

Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2012

[Japanese GAAP]

November 14, 2012

Company name: Fuji Pharma Co., Ltd. Stock Exchange Listing: TSE (1st section)
 Stock code: 4554 (URL: <http://www.fujipharma.jp>)
 Representative: Hirofumi Imai, President & CEO
 Contact: Toyoyuki Kamide, Director and General Manager of Administration Department
 TEL: +81-(0)3-3556-3344

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 Scheduled start date of dividend: December 21, 2012
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 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on November 14, 2012 at 16:30 (GMT +9).

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

1. Financial Results for the Fiscal Year Ended September 30, 2012 (October 1, 2011 to September 30, 2012)

(1) Operating results

(Percentages shown for net sales, operating income, ordinary income and net income 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	%
Fiscal year ended Sep. 30, 2012	21,520	(0.5)	2,746	(23.0)	2,698	(23.9)	1,370	(37.8)
Fiscal year ended Sep. 30, 2011	21,623	9.8	3,565	10.3	3,545	9.3	2,204	13.4

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Profit margin on sales
	Yen	Yen	%	%	%
Fiscal year ended Sep. 30, 2012	97.09	-	6.3	8.8	12.8
Fiscal year ended Sep. 30, 2011	167.63	-	11.3	13.0	16.5

Reference: Earnings on investments in equity-method affiliates (millions of yen) Sep. 30, 2012: - Sep. 30, 2011: -

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended Sep. 30, 2012	31,471	22,098	70.2	1,565.03
Fiscal year ended Sep. 30, 2011	29,757	21,264	71.5	1,506.00

Reference: Shareholders' equity (millions of yen) Sep. 30, 2012: 22,098 Sep. 30, 2011: 21,264

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Sep. 30, 2012	1,171	80	(835)	5,676
Fiscal year ended Sep. 30, 2011	1,954	(2,288)	2,497	5,260

2. Dividends

	Dividend per share					Total cash dividends	Dividend payout ratio	Dividends on net assets
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Sep. 30, 2011	-	17.00	-	20.00	37.00	501	22.1	2.6
Fiscal year ended Sep. 30, 2012	-	18.00	-	19.00	37.00	522	38.1	2.4
Fiscal year ending Sep. 30, 2013 (Estimated)	-	18.00	-	22.00	40.00		25.2	

3. Forecast for the Fiscal Year Ending September 30, 2013 (October 1, 2012 to September 30, 2013)

(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
First half	11,940	22.1	1,590	63.1	1,570	60.5	980	212.6	69.41
Full year	24,735	14.9	3,600	31.1	3,571	32.3	2,237	63.2	158.43

Note: The Company will start preparing consolidated financial statements in the fiscal year ending September 30, 2013. Please refer to '1. Review of Operations and Analysis of Financial Position, (1) Analysis of Operating Results' on page 2 of the attached documents for forecasts for the fiscal year ending September 30, 2013 consequent upon the transition to the presentation of consolidated financial statements.

*** Notes**

(1) 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

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

1) Number of shares issued and outstanding as of the end of period (including treasury stock)			
Sep. 30, 2012:	14,120,000 shares	Sep. 30, 2011:	14,120,000 shares
2) Number of shares of treasury stock as of the end of period			
Sep. 30, 2012:	67 shares	Sep. 30, 2011:	67 shares
3) Average number of shares issued during the period			
Fiscal year ended Sep. 30, 2012:	14,119,933 shares	Fiscal year ended Sep. 30, 2011:	13,152,864 shares

Note: For the number of shares used for the calculation of net income per share, please see "Per-share Data" on page 36.

* Indication of audit procedure implementation status

At the time when this report is released, the audit procedures for financial statements based on the Financial Instruments and Exchange Act have not been completed.

* 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. Review of Operations and Analysis of Financial Position, (1) Analysis of Operating Results" on page 2 for details on the above forecasts.

The Company plans to hold a financial results meeting for institutional investors and analysts on Thursday, November 22, 2012. Materials distributed at this event will also be available on the Company's website thereafter.

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1. Review of Operations and Analysis of Financial Position

(1) Analysis of Operating Results

1) Summary

In the current fiscal year, the Japanese economy gradually recovered from the Great East Japan Earthquake and went into a slow recovery mode. But overseas, there were increasing concerns about a global economic downturn because of the prolonged European debt problem and other issues. As a result, the economic outlook remains unclear.

In Japan's ethical drug industry, there were revisions to the National Health Insurance (NHI) system in April 2012 that altered the level of payments for medical services and lowered the prices of drugs by about 6.0%. In the market for generic drugs, the government is continuing to work on promoting the use of generic drugs. Competition in the generic drug market is becoming even more intense as Japanese pioneer drug manufacturers, foreign affiliated pharmaceutical manufacturers and other companies enter this market.

In December 2011, Fuji Pharma submitted an application to the Japanese Ministry of Health, Labour and Welfare for approval to manufacture and sell a recombinant human granulocyte colony-stimulating factor (G-CSF) formulation, which has been co-developed with Mochida Pharmaceutical Co., Ltd. If approved, this G-CSF formulation will provide a new option for the treatment of neutropenia. We will continue to do what is needed to obtain the quick approval of this application in order to help improve the quality of life of people suffering from neutropenia.

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 and functional dysmenorrhea) as well as expanding its market share in infertility treatment drugs 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 hospitals throughout Japan that are subject to DPC (Diagnosis Procedure Combination). Sales recovered gradually after April, led strong demand chiefly in the core diagnostic drugs category. With regard to income, sales volume showed sluggish growth, and the addition of higher depreciation and other fixed expenses on the new No. 5 production wing for new injection agents that commenced operations in the previous fiscal year resulted in an advance in the cost of sales. Though SG&A expenses were lower than planned, they could not offset the advances in the cost of sales.

In addition, starting in the first quarter of the current fiscal year, the Company has changed the method for calculating retirement benefit obligations from the simplified method to the principle method. This change was made mainly because of the outlook for continuing growth in the number of employees based on the Company's medium-term plan for its workforce and other factors. The increase of 364 million yen in retirement benefit obligations caused by this change was recorded as an extraordinary loss.

On July 11, 2012, the Company was listed on the first section of the Tokyo Stock Exchange. Our operations will continue to be guided by our management philosophy of "contribution" and "growth." We enlarge the scope of activities where we can make a contribution with the goal of further increasing our corporate value.

As a result, sales and profits declined in the current fiscal year. Net sales declined by 0.5% from one year earlier to 21,520 million yen, operating income fell 23.0% to 2,746 million yen, ordinary income was down 23.9% to 2,698 million yen and net income decreased 37.8% to 1,370 million yen.

Hormonal agents composed principally of the new drug "LUNABELL tablets," infertility treatment drugs such as the hypophysical gonadal stimulus hormone agent "Human Menopausal Gonadotropin Intramuscular Injection," "FOLYRMON-P Injection," the endometriosis treatment drug "BUSERECUR," accounted for sales of 7,189 million yen (a 7.2% increase over the previous fiscal year). Diagnostic drugs centering on the urinary tract angiographic agents "OYPALOMIN," "IOPAQUE," which are the principal products of the Company, accounted for 8,419 million yen in net sales (a 6.2% decrease over the previous fiscal year), resulting in an overall decrease in net sales of 0.5% over the previous fiscal year.

2) Outlook for the Next Fiscal Year

The Company expects the outlook for sales in the fiscal year ending September 30, 2013 to reflect the effects of increasingly intense competition in the market for generic drugs but also the recovery in its core contrast media and strong performances by “LUNABELL tablets” and other hormonal agents.

As a result, the Company expects net sales of 24,735 million yen (a 14.9% increase over the current fiscal year), operating income of 3,600 million yen (a 31.1% increase), ordinary income of 3,571 million yen (a 32.3% increase) with net income of 2,237 million yen (a 63.2% increase).

Commencing the Preparation of Consolidated Financial Statements

Subsequent to the acquisition of 99.91% of the shares of OLIC (Thailand) Limited (Thailand, “OLIC”), the largest pharmaceutical contract manufacturer in Thailand, in October 2012, the Company will start preparing consolidated financial statements from the fiscal year ending September 30, 2013 (October 1, 2012 to September 30, 2013). The forecasts for the fiscal year ending September 30, 2013 consequent upon the transition to the presentation of consolidated financial statements are shown below.

As the acquisition date is deemed to be December 31, 2012, the preparation of consolidated financial statements and the consolidation of statements of income are expected to commence from the third quarter of the fiscal year and so we are only disclosing a full-year forecast for the fiscal year ending September 30, 2013.

Consolidated Forecast for the Fiscal Year Ending September 30, 2013 (October 1, 2012 to September 30, 2013)

(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	25,500	-	3,575	-	3,540	-	2,190	-	155.10

Note: The Company has not included year-on-year comparisons because it prepares consolidated financial statements starting from the fiscal year ending September 30, 2013.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Total assets were 31,471 million yen as of the end of the fiscal year under review, an increase of 1,713 million yen over the end of the previous fiscal year.

Current assets totaled 22,828 million yen, an increase of 2,291 million yen, as operating receivables increased by 1,353 million yen and inventories increased by 1,355 million yen.

Noncurrent assets totaled 8,642 million yen, a decrease of 577 million yen, mainly because of the sale and leaseback of some machinery and equipment.

Liabilities increased by 880 million yen to 9,373 million yen.

Current liabilities increased by 445 million yen consisting of a decrease of 1,300 million yen in current portion of long-term loans payable, which was offset partially by an increase of 1,000 million yen in short-term loans payable and an increase of 572 million yen in notes and accounts payable-trade.

Noncurrent liabilities increased by 434 million yen, mainly due to an increase of 456 million yen in provision for retirement benefits.

Net assets increased by 833 million yen compared with the total net assets as of the end of the previous fiscal year to 22,098 million yen. The main reason was an increase of 834 million yen in retained earnings that was mainly due to the fiscal year's net income.

