



Nippon Chemiphar Co., Ltd.

(TSE 4539)

Highlights of FY2013 Business Results

(Year ended March 31, 2014)

Contents

Slide

I. Summary of FY2013 Results 3

II. FY2014 Forecasts and Plans 12

I. Summary of FY2013 Results

Sales, Income (Consolidated)

(¥mn)

	FY2012		FY2013				FY2013 (Forecasts)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY Amount	YOY Change (%)	Amount	Achieved (%)
Net Sales	31,944	100.0	31,893	100.0	(50)	(0.2)	32,000	99.7
Cost of sales	14,922	46.7	15,128	47.4	205	1.4		
				+0.7P				
SG&A expenses	13,147	41.2	13,437	42.1	289	2.2		
				+0.9P				
Operating income	3,873	12.1	3,327	10.4	(546)	(14.1)	3,000	110.9
Ordinary income	3,714	11.6	3,206	10.1	(508)	(13.7)	2,800	114.5
Net income	2,125	6.7	1,887	5.9	(238)	(11.2)	1,700	111.0

Sales Breakdown: Pharmaceuticals (Consolidated)

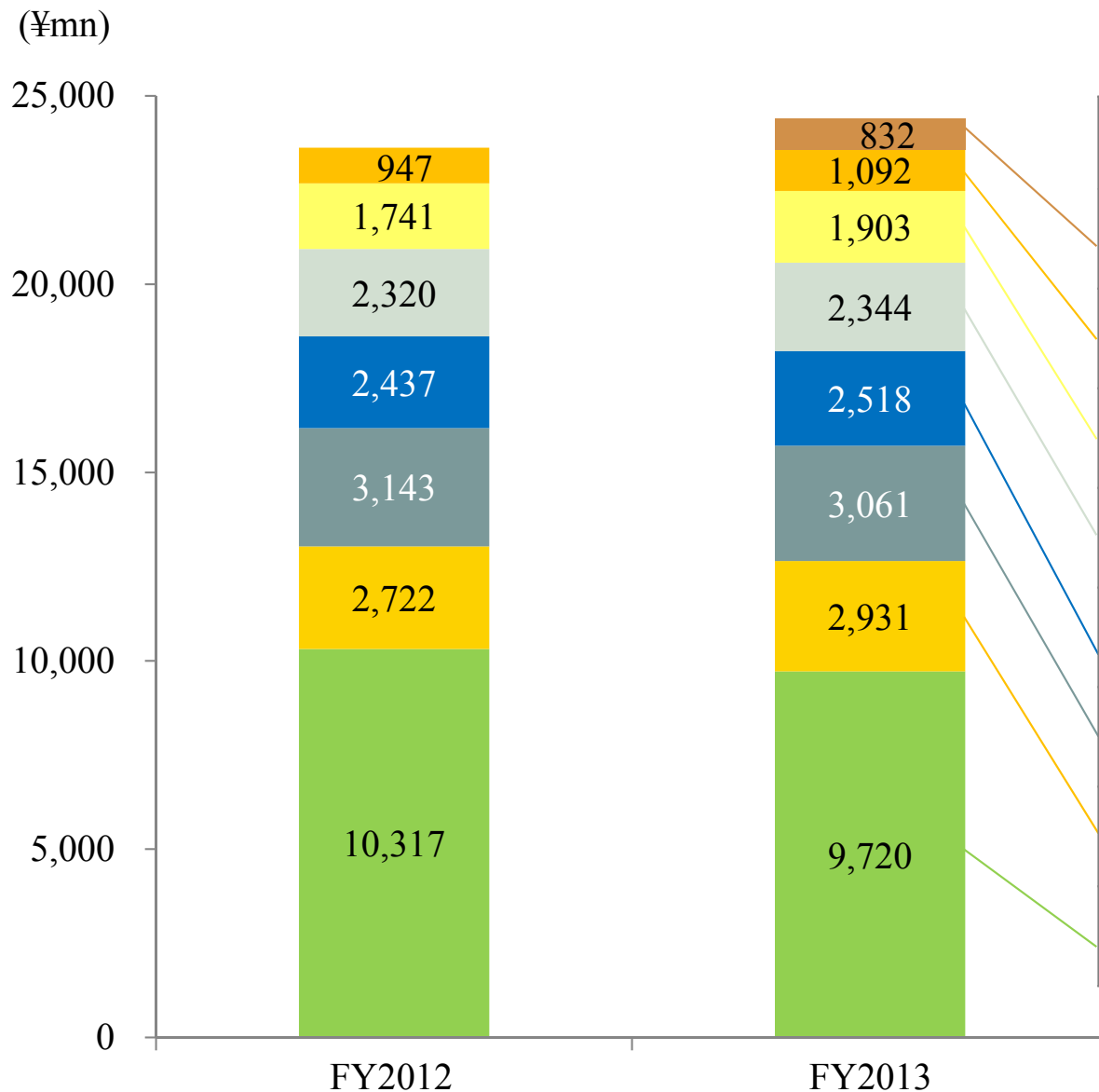
(¥mn)

