

Non-consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending September 30, 2010
(Six Months Ended March 31, 2010)

April 30, 2010

Company name: Fuji Pharma Co., Ltd. Stock Exchange Listing: JQ
 Stock code: 4554 (URL: <http://www.fujipharma.jp>)
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 Scheduled submission date of quarterly report: May 14, 2010
 Scheduled start date of dividend: June 1, 2010

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

1. Financial Results for the Second Quarter (October 1, 2009 to March 31, 2010) of the Fiscal Year Ending September 30, 2010

(1) Operating results

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Mar. 31, 2010	9,567	26.2	1,610	70.7	1,614	69.4	971	77.5
Six months ended Mar. 31, 2009	7,581	-	943	-	952	-	547	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Mar. 31, 2010	75.46	-
Six months ended Mar. 31, 2009	42.51	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Six months ended Mar. 31, 2010	23,695	17,025	71.9	1,322.89
Fiscal year ended Sep. 30, 2009	22,862	16,221	71.0	1,260.42

Reference: Shareholders' equity (millions of yen) Mar. 31, 2010: 17,025 Sep. 30, 2009: 16,221

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Yearend	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2009	-	11.00	-	13.00	24.00
Fiscal year ending Sep. 30, 2010	-	13.00			
Fiscal year ending Sep. 30, 2010 (Estimated)			-	13.00	26.00

Note: Revision of dividend forecast during the period: None

3. Forecast for the Fiscal Year Ending September 30, 2010 (October 1, 2009 to September 30, 2010)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	19,100	11.1	2,725	10.7	2,740	10.6	1,680	10.1	130.54

Note: Revision of earnings forecasts during the period: None

4. Supplementary Information

- (1) Application of simplified accounting methods and special accounting methods in the preparation of quarterly financial statements: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on page 4 for further information.

- (2) Changes in accounting principles, procedures and presentation methods for preparation of quarterly financial statements

1) Changes caused by revision of accounting standards: None

2) Other changes: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on page 4 for further information.

- (3) Number of shares issued and outstanding (common stock)

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

Mar. 31, 2010:	12,870,000 shares	Sep. 30, 2009:	12,870,000 shares
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2) Number of shares of treasury stock as of the end of period

Mar. 31, 2010:	10 shares	Sep. 30, 2009:	10 shares
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3) Average number of shares issued during the period

Six months ended Mar. 31, 2010:	12,869,990 shares	Six months ended Mar. 31, 2009:	12,869,990 shares
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* Cautionary statement with respect to forward-looking statements

Notations regarding the future, including performance outlook contained in these materials are based on information currently available at the Company and certain assumptions that are deemed to be reasonable and it is possible that the actual performance and the like may vary significantly due to variety of factors. For the assumptions upon which earnings forecasts are based and precautionary statements regarding their use, please refer to “Qualitative Information and Financial Statements, 3. Qualitative Information Regarding Earnings Forecasts” on page 4.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Operating Results

In the first half of the current fiscal year, there were signs of an improvement in some sectors of the Japanese economy thanks to the benefits of the government's economic stimulus measures and the progressive reduction of inventories. However, the recovery is weak because of the yen's appreciation, worsening deflation and other factors and there is still a risk of further economic weakness.

In Japan's ethical drug industry, there were revisions to the National Health Insurance (NHI) system in April 2010 that altered the level of payments for medical services and lowered the prices of drugs by 5.75%. In addition, there was an additional cut in drugs where patents have expired and generic versions are available. To increase the use of generic drugs, dispensing pharmacies started receiving additional payments from the government in April 2010 that depend on the percentage of generic drug sales. These events demonstrate that the Japanese government is working even harder on promoting the use of generic drugs. On the other hand, competition is becoming even more intense as Japanese and foreign pioneer drug manufacturers, major overseas generic drug manufacturers and other companies enter the generic drug market.

