

**Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending September 30, 2018**  
**(Three Months Ended December 31, 2017)**

[Japanese GAAP]  
February 8, 2018

Company name: Fuji Pharma Co., Ltd. Stock Exchange Listing: TSE (1st section)  
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Scheduled date of filing of Quarterly Report: February 9, 2018

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes

Note: The original disclosure in Japanese was released on February 8, 2018 at 16:30 (GMT +9).

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the First Quarter (October 1, 2017 to December 31, 2017) of the Fiscal Year Ending September 30, 2018**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended Dec. 31, 2017	9,957	11.5	1,725	35.4	1,824	19.9	1,301	20.7
Three months ended Dec. 31, 2016	8,932	0.1	1,274	52.7	1,521	79.4	1,077	97.7

Note: Comprehensive income (millions of yen) Three months ended Dec. 31, 2017: 1,399 (down 15.8%)

Three months ended Dec. 31, 2016: 1,662 (up 103.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Dec. 31, 2017	86.95	-
Three months ended Dec. 31, 2016	72.05	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2017	50,981	33,638	66.0
As of Sep. 30, 2017	49,551	32,601	65.8

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2017: 33,636 As of Sep. 30, 2017: 32,599

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2017	-	23.00	-	25.00	48.00
Fiscal year ending Sep. 30, 2018	-	-	-	-	-
Fiscal year ending Sep. 30, 2018 (Estimated)	-	28.00	-	28.00	56.00

Note: Revision to the most recently announced dividend forecast: None

**3. Consolidated Forecast for the Fiscal Year Ending September 30, 2018 (October 1, 2017 to September 30, 2018)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	19,129	10.4	2,630	15.6	2,580	1.7	1,835	2.5	122.62
Full year	38,139	7.8	4,850	12.4	4,710	1.8	3,345	1.3	223.53

Note: Revision to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding as of the end of period (including treasury shares)

As of Dec. 31, 2017:	15,626,900 shares	As of Sep. 30, 2017:	15,626,900 shares
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2) Number of treasury shares as of the end of period

As of Dec. 31, 2017:	656,821 shares	As of Sep. 30, 2017:	662,386 shares
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3) Average number of shares outstanding during the period

Three months ended Dec. 31, 2017:	14,966,193 shares	Three months ended Dec. 31, 2016:	14,960,764 shares
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\* The current quarterly financial report is not subject to quarterly review procedures.

\* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time these materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to the section "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attachments for details on the above forecasts.

The Company plans to hold a financial results meeting for institutional investors and analysts on Friday, February 9, 2018. Materials distributed at this event will also be available on the Company's website thereafter.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter of the current fiscal year, healthy corporate earnings at companies in Japan due in part to a relatively strong global economy supported a slow recovery of the Japanese economy. However, the outlook remains uncertain because of the unclear political outlook in other countries and geopolitical risk involving North Korea and other countries and regions.

In Japan's ethical drug industry, there are challenges due to annual National Health Insurance drug price revisions as well as a big reduction in the number of drugs subject to the new drug creation price premium and the cut in prices of some drugs listed for a long time to match the prices of their generic versions. As a result, the operating environment for the industry is becoming increasingly difficult.

The Fuji Pharma Group has established the central theme of "Fuji Pharma Branding." Our goal is to operate a pharmaceutical business with innovative added value from a global perspective. We want to earn the trust, understanding and support of healthcare professionals as well as people who want to lead healthy lives. By reinforcing our commitment to our management philosophy of "growth" and "contribution," we have been building a unique business model that produces synergies in strategic fields by combining brands, generic drugs and contract manufacturing. The volume of generic drugs supplied is expected to continue to grow because these drugs are an important element of measures in Japan to hold down the cost of health care. At the same time, it is assumed that this growth will be accompanied by measures to ensure a stable supply of drugs and further cut the prices of drugs. The Fuji Pharma Group's goal is to become a specialty pharmaceutical company in its strategic market sectors. Accomplishing this goal will require becoming more cost competitive in order to compete with global pharmaceutical companies, establishing highly profitable drug brands, shifting emphasis to biosimilars and other types of drugs, and building an infrastructure for growth outside Japan.

