

Third Quarter Business Summary

(Year ended March 31, 2013)

Nippon Chemiphar Co., Ltd. (4539)

February 1, 2013

Highlights

Generics Push Up Consolidated Sales 13.3% YOY*

Chemiphar's third quarter sales of generics are up 23.8% YOY, mainly thanks to the government's promotional measures for generics, started in April, and growing sales of products launched recently. 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 16.6% YOY—but in line with our expectations.

Income Rises

Operating income is up 34.2% YOY, ordinary income 36.3% YOY and net income 47.7%. This is because: 1) total sales are up; and 2) SG&A expenses have been curbed by the entire group.

Sales and Income Are Expect to Rise

Even though the achievement ratio for the third quarter is advancing smoothly, we are maintaining our full year FY2012 forecast.

* The YOY comparison is with the same period last year.

Sales and Income (Consolidated)

(¥mn)

	3rd Quarter FY2011		3rd Quarter FY2012			FY2012 (Forecast)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY* (%)	Amount	Achievement Ratio (%)
Total Sales	21,979	100.0	24,899	100.0	13.3	32,000	77.8
Pharmaceuticals	21,133	96.2	24,177	97.1	14.4		
Others	846	3.8	722	2.9	(14.7)		
Cost of sales	9,794	44.6	11,583	46.5	18.3		
				+1.9p			
SG&A expenses	9,634	43.8	9,892	39.7	2.7		
				(4.1p)			
Operating income	2,550	11.6	3,423	13.7	34.2	3,500	97.8
Ordinary income	2,432	11.1	3,315	13.3	36.3	3,300	100.5
Net income	1,330	6.1	1,965	7.9	47.7	1,800	109.2

* The YOY comparison is with the same period last year.

Sales of Pharmaceuticals (Consolidated)

(¥mn)

	3rd Quarter FY2011		3rd Quarter FY2012			FY2012 (Forecast)	
	Amount	Distrib (%)	Amount	Distrib. (%)	YOY* (%)	Amount	Achievement Ratio (%)
Total	19,401	100.0	22,193	100.0	14.4	28,750	77.2
Generics	14,888	76.7	18,429	83.0	23.8	23,950	76.9
Sales to other makers	67		1,683		x25.1	1,840	91.5
Amlodipine	2,176		2,370		8.9	3,100	76.5
Lansoprazole	1,121		1,362		21.5	1,790	76.1
Pravastan	1,040		1,015		(2.4)	1,320	77.0
Rabeprazole	598		988		65.2	1,270	77.9
Limaprost alfadex	788		972		23.4	1,270	76.6
Voglibose	838		827		(1.2)	1,070	77.4
Others	8,325		10,890		30.8	14,130	77.1
Core products	4,513	23.3	3,764	17.0	(16.6)	4,800	78.4
Uralyt	2,351		2,077		(11.6)	2,690	77.2
Soleton	1,813		1,383		(23.7)	1,730	80.0
Calvan	349		303		(13.1)	380	79.9

* The YOY comparison is with the same period last year.

(Reference) Sales to Other Makers

(¥mn)

	FY2010	FY2011	3rd Quarter FY2011	FY2012 (Forecast)	
	Amount	Amount	Amount	Amount	Achievement Ratio (%)
Generics	17,990	19,721	18,429	23,950	76.9
Sales to other makers	131	220	1,683	1,840	91.5

Sales of Generics Business (Consolidated)

(¥mn)

	3rd Quarter FY2011		3rd Quarter FY2012		FY2012 (Forecast)	
	Amount	Amount	Amount	YOY* (%)	Amount	Achievement Ratio (%)
Generics (ODM**)	309	369	369	19.5	370	99.9
Generics	14,888	18,429	18,429	23.8	23,950	76.9
Generics business	15,197	18,798	18,798	23.7	24,320	77.3

** Original design, manufacture

Main Financial Figures (Consolidated) Earnings

	3rd Quarter FY2011	3rd Quarter FY2012	Change	FY2012 (Forecast)
Gross margin to sales (%)	55.4	53.5	(1.9p)	
SG&A to sales (%)	43.8	39.7	(4.1p)	
Operating income to sales (%)	11.6	13.7	+2.1p	10.9
EPS (¥)	31.86	47.87	+16.01	43.28

Balance Sheet Summary

	FY2011	3rd Quarter FY2012	Change
Total assets (¥mn)	33,790	36,646	2,855
Net assets (¥mn)	10,230	12,016	1,785
Owned capital (¥mn)	10,223	12,007	1,783
Capital-to-asset ratio (%)	30.3	32.8	+2.5p
Current assets (¥mn)	20,561	22,868	2,307
Current debt (¥mn)	12,871	13,845	974
Current ratio (x)	1.60	1.65	+0.05p
Net assets per share (¥)	248.92	292.49	43.57

For further information contact:

Public Relations Department,

e-mail: y-doi@chemiphar.co.jp

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.