The Company started construction in March 2010 of a highly active drug factory at its Toyama Plant that is intended to serve as a GMP (Good Manufacturing Practices) model for Japan as well as for the EU and United States. The new plant is expected to start operating in the fall of 2011. In addition, the Company signed a contract in February 2010 with Mochida Pharmaceutical Co., Ltd. for the co-development of a recombinant granulocyte colony-stimulating factor (G-CSF) formulation. Preparations are currently moving ahead for the start of Phase II and III clinical trials.

In terms of sales activities, the Company has been focusing on the marketing of the new drug "LUNABELL tablets" (indicated for dysmenorrhea associated with endometriosis) as well as expanding its market share in infertility treatment drugs and other major products in its core field of obstetrics and gynecology. Furthermore, we have been conducting extensive marketing activities aimed at capturing new business and expanding business with the 1,283 hospitals that are subject to DPC (Diagnosis Procedure Combination).

As a result, net sales increased 26.2% to 9,567 million yen, operating income was up 70.7% to 1,610 million yen, ordinary income climbed 69.4% to 1,614 million yen and net income increased 77.5% to 971 million yen.

2. Qualitative Information Regarding Financial Position

Assets, Liabilities and Net Assets

Total assets were 23,695 million yen at the end of the second quarter under review, an increase of 832 million yen from the end of the previous fiscal year. Net assets increased 803 million yen to 17,025 million yen, resulting in an equity ratio of 71.9%.

Current assets increased 817 million yen mainly because inventories, including merchandise and finished goods, and cash and deposits increased while notes and accounts receivable-trade decreased. Noncurrent assets increased 15 million yen, which was mainly the result of an increase in construction in progress due to start of construction of a fifth drug formulation line at the Toyama Plant, and a decrease in assets caused by depreciation.

Current liabilities increased 21 million yen mainly because of an increase in notes and accounts payable-trade and decreases in income taxes payable and the provision for bonuses. Noncurrent liabilities increased 7 million yen mainly because of an increase in the provision for retirement benefits.

Net assets increased 803 million yen because, in retained earnings, quarterly net income more than offset a decrease from dividend payments.

Cash Flows

Cash and cash equivalents (hereinafter, "Cash") as of the end of the second quarter under review increased by 360 million yen year on year to 3,385 million yen.

The cash flow components as of the end of the second quarter and the main reasons for changes are as described below.

(i) Cash Flow from Operating Activities

Net cash provided by operating activities totaled 1,412 million yen (a 605 million yen increase over the previous fiscal year). This was the net result of adding 492 million yen in depreciation and amortization and a decrease in notes and accounts receivable-trade of 418 million yen to the income before income taxes of 1,590 million yen, which was offset by a 736 million yen increase in inventories, income taxes paid of 671 million yen, and other factors.

(ii) Cash Flow from Investing Activities

Net cash used in investing activities was 528 million yen, compared with 634 million yen in the previous fiscal year. Although there were proceeds from withdrawal of time deposits of 200 million yen, there were purchases of property, plant and equipment of 625 million yen and other factors.

(iii) Cash Flow from Financing Activities

Net cash used in financing activities was 167 million yen, compared with 128 million yen in the previous fiscal year, due to cash dividends paid.

3. Qualitative Information Regarding Earnings Forecasts

The Company maintains the forecast for the fiscal year ending September 30, 2010 as announced on November 9, 2009, because the second-quarter results are generally trending in line with plans.

4. Others

(1) Application of simplified accounting methods and special accounting methods in the preparation of quarterly financial statements

1. Simplified accounting methods

(i) Method for estimating the uncollectible amount of general receivables

The uncollectible amount of general receivables was estimated using the historical write-off ratio at the end of the previous fiscal year as the ratio at the end of the second quarter of the current fiscal year was found not to be significantly different from the ratio at the end of the previous fiscal year.

(ii) Valuation of inventories

Inventory write-down is based on the current net sales value of items for which profit margins have declined significantly.