In our core field of obstetrics and gynecology, we are concentrating on sales activities for UTROGESTAN Vaginal Capsules 200mg, a natural luteinizing hormone used for corpus luteum supplements in assisted reproductive technologies. We received regulatory approval to manufacture and sell this product in 2016. In addition, we are implementing measures for increasing market share, primarily for major products such as Dienogest Tablets, a generic drug launched in June 2017 as a treatment for endometriosis, and LUNABELL® tablets ULD, a new drug for treating dysmenorrhea.

In the field of radiology, we are concentrating on sales of the generic x-ray contrast agents OYPALOMIN® injection and IOPAQUE® injection. In addition to these products, we are focusing on sales of OPTIRAY® injection, for which we received regulatory approval for an additional efficacy, and the MRI contrast agent MAGNESCOPE® intravenous injection. There are extensive sales activities to develop new businesses and expand transactions with the goal of establishing more relationships with hospitals throughout Japan that are subject to DPC (Diagnosis Procedure Combination). These activities involve Filgrastim BS injection Syringe and other products.

As described in the press release "Agreement Reached to Make Fuji Pharma the Sole Distributor of OYPALOMIN® Injection, IOPAQUE® Injection and MEGLUMINE GADOPENTETATE Intravenous Solution "F"" dated February 2, 2018, we reached an agreement with KONICA MINOLTA JAPAN, INC. that makes Fuji Pharma, the manufacturer, the sole distributor of all contrast agents that have been sold jointly with KONICA MINOLTA. In addition, as described in the press release "Alliance Ends for the Sale of OPTIRAY® Injection, MAGNESCOPE® Intravenous Injection and LIPIODOL® Injection" dated February 2, we reached an agreement on the same day concerning the end of a licensing agreement with Guerbet Japan KK. These activities have helped Fuji Pharma build relationships rooted in trust with medical institutions. Fuji Pharma is determined use these relationships in order to play an even greater role in Japan's health care sector by continuing to provide a reliable supply of generic contrast agents and other high-quality pharmaceuticals.

Net sales increased 11.5% year on year to 9,957 million yen. Operating profit increased 35.4% to 1,725 million yen due to timing of the recognition of R&D expenses, an improvement in the cost of sales and other reasons. Ordinary profit increased 19.9% to 1,824 million yen and profit attributable to owners of parent was up 20.7% to 1,301 million yen.

The Group does not provide segment information because it has only a single business segment, which is the pharmaceutical business.

## **(2) Explanation of Financial Position**

Total assets increased 1,430 million yen from the end of the previous fiscal year to 50,981 million yen, net assets increased 1,036 million yen to 33,638 million yen, and the equity ratio was 66.0% as of the end of the first quarter of the current fiscal year.

### **Assets**

Current assets increased 715 million yen mainly because of increases in notes and accounts receivable-trade and inventories. Non-current assets increased 714 million yen mainly due to an increase in investments and other assets.

### **Liabilities**

Current liabilities decreased 745 million yen mainly due to decreases in provision for bonuses and income taxes payable. Non-current liabilities increased 1,138 million yen mainly due to an increase in lease obligations.

### **Net Assets**

Net assets increased 1,036 million yen mainly because of increases in retained earnings and foreign currency translation adjustment.

## **(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

The performance during the first quarter was generally in line with the plan that was announced on November 10, 2017. Consequently, there are no revisions to the first half and fiscal year consolidated forecasts for the fiscal year ending in September 2018.

## **2. Matters Related to Summary Information (Notes)**

### **(1) Changes in Significant Subsidiaries during the Period**

Not applicable.

