

Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending September 30, 2016
(Nine Months Ended June 30, 2016)

[Japanese GAAP]

August 9, 2016

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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 9, 2016 at 16:30 (GMT +9).

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

1. Consolidated Financial Results for the Third Quarter (October 1, 2015 to June 30, 2016)
of the Fiscal Year Ending September 30, 2016

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Jun. 30, 2016	25,028	8.8	2,853	28.9	2,559	15.6	1,665	18.7
Nine months ended Jun. 30, 2015	23,000	9.7	2,213	(0.0)	2,214	(2.9)	1,403	(3.3)

Note: Comprehensive income (millions of yen) Nine months ended Jun. 30, 2016: 1,016 (down 45.8%)

Nine months ended Jun. 30, 2015: 1,875 (up 31.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jun. 30, 2016	111.36	-
Nine months ended Jun. 30, 2015	91.77	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June. 30, 2016	47,074	28,781	61.1
As of Sep. 30, 2015	45,773	28,593	62.5

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2016: 28,780 As of Sep. 30, 2015: 28,592

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2015	-	20.00	-	24.00	44.00
Fiscal year ending Sep. 30, 2016	-	21.00	-		
Fiscal year ending Sep. 30, 2016 (Estimated)				24.00	45.00

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

3. Consolidated Forecast for the Fiscal Year Ending September 30, 2016 (October 1, 2015 to September 30, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	34,470	8.8	3,480	7.0	3,430	10.7	2,230	6.6	146.61

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: 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)

As of Jun 30, 2016:	15,626,900 shares	As of Sep. 30, 2015:	15,626,900 shares
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2) Number of treasury shares as of the end of period

As of Jun 30, 2016:	667,737 shares	As of Sep. 30, 2015:	674,922 shares
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3) Average number of shares issued during the period

Nine months ended Jun. 30, 2016:	14,957,494 shares	Nine months ended Jun. 30, 2015:	15,297,808 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 Act. 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.

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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, corporate earnings at companies in Japan recovered, chiefly at exporting companies, backed by the strong economy in the U.S., which raised base interest rates for the first time in nine and a half years. However, outlook is becoming increasingly unclear as there are clear signs of slowing economic growth in China and other emerging countries, and UK has voted to leave the European Union in the referendum.

In Japan's ethical drug industry, the Japanese government has enacted numerous measures aimed at increasing the use of generic drugs as one of its major initiatives to hold down health care expenses. As a result, Japan's market for generic drugs has been expanding. In June 2015, the Japanese Cabinet approved the Basic Policy on Economic and Fiscal Management and Reform 2015. This policy includes two new targets for generic drugs used. Japan now aims to raise the volume-based share of these drugs to at least 70% by the middle of 2017 and at least 80% as soon as possible during the period between fiscal 2018 and the end of fiscal 2020. In September 2015, the Ministry of Health, Labour and Welfare announced the Comprehensive Strategy for Strengthening the Pharmaceutical Industry. The strategy has three themes to build a base for raising the share of generic drugs to 80%: a stable supply of quality drugs in Japan; more efficient use of health care expenses; and a more competitive pharmaceutical industry. To accomplish these goals, the strategy has emergency and tightly targeted measures for making Japan's pharmaceutical industry more competitive. In April 2016, there were revisions to the National Health Insurance (NHI) system and there was an average drug price reduction of 5.57% in the industry. These price reductions caused the prices of our products to fall by 7.8%.

The Fuji Pharma Group has established the central theme "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 our management philosophy of "growth" and "contribution," we have been building a unique business model that produces synergies in strategic fields by combining brands, generic drugs and contract manufacturing. The volume of generic drugs supplied is expected to continue to grow because these drugs are an important element of measures in Japan to hold down the cost of health care. At the same time, it is assumed that this growth will be accompanied by measures to ensure a stable supply and further cut the prices of these drugs. This is why there is an urgent need at the Fuji Pharma Group to take actions aimed at becoming more competitive against global pharmaceutical companies, establish highly profitable drug brands, shift emphasis to biosimilars and other types of drugs, expand operations outside Japan, and build a management infrastructure capable of supporting rapid growth.

