

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending September 30, 2015
(Six Months Ended March 31, 2015)

[Japanese GAAP]

May 13, 2015

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Scheduled date of filing of Quarterly Report: May 14, 2015
 Scheduled date of payment of dividend: June 1, 2015
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on May 13, 2015 at 16:30 (GMT +9).

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

1. Consolidated Financial Results for the Second Quarter (October 1, 2014 to March 31, 2015)
of the Fiscal Year Ending September 30, 2015

(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	%
Six months ended Mar. 31, 2015	15,460	9.0	1,440	(7.7)	1,476	(9.2)	871	(13.1)
Six months ended Mar. 31, 2014	14,178	18.2	1,561	(3.0)	1,625	(6.3)	1,002	(7.9)

Note: Comprehensive income (millions of yen) Six months ended Mar. 31, 2015: 1,381 (up 34.2 %)
 Six months ended Mar. 31, 2014: 1,029 (down 36.0 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Mar. 31, 2015	56.33	-
Six months ended Mar. 31, 2014	71.00	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Six months ended Mar. 31, 2015	47,189	28,286	59.9
Fiscal year ended Sep. 30, 2014	41,412	24,785	59.8

Reference: Shareholders' equity (millions of yen) Mar. 31, 2015: 28,284 Sep. 30, 2014: 24,784

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2014	-	20.00	-	24.00	44.00
Fiscal year ending Sep. 30, 2015	-	20.00	-	-	-
Fiscal year ending Sep. 30, 2015 (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, 2015 (October 1, 2014 to September 30, 2015)

(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	32,030	9.6	3,590	13.1	3,560	11.3	2,260	8.7	148.58

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

The net income per share forecast reflects the increase in the number of treasury shares.

*** 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: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

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

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

Six months ended Mar. 31, 2015:	15,626,900 shares	Fiscal year ended Sep. 30, 2014:	15,626,900 shares
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2) Number of treasury shares as of the end of period

Six months ended Mar. 31, 2015:	674,883 shares	Fiscal year ended Sep. 30, 2014:	89 shares
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3) Average number of shares issued during the period

Six months ended Mar. 31, 2015:	15,470,703 shares	Six months ended Mar. 31, 2014:	14,119,927 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 treasury shares.

The Company plans to hold a financial results meeting for institutional investors and analysts on Friday, May 15, 2015. Materials distributed at this event will also be available on the Company's website thereafter.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the second quarter of the current fiscal year, corporate earnings at companies in Japan recovered, chiefly at exporting companies, due to the strength of the U.S. economy and the benefits of monetary easing and economic stimulus measures in Japan. However, the economic outlook is unclear because of slowing economic growth and political instability in some emerging countries, flat consumer spending in Japan due to the April 2014 consumption tax hike, the instability of exchange rates and other reasons.

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.

The Fuji Pharma Group has established a medium-term business plan that covers the five-year period starting in the fiscal year ending on September 30, 2015. The central theme of the new medium-term business plan is "Fuji Pharma Branding." Our goal is to operate a pharmaceutical business with innovative added value from a global perspective. We want to earn the trust, understanding and familiarity of healthcare professionals as well as people who want to lead healthy lives. By reinforcing our commitment to the Group's management philosophy of "growth" and "contribution," we have been promoting to build a unique business model that produces synergies in strategic fields by combining brands, generic drugs and contract manufacturing.

Regarding sales activities, Fuji Pharma has been focusing on the marketing of the new dysmenorrhea treatment agents LUNABELL® tablets ULD and LUNABELL® tablets LD. Another goal is expanding its market share of infertility treatment drugs and other major products in its core field of obstetrics and gynecology. In the field of radiology, we are concentrating on sales of OPTIRAY® injection, a patented x-ray contrast agent for which manufacturing approval and sales rights were transferred to Fuji Pharma from Mallinckrodt Japan Co., Ltd. in the previous fiscal year. In addition, there are extensive sales activities to develop new businesses and expand transactions with the goal of establishing more relationships with hospitals throughout Japan that are subject to DPC (Diagnosis Procedure Combination). These activities mainly involve OYPALOMIN® injection, IOPAQUE® injection and Filgrastim BS injection Syringe.

Net sales increased 9.0% year on year to 15,460 million yen as sales remained strong particularly for core products. But earnings were held down as the higher procurement costs for raw materials and an increase in depreciation expenses raised the cost of sales. Moreover, measures to strengthen sales operations caused selling, general and administrative expenses to increase. As a result, operating income fell 7.7% to 1,440 million yen, ordinary income fell 9.2% to 1,476 million yen and net income decreased 13.1% to 871 million yen.

