

# FY 2007 BUSINESS SUMMARY

May 9, 2008  
Nippon Chemiphar Co., Ltd. (4539)

## 1. Highlights

1. Consolidated sales are down slightly to 0.2% YOY. However, they are up 3.5% YOY if sales generated by subsidiary Welllife Co., Ltd. are excluded. Chemiphar sold its shares in Welllife in March 2007.
2. Operating income is down 1.8% YOY, and ordinary income rose 7.6% YOY—excluding Welllife-generated income.
3. Chemiphar expects sales and income (consolidated and non-consolidated) to rise in FY 2008, since it is forecasting 13 billion yen in sales of generics (up 34.3% YOY).
4. Positive factors expected to boost the Japanese generics market in 2008 include:
  - \* Government measures introduced in April to promote use of generics;
  - \* Doubling of the number of DPC hospitals;
  - \* Major generics to be launched in July; and
  - \* Increased use of generics in hospitals and dispensing pharmacies.

## 2. Consolidated Sales and Income

¥mn

	FY 2007	FY 2006	YOY %	Forecast (April)	Full-Year Forecast	YOY (%)
Sales	20,918	20,966	(0.2)	20,910	23,900	14.3
Excluding Welllife	20,918	20,208	3.5			
Operating income	1,170	1,395	(16.1)	1,160	1,400	19.6
Excluding Welllife	1,170	1,192	(1.8)			
Ordinary income	1,008	1,143	(11.9)	1,000	1,200	19.0
Excluding Welllife	1,008	936	7.6			
Extraordinary income & loss	(90)	(197)				
Income tax: accounting for income tax	527	580				
Net income	390	366	6.6	380	600	53.8

### 3. Non-Consolidated Sales and Income

¥mn

	FY 2007	FY 2006	YOY (%)	Forecast (April)	Full-Year Forecast	YOY (%)
Sales	19,823	19,072	3.9	19,820	23,000	16.0
Cost of sales ratio	41.9%	40.9%	1.0 points			
SG&A expenses ratio	52.5%	53.5%	(1.0 points)			
Operating income	1,106	1,075	2.9	1,100	1,300	17.5
Ordinary income	903	875	3.2	900	1,070	18.4
Net income	311	988	(68.5)	310	500	60.7

### 4. Non-Consolidated Sales

¥mn

	FY 2007	FY 2006	YOY (%)	Full-Year Forecast	YOY (%)
Uralyt	3,474	3,083	12.7	3,650	5.1
Soleton	3,957	4,097	(3.4)	3,750	(5.2)
Calvan	724	779	(7.1)	700	(3.3)
Core products	8,155	7,959	2.5	8,100	(0.7)
Ratio to total sales of pharmaceuticals	45.7%	46.9%		38.4%	
Pravastan	1,224	1,203	1.7	1,300	6.2
Vogseal	559	445	25.6	800	43.1
Others	7,897	7,365	7.2	10,900	38.0
Generics	9,680	9,013	7.4	13,000	34.3
Ratio to total sales of pharmaceuticals	54.3%	53.1%		61.6%	
Total sales of pharmaceuticals	17,835	16,972	5.1	21,100	18.3
Others	1,988	2,100 <sup>1</sup>	(5.3)	1,900	(4.4)
Non-consolidated net sales	19,823	19,072	3.9	23,000	16.0

1. Diagnostics business and others.