On January 22, 2016, Fuji Pharma received a marketing authorization right for Utrogestan Vaginal Capsules 200mg, a natural luteinizing hormone used for corpus luteum supplements in assisted reproductive technologies, and started its sales. For assisted reproductive technologies, luteinizing hormones play an important role in implants and maintaining pregnancy. In many countries other than Japan, these hormones are widely administered through the vagina to make treatments less burdensome on patients in terms of time and physical difficulties. Fuji Pharma's new drug makes it possible in Japan to administer supplemental luteinizing hormones through the vagina. As increasing numbers of women marry later in life in Japan, Fuji Pharma believes that this new drug will provide a new treatment option in the obstetrics and gynecology domain and help many women.

Regarding sales activities, Fuji Pharma has been focusing on the marketing of the new dysmenorrhea treatment agents LUNABELL® tablets ULD. 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 continuously concentrating on sales of the generic contrast agents OYPALOMIN® injection and IOPAQUE® injection, and the new x-ray contrast agent OPTIRAY® injection. In addition to these products, we are focusing on sales of MAGNESCOPE® intravenous injection, the most widely used MRI contrast agent in Europe, for which Fuji Pharma received sales rights from Guerbet Japan KK in

October 2015. There are extensive sales activities to develop new businesses and expand transactions with the goal of establishing more relationships with hospitals throughout Japan that are subject to DPC (Diagnosis Procedure Combination). These activities involve Filgrastim BS injection Syringe and other products.

Net sales increased 8.8% year on year to 25,028 million yen due mainly to the contribution from MAGNESCOPE® intravenous injection and other products for which Fuji Pharma received sales rights. Operating income increased 28.9% to 2,853 million yen, and ordinary income increased 15.6% to 2,559 million yen. Profit attributable to owners of parent increased 18.7% to 1,665 million yen.

Segment information is omitted because there is only a single business segment, which is the pharmaceutical business.

(2) Explanation of Financial Position

Total assets increased 1,300 million yen from the end of the previous fiscal year to 47,074 million yen, net assets increased 188 million yen to 28,781 million yen, and the equity ratio was 61.1% as of the end of the third quarter of the current fiscal year.

Assets

Current assets increased 1,483 million yen mainly because of increases in cash and deposits and inventories. Non-current assets decreased 182 million yen mainly due to a decrease in goodwill from the application of the Accounting Standard for Business Combinations, etc., while there was an increase in construction in progress.

Liabilities

Current liabilities increased 755 million yen mainly due to an increase in current portion of long-term loans payable, while there were decreases in provision for bonuses and income taxes payable. Non-current liabilities increased 356 million yen mainly due to an increase in long-term loans payable.

Net Assets

Net assets increased by 188 million yen mainly because of an increase in retained earnings although there was a decrease in foreign currency translation adjustment.

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

The performance during the first nine months was generally in line with the plan that was announced on November 13, 2015. Consequently, there are no revisions to the consolidated forecast for the fiscal year ending in September 2016.

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 Business Combinations, etc.

The Company has adopted the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and other standards from the first quarter of the current fiscal year. Accordingly, difference arising from changes in the Company’s ownership interests in subsidiaries in cases where control is retained is recognized in capital surplus, and the acquisition costs in connection with business combinations are recognized as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the first quarter of the current fiscal year, the Company has revised the method to reflect reviewed allocation of the acquisition costs arising from determination of the provisional accounting treatment on the quarterly consolidated financial statements to which the date of the business combination belongs. In addition, the presentation of net income has been revised and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the first nine months of the previous fiscal year and the previous fiscal year have been revised.

For the application of these accounting standards, etc. in accordance with the transitional accounting treatments set forth in Article 58-2 (3) of the Accounting Standard for Business Combinations, Article 44-5 (3) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (3) of the Accounting Standard for Business Divestitures. The cumulative effect at the beginning of the first quarter of the current fiscal year upon the retrospective adoption of the above accounting policies for prior years is added to or deducted from capital surplus and retained earnings.