	FY2012		FY2013		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Total (① + ②)	28,425	100.0	28,718	100.0	1.0
① Generics	23,630	83.1	24,405	85.0	3.3
Sales to medical institutions	21,888		23,579		7.7
Sales to other makers	1,742		826		(52.6)
Amlodipine	3,128		3,333		6.5
Lansoprazole	1,791		1,988		11.0
Pravastatine	1,319		1,317		(0.2)
Rabeprazole	1,313		1,533		16.7
Limaprost Alfadex	1,274		1,417		11.2
Voglibose	1,079		1,083		0.4
Donepezil	1,167		1,301		11.4
Others	12,555		12,432		(1.0)
② Core products	4,795	16.9	4,312	15.0	(10.1)
Uralyt	2,661		2,414		(9.3)
Soleton	1,745		1,547		(11.3)
Calvan	389		351		(9.9)
Generics Business (① + ③)	24,206	—	25,079	—	3.6
③ Generics (ODM)*	576	—	674	—	17.0

* Original design manufacturing



Generics Sales by Launch Year (Consolidated)

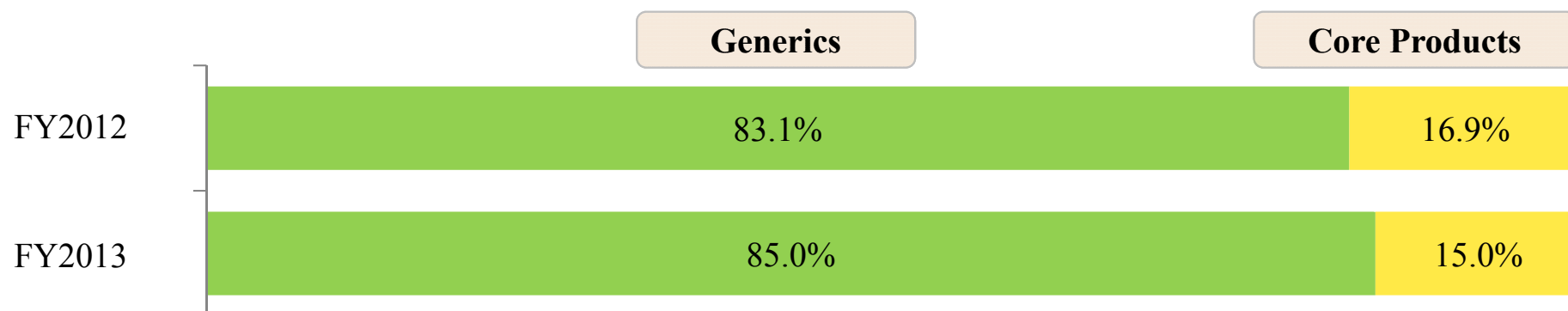


Comparison YOY (%)

