



Nippon Chemiphar Co., Ltd.

(TSE 4539)

Highlights of FY2012 Business Results

(Year ended March 31, 2013)



Chemiphar

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Summary of FY2012 Results

Sales, Income I. (Consolidated)

(¥mn)

	FY2011		FY2012			
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY	
					Amount	Change (%)
Total Sales	28,513	100	31,944	100.0	3,430	12.0
Cost of sales	12,871	45.1	14,922	46.7	2,050	15.9
				+1.6p		
SG&A expenses	12,718	44.6	13,147	41.2	429	3.4
				(3.4p)		
Operating income	2,923	10.3	3,873	12.1	950	32.5
Ordinary income	2,776	9.7	3,714	11.6	938	33.8
Net income	1,439	5.0	2,125	6.7	685	47.6

Sales, Income II. (Consolidated)

(¥mn)

	Forecast (As of March 2012)		Results		Difference	
	①	YOY (%)	②	YOY (%)	② − ①	Achievement Ratio
Total Sales	32,000	12.2	31,944	12.0	(55)	99.8
Operating income	3,500	19.7	3,873	32.5	373	110.7
Distribution	10.9%		12.1%		+1.2p	
Ordinary income	3,300	18.9	3,714	33.8	414	112.6
Distribution	10.3%		11.6%		+1.3p	
Net income	1,800	25.1	2,125	47.6	325	118.1
Distribution	5.6%		6.7%		+1.1p	

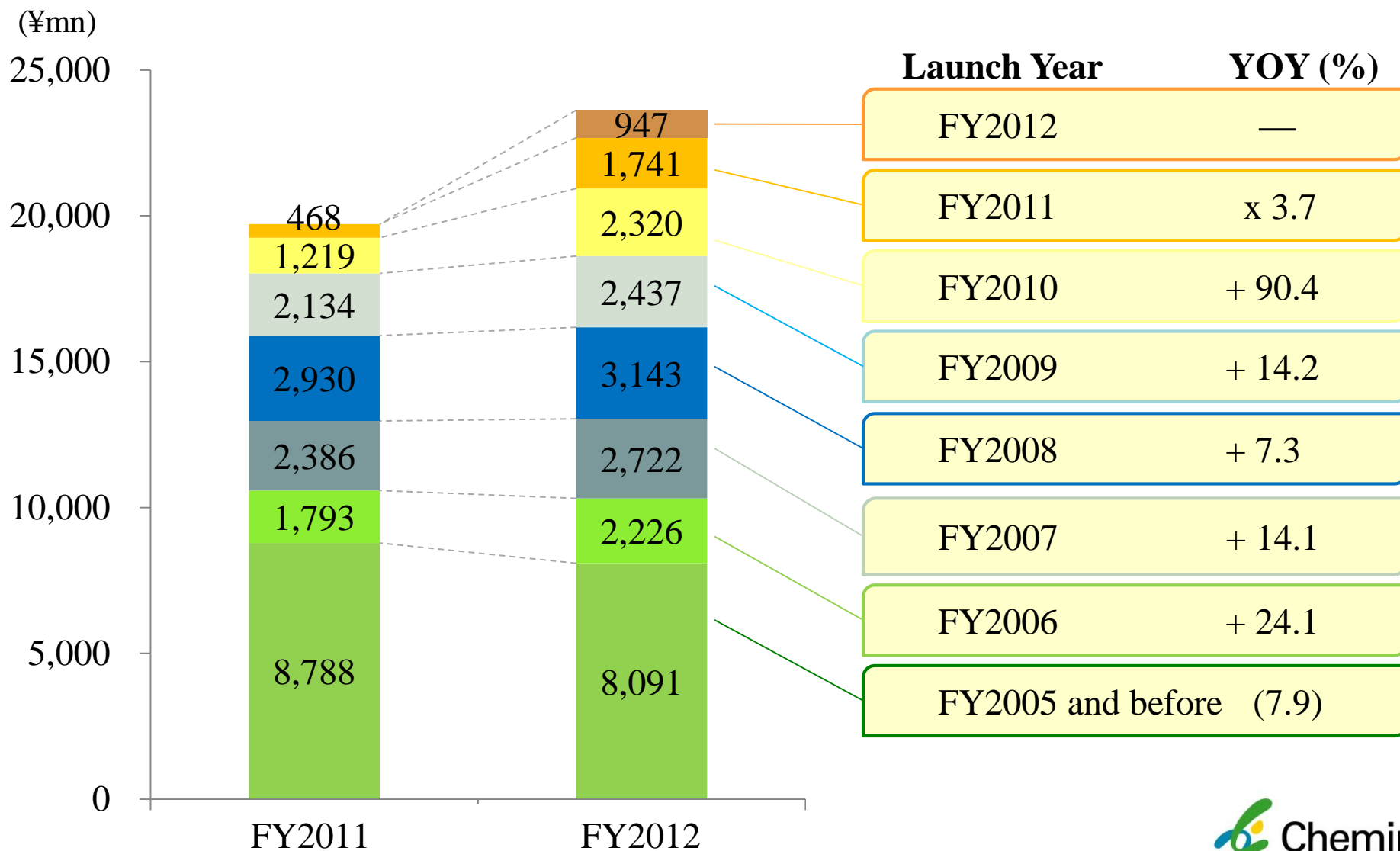
Sales Breakdown: Pharmaceuticals (Consolidated)