(iii) Depreciation method for noncurrent assets

For assets subject to the declining balance method, depreciation was calculated pro rata based on the amount for the fiscal year.

2. Special accounting methods in the preparation of quarterly financial statements

Not applicable.

(2) Changes in accounting principles, procedures and presentation methods for preparation of quarterly financial statements

(Statements of Income)

“Commission fee” and “Compensation income,” included in “Other” under non-operating income in the first half of the previous fiscal year, are reclassified and presented as separate line items in the first half of the current fiscal year, given that they now exceed 20/100 of total non-operating income. “Commission fee” and “Compensation income” included in “Other” under non-operating income totaled 66 thousand yen and 716 thousand yen in the first half of the previous fiscal year.

5. Quarterly Non-consolidated Financial Statements

(1) Balance Sheets

	(Thousands of yen)	
	Second quarter of FY9/10 (As of Mar. 31, 2010)	FY9/09 summary (As of Sep. 30, 2009)
Assets		
Current assets		
Cash and deposits	2,980,768	2,161,361
Notes and accounts receivable-trade	7,110,309	7,528,843
Short-term investment securities	504,724	706,832
Merchandise and finished goods	1,932,855	1,415,259
Work in process	838,805	844,773
Raw materials and supplies	1,892,911	1,668,493
Other	658,343	775,718
Allowance for doubtful accounts	(2,133)	(2,258)
Total current assets	15,916,583	15,099,024
Noncurrent assets		
Property, plant and equipment		
Buildings, net	2,788,141	2,695,263
Other, net	2,631,320	2,235,163
Total property, plant and equipment	5,419,462	4,930,427
Intangible assets	1,225,774	1,323,861
Investments and other assets	1,134,083	1,509,656
Total noncurrent assets	7,779,320	7,763,945
Total assets	23,695,904	22,862,969
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,903,514	3,544,880
Income taxes payable	544,222	695,739
Provision for bonuses	520,917	651,870
Provision for directors' bonuses	15,700	14,100
Provision for sales returns	9,129	14,374
Other	880,770	931,385
Total current liabilities	5,874,254	5,852,351
Noncurrent liabilities		
Provision for retirement benefits	528,196	517,749
Other	267,858	271,272
Total noncurrent liabilities	796,054	789,022
Total liabilities	6,670,309	6,641,373

	(Thousands of yen)	
	Second quarter of FY9/10 (As of Mar. 31, 2010)	FY9/09 summary (As of Sep. 30, 2009)
Net assets		
Shareholders' equity		
Capital stock	1,616,950	1,616,950
Capital surplus	2,841,587	2,841,587
Retained earnings	12,572,184	11,768,381
Treasury stock	(7)	(7)
Total shareholders' equity	17,030,714	16,226,911
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(5,119)	(5,315)
Total valuation and translation adjustments	(5,119)	(5,315)
Total net assets	17,025,594	16,221,596
Total liabilities and net assets	23,695,904	22,862,969

(2) Statements of Income
(For the Six-month period)

(Thousands of yen)

	First six months of FY9/09 (Oct. 1, 2008 – Mar. 31, 2009)	First six months of FY9/10 (Oct. 1, 2009 – Mar. 31, 2010)
Net sales	7,581,604	9,567,070
Cost of sales	4,192,737	5,125,558
Gross profit	3,388,866	4,441,512
Selling, general and administrative expenses	2,445,403	2,830,920
Operating income	943,463	1,610,592
Non-operating income		
Interest income	3,038	1,548
Dividends income	169	146
Commission fee	-	1,735
Compensation income	-	1,302
Fiduciary obligation fee	4,487	-
Other	3,753	1,676
Total non-operating income	11,449	6,410
Non-operating expenses		
Interest expenses	312	98
Sales discounts	1,236	1,919
Depreciation	191	115
Other	370	412
Total non-operating expenses	2,111	2,546
Ordinary income	952,802	1,614,456
Extraordinary income		
Gain on prior period adjustment	14,128	-
Contribution from co-development project	-	40,322
Other	128	125
Total extraordinary income	14,256	40,448
Extraordinary loss		
Loss on retirement of noncurrent assets	1,242	64,195
Loss on valuation of inventories	54,337	-
Other	6,606	-
Total extraordinary losses	62,186	64,195
Income before income taxes	904,871	1,590,709
Income taxes-current	306,312	527,366
Income taxes-deferred	51,480	92,230
Total income taxes	357,792	619,596
Net income	547,078	971,112