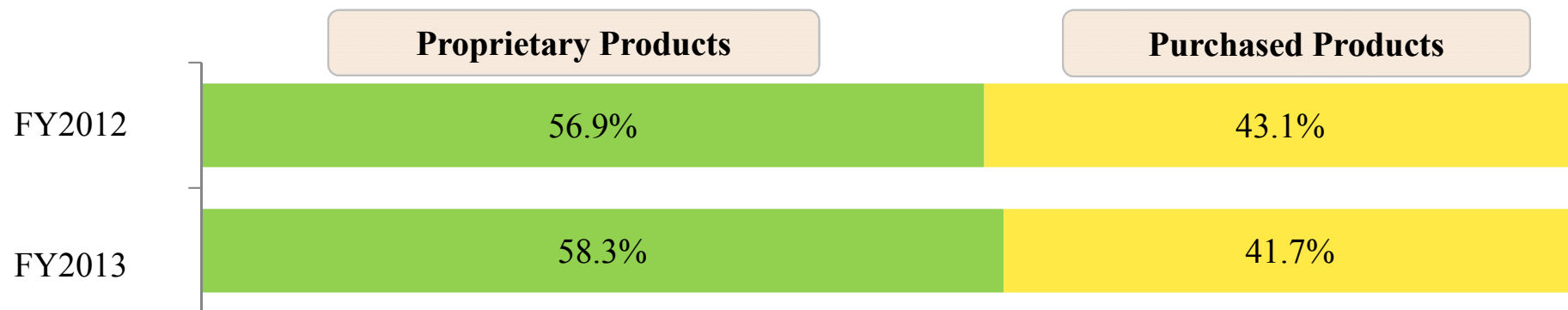
Launch Year	Total	Sales to Medical Institutions
FY2013	—	—
FY2012	15.3	118.0
FY2011	9.3	17.8
FY2010	1.0	17.5
FY2009	3.3	5.7
FY2008	(2.6)	0.5
FY2007	7.7	7.7
FY2006 and before	(5.8)	(4.3)

Sales Breakdown: Pharmaceuticals (Consolidated)

Core Products, Generics as Ratio of Pharmaceutical Sales



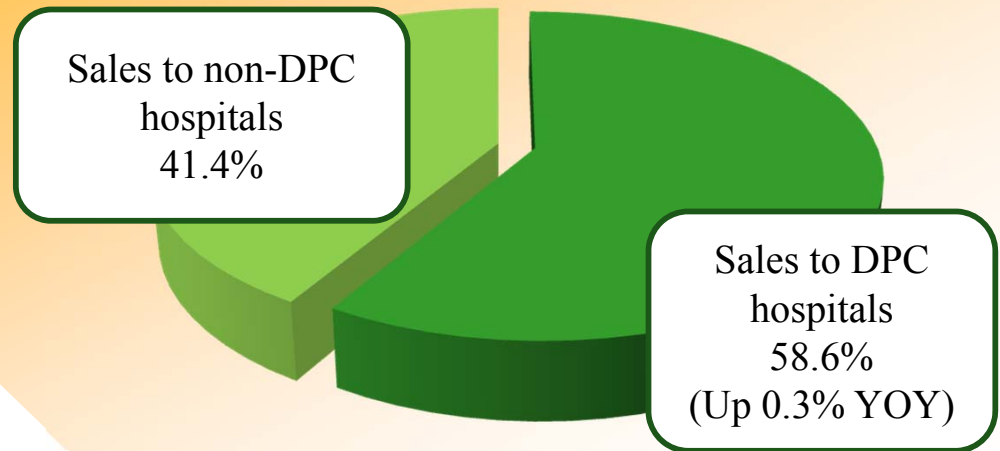
Proprietary Products, Purchased Products as Ratio of Generics Sales



