

**Consolidated Financial Results**  
**for the Third Quarter of the Fiscal Year Ending September 30, 2014**  
**(Nine Months Ended June 30, 2014)**

[Japanese GAAP]

August 8, 2014

Company name: Fuji Pharma Co., Ltd. Stock Exchange Listing: TSE (1st section)  
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Scheduled date of filing of Quarterly Report: August 11, 2014

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on August 8, 2014 at 17:00 (GMT +9).

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

**1. Consolidated Financial Results for the Third Quarter (October 1, 2013 to June 30, 2014)**  
**of the Fiscal Year Ending September 30, 2014**

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Jun. 30, 2014	20,961	16.3	2,214	0.0	2,280	(2.2)	1,451	1.9
Nine months ended Jun. 30, 2013	18,026	-	2,213	-	2,332	-	1,425	-

Note: Comprehensive income (millions of yen) Nine months ended Jun. 30, 2014: 1,422 (down 24.4 %)

Nine months ended Jun. 30, 2013: 1,881 (n.a.)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jun. 30, 2014	100.05	-
Nine months ended Jun. 30, 2013	100.96	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Nine months ended Jun. 30, 2014	44,637	27,600	61.8
Fiscal year ended Sep. 30, 2013	39,138	24,066	61.5

Reference: Shareholders' equity (millions of yen) Jun. 30, 2014: 27,600 Sep. 30, 2013: 24,066

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2013	-	18.00	-	22.00	40.00
Fiscal year ending Sep. 30, 2014	-	20.00	-		
Fiscal year ending Sep. 30, 2014 (Estimated)				24.00	44.00

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

**3. Consolidated Forecast for the Fiscal Year Ending September 30, 2014 (October 1, 2013 to September 30, 2014)**

(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	29,465	17.0	3,450	5.8	3,385	0.3	2,070	0.1	139.93

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

**\* Notes**

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

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

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

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

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting-based estimates: None

4) Restatements: None

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

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

Nine months ended Jun. 30, 2014:	15,626,900 shares	Fiscal year ended Sep. 30, 2013:	14,120,000 shares
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2) Number of treasury shares as of the end of period

Nine months ended Jun. 30, 2014:	89 shares	Fiscal year ended Sep. 30, 2013:	67 shares
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3) Average number of shares issued during the period

Nine months ended Jun. 30, 2014:	14,511,826 shares	Nine months ended Jun. 30, 2013:	14,119,933 shares
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\* Information regarding the implementation of quarterly review procedures

The current quarterly consolidated financial report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, the review procedures for the quarterly consolidated financial statements 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attachments for details on the above forecasts.

The net income per share forecast reflects the increase in the number of shares from the issuance of new shares through a third-party allotment to Mitsui & Co., Ltd. Payment for this allotment was completed on April 21, 2014. The Company estimates average number of shares issued during the period to be 14,792,863 shares as of the end of the current fiscal year.

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## **1. Qualitative Information on Quarterly Consolidated Financial Performance**

### **(1) Explanation of Results of Operations**

In the first nine months of the current fiscal year, the outlook for the Japanese economy remained uncertain in part because of concerns about slowing economic growth in China and other emerging countries. But there are indications that the economy is recovering. In particular, corporate earnings are rebounding, especially at exporting companies, because of the strong U.S. economy, and the benefits of monetary easing and economic stimulus measures in Japan.

In Japan's ethical drug industry, 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 April 2014, there were revisions to the National Health Insurance (NHI) system and there was an average drug price reduction of about 2.65% in the industry. These price reductions caused the prices of our products to fall by 5.8%.

In December 2013, Fuji Pharma received sales rights from Mallinckrodt Japan Co., Ltd. for a new drug called "OPTIRAY® Injection." Fuji Pharma then received marketing approval and sales rights from Shionogi & Co., Ltd. concerning following four new drugs in the obstetrics and gynecology fields: transfer of marketing approval for "LUTORAL tablets" and "FLAGYL vaginal tablets"; and transfer of sales rights for "CLOMID tablets" and "NORLUTEN tablets." Marketing approval for "OPTIRAY® Injection" was transferred to Fuji Pharma in June 2014.

At the Board of Directors meeting held on March 20, 2014, resolution was approved to establish a capital and business alliance agreement with Mitsui & Co., Ltd. and to issue new shares through the third-party allotment to this company. The agreement was signed on March 20 and payment for this allotment was completed on April 21.

In terms of sales activities, Fuji Pharma has been focusing on the marketing of new drugs "LUNABELL® tablets ULD" and "LUNABELL® tablets LD" as well as expanding its market share of infertility treatment drugs and other major products in its core field of obstetrics and gynecology. Furthermore, we have been conducting extensive marketing activities aimed at capturing new business and expanding business with hospitals throughout Japan that are subject to DPC (Diagnosis Procedure Combination).

Net sales increased 16.3% year on year to 20,961 million yen, as sales remained strong particularly core products. On the other hand, selling, general and administrative expenses increased mainly due to a rise in research and development expenses, and amortization of goodwill. As a result, operating income was roughly unchanged to 2,214 million yen, ordinary income fell 2.2% to 2,280 million yen and net income increased 1.9% to 1,451 million yen.