2) Cash Flows

Cash and cash equivalents (hereinafter, “Cash”) as of the end of the fiscal year under review increased by 415 million yen from a year earlier to 5,676 million yen.

The cash flow components during the current fiscal year and the main reasons for changes are as described below.

i) Cash Flow from Operating Activities

Net cash provided by operating activities totaled 1,171 million yen, a 782 million yen decrease over the previous fiscal year. This was the net result of adding a 1,211 million yen of depreciation and amortization to income before income taxes of 2,325 million yen, which was offset by a 1,355 million yen increase in inventories, a 1,353 million yen increase in notes and accounts receivable-trade, income taxes paid of 989 million yen and other factors.

ii) Cash Flow from Investing Activities

Net cash provided by investing activities was 80 million yen, compared with net cash used of 2,288 million yen in the previous fiscal year. Purchases of property, plant and equipment totaled 1,629 million yen but there were proceeds of 1,725 million yen from sales of property, plant and equipment due to the sale and leaseback of some machinery and equipment.

iii) Cash Flow from Financing Activities

Net cash used in financing activities was 835 million yen, compared with net cash provided of 2,497 million yen in the previous fiscal year. This was due to an increase in short-term loans payable of 1,000 million yen, repayment of long-term loans payable of 1,300 million yen and cash dividends paid of 535 million yen.

Trends of the Company's cash flow indicators are as follows:

	FY9/08	FY9/09	FY9/10	FY9/11	FY9/12
Equity ratio (%)	73.6	71.0	72.1	71.5	70.2
Market value-based equity ratio (%)	101.2	103.9	83.2	60.1	57.7
Interest-bearing debt to cash flow ratio (%)	22.3	10.9	9.1	76.4	101.4
Interest coverage ratio (Times)	339.9	2,929.5	11,145.4	371.0	219.3

- Equity ratio: Shareholders' equity / Total assets

- Market value-based equity ratio: Market capitalization / Total assets

- Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

- Interest coverage ratio: Operating cash flows / Interest expenses

Notes: 1. Market capitalization is calculated by multiplying the share price at the end of the period by the number of shares outstanding (net of treasury stock) at the end of the period.

2. Interest-bearing debt includes all debt on the balance sheets that incur interest.

3. "Net cash provided by (used in) operating activities" in the Statements of Cash Flows and "interest expenses" in the Statements of Income are used as operating cash flows and interest expenses, respectively.

(3) Profit Allocation Policy and Dividend Payment Plan for the Current and Next Fiscal Years

One of our highest priorities is to pay a consistent dividend to shareholders and increase the dividend.

Our policy concerning the allocation of earnings is to increase retained earnings to fund future business operations while paying a stable and consistent dividend that reflects earnings in each fiscal year, the dividend payout ratio and all other applicable items.

We plan to reinvest retained earnings to strengthen research and development, improve production capacity and efficiency, and increase our sales force in order to strengthen our base of operations and increase corporate value.

There are no plans to change the frequency of dividend payments.

In accordance with our initial plan, we plan to pay a year-end dividend of 19 yen per share, (annual dividend of 37 yen per share inclusive of an 18 yen interim dividend, dividend payout ratio of 38.1%) for the fiscal year ended on September 30, 2012.

For the fiscal year ending on September 30, 2013, based on the forecast for this fiscal year, plans for business operations and other applicable items, we plan to pay an annual dividend of 40 yen per share, the sum of an 18 yen interim dividend and 22 yen year-end dividend.

(4) Operational Risk

Risks related to information that may have a material impact on investors' decisions that is contained in this report and the accompanying financial statements for the fiscal year under review are as follows. Forward-looking statements in these materials are based on the judgment of management as of September 30, 2012.

1) Statutory regulations

Business operations are subject to the strict restrictions imposed by laws and regulations associated with the Pharmaceutical Affairs Law and business activities require the following permits and licenses. Receiving these permits and licenses requires complying with all associated laws and regulations and associated terms. At this time, there are no reasons for the cancellation of these permits and licenses. However, if any permit or license is rescinded because of a violation of a law or regulation or other event, we may be required to recall products covered by the applicable regulation or to cease the manufacture and sale of these products. If this happens, there may be a significant impact on our business operations. Our company manufactures and distributes pharmaceutical products under the Pharmaceutical Affairs Law and related regulations. Revisions in laws/regulations related to the pharmaceutical industry, which may be made in future, may influence our financial condition and business performance.

Major permits and licenses

Name of permit/license	Authority granting permit/license	Expiration	Major reasons for cancellation	Remarks
Pharmaceutical manufacturing permit	Toyama Prefecture	August 2014 (renewed every five years)	The permit is canceled when there is a violation that is punishable under the Pharmaceutical Affairs Law or other associated pharmaceutical business law or regulation or when an executive, etc. is subject to disqualification (Pharmaceutical Affairs Law, Article 75, Paragraph 1)	Toyama plant
Type 1 pharmaceutical manufacturing and sales permit	Toyama Prefecture	August 2014 (renewed every five years)	Same as above	Toyama plant
Type 2 pharmaceutical manufacturing and sales permit	Toyama Prefecture	August 2014 (renewed every five years)	Same as above	Toyama plant
Pharmaceutical wholesale business permit	Toyama Prefecture Tokyo Metropolis	August 2016 (renewed every six years) April 2018 (renewed every six years)	Same as above	Toyama office Logistic center

2) Research and development for pharmaceutical products

There is a possibility of delays in our research and development projects and extensions, suspensions or even terminations of new product development projects. These events may have an impact on our business performance.

3) Competition

Our policy is to sell our products at reasonable prices that take into account the profitability of products. However, some of our products have been under considerable market price pressure due to fierce competition from many competitors. Moreover, some Japanese pioneer drug manufacturers may take aggressive actions to preserve their market shares. These events may prevent us from achieving our forecasts.

4) Procurement of raw materials

We purchase raw materials from suppliers in Japan and other countries. A significant increase in the cost of raw materials may result in an increase in the cost of finished goods. In addition, an extended period of difficulty in obtaining raw materials due to restrictions in Japan or other countries on raw materials or to quality or other problems at suppliers may prevent us from manufacturing and selling products. Either of these events may have an impact on our business performance.

5) Side effects and product quality

For products that have been approved for sale, we may be required to recall certain products or cease the manufacture and sale of certain products due to unforeseen side effects of these products, impurities or other problems with these products, government restrictions or other issues. Any of these events may have an impact on our business performance.

6) Delays or suspensions in the supply of products

The operations of Fuji Pharma may be suspended or severely disrupted or confused if technological or regulatory problems or a disaster such as a fire or earthquake affect manufacturing facilities that make products or warehouses or its other facilities. The resulting suspension in the supply of the affected products may have an impact on our business performance.

7) Reliance on any particular product

The urinary tract angiographic agent “OYPALOMIN” is a major product that accounted for approximately 30% of total sales in the fiscal year that ended on September 30, 2012. If we can no longer sell this product because of unforeseen circumstances or if sales of this product decline significantly, there may be an impact on our business performance.

8) Revisions in drug price standards

As stipulated in the Health Insurance Law, the National Health Insurance list prices of ethical drugs are based on drug expense calculations that use drug price standards determined by the Minister of Health, Labour and Welfare. The Ministry of Health, Labour and Welfare has been revising these list prices every two years in principle based on drug price surveys. The goal of these revisions is to narrow the gap between the standard prices for drugs, which are the reimbursement prices used for health insurance, and the actual market prices of drugs. These revisions have an effect on the selling prices of Fuji Pharma products as well. In April 2012, there was an average drug price reduction of 6.0% in the pharmaceutical industry but these price reductions caused the prices of Fuji Pharma products to fall by 7.7%.

9) Litigation

We may become the target of lawsuits by manufacturers of new drugs that seek damages for alleged infringements on manufacturing and other patents. In addition, we may become the target of lawsuits involving product liability, environmental issues, labor-related issues and other matters. Depending on the outcome of this litigation, there may be an impact on our business performance.

2. Group Organization

The Company has no subsidiaries or affiliates. Therefore, this item is not applicable.

3. Management Policies

(1) Fundamental Management Policy

Fuji Pharma bases its operations on the management philosophies of “contributing to healthy living by supplying outstanding pharmaceuticals” and “the growth of the Company that is proportional to the development of its employees.” By continuing to adhere to these philosophies, the Company is dedicated achieving more progress and growth. We will accomplish this by developing, manufacturing and selling outstanding pharmaceuticals in order to fulfill our obligations to all stakeholders, including customers, suppliers, shareholders, employees, communities and society.

(2) Performance Indicators and Targets

Maximum efforts will be made to generate sufficient earnings for distributions to shareholders as well as to upgrade and expand production facilities and increase research and development expenditures for future growth. We have established specific performance targets for the Fuji Pharma Group in the fiscal year ending on September 30, 2015 of consolidated net sales of 32.0 billion yen, consolidated ordinary income of 5.2 billion yen, and consolidated net income of 3.3 billion yen. We have partly revised our previously disclosed forecasts for net sales and earnings to reflect changes in market conditions and the acquisition of the shares of overseas subsidiaries.

Furthermore, for the purpose of increasing shareholder value, we are aiming to increase net income per share and to increase the dividend per share with the goal of reaching a consolidated dividend payout ratio of 30% in the fiscal year ending on September 30, 2014.

(3) Medium- and Long-term Management Strategy

The medium-term business plan is designed to achieve further growth based on the theme of “Good to Great.”

The plan has three central goals. First is to extend operations to cover more targeted diseases, mainly by using new injection agents. Second is to become the leading company in the field of medical care for women. And third is to build a new operating framework for success in the next half century. Overall, the objective is to achieve rapid growth in market sectors where we are strongest in order to be a company that can sustain growth forever.