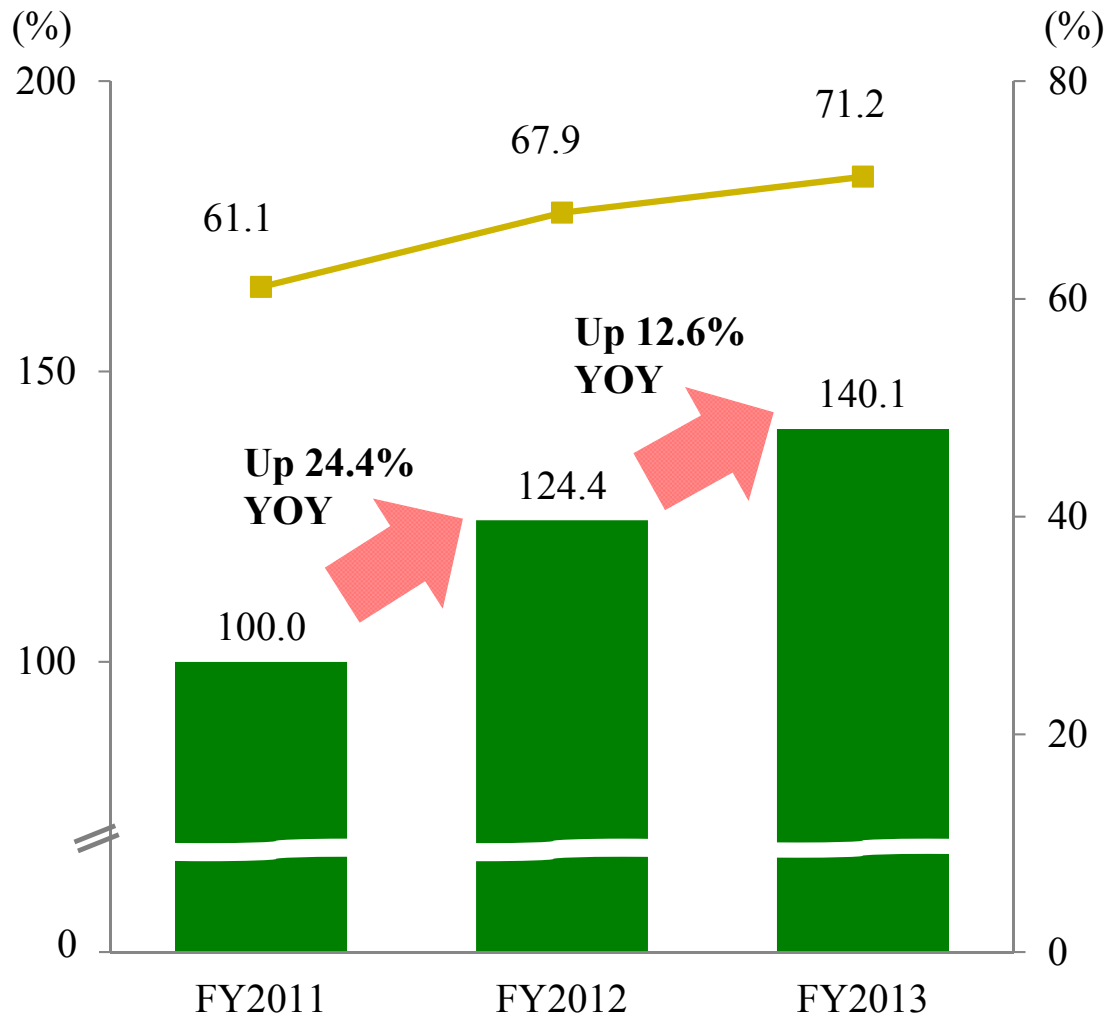
Generics Sales to Hospitals, Clinics (Non-consolidated)