Note that only the period between January 1, 2013 and June 30, 2013 is consolidated in the first nine months of the previous fiscal year.

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

#### **(Assets, Liabilities and Net Assets)**

Total assets increased 5,499 million yen from the end of the previous fiscal year to 44,637 million yen, net assets increased 3,533 million yen to 27,600 million yen, and the equity ratio was 61.8% as of the end of the third quarter under review.

Current assets increased 5,453 million yen mainly because of increases in cash and deposits, notes and accounts receivable-trade, and inventories. Noncurrent assets increased 45 million yen mainly due to an increase in intangible assets from the acquisition of distributorship and other factors.

Current liabilities increased 2,374 million yen mainly due to an increase in notes and accounts payable-trade, and noncurrent liabilities decreased 408 million yen mainly due to a decrease in long-term loans payable.

Net assets increased 3,533 million yen mainly because of increases in capital stock and capital surplus from the issuance of new shares through a third-party allotment to Mitsui & Co., Ltd., and an increase in retained earnings.

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

In the first nine months of the current fiscal year, sales and earnings were generally in line with the plan that was announced on November 14, 2013. As a result, there is no change in the consolidated forecast for the fiscal year ending September 30, 2014.

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

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

Not applicable.

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

#### Changes in Accounting Policies

For the valuation of merchandise and finished goods included in inventories, the first-in, first-out method has been used in prior years. Starting in the first quarter of the current fiscal year, the Company has changed to the periodic-average method for the purpose of reporting earnings in a more appropriate manner. This change coincided with the start-up of a new integrated business (enterprise resource planning) system on or after October 1, 2013. It is impossible to determine the cumulative effect of this change on earnings in prior fiscal years due to incompatibility with the computer system. Consequently, the book value of merchandise and finished goods as of the end of the previous fiscal year was used as the beginning balance for the first nine months of the current fiscal year and the periodic-average method has been used from the start of the current fiscal year.

The effect of this change is insignificant.

### **(3) Additional Information**

#### Effect of the Change in Corporate Tax Rate, Etc.

Following the promulgation on March 31, 2014 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014), “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 4 of 2014) and “Local Tax Act on Corporations” (Act No. 11 of 2014), corporate tax rate, etc. have been revised for the fiscal years beginning on or after April 1, 2014. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 38.01% to 35.64% for temporary differences expected to be used for the fiscal year beginning from October 1, 2014.

Due to these changes in tax rates, there was a decrease of 20 million yen in deferred tax assets (after deducting deferred tax liabilities) and an increase in income taxes-deferred by the same amount.

**3. Quarterly Consolidated Financial Statements****(1) Consolidated Balance Sheets**

(Millions of yen)

	FY9/13 (As of Sep. 30, 2013)	Third quarter of FY9/14 (As of Jun. 30, 2014)
Assets		
Current assets		
Cash and deposits	6,015	7,671
Notes and accounts receivable-trade	9,697	10,858
Securities	505	506
Merchandise and finished goods	2,356	3,267
Work in process	1,150	1,789
Raw materials and supplies	3,030	4,252
Deferred tax assets	581	350
Other	442	529
Allowance for doubtful accounts	(8)	(0)
Total current assets	23,772	29,226
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,276	4,990
Machinery, equipment and vehicles, net	4,154	4,139
Land	851	852
Construction in progress	79	100
Other, net	144	125
Total property, plant and equipment	10,506	10,209
Intangible assets		
Goodwill	3,060	2,866
Other	1,044	1,578
Total intangible assets	4,105	4,444
Investments and other assets		
Investment securities	165	98
Deferred tax assets	463	551
Other	123	107
Total investments and other assets	753	757
Total noncurrent assets	15,366	15,411
Total assets	39,138	44,637

(Millions of yen)

	FY9/13 (As of Sep. 30, 2013)	Third quarter of FY9/14 (As of Jun. 30, 2014)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	3,604	6,596
Short-term loans payable	933	936
Current portion of long-term loans payable	921	921
Income taxes payable	899	185
Provision for bonuses	913	584
Provision for directors' bonuses	25	18
Provision for sales returns	9	15
Other	1,610	2,034
<b>Total current liabilities</b>	<b>8,917</b>	<b>11,291</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	4,417	3,876
Provision for retirement benefits	1,190	1,264
Other	544	604
<b>Total noncurrent liabilities</b>	<b>6,153</b>	<b>5,745</b>
<b>Total liabilities</b>	<b>15,071</b>	<b>17,037</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,447	3,799
Capital surplus	3,672	5,023
Retained earnings	17,525	18,385
Treasury stock	(0)	(0)
<b>Total shareholders' equity</b>	<b>23,644</b>	<b>27,207</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	56	12
Foreign currency translation adjustment	365	379
<b>Total accumulated other comprehensive income</b>	<b>421</b>	<b>392</b>
<b>Minority interests</b>	<b>0</b>	<b>0</b>
<b>Total net assets</b>	<b>24,066</b>	<b>27,600</b>
<b>Total liabilities and net assets</b>	<b>39,138</b>	<b>44,637</b>