(2) Explanation of Financial Position

Total assets decreased 1,837 million yen from the end of the previous fiscal year to 47,189 million yen, net assets decreased 257 million yen to 28,286 million yen, and the equity ratio was 59.9% as of the end of the second quarter of the current fiscal year.

Assets

Current assets decreased 1,875 million yen mainly because of decreases in accounts receivable-other and cash and deposits used for the purchase of treasury shares, while there was an increase in inventories. Non-current assets increased 37 million yen mainly due to an increase in construction in progress despite the depreciation and the reversal of deferred tax assets.

Liabilities

Current liabilities decreased 608 million yen mainly due to a decrease in short-term loans payable, and non-current liabilities decreased 971 million yen mainly due to decreases in long-term loans payable and net defined benefit liability.

Net Assets

Although there was an increase in retained earnings, net assets decreased by 257 million yen mainly because of an increase in treasury shares and the purchase of company's own shares for the "Executive Compensation Stock Trust Plan."

Cash Flows

Cash and cash equivalents (hereinafter, "net cash") as of the end of the second quarter under review totaled 7,158 million yen.

The cash flow components during the first half and the main reasons for changes are as described below.

1) Cash Flows from Operating Activities

Net cash provided by operating activities totaled 154 million yen (a year-on-year decrease in inflow of 1,419 million yen). This was the net result of adding an increase in notes and accounts payable-trade of 1,054 million yen and depreciation of 874 million yen to income before income taxes and minority interests of 1,485 million yen, while there were a 2,385 million yen increase in inventories, income taxes paid of 665 million yen and other factors.

2) Cash Flows from Investing Activities

Net cash provided by investing activities was 1,739 million yen (net cash used of 1,211 million yen in the same period of the previous fiscal year). This was mainly due to the proceeds from sales of property, plant and equipment of 2,508 million yen, purchase of property, plant and equipment of 797 million yen and other factors.

3) Cash Flows from Financing Activities

Net cash used in financing activities was 3,533 million yen (net cash used of 771 million yen in the same period of the previous fiscal year). This was due to the purchase of treasury shares of 1,503 million yen, a decrease in short-term loans payable of 1,015 million yen, the repayment of long-term loans payable of 460 million yen, cash dividends paid of 375 million yen and other factors.

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

The Company expects raw material procurement prices to escalate due to further sudden weakening of the yen. However, we expect sales of our key products to increase while the cost of goods manufactured to decrease. In addition, the Company plans to strictly limit selling, general and administrative expenses to the minimum necessary. In view of the above, consolidated forecast for the fiscal year ending September 2015 released on November 14, 2014 are not revised.

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****Application of the accounting standard for retirement benefits**

The Company has applied the "Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012)" and the "Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)" from the first quarter of the current fiscal year, for provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the Company reviewed the methods for

calculating retirement benefit obligations and service costs, and revised the method of attributing estimated retirement benefit obligations to periods from the straight-line basis to the benefit formula basis, and revised the method of determining the discount rate from the method using the remaining service period to the method using a single weighted average discount rate.

For the application of these accounting standards, etc. in accordance with the transitional accounting treatments set forth in Paragraph 37 of the Accounting Standard for Retirement Benefits, the adjustments associated with the change in calculation methods of retirement benefit obligations and service costs are recorded in retained earnings at the beginning of the first half of the current fiscal year.

The result was a decrease of 372 million yen in net defined benefit liability, and an increase of 239 million yen in retained earnings at the beginning of the first half of the current fiscal year. The effect of this change on operating income, ordinary income and income before income taxes and minority interests in the first half of the current fiscal year is insignificant.

(3) Additional Information

Executive Compensation Stock Trust Plan

The Company has adopted the “Executive Compensation Stock Trust Plan,” a system of job performance linked stock compensation for its directors (excluding outside directors) and executive officers who meet the beneficiary requirements prescribed by the plan. The purpose of this plan is to increase the motivation of these directors and executive officers to improve the Group’s medium to long-term performance, and achieve growth in corporate value.

1. Structure of the trust

Under this program, the “Executive Compensation Stock Trust Plan” acquires Company’s stock using money entrusted to it by the Company. In November each year, directors and executive officers earn points for their positions and performance which are evaluated in accordance with the company regulations. This earned points determines the number of shares that they can be awarded in December.

2. Accounting for stock held in trust

The “Executive Compensation Stock Trust Plan” is accounted for by the gross price method in compliance with “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts (ASBJ Practical Issue Task Force (PITF) No. 30, December 25, 2013).”