	YOY (%)	Distrib. (%)
All hospitals	2.0	33.3
Clinics	10.2	66.7
Total	7.3	100.0

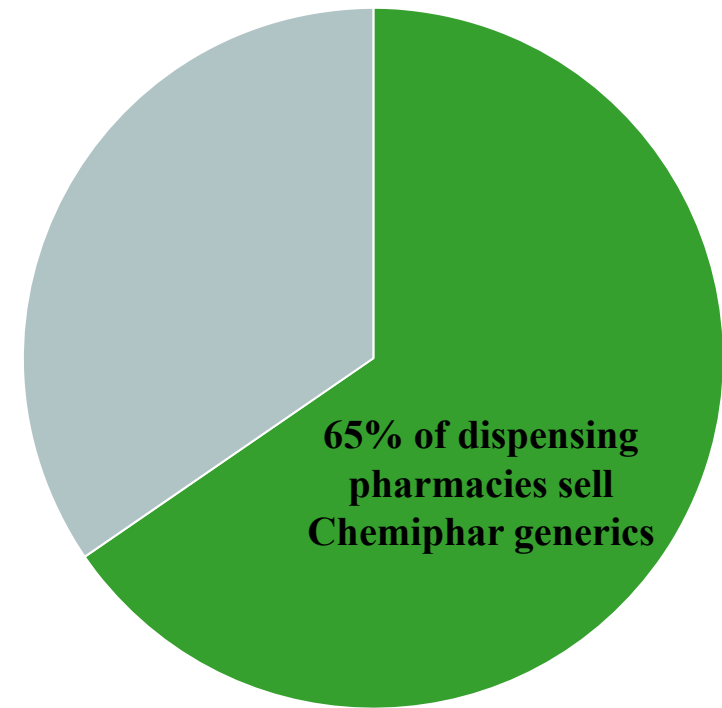
Generics Sales to DPC Hospitals



Generics Sales to Pharmacies (Non-consolidated)