(¥mn)

	FY2011		FY2012		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Total (① + ②)	25,467	100.0	28,425	100.0	11.6
① Generics	19,721	77.4	23,630	83.1	19.8
Sales to other makers	220		1,742		x 7.9
Amlodipine	2,864		3,128		9.2
Lansoprazole	1,496		1,791		19.7
Pravastatine	1,347		1,319		(2.1)
Rabeprazole	842		1,313		55.9
Limaprost Alfadex	1,034		1,274		23.2
Voglibose	1,086		1,079		(0.6)
Others	11,052		13,723		24.2
② Core products	5,746	22.6	4,795	16.9	(16.5)
Uralyt	3,012		2,661		(11.6)
Soleton	2,273		1,745		(23.2)
Calvan	461		389		(15.6)
Generics Business (① + ③)	20,083	—	24,206	—	20.5
③ Generics (ODM)*	362	—	576	—	58.8

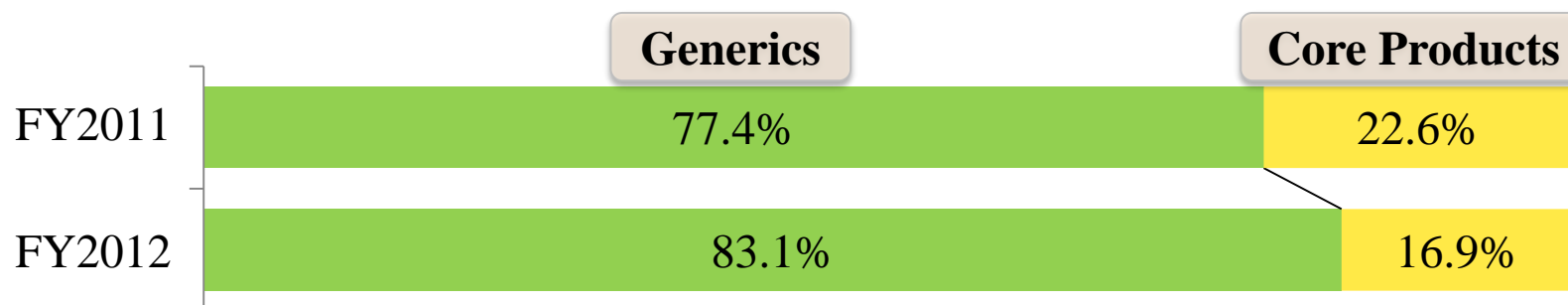
* Original design manufacturing

Generics Sales by Launch Year (Consolidated)