(3) Statements of Cash Flows

(Thousands of yen)

	First six months of FY9/09 (Oct. 1, 2008 – Mar. 31, 2009)	First six months of FY9/10 (Oct. 1, 2009 – Mar. 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	904,871	1,590,709
Depreciation and amortization	444,806	492,260
Increase (decrease) in provision for retirement benefits	21,678	10,446
Increase (decrease) in allowance for doubtful accounts	(128)	(125)
Increase (decrease) in provision for bonuses	(181,360)	(130,952)
Increase (decrease) in provision for directors' bonuses	(6,800)	1,600
Increase (decrease) in provision for sales returns	901	(5,245)
Interest and dividends income	(3,208)	(1,695)
Loss on retirement of noncurrent assets	1,242	64,195
Decrease (increase) in notes and accounts receivable-trade	427,198	418,534
Decrease (increase) in inventories	(386,833)	(736,046)
Decrease (increase) in advance payments	(17,965)	(34,193)
Decrease (increase) in accounts receivable-other	37,951	64,499
Decrease (increase) in prepaid expenses	2,511	(12,281)
Decrease (increase) in long-term prepaid expenses	(67,026)	63,911
Increase (decrease) in notes and accounts payable-trade	58,242	358,634
Increase (decrease) in accounts payable-other	25,622	(1,303)
Increase (decrease) in long-term accounts payable-other	(1,629)	(4,135)
Increase (decrease) in accrued expenses	(96,118)	(5,670)
Increase (decrease) in accrued consumption taxes	22,142	(40,918)
Other	(30,066)	(8,986)
Subtotal	1,156,031	2,083,235
Interest and dividends income received	3,518	1,777
Interest expenses paid	(1,183)	(862)
Income taxes paid	(345,045)	(671,217)
Other payments	(6,000)	-
Net cash provided by (used in) operating activities	807,320	1,412,932
Net cash provided by (used in) investing activities		
Payments into time deposits	(100,000)	-
Proceeds from withdrawal of time deposits	-	200,000
Purchase of property, plant and equipment	(496,005)	(625,570)
Payments for retirement of property, plant and equipment	-	(21,380)
Purchase of intangible assets	(38,352)	(100,622)
Proceeds from collection of guarantee deposits	-	20,000
Other	(506)	(856)
Net cash provided by (used in) investing activities	(634,863)	(528,430)
Net cash provided by (used in) financing activities		
Cash dividends paid	(128,980)	(167,204)
Net cash provided by (used in) financing activities	(128,980)	(167,204)
Net increase (decrease) in cash and cash equivalents	43,475	717,297
Cash and cash equivalents at beginning of period	2,981,152	2,668,194
Cash and cash equivalents at end of period	3,024,628	3,385,492

(4) Notes Regarding Assumptions for Company as Ongoing Concern

Not applicable.

(5) Notes Regarding Material Change in Shareholders' Equity

Not applicable.