Our strategies to accomplish this objective are to establish a base of operations centered on R&D and to enlarge our strategic pipeline over the medium and long terms. Furthermore, we plan to enhance our presence in the strategic disease domains of acute medical care and medical care for women. With regard to manufacturing, our goal is to complete work on a network of factories that make highly activated drugs and can serve as a GMP (Good Manufacturing Practice) model for Japan as well as for the United States and EU. Executing these strategies will require reinforcing our human resources pipeline, such as by upgrading training and recruiting activities. The aim is to create new systems for reaching decisions and translating those decisions into actions.

(4) Key Issues

Japan’s market for generic drugs has been expanding steadily in recent years. The government has enacted numerous measures aimed at increasing the use of these drugs as a key method of holding down health care expenses. For example, the Ministry of Health, Labour and Welfare has established the goal of increasing the market share of generic drugs to at least 30% by fiscal 2012.

Following the expansion of the Japan’s generic drug market, there have been even greater demands for quality assurance, the stable supply of these drugs, and information associated with these matters. In response, suppliers have been required to reinforce activities that can make generic drugs more reliable.

Competition is becoming more intense as both Japanese pioneer drug manufacturers and foreign affiliated pharmaceutical companies enter the generic drug market. To succeed, we must act quickly to use distinctive strengths to build a base of operations that is not vulnerable to changes in the operating environment.

In this challenging operating environment, Fuji Pharma is concentrating on the following goals in order to accomplish the goals of the medium-term business plan quickly.

- 1) Expand the pipeline by using strategic alliances with pharmaceutical manufacturers in Japan and other countries.
- 2) Quickly introduce strategic products in the acute medical care field.
- 3) Increase support for hormone treatments in the field of obstetrics and gynecology.
- 4) Upgrade and expand our production systems to supply products with even better quality and provide a stable supply of products to meet rising demand.
- 5) Achieve stable operations at highly activated drug factories.
- 6) Strengthen administrative and management systems (more powerful internal controls, rigorous compliance programs, establishment of risk management system and maintenance of IT system).
- 7) Provide training to give employees skills for management and starting new businesses.
- 8) Establish a consolidated operating structure as a result of the acquisition of overseas subsidiaries.

4. Non-consolidated Financial Statements

(1) Balance Sheets

	(Thousands of yen)	
	FY9/11	FY9/12
	(As of Sep. 30, 2011)	(As of Sep. 30, 2012)
Assets		
Current assets		
Cash and deposits	4,755,373	5,170,819
Notes receivable-trade	627,955	*1 502,315
Accounts receivable-trade	7,658,784	9,137,831
Short-term investment securities	606,307	505,594
Merchandise and finished goods	2,153,247	2,276,144
Work in process	778,158	1,266,074
Raw materials and supplies	2,324,030	3,068,648
Advance payments-trade	35,023	121,112
Prepaid expenses	201,412	195,625
Deferred tax assets	532,484	473,239
Accounts receivable-other	808,441	94,725
Consumption taxes receivable	40,214	-
Accrued income	36	-
Other	18,661	18,938
Allowance for doubtful accounts	(2,750)	(2,588)
Total current assets	20,537,381	22,828,482
Noncurrent assets		
Property, plant and equipment		
Buildings	6,461,553	*2 6,315,429
Accumulated depreciation	(2,339,892)	(2,640,672)
Buildings, net	4,121,661	3,674,757
Structures	166,482	*2 172,808
Accumulated depreciation	(77,851)	(90,071)
Structures, net	88,630	82,737
Machinery and equipment	5,156,741	*2 4,451,583
Accumulated depreciation	(2,886,823)	(3,332,023)
Machinery and equipment, net	2,269,917	1,119,559
Vehicles	35,814	37,654
Accumulated depreciation	(33,842)	(34,883)
Vehicles, net	1,971	2,771
Tools, furniture and fixtures	811,166	844,680
Accumulated depreciation	(679,798)	(751,010)
Tools, furniture and fixtures, net	131,368	93,670
Land	587,659	497,172
Construction in progress	380,644	1,771,805
Total property, plant and equipment	7,581,853	7,242,473
Intangible assets		
Right of trademark	37	-
Distributorship	914,140	631,446
Software	105,564	*2 78,820
Telephone subscription right	7,976	7,976
Total intangible assets	1,027,719	718,243
Investments and other assets		
Investment securities	23,331	77,622
Investments in capital	100	100
Claims provable in bankruptcy, claims provable in rehabilitation and other	18,033	1,527
Long-term prepaid expenses	211,194	103,141
Deferred tax assets	285,053	418,372
Guarantee deposits	62,604	62,150
Insurance funds	17,979	19,691
Allowance for doubtful accounts	(7,673)	(523)
Total investments and other assets	610,622	682,083
Total noncurrent assets	9,220,196	8,642,800
Total assets	29,757,577	31,471,283

	(Thousands of yen)	
	FY9/11 (As of Sep. 30, 2011)	FY9/12 (As of Sep. 30, 2012)
Liabilities		
Current liabilities		
Notes payable-trade	522,008	*1 736,796
Accounts payable-trade	2,903,673	3,261,060
Short-term loans payable	-	1,000,000
Current portion of long-term loans payable	1,300,000	-
Accounts payable-other	903,479	1,063,752
Accrued expenses	162,761	145,636
Income taxes payable	846,017	883,999
Accrued consumption taxes	-	174,380
Deposits received	21,344	23,610
Forward exchange contracts	-	68,912
Provision for bonuses	886,504	648,072
Provision for directors' bonuses	30,200	17,300
Provision for sales returns	12,756	11,107
Total current liabilities	7,588,743	8,034,628
Noncurrent liabilities		
Guarantee deposits received	193,826	187,884
Provision for retirement benefits	625,685	1,082,298
Long-term accounts payable-other	84,676	68,349
Total noncurrent liabilities	904,188	1,338,533
Total liabilities	8,492,931	9,373,162
Net assets		
Shareholders' equity		
Capital stock	2,447,418	2,447,418
Capital surplus		
Legal capital surplus	3,056,488	3,056,488
Other capital surplus	615,567	615,567
Total capital surpluses	3,672,056	3,672,056
Retained earnings		
Legal retained earnings	164,079	164,079
Other retained earnings		
General reserve	5,000,000	5,000,000
Retained earnings brought forward	9,981,020	10,815,393
Total retained earnings	15,145,099	15,979,472
Treasury stock	(79)	(79)
Total shareholders' equity	21,264,494	22,098,868
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	150	(747)
Total valuation and translation adjustments	150	(747)
Total net assets	21,264,645	22,098,120
Total liabilities and net assets	29,757,577	31,471,283

(2) Statements of Income

(Thousands of yen)

	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
Net sales		
Net sales of finished goods	18,296,813	17,921,317
Net sales of goods	3,326,999	3,599,100
Total net sales	21,623,813	21,520,418
Cost of sales		
Beginning merchandise and finished goods	1,728,477	2,153,247
Cost of purchased goods	1,461,953	1,790,372
Transfer from other account	*1 (3,445)	*1 91,069
Cost of products manufactured	10,298,529	10,456,675
Total	13,485,515	14,491,365
Ending merchandise and finished goods	*2 2,153,247	*2 2,276,144
Transfer to other account	*3 10,300	*3 11,243
Total cost of sales	11,321,966	12,203,976
Gross profit	10,301,846	9,316,441
Reversal of provision for sales returns	-	1,648
Provision for sales returns	1,856	-
Gross profit-net	10,299,990	9,318,090
Selling, general and administrative expenses		
Promotion expenses	143,171	151,811
Sales commission	825,068	878,994
Packing and transportation expenses	232,095	233,807
Entertainment expenses	52,017	44,646
Directors' compensations	61,350	64,830
Salaries and bonuses	1,412,769	1,478,690
Provision for bonuses	540,962	388,267
Provision for directors' bonuses	30,200	17,300
Provision of allowance for doubtful accounts	192	(1,250)
Retirement benefit expenses	91,750	96,682
Welfare expenses	283,827	311,112
Traveling and transportation expenses	259,435	288,356
Rent expenses	224,986	235,125
Depreciation	325,418	330,949
Research and development expenses	*4 1,516,407	*4 1,303,775
Other	734,560	748,412
Total selling, general and administrative expenses	6,734,212	6,571,510
Operating income	3,565,777	2,746,579

	(Thousands of yen)	
	FY9/11	FY9/12
	(Oct. 1, 2010 – Sep. 30, 2011)	(Oct. 1, 2011 – Sep. 30, 2012)
Non-operating income		
Interest income	78	395
Interest on securities	1,640	1,601
Dividends income	434	451
Dividends income of life insurance	2,479	3,740
Commission fee	1,847	5,199
Compensation income	3,657	5,071
Fiduciary obligation fee	2,202	7,850
Miscellaneous income	4,284	7,443
Total non-operating income	16,625	31,755
Non-operating expenses		
Interest expenses	5,266	5,343
Stock issuance cost	14,227	-
Going public expenses	12,000	-
Foreign exchange losses	-	68,912
Sales discounts	3,688	4,131
Miscellaneous loss	2,201	1,362
Total non-operating expenses	37,384	79,749
Ordinary income	3,545,018	2,698,585
Extraordinary income		
Subsidy income	-	79,428
Total extraordinary income	-	79,428
Extraordinary loss		
Loss on sales of noncurrent assets	*5 5,811	*5 8,010
Loss on retirement of noncurrent assets	*6 15,597	*6 2,081
Loss on reduction of noncurrent assets	-	77,203
Retirement benefit expenses	-	364,874
Loss on valuation of investment securities	11,629	-
Loss on disaster	*7 6,900	-
Head office transfer cost	*8 7,098	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,120	-
Total extraordinary losses	48,157	452,170
Income before income taxes	3,496,860	2,325,843
Income taxes-current	1,363,198	1,028,469
Income taxes-deferred	(71,183)	(73,556)
Total income taxes	1,292,014	954,912
Net income	2,204,846	1,370,930

Manufacturing Statement

(Thousands of yen)