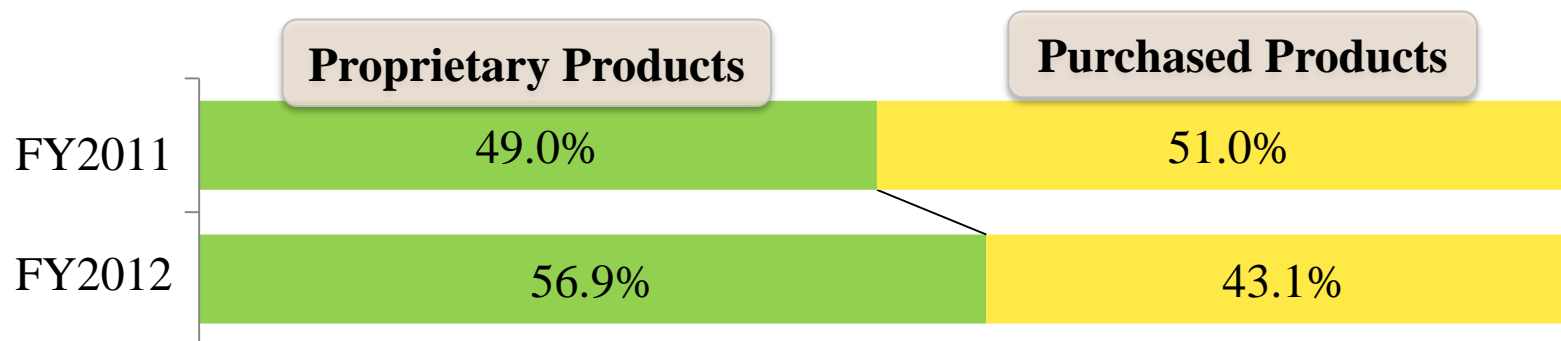


Sales Breakdown: Pharmaceuticals (Consolidated)