### **(2) Changes in Accounting Policies and Accounting-based Estimates, and Restatements**

Additional Information

#### Executive Compensation Stock Trust Plan

The Company has adopted an “Executive Compensation Stock Trust Plan,” a system of job performance linked stock compensation for its directors (excluding outside directors) and corporate officers who meet the beneficiary requirements prescribed by stock compensation distribution regulations. The purpose of this plan is to increase the motivation of these directors and corporate officers to improve the Group’s medium to long-term performance and achieve growth in corporate value. For the accounting treatment of this trust contract, the Company uses the gross method in accordance with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015).

#### 1) Structure of the trust

The Executive Compensation Stock Trust Plan uses a trust funded by monetary contribution from the Company to purchase the Company’s stock (common stock) for use as a stock compensation program. Every year, through the trust, directors and others receive the Company’s stock or cash based on points granted in accordance with executive positions and performance as stipulated in stock compensation distribution regulations established by the Company’s Board of Directors. The Board of Directors, based on these rules, will determine in December the amount of compensation used for calculating points. Stock will then be distributed in the following November accordingly.

#### 2) The Company’s stock held by the trust

The Company’s stock held by the trust is included in net assets as treasury shares at book value (excluding associated expenses). There were 18,579 shares with a book value of 41 million yen at the end of the previous fiscal year and 13,014 shares with a book value of 28 million yen at the end of the first quarter of the current fiscal year.

**3. Quarterly Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

(Millions of yen)

	FY9/17 (As of Sep. 30, 2017)	First Quarter of FY9/18 (As of Dec. 31, 2017)
Assets		
Current assets		
Cash and deposits	5,503	5,359
Notes and accounts receivable-trade	15,142	16,033
Merchandise and finished goods	3,667	3,402
Work in process	2,130	2,379
Raw materials and supplies	5,688	5,924
Accounts receivable-other	20	57
Deferred tax assets	543	283
Other	519	492
Allowance for doubtful accounts	(6)	(6)
Total current assets	33,208	33,924
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,667	5,643
Machinery, equipment and vehicles, net	2,747	1,496
Land	872	909
Leased assets, net	2,043	3,139
Construction in progress	210	345
Other, net	161	148
Total property, plant and equipment	11,703	11,683
Intangible assets		
Goodwill	1,976	1,947
Other	732	631
Total intangible assets	2,709	2,579
Investments and other assets		
Investment securities	58	62
Long-term advance payments-trade	1,285	1,354
Deferred tax assets	477	528
Other	108	848
Total investments and other assets	1,930	2,794
Total non-current assets	16,342	17,057
Total assets	49,551	50,981

(Millions of yen)

	FY9/17 (As of Sep. 30, 2017)	First Quarter of FY9/18 (As of Dec. 31, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	5,721	6,251
Current portion of long-term loans payable	653	573
Lease obligations	432	521
Income taxes payable	1,064	462
Provision for bonuses	874	497
Provision for directors' bonuses	9	2
Provision for sales returns	10	13
Other	2,746	2,445
<b>Total current liabilities</b>	<b>11,513</b>	<b>10,767</b>
<b>Non-current liabilities</b>		
Long-term loans payable	2,000	2,000
Lease obligations	1,780	2,904
Net defined benefit liability	1,108	1,141
Other	547	528
<b>Total non-current liabilities</b>	<b>5,436</b>	<b>6,575</b>
<b>Total liabilities</b>	<b>16,949</b>	<b>17,342</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,799	3,799
Capital surplus	5,023	5,023
Retained earnings	24,541	25,468
Treasury shares	(1,476)	(1,463)
<b>Total shareholders' equity</b>	<b>31,887</b>	<b>32,827</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	8	10
Deferred gains or losses on hedges	8	8
Foreign currency translation adjustment	678	774
Remeasurements of defined benefit plans	16	15
<b>Total accumulated other comprehensive income</b>	<b>711</b>	<b>809</b>
<b>Non-controlling interests</b>	<b>2</b>	<b>2</b>
<b>Total net assets</b>	<b>32,601</b>	<b>33,638</b>
<b>Total liabilities and net assets</b>	<b>49,551</b>	<b>50,981</b>