Item	Note	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)		FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)			
		Amount	%	Amount	%		
I Cost of materials			7,489,164	73.0	7,729,784	70.1	
II Labor cost	*1		1,039,184	10.1	1,043,483	9.5	
III Overheads							
Depreciation and amortization		612,759		805,407			
Supplies expenses		231,940		243,725			
Other		889,487	1,734,187	16.9	1,201,222	2,250,355	20.4
Total manufacturing costs			10,262,537	100.0		11,023,624	100.0
Beginning work in process			810,705			778,158	
Total			11,073,242			11,801,782	
Ending work in process			778,158			1,266,074	
Transfer to other account	*2		(3,445)			79,032	
Cost of products manufactured			10,298,529			10,456,675	

(Thousands of yen)

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)		
The Company applied the simple process costing method on the basis of historical for cost accounting.	The Company applied the simple process costing method on the basis of historical for cost accounting.		
*1. The amount of provisions for allowances included in the labor cost is as follows:	*1. The amount of provisions for allowances included in the labor cost is as follows:		
Provision for bonuses	242,623	Provision for bonuses	178,461
Provision for retirement benefits	25,295	Provision for retirement benefits	31,907
*2. Breakdown of transfer to other account is as follows:	*2. Breakdown of transfer to other account is as follows:		
Cost of sales	(3,445)	Cost of sales	91,069
		Selling, general and administrative expenses	(12,036)
		Total	79,032

(3) Statements of Changes in Net Assets

	(Thousands of yen)	
	FY9/11	FY9/12
	(Oct. 1, 2010 – Sep. 30, 2011)	(Oct. 1, 2011 – Sep. 30, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	1,616,950	2,447,418
Changes of items during the period		
Issuance of new shares	830,468	-
Total changes of items during the period	830,468	-
Balance at the end of current period	2,447,418	2,447,418
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	2,226,020	3,056,488
Changes of items during the period		
Issuance of new shares	830,468	-
Total changes of items during the period	830,468	-
Balance at the end of current period	3,056,488	3,056,488
Other capital surplus		
Balance at the beginning of current period	615,567	615,567
Balance at the end of current period	615,567	615,567
Total capital surplus		
Balance at the beginning of current period	2,841,587	3,672,056
Changes of items during the period		
Issuance of new shares	830,468	-
Total changes of items during the period	830,468	-
Balance at the end of current period	3,672,056	3,672,056
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	164,079	164,079
Balance at the end of current period	164,079	164,079
Other retained earnings		
General reserve		
Balance at the beginning of current period	5,000,000	5,000,000
Balance at the end of current period	5,000,000	5,000,000
Retained earnings brought forward		
Balance at the beginning of current period	8,213,754	9,981,020
Changes of items during the period		
Dividends from surplus	(437,579)	(536,557)
Net income	2,204,846	1,370,930
Total changes of items during the period	1,767,266	834,373
Balance at the end of current period	9,981,020	10,815,393
Total retained earnings		
Balance at the beginning of current period	13,377,833	15,145,099
Changes of items during the period		
Dividends from surplus	(437,579)	(536,557)
Net income	2,204,846	1,370,930
Total changes of items during the period	1,767,266	834,373
Balance at the end of current period	15,145,099	15,979,472

	(Thousands of yen)	
	FY9/11	FY9/12
	(Oct. 1, 2010 – Sep. 30, 2011)	(Oct. 1, 2011 – Sep. 30, 2012)
Treasury stock		
Balance at the beginning of current period	(7)	(79)
Changes of items during the period		
Purchase of treasury stock	(72)	-
Total changes of items during the period	(72)	-
Balance at the end of current period	(79)	(79)
Total shareholders' equity		
Balance at the beginning of current period	17,836,363	21,264,494
Changes of items during the period		
Issuance of new shares	1,660,937	-
Dividends from surplus	(437,579)	(536,557)
Net income	2,204,846	1,370,930
Purchase of treasury stock	(72)	-
Total changes of items during the period	3,428,131	834,373
Balance at the end of current period	21,264,494	22,098,868
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(3,039)	150
Changes of items during the period		
Net changes of items other than shareholders' equity	3,190	(898)
Total changes of items during the period	3,190	(898)
Balance at the end of current period	150	(747)
Total valuation and translation adjustments		
Balance at the beginning of current period	(3,039)	150
Changes of items during the period		
Net changes of items other than shareholders' equity	3,190	(898)
Total changes of items during the period	3,190	(898)
Balance at the end of current period	150	(747)
Total net assets		
Balance at the beginning of current period	17,833,323	21,264,645
Changes of items during the period		
Issuance of new shares	1,660,937	-
Dividends from surplus	(437,579)	(536,557)
Net income	2,204,846	1,370,930
Purchase of treasury stock	(72)	-
Net changes of items other than shareholders' equity	3,190	(898)
Total changes of items during the period	3,431,322	833,475
Balance at the end of current period	21,264,645	22,098,120

(4) Statements of Cash Flows

	(Thousands of yen)	
	FY9/11	FY9/12
	(Oct. 1, 2010 – Sep. 30, 2011)	(Oct. 1, 2011 – Sep. 30, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes	3,496,860	2,325,843
Depreciation and amortization	1,021,006	1,211,030
Increase (decrease) in provision for retirement benefits	70,310	456,612
Increase (decrease) in allowance for doubtful accounts	192	(7,312)
Increase (decrease) in provision for bonuses	77,781	(238,431)
Increase (decrease) in provision for directors' bonuses	300	(12,900)
Increase (decrease) in provision for sales returns	1,856	(1,648)
Interest and dividends income	(2,153)	(2,449)
Loss (gain) on sales of noncurrent assets	5,811	8,010
Loss on retirement of noncurrent assets	15,597	2,081
Subsidy income	-	(79,428)
Loss on reduction of noncurrent assets	-	77,203
Foreign exchange losses (gains)	-	68,912
Stock issuance cost	14,227	-
Going public expenses	12,000	-
Loss (gain) on valuation of investment securities	11,629	-
Loss on disaster	6,900	-
Head office transfer cost	7,098	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,120	-
Decrease (increase) in notes and accounts receivable-trade	(599,798)	(1,353,406)
Decrease (increase) in inventories	(380,023)	(1,355,430)
Decrease (increase) in accounts receivable-other	(661,702)	10,870
Decrease (increase) in prepaid expenses	(6,432)	5,447
Decrease (increase) in long-term prepaid expenses	102,417	108,053
Increase (decrease) in notes and accounts payable-trade	94,746	572,175
Increase (decrease) in accounts payable-other	117,305	103,278
Increase (decrease) in long-term accounts payable-other	4,316	(16,326)
Increase (decrease) in accrued expenses	22,835	(17,124)
Decrease (increase) in consumption taxes refund receivable	(40,214)	40,214
Increase (decrease) in accrued consumption taxes	(122,694)	174,380
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	1,566	16,505
Increase (decrease) in guarantee deposits received	(3,185)	(5,941)
Other, net	30,557	76,616
Subtotal	3,300,235	2,166,836
Interest and dividends income received	2,149	2,465
Interest expenses paid	(9,059)	(8,063)
Payments for loss on disaster	(6,900)	-
Payments for head office transfer cost	(7,098)	-
Income taxes paid	(1,325,252)	(989,559)
Net cash provided by (used in) operating activities	1,954,075	1,171,679

	(Thousands of yen)	
	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
Net cash provided by (used in) investing activities		
Proceeds from sales and redemption of securities	-	100,000
Purchase of investment securities	-	(54,639)
Purchase of property, plant and equipment	(2,499,055)	(1,629,986)
Proceeds from sales of property, plant and equipment	89,460	1,725,370
Payments for retirement of property, plant and equipment	(3,612)	-
Purchase of intangible assets	(203,790)	(22,810)
Proceeds from subsidy	-	79,428
Proceeds from collection of guarantee deposits	330,000	-
Other, net	(1,712)	(117,324)
Net cash provided by (used in) investing activities	(2,288,710)	80,036
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-	1,000,000
Proceeds from long-term loans payable	1,300,000	-
Repayment of long-term loans payable	-	(1,300,000)
Proceeds from issuance of common stock	1,646,709	-
Going public expenses paid	(12,000)	-
Cash dividends paid	(437,041)	(535,935)
Purchase of treasury stock	(74)	-
Net cash provided by (used in) financing activities	2,497,594	(835,935)
Net increase (decrease) in cash and cash equivalents	2,162,959	415,780
Cash and cash equivalents at beginning of period	3,097,674	5,260,633
Cash and cash equivalents at end of period	5,260,633	5,676,414

(5) Notes Regarding Assumptions for Company as Ongoing Concern

Not applicable.

(6) Significant Accounting Policies

1. Valuation standards and methods for marketable securities

Available-for-sale securities

Securities with market quotations:

Valued at the market price, using a market value at the end of the fiscal year, differences in valuation to be included in net assets, and cost of securities sold being determined by the moving average method.

Securities without market quotations:

Moving average cost method.

2. Valuation standards and methods for derivatives

Stated at fair value.

3. Valuation standards and methods for inventories

Primarily by the first-in, first-out cost method. (The carrying value on the balance sheets is written down to reflect declines in profitability).

4. Depreciation and amortization of noncurrent assets

(1) Property, plant and equipment (excluding lease assets)

Declining-balance method. (However, depreciation on the buildings which were acquired on or after April 1, 1998 (excluding the facilities attached to the buildings) is calculated by the straight-line method).

The useful lives of property, plant and equipment are summarized as follows:

Buildings	7 to 50 years
Machinery and equipment	8 years

(2) Intangible assets (excluding lease assets)

Straight-line method.

Amortization of software used within the Company is calculated by the straight-line method over a period of 5 years.

For distributorship, 5-year straight-line amortization method has been applied.

(3) Lease assets

Lease assets associated with finance lease transactions where there is no transfer of ownership

The straight-line method with no residual value is applied over the lease period used as the useful life of the assets.

