

FIRST QUARTER BUSINESS SUMMARY

(Year ending March 31, 2014)

Nippon Chemiphar Co., Ltd. (4539)

August 1, 2013

Highlights

Consolidated Sales down 7.7% YOY

Chemiphar's sales of generics are down 5.9% YOY, mainly due to a drop in sales of these products to other pharmaceutical makers.

Meanwhile, sales of our core products are down 11.9% YOY, reflecting the fierce competition and expanding switch to the generics of our core pharmaceuticals. This is in line with our expectations.

Income and Sales Down

The cost of sales ratio improved 1.2 points YOY, as a result of our efforts to control costs. Reflecting the decline in sales to other makers, the SG&A expenses ratio rose 4.0 points YOY. As a result, operating income declined 26.3% YOY to ¥860 million.

Sales and Income (Consolidated)

(¥mn)

	1st Quarter FY2012		1st Quarter FY2013			2nd Quarter FY2013 (Forecast)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	Achievement Ratio (%)
Total Sales	8,337	100.0	7,695	100.0	(7.7)	16,200	47.5
Pharmaceuticals	8,216	98.5	7,513	97.6	(8.6)		
Others	121	1.5	182	2.4	49.7		
Cost of sales	3,927	47.1	3,535	45.9	(10.0)		
				(1.2P)			
SG&A expenses	3,241	38.9	3,298	42.9	1.7		
				+4.0P			
Operating income	1,168	14.0	860	11.2	(26.3)	1,950	44.1
Ordinary income	1,150	13.8	843	11.0	(26.7)	1,850	45.6
Net income	663	8.0	562	7.3	(15.3)	1,050	53.5

Sales of Pharmaceuticals (Consolidated)

(¥mn)

	1st Quarter FY2012		1st Quarter FY2013			FY2013 (Forecast)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	Achievement Ratio (%)
Total	7,429	100.0	6,910	100.0	(7.0)	29,350	23.5
Generics	6,118	82.4	5,756	83.3	(5.9)	24,860	23.2
Sales to other makers	633		111		(82.3)	730	15.3
Amlodipine	775		821		6.0	3,360	24.4
Lansoprazole	438		477		9.1	2,050	23.3
Pravastatine	337		328		(2.4)	1,330	24.7
Rabeprazole	314		356		13.4	1,480	24.1
Limaprost Alfadex	306		340		11.3	1,400	24.3
Voglibose	274		273		(0.0)	1,070	25.6
Others	3,673		3,157		(14.0)	14,170	22.3
Core products	1,311	17.6	1,154	16.7	(11.9)	4,490	25.7
Uralyt	705		632		(10.2)	2,670	23.7
Soleton	511		418		(18.1)	1,460	28.7
Calvan	95		102		8.3	360	28.6

Sales of Generics Business (Consolidated)

(¥mn)

	1st Quarter FY2012	1st Quarter FY2013		FY2013 (Forecast)	
	Amount	Amount	YOY (%)	Amount	Achievement Ratio (%)
Generics (ODM*)	80	132	65.2	600	22.0
Generics	6,118	5,756	(5.9)	24,860	23.2
Total	6,198	5,888	(5.0)	25,460	23.1

* Original design, manufacture

Main Financial Figures (Consolidated)

	1st Quarter FY2012	1st Quarter FY2013		FY2013 (Forecast)
			Change	
Gross margin to sales (%)	52.9	54.1	+1.2P	—
SG&A to sales (%)	38.9	42.9	+4.0P	—
Operating income to sales (%)	14.0	11.2	(2.8P)	12.2
EPS (¥)	16.16	13.71	(2.45)	53.59

Balance Sheet Summary

(¥mn)

	FY2012	1st Quarter FY2013	
			Change
Total assets	35,488	38,156	2,667
Net assets	12,408	12,589	180
Owned capital	12,399	12,579	180
Capital-to-asset ratio (%)	34.9	33.0	(1.9P)
Current assets	21,655	24,395	2,740
Current debt	12,785	14,488	1,703
Current ratio (x)	1.69	1.68	(0.01P)
Net assets per share (¥)	302.28	306.68	4.40

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.