Core Products, Generics as Ratio of Pharmaceutical Sales

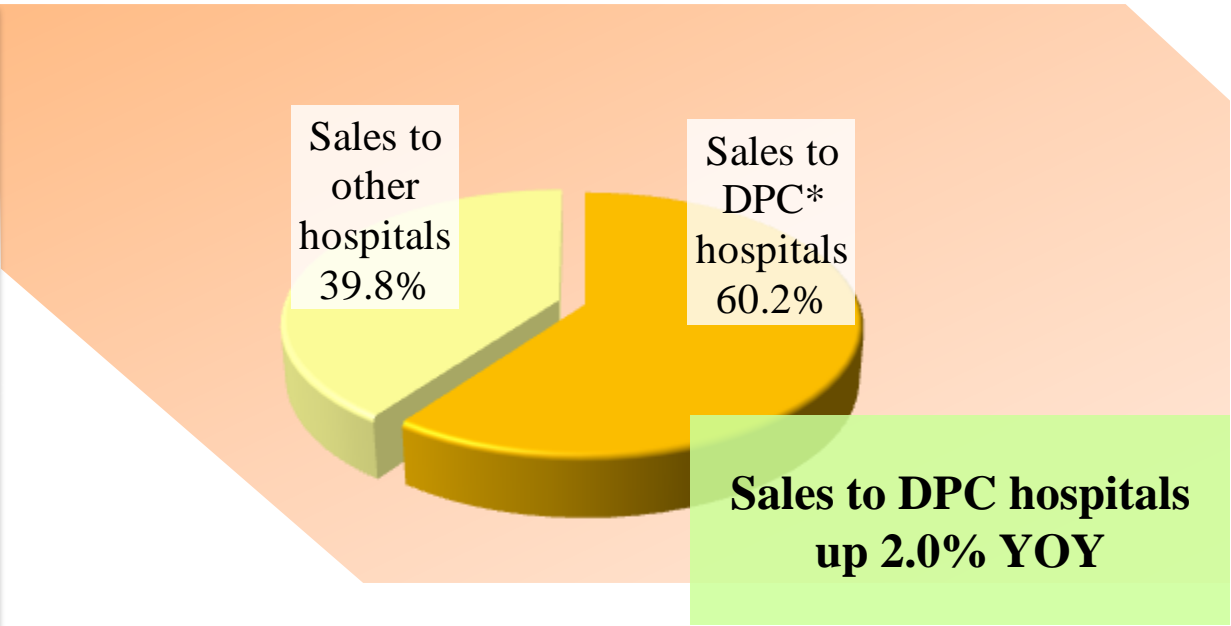


Proprietary Products, Purchased Products as Ratio of Generics Sales