For finance lease transactions where there is no transfer of ownership beginning on or before September 30, 2008, depreciation is calculated using an accounting method that is based on the method used for ordinary lease transactions.

(4) Long-term prepaid expenses

Straight-line method.

5. Accounting for deferred assets

Stock issuance cost

Charged to expenses as incurred.

6. Accounting for allowance

(1) Allowance for doubtful accounts

To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is

provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.

(2) Provision for bonuses

To provide for accrued bonuses for employees, an allowance is provided at the amount based on the estimated bonus obligations.

(3) Provision for retirement benefits

To provide for employees' retirement benefits, an allowance is provided based on projected benefit obligations at the end of the current fiscal year.

Actuarial gain or loss is amortized and charged to income in the year following the year in which such gain or loss is recognized by the straight-line method over a period (mostly over five years) which is within the estimated average remaining years of service of the eligible employees.

Additional information

In previous fiscal years, the Company calculated retirement benefit obligations by using the simplified method. Starting in the current fiscal year, the Company has changed to the principle method.

This change was made mainly because of the outlook for continuing growth in the number of employees based on the Company's medium-term plan for its workforce and other factors. The Company believes that using the principle method to calculate retirement benefit obligations will result in figures that consistently have a high degree of reliability. The increase of 364,874 thousand yen in retirement benefit obligations caused by this change was recorded as an extraordinary loss.

(4) Provision for sales returns

Allowance for sales returns provides for expected loss of gross profits due to returns of products calculated based on past rejection rates.

(5) Provision for directors' bonuses

To provide for directors' bonus obligation, an allowance is provided in the amount based on the estimated bonus obligations in the current fiscal year.

7. Cash and cash equivalents in statements of cash flows

Cash and cash equivalents consist of cash on hand and bank deposits which can be withdrawn at any time and short-term investments with the duration of three months or less which can be easily converted to cash and are exposed to little risk of change in value.

8. Other significant items

Accounting for consumption taxes

Tax-exclusion method.

(7) Reclassifications

Statements of Income

In previous fiscal years, the Company divided "Provision for retirement benefits," between under "Selling, general and administrative expenses" on the statement of income and under "Labor cost" in the "Manufacturing Statement." Starting from the current fiscal year, the Company has changed the accounting method for retirement benefit obligations from the simplified method to the principle method to clarify the content of this line item. As a result, from the current fiscal year, both accounts have been combined together with a "Retirement benefit expenses" account included under the "Other" line item in "Selling, general and administrative expenses" and the other under "Labor cost" in the "Manufacturing Statement" in previous fiscal years into a "Retirement benefit expenses" line item and reclassified as such. To conform to these changes, the financial statements for the previous fiscal year are reclassified.

Accordingly, the 52,597 thousand yen “Provision for retirement benefits” and the 773,712 thousand yen “Other” line items included in “Selling, general and administrative expenses” in the previous fiscal year have been reclassified as 91,750 thousand yen “Retirement benefit expenses” and 734,560 thousand yen “Other” line items accordingly and the 14,757 thousand yen “Provision for retirement benefits” and the 10,537 thousand yen “Retirement benefit expenses” line items previously included under “Labor cost” in the “Manufacturing Statement” in the previous fiscal year have been reclassified as a 25,295 thousand yen “Retirement benefit expenses” line item.

(8) Additional Information

The Company has adopted the “Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan (ASBJ) Statement No. 24, December 4, 2009)” and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) for accounting method revisions and for corrections to past errors from the beginning of the current fiscal year.

(9) Notes

Notes to Balance Sheets

*1. Notes receivable and payable due on the fiscal year end

Notes receivable and payable due on the fiscal year end are accounted for based on the nominal maturity date, although the fiscal year end was a holiday for financial institutions. The amount of notes receivable and payable due on the fiscal year end is as follows.

(Thousands of yen)

	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
Notes receivable	-	39,083
Notes payable	-	222,805

*2. In the current fiscal year, the reduction entry amounts directly applied to property, plant and equipment acquired by government subsidy, etc. are 56,210 thousand yen for buildings, 647 thousand yen for structures, 19,862 thousand yen for machinery and equipment, and 482 thousand yen for software.

Notes to Statements of Income

*1. Breakdown of transfer from other account

(Thousands of yen)

	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
Transfer from cost of products manufactured	(3,445)	91,069

*2. Ending inventories are shown after written down on the book values to reflect declines in profitability. The amount written down on the book values due to decline in profitability (after netting of the amount reversed using the reversal method) of normal inventories for sale are as follows.

(Thousands of yen)

	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
Cost of sales	8,028	4,207

*3. Breakdown of transfer to other account

(Thousands of yen)

	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
Selling, general and administrative expenses	10,300	11,243

*4. Total amount of research and development expenses

Research and development expenses included in general and administrative expenses

(Thousands of yen)

	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
	1,516,407	1,303,775

	(Thousands of yen)	
	FY9/11	FY9/12
	(Oct. 1, 2010 – Sep. 30, 2011)	(Oct. 1, 2011 – Sep. 30, 2012)
*5. Breakdown of loss on sales of noncurrent assets		
Buildings and their premises	5,703	8,010
Tools, furniture and fixtures	108	-
Total	5,811	8,010

	(Thousands of yen)	
	FY9/11	FY9/12
	(Oct. 1, 2010 – Sep. 30, 2011)	(Oct. 1, 2011 – Sep. 30, 2012)
*6. Breakdown of loss on retirement of noncurrent assets		
Buildings	3,411	125
Structures	5,753	332
Machinery and equipment	995	1,542
Tools, furniture and fixtures	789	81
Software	1,034	-
Removal expenses on noncurrent assets	3,612	-
Total	15,597	2,081

*7. Loss on disaster

The following losses were posted for the Great East Japan Earthquake that occurred in March 2011.

	(Thousands of yen)	
	FY9/11	FY9/12
	(Oct. 1, 2010 – Sep. 30, 2011)	(Oct. 1, 2011 – Sep. 30, 2012)
Customer returns of damaged products	6,725	-
Earthquake damage repair expenses	174	-
Total	6,900	-

*8. Head office transfer cost

Breakdown of head office transfer cost

	(Thousands of yen)	
	FY9/11	FY9/12
	(Oct. 1, 2010 – Sep. 30, 2011)	(Oct. 1, 2011 – Sep. 30, 2012)
Return previous head office to original condition	3,668	-
Moving and other relocation expenses	3,429	-
Total	7,098	-

Notes to Statements of Changes in Net Assets

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)

1. Type of stock, number of issued and outstanding shares and treasury stock

(Shares)

	Number of shares as of Oct. 1, 2010	Increase	Decrease	Number of shares as of Sep. 30, 2011
Issued shares				
Common stock (Note 1)	12,870,000	1,250,000	-	14,120,000
Total	12,870,000	1,250,000	-	14,120,000
Treasury stock				
Common stock (Note 2)	10	57	-	67
Total	10	57	-	67

Notes: 1. The increase in the number of issued and outstanding shares of common stock (1,250,000 shares) is due to public offering (1,100,000 shares) and issuance of stock through a third-party allotment (150,000 shares).

2. The increase in the number of treasury shares of common stock (57 shares) is due to the purchase of odd-lot shares.

2. Items related to subscription rights to shares and treasury stock

Not applicable.

3. Dividends

(1) Dividend payment

Resolution	Type of stock	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on Dec. 20, 2010	Common stock	218,789	17	Sep. 30, 2010	Dec. 21, 2010
Board of Directors' meeting on Apr. 28, 2011	Common stock	218,789	17	Mar. 31, 2011	Jun. 1, 2011

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of stock	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on Dec. 21, 2011	Common stock	282,398	Retained earnings	20	Sep. 30, 2011	Dec. 22, 2011

Note: The dividend per share includes a commemorative dividend of 3 yen per share for the listing on the Second Section of the Tokyo Stock Exchange.

FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)

1. Type of stock, number of issued and outstanding shares and treasury stock

(Shares)

	Number of shares as of Oct. 1, 2011	Increase	Decrease	Number of shares as of Sep. 30, 2012
Issued shares				
Common stock	14,120,000	-	-	14,120,000
Total	14,120,000	-	-	14,120,000
Treasury stock				
Common stock	67	-	-	67
Total	67	-	-	67

2. Items related to subscription rights to shares and treasury stock

Not applicable.

3. Dividends

(1) Dividend payment

Resolution	Type of stock	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on Dec. 21, 2011	Common stock	282,398	20	Sep. 30, 2011	Dec. 22, 2011
Board of Directors' meeting on Apr. 27, 2012	Common stock	254,158	18	Mar. 31, 2012	Jun. 1, 2012

Note: The dividend per share of 20 yen includes a commemorative dividend of 3 yen per share for the listing on the Second Section of the Tokyo Stock Exchange based on the resolution approved by an annual shareholders' meeting on December 21, 2011.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of stock	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on Dec. 20, 2012	Common stock	268,278	Retained earnings	19	Sep. 30, 2012	Dec. 21, 2012

Notes to Statements of Cash Flows

* Reconciliation between the cash and cash equivalents at end of the period and the amount booked in the balance sheets

(Thousands of yen)

	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
Cash and deposits	4,755,373	5,170,819
Short-term investment securities	606,307	505,594
Total	5,361,680	5,676,414
Government bonds with maturities over three months	(101,047)	-
Cash and cash equivalents	5,260,633	5,676,414

Lease Transactions

(Lessee)

1. Finance lease transactions

Finance lease transactions where there is no transfer of ownership

1) Breakdown of lease assets

a. Property, plant and equipment

Mainly the drug production facility (machinery and equipment)

2) Depreciation of lease assets

As noted in the section on Significant Accounting Policies, “4. Depreciation and amortization of noncurrent assets.”

For finance lease transactions where there is no transfer of ownership beginning on or before September 30, 2008, depreciation is calculated using an accounting method that is based on the method used for ordinary lease transactions. Details are as follows.