The result was decreases of 207 million yen in goodwill, 169 million yen in retained earnings and 38 million yen in foreign currency translation adjustment at the beginning of the first quarter of the current fiscal year. Operating income, ordinary income and profit before income taxes for the first nine months of the current fiscal year increased 16 million yen each.

Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016

Following the revision of the Corporation Tax Act, the Company has adopted the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (ASBJ Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the third quarter of the current fiscal year, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method. The effect of this change on earnings for the first nine months is insignificant.

(3) Additional Information

Executive Compensation Stock Trust Plan

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

1. Structure of the trust

The Executive Compensation Stock Trust Plan uses a trust funded by monetary contribution from Fuji Pharma to purchase the Company’s stock (common stock) for use as a stock compensation program. Every year, through the trust, directors and others receive the Company’s stock or cash based on points granted in accordance with executive positions and performance as stipulated in stock compensation distribution regulations established by the Company’s Board of Directors. The Board of Directors, based on these rules, will determine in November 2015, 2016 and 2017 the amount of compensation used for calculating points. Stock will then be distributed the following December accordingly.

2. The Company’s stock held by the trust

The Company’s stock held by the trust is included in net assets as treasury shares at book value (excluding associated expenses). There were 31,200 shares with a book value of 69 million yen at the end of September 2015 and 24,015 shares with a book value of 53 million yen at the end of June 2016.

Effect of the Change in Corporate Tax Rate, Etc.

Following the establishment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 13 of 2016) at the Diet on March 29, 2016, corporate tax rate, etc. have lowered for the fiscal years beginning on or after April 1, 2016. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 32.30% to 30.86% for temporary differences expected to be used for the fiscal years beginning on October 1, 2016 and 2017 and from 32.30% to 30.62% for the fiscal years beginning on or after October 1, 2018.

Due to these changes in tax rates, there was a decrease of 51 million yen in deferred tax assets (after deducting deferred tax liabilities) and an increase of 48 million yen in income taxes-deferred.

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

(Millions of yen)

	FY9/15 (As of Sep. 30, 2015)	Third quarter of FY9/16 (As of Jun. 30, 2016)
Assets		
Current assets		
Cash and deposits	5,158	6,186
Notes and accounts receivable-trade	12,337	12,257
Securities	506	506
Merchandise and finished goods	4,633	5,214
Work in process	2,222	2,106
Raw materials and supplies	4,540	5,149
Accounts receivable-other	260	80
Deferred tax assets	478	324
Other	583	376
Allowance for doubtful accounts	(6)	(5)
Total current assets	30,714	32,197
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,573	4,100
Machinery, equipment and vehicles, net	1,472	1,358
Land	887	821
Leased assets, net	2,168	1,933
Construction in progress	1,407	2,690
Other, net	109	123
Total property, plant and equipment	10,618	11,027
Intangible assets		
Goodwill	2,662	2,008
Other	1,213	1,224
Total intangible assets	3,876	3,233
Investments and other assets		
Investment securities	108	126
Deferred tax assets	351	384
Other	104	104
Total investments and other assets	564	616
Total non-current assets	15,059	14,877
Total assets	45,773	47,074

(Millions of yen)

	FY9/15 (As of Sep. 30, 2015)	Third quarter of FY9/16 (As of Jun. 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,102	6,436
Current portion of long-term loans payable	921	1,921
Lease obligations	340	352
Income taxes payable	547	195
Provision for bonuses	742	490
Provision for directors' bonuses	13	6
Provision for sales returns	26	12
Other	2,294	2,329
Total current liabilities	10,989	11,745
Non-current liabilities		
Long-term loans payable	2,575	3,033
Lease obligations	2,052	1,855
Net defined benefit liability	994	1,061
Other	569	596
Total non-current liabilities	6,190	6,547
Total liabilities	17,180	18,292
Net assets		
Shareholders' equity		
Capital stock	3,799	3,799
Capital surplus	5,023	5,023
Retained earnings	20,669	21,491
Treasury shares	(1,504)	(1,488)
Total shareholders' equity	27,988	28,825
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20	1
Deferred gains or losses on hedges	-	(95)
Foreign currency translation adjustment	594	56
Remeasurements of defined benefit plans	(10)	(8)
Total accumulated other comprehensive income	604	(45)
Non-controlling interests	1	1
Total net assets	28,593	28,781
Total liabilities and net assets	45,773	47,074