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

(Millions of yen)

	First nine months of FY9/13 (Oct. 1, 2012 – Jun. 30, 2013)	First nine months of FY9/14 (Oct. 1, 2013 – Jun. 30, 2014)
Net sales	18,026	20,961
Cost of sales	10,235	12,129
Gross profit	7,790	8,831
Selling, general and administrative expenses	5,577	6,617
Operating income	2,213	2,214
Non-operating income		
Interest income	8	1
Dividends income of life insurance	3	4
Foreign exchange gains	118	68
Commission fee	2	0
Compensation income	1	1
Fiduciary obligation fee	6	5
Other	23	39
Total non-operating income	166	121
Non-operating expenses		
Interest expenses	43	36
Sales discounts	3	4
Stock issuance cost	-	13
Other	1	1
Total non-operating expenses	47	55
Ordinary income	2,332	2,280
Extraordinary income		
Subsidy income	-	76
Total extraordinary income	-	76
Extraordinary loss		
Loss on retirement of noncurrent assets	49	0
Loss on reduction of noncurrent assets	-	43
Total extraordinary losses	49	44
Income before income taxes and minority interests	2,283	2,312
Income taxes-current	762	676
Income taxes-deferred	95	183
Total income taxes	857	860
Income before minority interests	1,425	1,451
Minority interests in income (loss)	0	0
Net income	1,425	1,451



**(Consolidated Statements of Comprehensive Income)**  
**(For the Nine-month Period)**

(Millions of yen)

	First nine months of FY9/13 (Oct. 1, 2012 – Jun. 30, 2013)	First nine months of FY9/14 (Oct. 1, 2013 – Jun. 30, 2014)
Income before minority interests	1,425	1,451
Other comprehensive income		
Valuation difference on available-for-sale securities	27	(43)
Foreign currency translation adjustment	427	14
Total other comprehensive income	455	(29)
Comprehensive income	1,881	1,422
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,880	1,422
Comprehensive income attributable to minority interests	0	0

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

Not applicable.

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

Fuji Pharma Co., Ltd. has received payment for the third-party allotment from Mitsui & Co., Ltd. on April 21, 2014. Accordingly, capital stock and legal capital surplus increased 1,351 million yen each in the first nine months of the current fiscal year. As a result, capital stock and capital surplus totaled 3,799 million yen and 5,023 million yen, respectively as of the end of the third quarter.

**Segment and Other Information**

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

**Material Subsequent Events**

The Board of Directors of Fuji Pharma Co., Ltd. approved a resolution on August 8, 2014 to increase capital of OLIC (Thailand) Limited and make a loan to this consolidated subsidiary with providing a line of credit of 3 billion yen. Details are as follows:

## 1. Objective and details of capital increase and a loan

(1) Objective	To secure funds for the construction of a new plant
(2) Amount of capital increase	285 million Thai baht
(3) Amount of loan	3 billion yen (maximum)
(4) Capital increase schedule	September 26, 2014 (tentative)

## 2. Overview of the subsidiary

(1) Company name	OLIC (Thailand) Limited
(2) Location	Ayutthaya, Thailand
(3) Representative	Toyoyuki Kamide (Director of Fuji Pharma Co., Ltd.)
(4) Business activity	Contract manufacturing of pharmaceutical and related products
(5) Capital stock (before increase)	181 million Thai baht
(6) Capital stock (after increase)	431 million Thai baht (tentative)
(7) Equity interest (before increase)	99.91%
(8) Equity interest (after increase)	99.96% (tentative)

## 4. Supplementary Information

### (1) Breakdown of Sales

(Millions of yen)

Efficacy	First nine months of FY9/13 (Oct. 1, 2012 – Jun. 30, 2013)		First nine months of FY9/14 (Oct. 1, 2013 – Jun. 30, 2014)		YoY change (%)
	Amount	%	Amount	%	
(Finished goods)					
Diagnostic drugs	6,488	36.0	6,337	30.2	(2.3)
Hormone drugs	3,757	20.8	4,011	19.1	6.8
Circulatory drugs	682	3.8	774	3.7	13.4
Antibiotics and chemotherapeutics	557	3.1	623	3.0	11.9
Urogenital and genital organ drugs	298	1.7	317	1.5	6.3
Dermatological preparations	209	1.1	207	1.0	(0.9)
Others	3,259	18.1	3,959	18.9	21.5
Subtotal	15,253	84.6	16,231	77.4	6.4
(Merchandise)					
Hormone drugs	1,985	11.0	2,726	13.0	37.3
Diagnostic drugs	-	-	1,281	6.1	-
In vitro diagnostic	639	3.6	563	2.7	(11.9)
Others	148	0.8	159	0.8	7.8
Subtotal	2,773	15.4	4,730	22.6	70.6
Total	18,026	100.0	20,961	100.0	16.3

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

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

3. Only the period between January 1, 2013 and June 30, 2013 is consolidated in the first nine months of FY9/13.

4. Fractions less than one million yen are omitted.

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