(1) The acquisition costs, accumulated depreciation and closing balance equivalents of the lease assets

(Thousands of yen)

	FY9/11 (As of Sep. 30, 2011)		
	Acquisition costs equivalents	Accumulated depreciation equivalents	Closing balance equivalents
Machinery and equipment	905,340	615,507	289,833
Vehicles	35,803	29,301	6,502
Total	941,144	644,808	296,335

(Thousands of yen)

	FY9/12 (As of Sep. 30, 2012)		
	Acquisition costs equivalents	Accumulated depreciation equivalents	Closing balance equivalents
Machinery and equipment	905,340	714,319	191,021
Vehicles	14,484	13,006	1,478
Total	919,825	727,325	192,499

(2) Future lease payments as of the end of the fiscal year

(Thousands of yen)

	FY9/11 (As of Sep. 30, 2011)	FY9/12 (As of Sep. 30, 2012)
Future lease payments as of the end of the fiscal year		
Due within one year	109,060	103,285
Due after one year	204,166	100,880
Total	313,226	204,166

(3) Lease payment, and depreciation and interest equivalents

(Thousands of yen)

	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
Lease payments	178,003	111,031
Depreciation equivalents	161,457	101,708
Interest equivalents	7,819	4,780

(4) Methods of calculation of depreciation equivalents

Depreciation of lease assets is calculated on the basis of the straight-line method assuming the respective lease terms as the useful lives. As for the residual value, in the case of agreements stipulating the residual value assured, the residual value concerned is adopted and in any other cases, the residual value is assumed at zero.

(5) Methods of calculation of interest equivalents

The difference between the total amount of the lease payments (excluding maintenance and administration cost equivalents) and the acquisition cost equivalents of the lease assets is treated as interest equivalents and the way of allocating the interest to the respective fiscal years applied is by the interest method.

2. Operating lease transactions

Of which noncancelable future lease payments:

(Thousands of yen)

	FY9/11 (As of Sep. 30, 2011)	FY9/12 (As of Sep. 30, 2012)
Due within one year	206,977	293,321
Due after one year	554,604	827,015
Total	761,582	1,120,336

Financial Instruments

1. Conditions of financial instruments

(1) Management policy

The Company relies primarily on internal liquidity and bank loans for funds required in accordance with business plans for the operation of its pharmaceutical manufacturing and sales activities. In addition, any temporarily unneeded funds are invested in financial instruments that have a high degree of safety. The Company conducts derivatives transactions to avoid/hedge foreign exchange fluctuation risks with all transactions being conducted to meet real operational needs. The Company does not engage in any speculative transactions in derivatives.

(2) Details of financial instruments, their risks and risk management system

Notes and accounts receivable-trade, which are operating receivables, are exposed to credit risk associated with clients. The Company manages the collection dates and amounts due for each client in accordance with its internal regulations. In addition, based on the financial condition of each client, the Company reduces its exposure to credit risk by receiving guarantee deposits from clients and suppliers.

Short-term investment securities and investment securities are shares of companies with which we have a business relationship or debt securities such as government bonds, and are subject to the risk from fluctuation of market prices. We manage this risk by monitoring the fair values in each quarter and using other methods.

Notes and accounts payable-trade, which are operating debt, are mostly due within one year. Current liabilities, including this operating debt, are exposed to liquidity risk on the payment date. The Company manages liquidity risk by preparing and updating monthly cash flow plans, maintaining sufficient liquidity and taking other actions.

Loans are used to procure funds to meet working capital requirements and fund capital expenditures. Loans are vulnerable to interest rate volatility risk because loans carry floating interest rates.

Substantially all of income taxes payable are due two months or less from the balance sheet date.

Derivative transactions are executed and controlled by having such transactions carried out by the department responsible for cash management, with the approval of the person responsible for settlements, in accordance with the internal rules specifying transaction authority.

2. Fair value of financial instruments

The carrying value, fair value, and their differences are shown as follows. However, financial instruments, whose fair value is deemed to be extremely difficult to measure, are not included.

FY9/11 (As of Sep. 30, 2011)

(Thousands of yen)

	Carrying value	Fair value	Differences
(1) Cash and deposits	4,755,373	4,755,373	-
(2) Notes and accounts receivable-trade	8,286,740	8,286,740	-
(3) Short-term investment securities and investment securities Available-for-sale securities	619,438	619,438	-
Assets total	13,661,552	13,661,552	-
(1) Notes and accounts payable-trade	3,425,681	3,425,681	-
(2) Current portion of long-term loans payable	1,300,000	1,299,769	(230)
(3) Income taxes payable	846,017	846,017	-
Liabilities total	5,571,698	5,571,468	(230)

Notes: 1. Matters concerning determination of fair value of financial instruments, short-term investment securities, and derivative transactions

Assets

(1) Cash and deposits, (2) Notes and accounts receivable-trade

Fair value of the above financial instruments is deemed to be equal to their carrying amount because they are settled within a short period of time.

(3) Short-term investment securities and investment securities

Fair value of the above financial instruments is based on quoted market price by the securities exchange, and fair value of debt securities is based on either quoted market price by the securities exchange or quoted price offered by our financial institutions.

Liabilities

(1) Notes and accounts payable-trade, (3) Income taxes payable

Fair value of the above financial instruments is deemed to be equal to their carrying amount because they are settled within a short period of time.

(2) Current portion of long-term loans payable

Fair value of the above financial instruments is calculated by discounting the combined value of principal and interest by the interest rate assumed were the Company to borrow new money.

Derivative transactions

Not applicable.

FY9/12 (As of Sep. 30, 2012)

(Thousands of yen)

	Carrying value	Fair value	Differences
(1) Cash and deposits	5,170,819	5,170,819	-
(2) Notes and accounts receivable-trade	9,640,147	9,640,147	-
(3) Short-term investment securities and investment securities Available-for-sale securities	519,016	519,016	-
Assets total	15,329,984	15,329,984	-
(1) Notes and accounts payable-trade	3,997,856	3,997,856	-
(2) Short-term loans payable	1,000,000	1,000,000	-
(3) Income taxes payable	883,999	883,999	-
Liabilities total	5,881,856	5,881,856	-
Derivative transactions*			
Derivative transactions not accounted by the hedge accounting method	(68,912)	(68,912)	-

* The net amounts receivable and payable arising from transactions in derivatives are shown and the net amount payable for the total is shown in brackets.

Notes: 1. Matters concerning determination of fair value of financial instruments, short-term investment securities, and derivative transactions

Assets

(1) Cash and deposits, (2) Notes and accounts receivable-trade

Fair value of the above financial instruments is deemed to be equal to their carrying amount because they are settled within a short period of time.

(3) Short-term investment securities and investment securities

Fair value of the above financial instruments is based on quoted market price by the securities exchange, and fair value of debt securities is based on either quoted market price by the securities exchange or quoted price offered by our financial institutions.

Liabilities

(1) Notes and accounts payable-trade, (2) Short-term loans payable, (3) Income taxes payable

Fair value of the above financial instruments is deemed to be equal to their carrying amount because they are settled within a short period of time.

Derivative transactions

Fair values are based on quoted price offered by our financial institutions.

2. Financial instruments whose fair value is deemed to be extremely difficult to measure

(Thousands of yen)

Item	FY9/11 (As of Sep. 30, 2011)	FY9/12 (As of Sep. 30, 2012)
Unlisted stocks	10,200	64,200

Note: There is no market price for unlisted stocks and the fair value is deemed to be extremely difficult to determine; this information is not included to "(3) short-term investment securities and investment securities."

3. The amount of monetary claims and marketable securities with maturity dates scheduled to be redeemed subsequent to the balance sheet date

FY9/11 (As of Sep. 30, 2011)		(Thousands of yen)		
	Less than 1 year	1-5 years	6-10 years	Over 10 years
Cash and deposits	4,755,373	-	-	-
Notes and accounts receivable-trade	8,286,740	-	-	-
Short-term investment securities and investment securities				
Of which available-for-sale securities with maturity dates				
Government bonds, Municipal bonds, etc.	100,000	-	-	-
Total	13,142,114	-	-	-

FY9/12 (As of Sep. 30, 2012)		(Thousands of yen)		
	Less than 1 year	1-5 years	6-10 years	Over 10 years
Cash and deposits	5,170,819	-	-	-
Notes and accounts receivable-trade	9,640,147	-	-	-
Total	14,810,967	-	-	-

Securities

1. Available-for-sale securities

FY9/11 (As of Sep. 30, 2011)

		(Thousands of yen)		
	Item	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	(1) Stocks	-	-	-
	(2) Debt securities			
	1) Government bonds, municipal bonds, etc.	101,047	99,980	1,067
	2) Corporate bonds	-	-	-
	3) Others	-	-	-
	(3) Other securities	-	-	-
	Subtotal	101,047	99,980	1,067
Securities whose carrying value does not exceed their acquisition cost	(1) Stocks	13,131	13,943	(812)
	(2) Debt securities			
	1) Government bonds, municipal bonds, etc.	-	-	-
	2) Corporate bonds	-	-	-
	3) Others	-	-	-
	(3) Other securities	505,260	505,260	-
	Subtotal	518,391	519,203	(812)
	Total	619,438	619,183	254

Notes: 1. Acquisition cost in the table represents book values after impairment.

2. Unlisted stocks (carrying value of 10,200 thousand yen) are not included in the above table of available-for-sale securities because there is no market price and the fair value is deemed to be extremely difficult to determine.

FY9/12 (As of Sep. 30, 2012)

(Thousands of yen)

	Item	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	(1) Stocks	748	639	108
	(2) Debt securities			
	1) Government bonds, municipal bonds, etc.	-	-	-
	2) Corporate bonds	-	-	-
	3) Others	-	-	-
	(3) Other securities	-	-	-
	Subtotal	748	639	108
Securities whose carrying value does not exceed their acquisition cost	(1) Stocks	12,673	13,943	(1,269)
	(2) Debt securities			
	1) Government bonds, municipal bonds, etc.	-	-	-
	2) Corporate bonds	-	-	-
	3) Others	-	-	-
	(3) Other securities	505,594	505,594	-
	Subtotal	518,268	519,538	(1,269)
	Total	519,016	520,177	(1,161)

Notes: 1. Acquisition cost in the table represents book values after impairment.