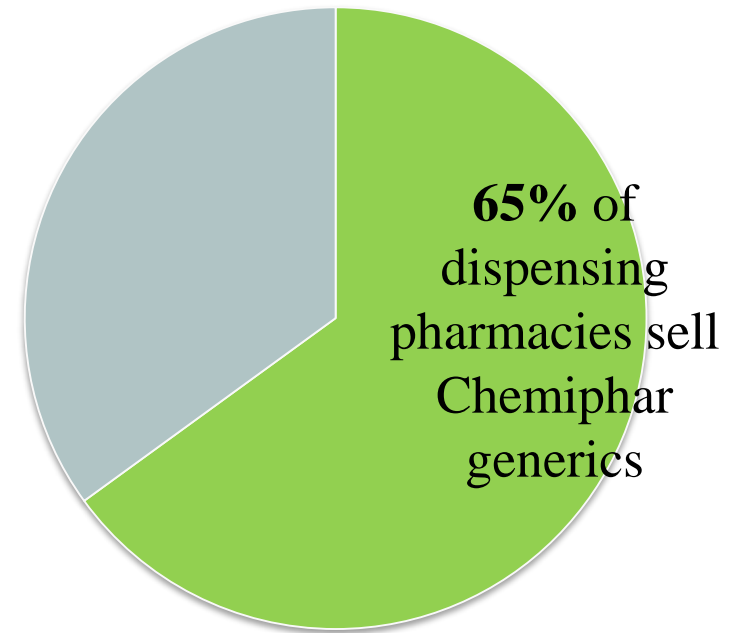
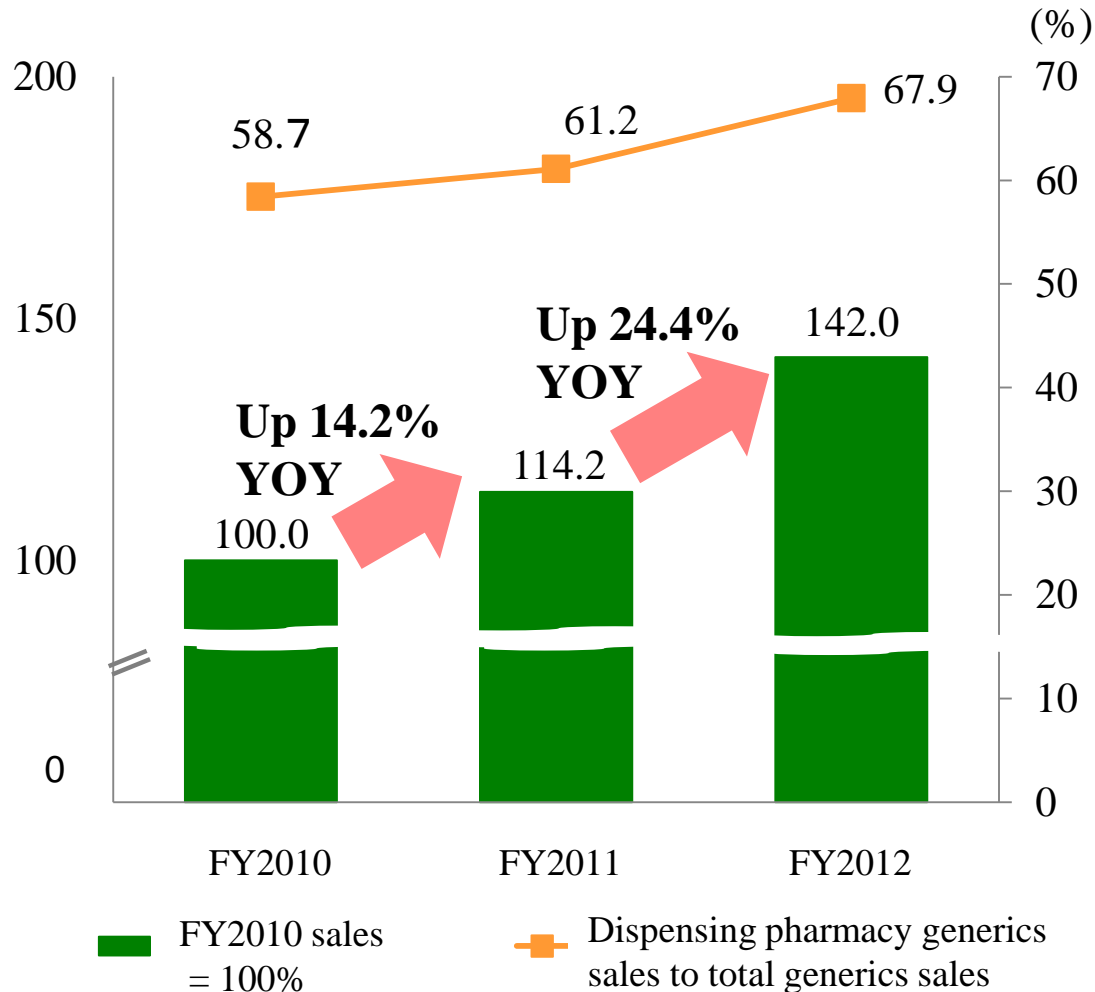
Generics Sales to Hospitals, Clinics (Non-consolidated)