3. Company stock held in trust

The Company’s stock held in trust by the “Executive Compensation Stock Trust Plan” is recognized as treasury shares in the net assets section of the quarterly consolidated balance sheet. The book value of the 31,200 shares held in the trust as of the end of the second quarter was 69 million yen.

Effect of the Change in Corporate Tax Rate, Etc.

Following the promulgation on March 31, 2015 of the “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 2 of 2015) and “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015), corporate tax rate, etc. have revised for the fiscal years beginning on or after April 1, 2015. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 35.64% to 33.10% for temporary differences expected to be used for the fiscal year beginning from October 1, 2015 and from 35.64% to 32.34% for the fiscal year beginning from October 1, 2016.

Due to these changes in tax rates, there was a decrease of 49 million yen in deferred tax assets (after deducting deferred tax liabilities) and an increase of 50 million yen in income taxes-deferred.

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

(Millions of yen)

	FY9/14 (As of Sep. 30, 2014)	Second quarter of FY9/15 (As of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	8,173	6,652
Notes and accounts receivable-trade	11,623	11,542
Securities	506	506
Merchandise and finished goods	3,341	4,525
Work in process	1,994	1,975
Raw materials and supplies	3,816	5,094
Accounts receivable-other	2,727	208
Deferred tax assets	570	372
Other	420	422
Allowance for doubtful accounts	(6)	(7)
Total current assets	33,168	31,293
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,917	4,844
Machinery, equipment and vehicles, net	1,672	1,598
Land	882	918
Leased assets, net	2,482	2,325
Construction in progress	386	942
Other, net	125	130
Total property, plant and equipment	10,465	10,760
Intangible assets		
Goodwill	3,030	3,156
Other	1,596	1,410
Total intangible assets	4,627	4,566
Investments and other assets		
Investment securities	93	110
Deferred tax assets	567	353
Other	105	104
Total investments and other assets	765	569
Total non-current assets	15,858	15,896
Total assets	49,027	47,189

(Millions of yen)

	FY9/14 (As of Sep. 30, 2014)	Second quarter of FY9/15 (As of Mar. 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,635	7,740
Short-term loans payable	1,183	300
Current portion of long-term loans payable	921	921
Lease obligations	340	343
Income taxes payable	695	359
Provision for bonuses	910	616
Provision for directors' bonuses	23	8
Provision for sales returns	25	29
Other	1,981	1,791
Total current liabilities	12,718	12,109
Non-current liabilities		
Long-term loans payable	3,496	3,035
Lease obligations	2,394	2,226
Net defined benefit liability	1,296	970
Other	577	561
Total non-current liabilities	7,764	6,793
Total liabilities	20,482	18,903
Net assets		
Shareholders' equity		
Capital stock	3,799	3,799
Capital surplus	5,023	5,023
Retained earnings	19,012	19,747
Treasury shares	(0)	(1,504)
Total shareholders' equity	27,834	27,066
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	21
Deferred gains or losses on hedges	-	6
Foreign currency translation adjustment	699	1,188
Remeasurements of defined benefit plans	(0)	1
Total accumulated other comprehensive income	708	1,218
Minority interests	1	1
Total net assets	28,544	28,286
Total liabilities and net assets	49,027	47,189

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

(Millions of yen)

	First six months of FY9/14 (Oct. 1, 2013 – Mar. 31, 2014)	First six months of FY9/15 (Oct. 1, 2014 – Mar. 31, 2015)
Net sales	14,178	15,460
Cost of sales	8,126	9,039
Gross profit	6,051	6,421
Selling, general and administrative expenses	4,490	4,981
Operating income	1,561	1,440
Non-operating income		
Interest income	1	1
Foreign exchange gains	63	29
Commission fee	0	0
Compensation income	1	1
Fiduciary obligation fee	5	5
Other	21	27
Total non-operating income	93	66
Non-operating expenses		
Interest expenses	25	19
Sales discounts	2	5
Other	0	5
Total non-operating expenses	28	30
Ordinary income	1,625	1,476
Extraordinary income		
Gain on sales of non-current assets	-	0
Subsidy income	76	46
Total extraordinary income	76	46
Extraordinary losses		
Loss on retirement of non-current assets	0	1
Loss on reduction of non-current assets	43	36
Total extraordinary losses	43	37
Income before income taxes and minority interests	1,658	1,485
Income taxes-current	489	340
Income taxes-deferred	166	274
Total income taxes	655	614
Income before minority interests	1,002	871
Minority interests in income (loss)	(0)	0
Net income	1,002	871

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

(Millions of yen)