- FY2011 Sales = 100%
- Dispensing Pharmacy generics sales to total sales

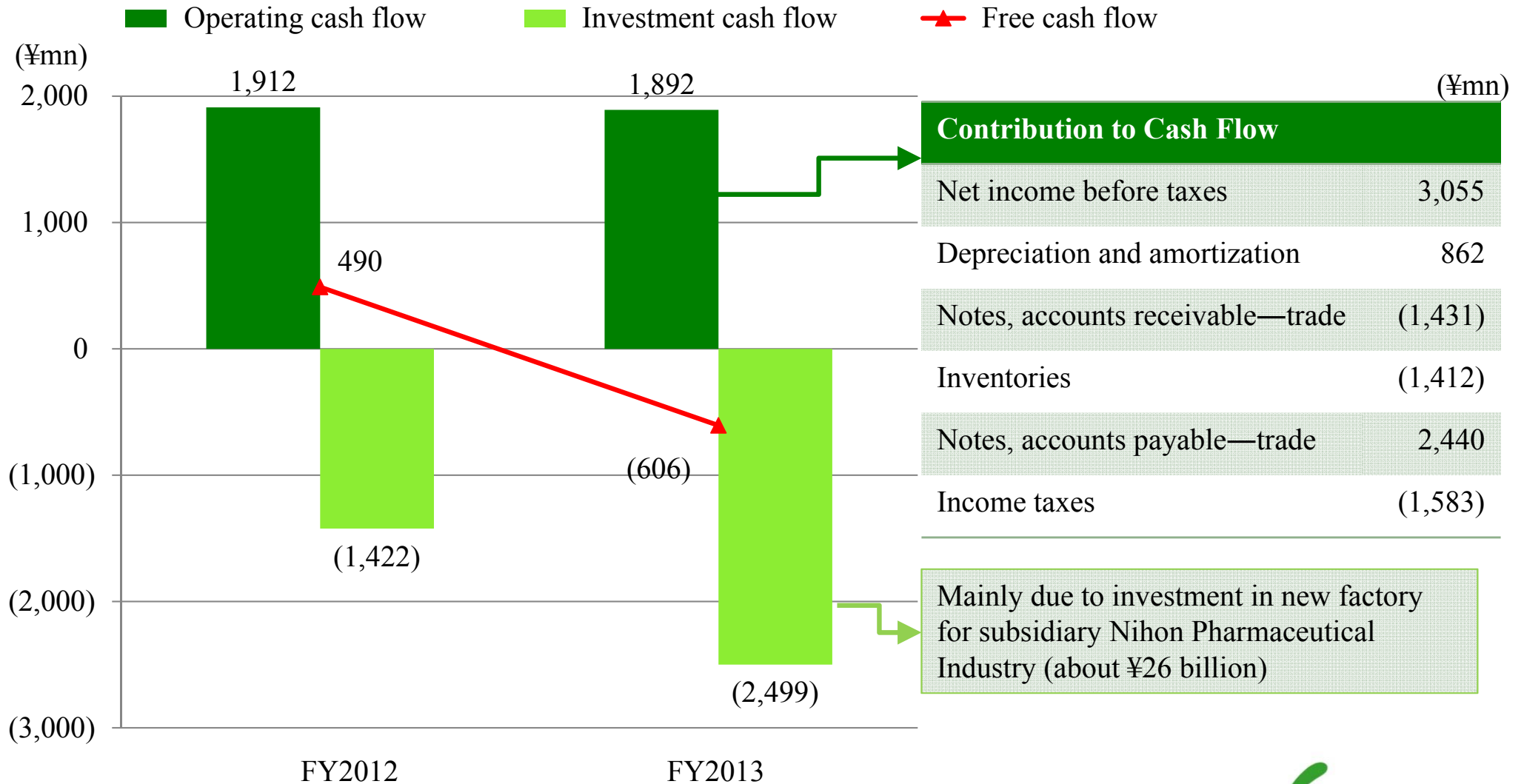


Total = about 55,800 pharmacies

Balance Sheet (Consolidated)

				(¥mn)	
	FY2012	FY2013	Change	Constituents	
Current assets	21,655	23,800	2,145	Cash, deposits	(815)
				Notes, accounts receivable—trade	1,431
				Inventories	1,412
Fixed assets	13,824	16,302	2,477	Buildings	1,847
				Machinery, equipment, vehicles	458
				Investments	322
Total assets	35,488	40,106	4,617		
Liabilities	23,080	26,604	3,524	Notes, accounts payable—trade	2,440
				Loans payable	1,236
Net assets	12,408	13,501	1,092	Retained earnings	1,530
Equity ratio (%)	34.9	33.6			
Liabilities, net assets	35,488	40,106	4,617		

Cash Flow



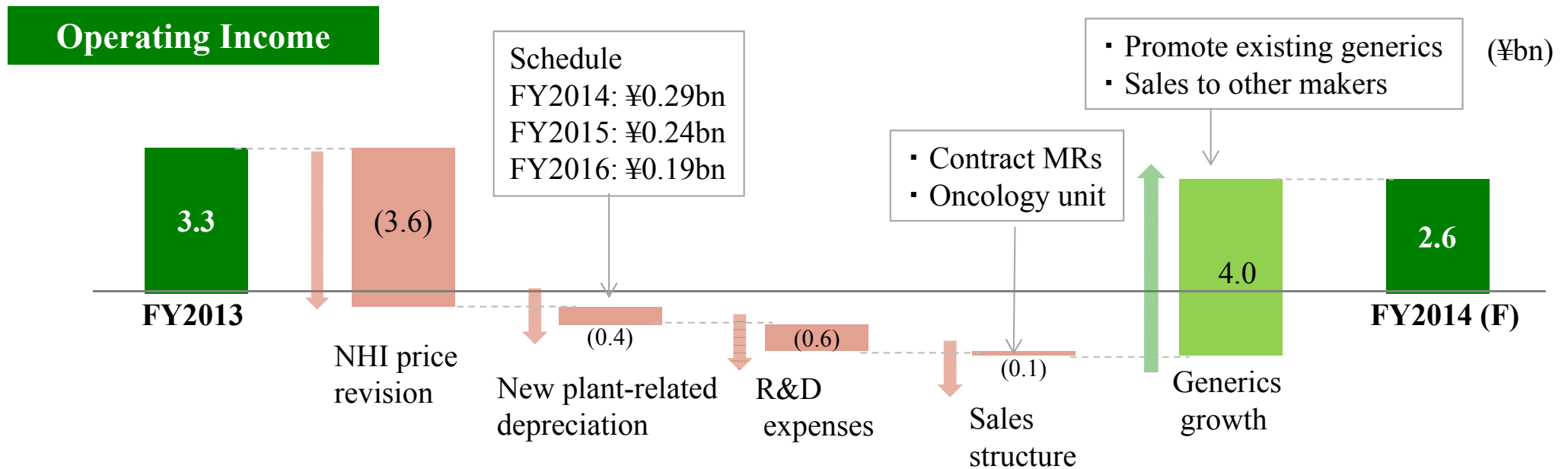
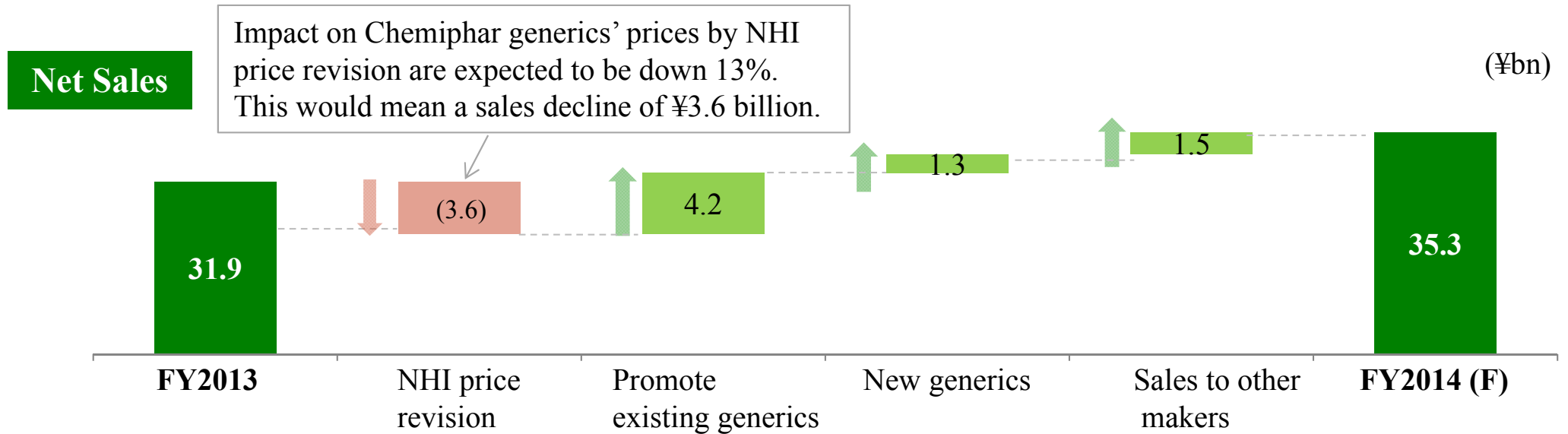
II. FY2014 Forecasts and Plans