6. Other Information

Goods Manufactured, Orders Received and Sales

(1) Breakdown of goods manufactured

(Thousands of yen)

	First six months of FY9/09 (Oct. 1, 2008 – Mar. 31, 2009)		First six months of FY9/10 (Oct. 1, 2009 – Mar. 31, 2010)		YoY change (%)
	Amount	%	Amount	%	
Diagnostic drugs	3,357,562	44.7	4,573,256	50.8	36.2
Hormone drugs	1,967,284	26.2	2,048,525	22.8	4.1
Circulatory drugs	580,405	7.7	533,492	5.9	(8.1)
Antibiotics & Chemotherapeutics	431,615	5.8	268,519	3.0	(37.8)
Urogenital & genital organ drugs	173,097	2.3	247,319	2.8	42.9
Dermatological preparations	131,712	1.8	141,889	1.6	7.7
Other	861,990	11.5	1,182,952	13.1	37.2
Total	7,503,668	100.0	8,995,955	100.0	19.9

Notes: 1. The above amounts are calculated based on selling prices and do not include consumption tax.

2. Fractions less than one thousand yen are omitted.

3. In the current fiscal year, some dermatological preparations were reclassified from goods purchased to goods manufactured.
Figures for the first six months of the previous fiscal year have been revised accordingly.**(2) Breakdown of goods purchased**

(Thousands of yen)

	First six months of FY9/09 (Oct. 1, 2008 – Mar. 31, 2009)		First six months of FY9/10 (Oct. 1, 2009 – Mar. 31, 2010)		YoY change (%)
	Amount	%	Amount	%	
In vitro diagnostics	279,508	68.4	545,833	55.1	95.3
Hormone drugs	64,251	15.7	386,558	39.1	501.6
Antibiotics & Chemotherapeutics	-	-	3,747	0.4	-
Dermatological preparations	3,141	0.8	-	-	-
Other	61,691	15.1	53,861	5.4	(12.7)
Total	408,593	100.0	990,000	100.0	142.3

Notes: 1. The above amounts are calculated based on selling prices and do not include consumption tax.

2. Fractions less than one thousand yen are omitted.

3. In the current fiscal year, some dermatological preparations were reclassified from goods purchased to goods manufactured.
Figures for the first six months of the previous fiscal year have been revised accordingly.

4. The large year-on-year change in hormone drugs purchased is due to an increase in purchases of sex hormone drugs.

(3) Orders received

The Company manufactures products not on a build-to-order basis, but on a sales projection basis.

(4) Breakdown of sales

(Thousands of yen)

	First six months of FY9/09 (Oct. 1, 2008 – Mar. 31, 2009)		First six months of FY9/10 (Oct. 1, 2009 – Mar. 31, 2010)		YoY change (%)
	Amount	%	Amount	%	
(Goods manufactured)					
Diagnostic drugs	3,021,209	39.9	4,101,283	42.9	35.7
Hormone drugs	1,812,041	23.9	1,963,494	20.5	8.4
Circulatory drugs	567,537	7.5	593,322	6.2	4.5
Antibiotics & Chemotherapeutics	290,935	3.8	325,743	3.4	12.0
Urogenital & genital organ drugs	174,621	2.3	177,478	1.9	1.6
Dermatological preparations	130,393	1.7	135,480	1.4	3.9
Other	723,098	9.5	965,308	10.1	33.5
Subtotal	6,719,837	88.6	8,262,111	86.4	23.0
(Goods purchased)					
In vitro diagnostics	480,151	6.4	693,175	7.2	44.4
Hormone drugs	274,908	3.6	513,683	5.4	86.9
Antibiotics & Chemotherapeutics	4,676	0.1	3,976	0.0	(15.0)
Dermatological preparations	2,100	0.0	1,937	0.0	(7.8)
Other	99,930	1.3	92,186	1.0	(7.7)
Subtotal	861,766	11.4	1,304,959	13.6	51.4
Total	7,581,604	100.0	9,567,070	100.0	26.2

Notes: 1. The above amounts are calculated based on selling prices and do not include consumption tax.

2. Fractions less than one thousand yen are omitted.

3. In the current fiscal year, some dermatological preparations were reclassified from goods purchased to goods manufactured. Figures for the first six months of the previous fiscal year have been revised accordingly.

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