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

(Millions of yen)

	First nine months of FY9/15 (Oct. 1, 2014 – Jun. 30, 2015)	First nine months of FY9/16 (Oct. 1, 2015 – Jun. 30, 2016)
Net sales	23,000	25,028
Cost of sales	13,484	15,058
Gross profit	9,515	9,969
Selling, general and administrative expenses	7,301	7,115
Operating income	2,213	2,853
Non-operating income		
Interest income	1	1
Dividend income of life insurance	5	1
Foreign exchange gains	9	-
Commission fee	0	1
Compensation income	3	4
Fiduciary obligation fee	5	1
Other	19	21
Total non-operating income	45	31
Non-operating expenses		
Interest expenses	28	26
Sales discounts	7	6
Foreign exchange losses	-	290
Other	8	1
Total non-operating expenses	44	325
Ordinary income	2,214	2,559
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	-	36
Subsidy income	46	46
Total extraordinary income	46	83
Extraordinary losses		
Loss on sales of non-current assets	-	13
Loss on retirement of non-current assets	1	127
Loss on reduction of non-current assets	36	31
Total extraordinary losses	37	172
Profit before income taxes	2,223	2,470
Income taxes-current	471	627
Income taxes-deferred	348	176
Total income taxes	819	804
Profit	1,403	1,665
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,403	1,665

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

(Millions of yen)

	First nine months of FY9/15 (Oct. 1, 2014 – Jun. 30, 2015)	First nine months of FY9/16 (Oct. 1, 2015 – Jun. 30, 2016)
Profit	1,403	1,665
Other comprehensive income		
Valuation difference on available-for-sale securities	24	(18)
Deferred gains or losses on hedges	-	(95)
Foreign currency translation adjustment	444	(538)
Remeasurements of defined benefit plans, net of tax	2	2
Total other comprehensive income	471	(649)
Comprehensive income	1,875	1,016
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,875	1,016
Comprehensive income attributable to non-controlling interests	0	(0)

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

Not applicable.

Notes Regarding Material Change in Shareholders' Equity

Not applicable.

Segment and Other Information

Omitted because there is only a single business segment, which is the pharmaceutical business.

Material Subsequent Events

Not applicable.

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

(Millions of yen)

Efficacy	First nine months of FY9/15 (Oct. 1, 2014 – Jun. 30, 2015)		First nine months of FY9/16 (Oct. 1, 2015 – Jun. 30, 2016)		YoY change (%)
	Amount	%	Amount	%	
(Finished goods)					
Diagnostic drugs	7,936	34.5	8,447	33.8	6.4
Hormone drugs	4,049	17.6	4,636	18.5	14.5
Metabolic drugs	1,323	5.8	1,155	4.6	(12.7)
Circulatory drugs	694	3.0	702	2.8	1.1
Antibiotics and chemotherapeutics	646	2.8	656	2.6	1.5
Urogenital and genital organ drugs	341	1.5	355	1.4	4.1
Dermatological preparations	240	1.0	245	1.0	2.1
Others	3,932	17.1	4,123	16.5	4.8
Subtotal	19,164	83.3	20,321	81.2	6.0
(Merchandise)					
Hormone drugs	3,115	13.5	2,454	9.8	(21.2)
Diagnostic drugs	2	0.0	1,598	6.4	-
In vitro diagnostic	517	2.3	474	1.9	(8.2)
Others	200	0.9	178	0.7	(11.1)
Subtotal	3,835	16.7	4,706	18.8	22.7
Total	23,000	100.0	25,028	100.0	8.8

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

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

3. Fractions less than one million yen are omitted.

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