	First six months of FY9/14 (Oct. 1, 2013 – Mar. 31, 2014)	First six months of FY9/15 (Oct. 1, 2014 – Mar. 31, 2015)
Income before minority interests	1,002	871
Other comprehensive income		
Valuation difference on available-for-sale securities	(46)	12
Deferred gains or losses on hedges	-	6
Foreign currency translation adjustment	73	489
Remeasurements of defined benefit plans, net of tax	-	1
Total other comprehensive income	26	509
Comprehensive income	1,029	1,381
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,029	1,381
Comprehensive income attributable to minority interests	(0)	0

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY9/14 (Oct. 1, 2013 – Mar. 31, 2014)	First six months of FY9/15 (Oct. 1, 2014 – Mar. 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	1,658	1,485
Depreciation	633	874
Amortization of goodwill	138	154
Increase (decrease) in allowance for doubtful accounts	(7)	(0)
Increase (decrease) in provision for bonuses	(273)	(294)
Increase (decrease) in provision for directors' bonuses	(10)	(15)
Increase (decrease) in provision for retirement benefits	40	-
Increase (decrease) in net defined benefit liability	-	44
Interest and dividend income	(1)	(1)
Interest expenses	25	19
Foreign exchange losses (gains)	(63)	(29)
Decrease (increase) in notes and accounts receivable-trade	(1,087)	136
Decrease (increase) in inventories	(1,385)	(2,385)
Increase (decrease) in notes and accounts payable-trade	2,356	1,054
Other, net	454	(188)
Subtotal	2,478	856
Interest and dividend income received	1	(2)
Interest expenses paid	(32)	(34)
Income taxes paid	(873)	(665)
Net cash provided by (used in) operating activities	1,573	154
Cash flows from investing activities		
Purchase of property, plant and equipment	(418)	(797)
Proceeds from sales of property, plant and equipment	-	2,508
Purchase of intangible assets	(792)	(7)
Subsidy income	-	36
Other, net	-	(0)
Net cash provided by (used in) investing activities	(1,211)	1,739
Cash flows from financing activities		
Purchase of treasury shares	-	(1,503)
Net increase (decrease) in short-term loans payable	-	(1,015)
Repayments of long-term loans payable	(460)	(460)
Cash dividends paid	(310)	(375)
Repayments of lease obligations	-	(177)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(771)	(3,533)
Effect of exchange rate change on cash and cash equivalents	16	118
Net increase (decrease) in cash and cash equivalents	(392)	(1,521)
Cash and cash equivalents at beginning of period	6,521	8,680
Cash and cash equivalents at end of period	6,128	7,158

(4) Notes to Quarterly Consolidated Financial Statements

Notes Regarding Assumptions for Company as Ongoing Concern

Not applicable.

Notes Regarding Material Change in Shareholders' Equity

Based on the on February 10, 2015 resolution of the Board of Directors, the Company acquired 643,500 shares of its own stock. The acquisition of treasury shares aims at dampening the effects of any sales of the Company's shares on the supply/demand balance in the market and enabling the Company to implement financial policies in a flexible manner in response to changes in the operating environment.

In addition, 31,200 shares were acquired for the "Executive Compensation Stock Trust Plan."

As a result, treasury shares held by the Company increased by 1,503 million yen during the first half to 1,504 million yen as of the end of the second quarter.

Segment and Other Information

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

4. Supplementary Information

(1) Breakdown of Sales

(Millions of yen)

Efficacy	First six months of FY9/14 (Oct. 1, 2013 – Mar. 31, 2014)		First six months of FY9/15 (Oct. 1, 2014 – Mar. 31, 2015)		YoY change (%)
	Amount	%	Amount	%	
(Finished goods)					
Diagnostic drugs	4,337	30.6	5,253	34.0	21.1
Hormone drugs	2,804	19.8	2,794	18.1	(0.4)
Metabolic drugs	782	5.5	869	5.6	11.1
Circulatory drugs	516	3.6	436	2.8	(15.5)
Antibiotics and chemotherapeutics	432	3.1	441	2.9	2.1
Urogenital and genital organ drugs	211	1.5	226	1.5	7.2
Dermatological preparations	138	1.0	157	1.0	13.8
Others	1,748	12.3	2,592	16.7	48.3
Subtotal	10,971	77.4	12,771	82.6	16.4
(Merchandise)					
Hormone drugs	1,902	13.4	2,098	13.6	10.3
In vitro diagnostic	442	3.1	457	3.0	3.4
Diagnostic drugs	760	5.4	2	0.0	(99.7)
Others	101	0.7	131	0.8	29.7
Subtotal	3,206	22.6	2,689	17.4	(16.1)
Total	14,178	100.0	15,460	100.0	9.0

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. 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.