2. Unlisted stocks (carrying value of 64,200 thousand yen) are not included in the above table of available-for-sale securities because there is no market price and the fair value is deemed to be extremely difficult to determine.

2. Available-for-sale securities sold

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)

Not applicable.

FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)

(Thousands of yen)

Item	Sales amount	Aggregate gain	Aggregate loss
(1) Stocks	-	-	-
(2) Debt securities			
1) Government bonds, municipal bonds, etc. (Note)	100,000	20	-
2) Corporate bonds	-	-	-
3) Others	-	-	-
(3) Other securities	-	-	-
Total	100,000	20	-

Note: Government bonds redeemed on maturity.

3. Marketable securities written down for impairment

FY9/11 (As of Sep. 30, 2011)

Available-for-sale securities were written down 11,629 thousand yen. In the event that the value of securities is estimated to decline 50% or more from the acquisition cost, the Company applies the impairment accounting method to the securities.

FY9/12 (As of Sep. 30, 2012)

Not applicable.

Derivative Transactions

1. Derivative transactions not accounted by the hedge accounting method

(1) Currency related

FY9/11 (As of Sep. 30, 2011)

Not applicable.

FY9/12 (As of Sep. 30, 2012)

(Thousands of yen)

Type of transaction	Derivatives	Notional amount	Notional amount over one year	Fair value	Unrealized gain (loss)
OTC transactions	Forward exchange contracts				
	Buy				
	CHF	3,616,905	-	(56,167)	(56,167)
	THB	823,356	-	(12,745)	(12,745)
	Total	4,440,261	-	(68,912)	(68,912)

Note: Fair value:

Fair values are calculated based on quoted price offered by our financial institutions.

Equity in Income of Affiliates

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)

Not applicable.

FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)

Not applicable.

Transactions with Concerned Parties

1. Transactions with Concerned Parties

1) Parent company, major corporate shareholders etc. of the Company

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)

(Thousands of yen)

Attribute	Major shareholders		
Company name	Mitsui & Co., Ltd.		
Address	Chiyoda-ku, Tokyo		
Capital or invested amount	341,481,648		
Business details or occupation	General trading company		
Proportion of voting rights held (or being held)	(Being owned) Directly 13.7%		
Details of relationship	Supply of raw materials		
Transaction details	Transaction amount	Account	Closing balance
Supply of raw materials (Notes 1, 2)	1,947,271	Accounts payable-trade	639,700

Notes: 1. The transaction amount above does not include consumption taxes, while the closing balance includes consumption taxes.

2. Supply of raw materials was based on arm-length transactions.

FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)

(Thousands of yen)

Attribute	Major shareholders		
Company name	Mitsui & Co., Ltd.		
Address	Chiyoda-ku, Tokyo		
Capital or invested amount	341,481,648		
Business details or occupation	General trading company		
Proportion of voting rights held (or being held)	(Being owned) Directly 13.7%		
Details of relationship	Supply of raw materials		
Transaction details	Transaction amount	Account	Closing balance
Supply of raw materials (Notes 1, 2)	2,149,385	Accounts payable-trade	684,473

Notes: 1. The transaction amount above does not include consumption taxes, while the closing balance includes consumption taxes.

2. Supply of raw materials was based on arm-length transactions.

Tax Effect Accounting

1. Breakdown of deferred tax assets and liabilities

	(Thousands of yen)	
	FY9/11 (As of Sep. 30, 2011)	FY9/12 (As of Sep. 30, 2012)
Deferred tax assets		
Provision for retirement benefits	254,654	387,769
Nondeductible provision for bonuses	360,807	246,332
Accrued enterprise tax	65,330	68,064
Nondeductible social expenses on employee bonuses	40,343	32,403
Loss on valuation of inventories	25,902	62,043
Others	70,604	94,998
Total deferred tax assets	817,641	891,612
Deferred tax liabilities		
Valuation difference on available-for-sale securities	103	-
Total deferred tax liabilities	103	-
Deferred tax assets-net	817,538	891,612

2. Difference between the effective tax rate and the rate of income tax based on the tax effect accounting

	FY9/11 (As of Sep. 30, 2011)	FY9/12 (As of Sep. 30, 2012)
Statutory tax rate	40.7%	40.7%
(Disparity)		
Deductible experiment and research expenses	(5.0)%	(5.3)%
Residential tax for the period	0.5%	0.8%
Entertainment expenses and other items not to be included in expenses indefinitely	0.6%	0.8%
Reductions of deferred tax assets at year end for adjustment due to tax rate change	-%	3.8%
Others	0.1%	0.3%
Statutory tax rate based on the tax effect accounting	36.9%	41.1%

3. Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.

Following the promulgation on December 2, 2011 of the “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No. 117 of 2011), corporate tax rate will be reduced while special reconstruction corporate tax will be imposed for the fiscal years beginning on or after April 1, 2012. As a result, the effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 40.7% to 38.0% for temporary differences expected to be used for the fiscal year beginning from October 1, 2012 up to the fiscal year beginning from October 1, 2014, and to 35.6% for fiscal years beginning on or after October 1, 2015.

Due to these changes in tax rates, there was a decrease of 88,768 thousand yen in deferred tax assets (after deducting deferred tax liabilities) and an 88,710 thousand yen decrease in income taxes-deferred.

Retirement Benefit Plan

1. Description of the retirement benefit plan

The Company provides a lump-sum pension plan in accordance with internal rules. Furthermore, the Company is a member of the Smaller Enterprise Retirement Allowance Mutual Aid Corporation (“the Mutual Aid Fund”). The Company may provide a premium severance pay depending on the reason for an employee’s resignation.

In April 2003, the Company amended the lump-sum pension plan and partially introduced the defined contribution pension plan and the prepaid retirement benefit plan.

The Company has changed the method for calculating retirement benefit obligations from the simplified method to the principle method from the current fiscal year.

2. Breakdown of the retirement benefit obligations

(Thousands of yen)

	FY9/11 (As of Sep. 30, 2011)	FY9/12 (As of Sep. 30, 2012)
(1) Retirement benefit obligations	(768,827)	(1,246,989)
(2) Estimated retirement benefit to be provided by the Mutual Aid Fund	143,141	139,080
(3) Unfunded retirement benefit obligation (1) + (2)	(625,685)	(1,107,908)
(4) Unrecognized actuarial gain or loss	-	25,610
(5) Provision for retirement benefits (3) - (4)	(625,685)	(1,082,298)

Note: In previous fiscal year, the Company calculated retirement benefit obligations by using the simplified method. Starting in the current fiscal year, the Company has changed to the principle method.

3. Breakdown of the retirement benefit expenses

(Thousands of yen)

	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
(1) Service costs	91,237	94,300
(2) Interest costs	-	17,459
(3) Expected return on plan assets	-	-
(4) Amortization of actuarial differences	-	-
(5) Premium severance allowance paid temporarily	1,107	-
(6) Premiums paid to the defined contribution pension fund	25,334	23,107
(7) Prepaid retirement benefits	10,084	11,049
(8) Costs attributable to the change to the principle method	-	364,874
(9) Retirement benefit expenses	127,764	510,790

Notes: 1. In previous fiscal year, the Company calculated retirement benefit obligations by using the simplified method. Starting in the current fiscal year, the Company has changed to the principle method.

2. (8) The costs attributable to the change to the principle method, as a result of the Company’s decision to change the accounting method for retirement benefit obligations from the simplified method to the principle method, is accounted for as an extraordinary loss.

4. Assumptions used in accounting for the retirement benefit obligations, etc.

(1) Distribution of estimated retirement benefit obligations

Straight-line method.

(2) Discount rate

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
-%	1.54%

Note: The retirement benefit obligation is computed by the simplified method in the previous fiscal year.

(3) Expected return on assets

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
-%	-%

(4) Amortization of actuarial differences

Actuarial gain or loss is amortized and charged to income in the year following the year in which such gain or loss is recognized by the straight-line method over a period (mostly over five years) which is within the estimated average remaining years of service of the eligible employees.

Stock Options

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)

Not applicable.

FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)

Not applicable.

Business Combinations

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)

Not applicable.

FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)

Not applicable.

Asset Retirement Obligations

FY9/11 (As of Sep. 30, 2011)

Detailed explanations on asset retirement obligation are omitted due to immateriality of the amount.

FY9/12 (As of Sep. 30, 2012)

Detailed explanations on asset retirement obligation are omitted due to immateriality of the amount.

Investment and Rental Property

FY9/11 (As of Sep. 30, 2011)

Detailed explanations on investment and rental property are omitted due to immateriality of the amount.

FY9/12 (As of Sep. 30, 2012)

Not applicable.

Segment and Other Information

a. Segment information

Omitted since the Company has only a single business segment, which is the pharmaceutical business.

b. Related information

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)

1. Information by product or service

No information for specific products or services is presented because sales to external customers which account for more than 90% of net sales shown on the statements of income are derived from a single product or service category.

2. Information by region

(1) Net sales

Omitted since sales to external customers in Japan exceeded 90% of net sales shown on the statements of income.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside Japan.

3. Information by major client

(Thousands of yen)

Customer name	Net sales	Relevant segment
Konica Minolta Medical & Graphic, Inc.	5,536,402	Pharmaceutical business
SUZUKEN CO., LTD.	2,806,154	Pharmaceutical business
Alfresa Corporation	2,387,060	Pharmaceutical business
MEDICEO CORPORATION	2,240,658	Pharmaceutical business

FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)

1. Information by product or service

No information for specific products or services is presented because sales to external customers which account for more than 90% of net sales shown on the statements of income are derived from a single product or service category.