FY2014 Forecasts (Consolidated)

(¥mn)

	FY2013		FY2014 (Forecasts)		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Net Sales	31,893	100.0	35,300	100.0	10.7
Pharmaceuticals	28,718		30,550		6.4
Generics	24,405		26,930		10.3
Core products	4,312		3,620		(16.1)
Operating income	3,327	10.4	2,600	7.4	(21.9)
Ordinary income	3,206	10.1	2,450	6.9	(23.6)
Net income	1,887	5.9	1,500	4.2	(20.5)

Explanation of Sales and Income Forecast



Pharmaceuticals Sales, Forecasts (Consolidated)

(¥mn)

	FY2013		FY2014 (Forecasts)		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Total (① + ②)	28,718	100.0	30,550	100.0	6.4
① Generics	24,405	85.0	26,930	88.2	10.3
Sales to medical institutions	23,579		25,700		9.0
Sales to other makers	826		1,230		48.9
Amlodipine	3,333		3,090		(7.3)
Lansoprazole	1,988		1,890		(5.0)
Pravastatine	1,317		1,320		0.2
Rabeprazole	1,533		1,600		4.4
Limaprost Alfadex	1,417		1,570		10.8
Voglibose	1,083		1,030		(4.9)
Donepezil	1,301		1,460		12.2
Others	12,432		14,970		20.4
② Core products	4,312	15.0	3,620	11.8	(16.1)
Uralyt	2,414		2,070		(14.3)
Soleton	1,547		1,250		(19.2)
Calvan	351		300		(14.5)
Generics Business (① + ③)	25,079	—	28,740	—	14.6
③ Generics (ODM)*	674	—	1,810	—	168.4

* Original design manufacturing

New Generics

Sixteen products are to be launched

	Product	No. of Item
June	Valsartan	4
	Losartan Potassium-Hydrochlorothiazide	1
	Cilostazol	2
December	Candesartan	4
	Imatinib	1
	Oxaliplatin	2
	Levofloxacin	2

