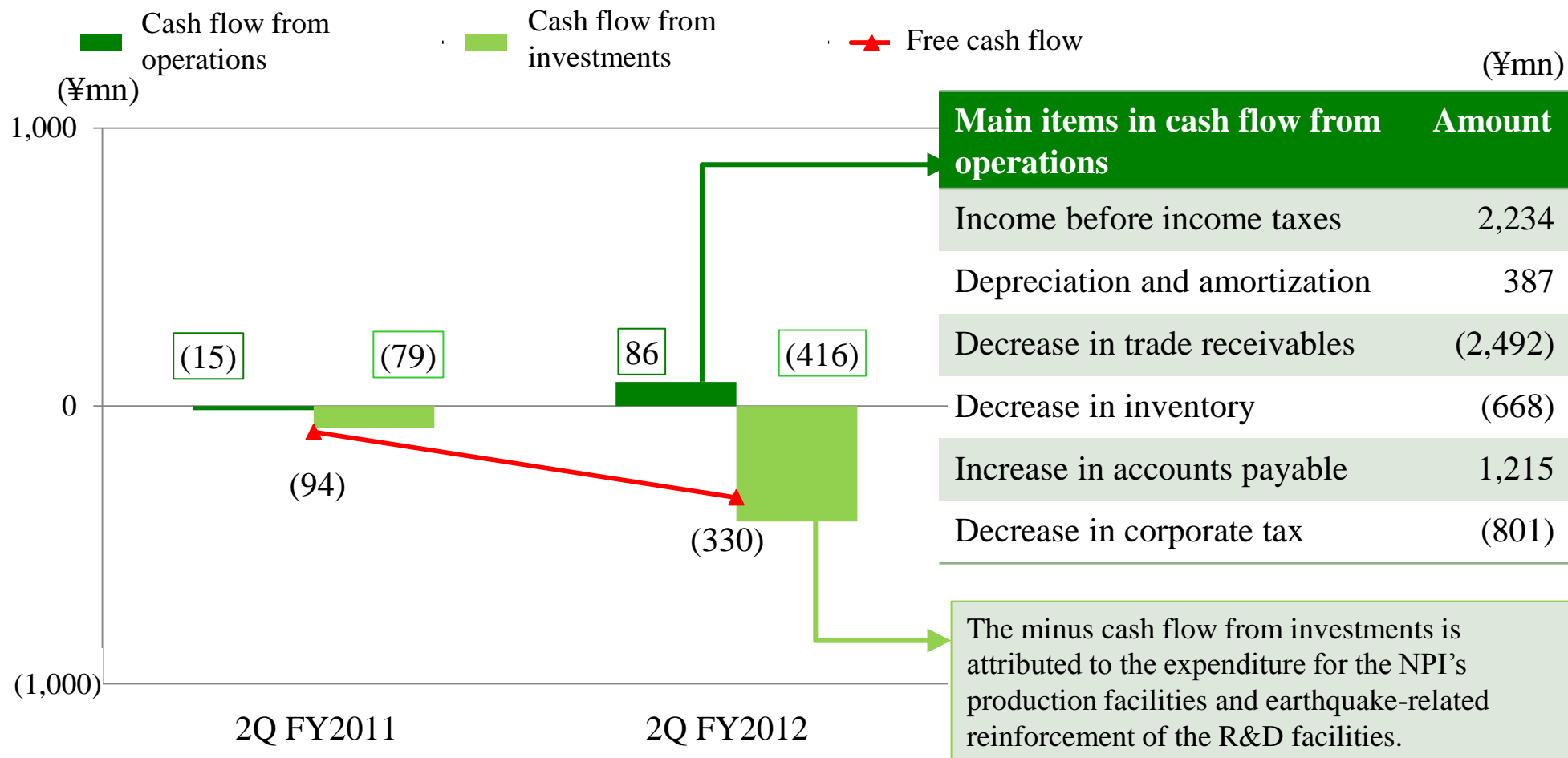


# Balance Sheet (Consolidated)

	(¥mn)				
	FY2011	2Q FY2012	YOY (Amount)	Main Causes	
<b>Current assets</b>	20,561	24,040	3,479	Cash, deposits	185
				Notes, accounts receivable—trade	2,492
				Inventories	668
				Deferred tax asset	110
<b>Fixed assets</b>	13,215	13,694	478	Tangible fixed assets	475
				Intangible fixed assets	(107)
				Investment and others	111
<b>Total assets</b>	33,790	37,746	3,955		
<b>Liabilities</b>	23,560	26,387	2,827	Notes, accounts payable—trade	1,215
				Loans payable	925
<b>Net assets</b>	10,230	11,359	1,128	Accumulated earnings	1,136
<b>Equity ratio</b>	30.3%	30.1%	(0.2p)	Treasury stock	(5)
<b>Liabilities, net assets</b>	33,790	37,746	3,955		

Note: 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)



Note: 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.

## **II . Forecast, Achievements and Plans**

# FY2012 Forecast (Consolidated)

(¥mn)

	2Q FY2012		FY2012 (Forecast)		
	Amount	Distrib.	Amount	Distrib.	Achievement Ratio
Total sales	16,609	100.0%	32,000	100.0%	51.9%
Pharmaceuticals	14,818		28,750		51.5%
Generics	12,311		23,950		51.4%
Core products	2,507		4,800		52.2%
Operating income	2,319	14.0%	3,500	10.9%	66.3%
Ordinary income	2,249	13.5%	3,300	10.3%	68.2%
Net income	1,343	8.1%	1,800	5.6%	74.7%

Dividend per share	¥8.0 (Forecast)
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# New Generics (FY2012)

## Five products launched in December

Main Products	Original Trade Name	Function
Mosapride citrate tablets	Gasmotin	Treatment for gastrointestinal tract dysfunction
Olopatadine hydrochloride tablets	Allelock	Treatment for allergy
Anastrozole tablets	Arimidex	Treatment for breast cancer



# Medium-term Business Plan Results

Topics	Steps, Changes	Challenges
Generics	<ul style="list-style-type: none"> <li>• Integration of Group's R&amp;D departments</li> <li>• New Tsukuba factory building started</li> <li>• Products up from 3 to 5; sales over ¥100mn</li> <li>• Expand sales to other makers</li> <li>• Start new TV commercial (October)</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of drug formulation</li> <li>• Strengthening of sales structure</li> <li>• Obtaining supply chain price cuts</li> </ul>