2. Information by region

(1) Net sales

Omitted since sales to external customers in Japan exceeded 90% of net sales shown on the statements of income.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside Japan.

3. Information by major client

(Thousands of yen)

Customer name	Net sales	Relevant segment
Konica Minolta Medical & Graphic, Inc.	4,829,025	Pharmaceutical business
Alfresa Corporation	2,795,739	Pharmaceutical business
SUZUKEN CO., LTD.	2,773,011	Pharmaceutical business
MEDICEO CORPORATION	2,365,574	Pharmaceutical business

c. Information related to impairment losses on noncurrent assets for each reportable segment

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)

Not applicable.

FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)

Not applicable.

d. Information related to goodwill amortization and the unamortized balance for each reportable segment

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)

Not applicable.

FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)

Not applicable.

e. Information related to negative goodwill profits for each reportable segment

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)

Not applicable.

FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)

Not applicable.

Per-share Data

(Yen)

FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)		FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)	
Net assets per share	1,506.00	Net assets per share	1,565.03
Net income per share	167.63	Net income per share	97.09
Diluted net income per share is not presented because there are no latent shares, such as bonds with subscription rights to shares issued by the Company.		Diluted net income per share is not presented because there are no latent shares, such as bonds with subscription rights to shares issued by the Company.	

Note: The basis of calculating the net income per share is as follows:

	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)	FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)
Net income (Thousands of yen)	2,204,846	1,370,930
Amount not attributable to ordinary shareholders (Thousands of yen)	-	-
Net income attributable to common stock (Thousands of yen)	2,204,846	1,370,930
Average number of shares outstanding (Shares)	13,152,864	14,119,933

Material Subsequent Events

FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)													
(Acquisition of OLIC (Thailand) Limited)													
<p>On August 3, 2012, Fuji Pharma entered into a share purchase agreement to acquire the shares of OLIC (Thailand) Limited, the largest pharmaceutical contract manufacturer in Thailand, and to make this company a subsidiary, following the resolution approved at the extraordinary meeting of the Board of Directors of Fuji Pharma on the same day. The acquisition was completed on October, 2012.</p>													
1. Reason for the acquisition													
<p>OLIC is providing contract manufacturing for pharmaceutical and other related products. Major pharmaceutical firms across the world contract specialized manufacturing services to OLIC, and with extensive expertise built-up over the years, the company is highly regarded in the industry with a proven track record for high quality products. Having been long trusted as Thailand's largest pharmaceutical contract manufacturer, OLIC has a wide client base of major pharmaceutical firms from Japan, Europe, US, and across the rest of the globe.</p> <p>With this acquisition, Fuji Pharma will acquire not only OLIC's factory and its manufacturing know-how, but will also obtain and have access to its customer base. In addition to growing the contract manufacturing business with both current and new clients, we will be able to increase our cost competitiveness in the Japanese market by furthering production of our own product at OLIC's facilities. Moreover, we decided to acquire the shares of OLIC with the aim of utilizing OLIC as a base from which to promote our products more widely in the Asian market and worldwide in the future.</p>													
2. Shares acquired from DKSH Holding AG													
3. Corporate name, business description, and scale of company acquired													
1) Corporate name:	OLIC (Thailand) Limited												
2) Business description:	Contract manufacturing of pharmaceutical and related products												
3) Scale (FY12/2011):	<table> <tr> <td>Net assets:</td> <td>292 million Thai baht</td> <td>(about 730 million yen)</td> </tr> <tr> <td>Total assets:</td> <td>842 million Thai baht</td> <td>(about 2,107 million yen)</td> </tr> <tr> <td>Net sales:</td> <td>1,066 million Thai baht</td> <td>(about 2,665 million yen)</td> </tr> <tr> <td>Net income:</td> <td>(18) million Thai baht</td> <td>(about (45) million yen)</td> </tr> </table>	Net assets:	292 million Thai baht	(about 730 million yen)	Total assets:	842 million Thai baht	(about 2,107 million yen)	Net sales:	1,066 million Thai baht	(about 2,665 million yen)	Net income:	(18) million Thai baht	(about (45) million yen)
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Notes:	<p>1. OLIC's financial results have been prepared in accordance with Thai accounting standards. When consolidating OLIC's total revenues, the figure may change as a result of Fuji Pharma's differing accounting standards. Additionally, the above JPY figure is converted at, 1 Thai baht = 2.5 Japanese yen.</p> <p>2. Business operations were halted for a period of time during FY12/2011 due to the flood in Thailand.</p>												
4. Date of acquisition													
1) Resolution of the Board of Directors:	August 3, 2012												
2) Execution of the Share Purchase Agreement:	August 3, 2012												
3) Date of acquisition:	October 1, 2012												
5. Number of shares acquired, acquisition costs and equity interest after acquisition													
1) Number of shares acquired:	724,379 shares												
2) Acquisition costs:	40.57 million Swiss francs (about 3,400 million yen) (Plan) (Notes)												
3) Equity interest after acquisition:	99.91%												
Notes:	<p>1. The figure shown for the final cost of the acquisition reflects price adjustments as determined by the terms of the share purchase agreement. Additionally, the above JPY figure is converted at, 1 Swiss franc = 83 Japanese yen.</p> <p>2. Other than noted above, Fuji Pharma made a 323 million Thai baht loan (approximately about million yen to OLIC on October 1, 2012.</p> <p>3. We anticipate that we shall be obliged to pay remuneration, commissions and other fees to external advisors and other parties in connection with this acquisition.</p>												
6. Method for procuring funds for payments													
Bank loan													

FY9/12
(Oct. 1, 2011 – Sep. 30, 2012)

(Significant loan)

At a Board of Directors meeting held on September 20, 2012, the Company decided to enter into an agreement with the Sumitomo Mitsui Banking Corporation to borrow 3,000 million yen on an uncollateralized basis to be repaid in one year to fund the acquisition of the shares of OLIC (Thailand) Limited and the commissions payable in connection with the acquisition of these shares. The details of this loan agreement are as follows.

- | | |
|------------------------|--|
| 1) Name of lender: | Sumitomo Mitsui Banking Corporation |
| 2) Amount borrowed: | 3,000 million yen |
| 3) Borrowing rate: | Base rate + spread |
| 4) Borrowing date: | October 1, 2012 |
| 5) Repayment deadline: | September 30, 2013 |
| 6) Repayment method: | To be repaid in full on repayment date |
| 7) Collateral: | None |

5. Others

(1) Changes in Directors

1) Change of representative director

Not applicable.

2) Change of other board members

- Candidate for director appointment

Takeru Hirayama, Director (currently Executive Officer, General Manager of Business Development Department)

- Retiring director

Kenichi Tokunaga, Managing Director (scheduled to be appointed as a full-time Corporate Auditor after the retirement as a Director)

- Candidate for corporate auditor appointment

Kenichi Tokunaga, Full-time Corporate Auditor (currently Managing Director)

- Retiring corporate auditor

Minoru Nakamura, Full-time Corporate Auditor

3) Effective date

December 20, 2012

(2) Other Information

Goods Manufactured, Orders Received and Sales

1. Breakdown of goods manufactured

(Thousands of yen)

Efficacy	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)		FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)		YoY change (%)
	Amount	%	Amount	%	
Diagnostic drugs	9,316,155	46.7	8,802,937	47.7	(5.5)
Hormone drugs	5,316,152	26.7	4,833,291	26.2	(9.1)
Circulatory drugs	1,210,230	6.1	1,080,562	5.8	(10.7)
Antibiotics and chemotherapeutics	864,426	4.3	746,394	4.0	(13.7)
Urogenital and genital organ drugs	489,890	2.5	387,974	2.1	(20.8)
Dermatological preparations	333,662	1.7	277,725	1.5	(16.8)
Others	2,391,009	12.0	2,345,155	12.7	(1.9)
Total	19,921,527	100.0	18,474,040	100.0	(7.3)

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

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

3. Fractions less than one thousand yen are omitted.

2. Breakdown of goods purchased

(Thousands of yen)

Efficacy	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)		FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)		YoY change (%)
	Amount	%	Amount	%	
	Hormone drugs	864,770	59.1	1,246,929	
In vitro diagnostic	489,612	33.5	433,959	24.2	(11.4)
Antibiotics and chemotherapeutics	2,378	0.2	1,986	0.1	(16.5)
Others	105,192	7.2	107,497	6.0	2.2
Total	1,461,953	100.0	1,790,372	100.0	22.5

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

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

3. Fractions less than one thousand yen are omitted.

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)

Efficacy	FY9/11 (Oct. 1, 2010 – Sep. 30, 2011)		FY9/12 (Oct. 1, 2011 – Sep. 30, 2012)		YoY change (%)
	Amount	%	Amount	%	
	(Finished goods)				
Diagnostic drugs	8,978,094	41.5	8,419,762	39.1	(6.2)
Hormone drugs	4,376,550	20.3	4,631,808	21.5	5.8
Circulatory drugs	1,067,142	4.9	962,038	4.5	(9.8)
Antibiotics and chemotherapeutics	745,591	3.5	721,258	3.4	(3.3)
Urogenital and genital organ drugs	418,846	1.9	396,320	1.8	(5.4)
Dermatological preparations	311,097	1.4	282,772	1.3	(9.1)
Others	2,399,490	11.1	2,507,356	11.7	4.5
Subtotal	18,296,813	84.6	17,921,317	83.3	(2.1)
(Merchandise)					
Hormone drugs	2,328,271	10.8	2,557,867	11.9	9.9
In vitro diagnostic	810,217	3.8	856,286	4.0	5.7
Antibiotics and Chemotherapeutics	7,063	0.0	4,912	0.0	(30.5)
Dermatological preparations	3,423	0.0	3,169	0.0	(7.4)
Others	178,024	0.8	176,865	0.8	(0.7)
Subtotal	3,326,999	15.4	3,599,100	16.7	8.2
Total	21,623,813	100.0	21,520,418	100.0	(0.5)

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

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

3. Fractions less than one thousand 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.