	YOY (%)	Distrib. (%)
Hospitals	4.8	35.3
Clinics	16.2	64.7
Total	11.9	100.0



* Diagnosis procedure combination
The DPC system sets fixed per-diem hospitalization fees.

Generics Sales to Pharmacies (Non-consolidated)

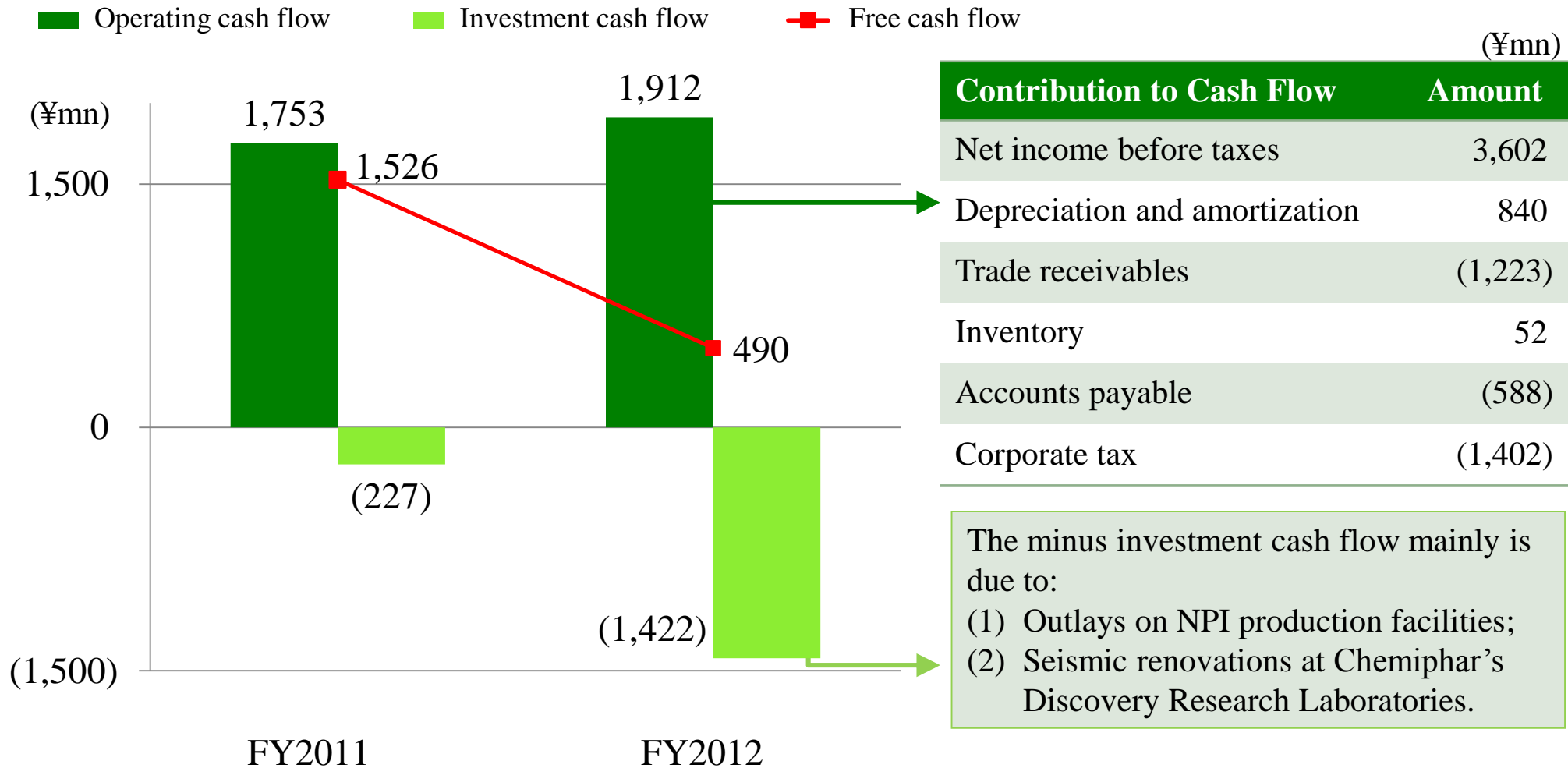


Total = about **54,800** pharmacies

Balance Sheet (Consolidated)

					(¥mn)
	FY2011	FY2012	YOY		
Current assets	20,561	21,655	1,094	Cash, deposits	(193)
				Notes, accounts receivable-trade	1,223
				Inventories	(52)
				Deferred tax assets	32
Fixed assets	13,215	13,824	608	Tangible	231
				Intangible	(210)
				Investments securities	707
Total assets	33,790	35,488	1,697		
Liabilities	23,560	23,080	(479)	Notes, accounts payable-trade	(588)
				Loans payable	33
Net assets	10,230	12,408	2,177	Accumulated earnings	1,690
Equity ratio	30.3%	34.9%	+4.6p	Treasury stock	(15)
Liabilities, net assets	33,790	35,488	1,697		

Cash Flow (Consolidated)



FY2013 Forecasts and Plans

FY2013 Forecasts (Consolidated)

(¥mn)

	FY2012		FY2013 (Forecasts)		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Total sales	31,944	100.0	32,800	100.0	2.7
Pharmaceuticals	28,425		29,350		3.3
Generics	23,630		24,860		5.2
Core products	4,795		4,490		(6.4)
Operating income	3,873	12.1	4,000	12.2	3.3
Ordinary income	3,714	11.6	3,800	11.6	2.3
Net income	2,125	6.7	2,200	6.7	3.5

Pharmaceutical Sales, Forecasts (Consolidated)