Hyperuricemia	<ul style="list-style-type: none"> <li>• Conduct clinical research on link between urine alkalization, CKD</li> <li>• Start NC-2500 Phase 1 development</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing clinical research, industry awareness</li> <li>• Promoting licensing out of NC-2500 development</li> </ul>
New drug discovery	<ul style="list-style-type: none"> <li>• More efficient R&amp;D</li> <li>• Join JST<sup>1</sup> program (public funding)</li> </ul>	<ul style="list-style-type: none"> <li>• Advance R&amp;D development</li> <li>• License out more chemical compounds</li> </ul>
Overseas business, others	<ul style="list-style-type: none"> <li>• Start talks with ASEAN production partners</li> <li>• Achieve compliance with ISO 13485 standard</li> </ul>	<ul style="list-style-type: none"> <li>• In China help launch products for which licensing applications have been applied</li> <li>• Speed up business in ASEAN</li> </ul>

1. Japan Science and Technology Agency

# Topics

## Hyperuricemia

- ◆ Clinical research to ascertain the relation between urine alkalization and CKD is expected to start in FY2012.

## Drug discovery

- ◆ Joins Japan Science and Technology Agency support program.

Item	Program Focus	Duration
P2X4 antagonist (treatment for neuropathic pain)	Solving challenges (5 years, about ¥1,000mn)	2012–2017
ACE2 activating agent (treatment for pulmonary arterial hypertension)	Nurture drug seeds	2012–2015
Opioid receptor antagonist (analgesic)	Nurture drug seeds	2011–2013

## Overseas

- ◆ The Overseas Business Department was established in October 2012 to consider the possibility of product manufacturing in ASEAN.



# 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.

### **For further information contact:**

Public Relations Department, Nippon Chemiphar Co., Ltd.