**(2) Consolidated Statements of Income and Comprehensive Income****(Consolidated Statement of Income)  
(For the Three-month Period)**

(Millions of yen)

	First three months of FY9/17 (Oct. 1, 2016 – Dec. 31, 2016)	First three months of FY9/18 (Oct. 1, 2017 – Dec. 31, 2017)
Net sales	8,932	9,957
Cost of sales	5,240	5,376
Gross profit	3,691	4,581
Selling, general and administrative expenses	2,417	2,855
Operating profit	1,274	1,725
Non-operating income		
Interest income	0	0
Foreign exchange gains	253	52
Commission fee	0	0
Compensation income	2	3
Fiduciary obligation fee	0	-
Subsidy income	-	30
Other	7	25
Total non-operating income	264	112
Non-operating expenses		
Interest expenses	14	10
Sales discounts	1	3
Other	0	0
Total non-operating expenses	16	13
Ordinary profit	1,521	1,824
Extraordinary income		
Gain on sales of non-current assets	0	2
Total extraordinary income	0	2
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	1,521	1,827
Income taxes-current	224	322
Income taxes-deferred	219	203
Total income taxes	443	525
Profit	1,077	1,301
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,077	1,301

**(Consolidated Statement of Comprehensive Income)**  
**(For the Three-month Period)**

(Millions of yen)

	First three months of FY9/17 (Oct. 1, 2016 – Dec. 31, 2016)	First three months of FY9/18 (Oct. 1, 2017 – Dec. 31, 2017)
Profit	1,077	1,301
Other comprehensive income		
Valuation difference on available-for-sale securities	4	2
Deferred gains or losses on hedges	121	0
Foreign currency translation adjustment	457	95
Remeasurements of defined benefit plans, net of tax	0	(1)
Total other comprehensive income	584	97
Comprehensive income	1,662	1,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,661	1,399
Comprehensive income attributable to non-controlling interests	0	0

**(3) Notes to Quarterly Consolidated Financial Statements****Notes Regarding Assumptions for Company as Ongoing Concern**

Not applicable.

**Notes Regarding Material Change in Shareholders' Equity**

Not applicable.

**Segment and Other Information**

Omitted since the Group (Fuji Pharma and its consolidated subsidiaries) has only a single business segment, which is the pharmaceutical business.

**Material Subsequent Events**

Not applicable.

**4. Supplementary Information****(1) Breakdown of Sales**

(Millions of yen)

Efficacy	First three months of FY9/17 (Oct. 1, 2016 – Dec. 31, 2016)		First three months of FY9/18 (Oct. 1, 2017 – Dec. 31, 2017)		YoY change (%)
	Amount	%	Amount	%	
(Finished goods)					
Diagnostic drugs	2,833	31.7	3,046	30.6	7.5
Hormone drugs	1,765	19.8	2,135	21.4	21.0
Metabolic drugs	424	4.8	477	4.8	12.5
Circulatory drugs	248	2.8	271	2.7	9.3
Antibiotics and chemotherapeutics	244	2.7	243	2.4	(0.5)
Urogenital and genital organ drugs	133	1.5	137	1.4	2.8
Dermatological preparations	92	1.0	99	1.0	8.2
Others	1,565	17.5	1,879	18.9	20.1
Subtotal	7,307	81.8	8,290	83.3	13.5
(Merchandise)					
Hormone drugs	749	8.4	762	7.7	1.8
Diagnostic drugs	602	6.7	613	6.2	1.9
In vitro diagnostics	216	2.4	230	2.3	6.3
Others	56	0.7	59	0.6	4.9
Subtotal	1,625	18.2	1,666	16.7	2.5
Total	8,932	100.0	9,957	100.0	11.5

Notes: 1. Sales are categorized by the efficacy of drugs rather than business segments because the Group has only a single business segment, which is the pharmaceutical business.

2. The above amounts are based on selling prices and do not include consumption taxes.

3. Fractions less than one million yen are omitted.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*