(¥mn)

	FY2012		FY2013 (Forecasts)		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Total (① + ②)	28,425	100.0	29,350	100.0	3.3
① Generics	23,630	83.1	24,860	84.7	5.2
Sales from self promotion	21,888		24,130		10.2
Sales to other makers	1,742		730		(58.1)
Amlodipine	3,128		3,360		7.4
Lansoprazole	1,791		2,050		14.4
Pravastatine	1,319		1,330		0.8
Rabeprazole	1,313		1,480		12.7
Limaprost Alfadex	1,274		1,400		9.8
Voglibose	1,079		1,070		(0.9)
Others	13,723		14,170		3.3
② Core products	4,795	16.9	4,490	15.3	(6.4)
Uralyt	2,661		2,670		0.3
Soleton	1,745		1,460		(16.3)
Calvan	389		360		(7.6)
Generics Business (① + ③)	24,206	—	25,460	—	5.2
③ Generics (ODM)*	576	—	600	—	4.1

* Original design manufacturing

Expanding the Generics Market

- On April 5, 2013, the MHLW issued additional plan to promote the use of generics.
- The government has started to promote the use of generics by university hospitals.
- New markets continue to evolve as patents expire.

The MHLW's goal is to have generics account for 60% of off-patent pharmaceuticals dispensed by FY2017.

During this time, the following steps have been recommended.

- **For the government and local administrations:**
 - * Increase government monitoring of pharma companies to ensure stable generics supplies.
 - * Make sure that recent information about generics is available to the public.
- **For the association of generics makers:**
 - * Draw up guideline for stable supply.
 - * Improve dissemination of relevant information.
- **For makers:**
 - * Follow guidelines for conduct of generics business.
 - * Avoid running out of stock.
 - * Check quality of proprietary and bought drugs.
 - * Collect, make available latest information from medical institution.

Plans for Expanded Generics Market

- Reflecting the increasing promotion of generics by the government and MHLW, Chemiphar will continue to focus on three main areas.

Development

- Strengthen generics' development structure.
- Have available multiple bulk-supply sources.
- Ensure regular inspection of supply sources.

Manufacturing

To boost production, cost savings:

- Erect new factory building for Nihon Pharmaceutical Industry (NPI).
- Contract overseas manufacturers.

Promotion

- Improve ties with doctors, pharmacists.
- Provide better information: Put Scientific Information Department under wing of Sales Department.
- Focus on new products.



Artist's rendition of the new NPI building.

New Generics (FY2013)

Twenty-one products are to be launched

Product		Item
June	Atorvastatin (tablets)	2
	Azelnidipine (tablets)	2
	Loxoprofen (adhesive tape)	2
	Loxoprofen (hydrogel patch)	1
	Fexofenadine (tablets)	2
	Others	4
December	Tegafur-gimeracil-oteracil (capsules)	2
	Docetaxel (intravenous drip)	2
	Valaciclovir (tablets)	1
	Others	3

Hyperuricemia and New Drug Discovery

Hyperuricemia

- Chemiphar continues to study the links between uric acid levels and metabolic syndrome, as well as urine alkalization and CKD.
- Chemiphar is working to increase awareness of urine alkalization treatment by making information more generally available.
- NC-2500 phase 1 development is finished; the focus now is on licensing out.

Drug Discovery

- Joined Japan Science and Technology Agency (JST) program to receive public funding for research.

Item	With JST Funding	Chemiphar Activity
P2X4 antagonist (for neuropathic pain)	Working to solve issues (in 5 years with ¥1,000mn)	Selecting compounds that may be administered effectively orally.
ACE2 activating agent (for pulmonary arterial hypertension)	Nurturing drug seeds	Conducting group research with the National Center for Global Health and Medicine and RIKEN (a natural sciences research institute).
Opioid δ receptor agonist (analgesic)	Nurturing drug seeds	Have created Opioid δ receptor agonists through joint research with Kitasato University.

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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.