Business Environment

Opportunities

- **Government promotion of generics**
ex) Incentives given to DPC hospitals, dispensing pharmacies

Threats

- **Changed NHI price rules**
 - Generics**
Lowered price of new release (from 70% to 60% of original price)
 - Off-patent drugs**
Additional price reductions reflecting penetration of generics
- **Growing competition in generics market**
- **Shrinking domestic market**

Countermeasures

I . Sales

- Strengthening promotion by MRs
- Cultivating new sales channels
- Expanding overseas markets

II . Investments

Strengthen manufacturing and development

III . Original drugs

- Adding value to core products
- Focusing on new drug discovery

Countermeasures I. Sales

Strengthening promotion by MRs

To develop closer ties with doctors:

- Organizing study groups for health-related professionals
- Providing reference materials
- Supplying oncology-related information through the Oncology Unit
- Improving MR training programs



Cultivating new sales channels

- Selling proprietary generics to other pharmaceutical makers
- Providing ODM generics for other makers



Expanding overseas markets

Seeking opportunities in Asia by

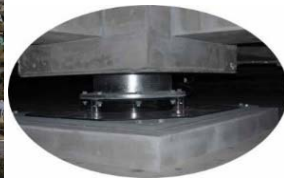
- Tapping markets through local partners
- Advancing application for approval
(5 products are ongoing)

Countermeasures II. Investment

Manufacturing

New plant at NPI*

- Seismic base isolation system precludes damage to equipment and products
- 1st floor operation to start in June



Left: NPI Tsukuba Factory Right: Seismic base isolation system

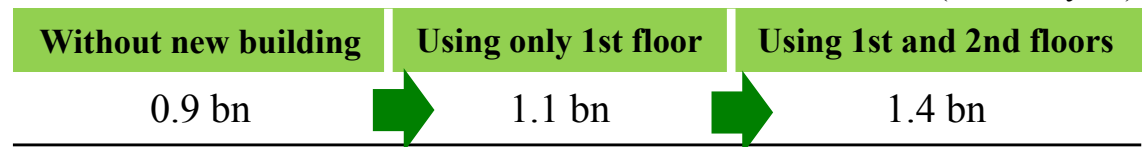
* Nihon Pharmaceutical Industry (100% owned subsidiary of Chemiphar)

Promoting overseas manufacturing

- Manufacturing contract signed with an affiliate of a Vietnamese company
(Commercial production of medication to commence this year, since production trials were successful)
- Studying feasibility of having our own factory in Vietnam

NPI production capacity

(tablets / year)



Development

Moved up the start of development

- For timely product launch and to add value

Differentiation from other brands

- User-friendly package design
- Clear writing on tablets



Product supply

To ensure stable supplies and cut costs

- Have multiple API supply sources
- Using high-quality, low price foreign APIs
- Conducting strict inspections of suppliers

Countermeasures III. Original Drugs

Hyperuricemia arena

New therapeutic agent NC-2500

- Planning to repeat phase 1 of clinical trials using improved pharmaceutical preparation

Urine alkalization therapy

- Ongoing clinical study to control CKD (Tohoku University)
- Ongoing clinical studies on relationship with acidic urine and metabolic syndrome

New Drug Discovery with JST Funding

P2X4 Antagonist (for Neuropathic Pain)

Chemiphar is conducting a five-year research program (October 2012-17; ¥1bn at the maximum in JST funding) to determine the effective of neuropathic pain.

Pre-clinical tests will start in FY2014, when we have completed preliminary safety studies on compounds specified in FY2013.

Opioid δ receptor agonist (Antidepressant)

We will use JST A-STEP, full-scale R&D high-risk challenge program funds (available December 2013–15) to develop new antidepressant and antianxiety compounds.

Our research is being assisted by the universities of Kitasato and Tsukuba, and the National Center of Neurology and Psychiatry (NCNP).

For further information contact:

Public Relations Department, Nippon Chemiphar Co., Ltd.

E-mail: ir@chemiphar.co.jp

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.