

**Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending September 30, 2017**  
**(Six Months Ended March 31, 2017)**

[Japanese GAAP]

May 10, 2017

Company name: Fuji Pharma Co., Ltd. Stock Exchange Listing: TSE (1st section)  
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Scheduled date of filing of Quarterly Report: May 11, 2017  
 Scheduled date of payment of dividend: June 1, 2017  
 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 10, 2017 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, 2016 to March 31, 2017)**  
**of the Fiscal Year Ending September 30, 2017**

(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	%
Six months ended Mar. 31, 2017	17,324	2.9	2,274	25.0	2,535	46.9	1,789	66.8
Six months ended Mar. 31, 2016	16,836	8.9	1,819	26.3	1,725	16.9	1,072	23.1

Note: Comprehensive income (millions of yen) Six months ended Mar. 31, 2017: 2,376 (up 162.3%)  
 Six months ended Mar. 31, 2016: 905 (down 34.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Mar. 31, 2017	119.60	-
Six months ended Mar. 31, 2016	71.73	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Mar. 31, 2017	47,523	31,254	65.8
As of Sep. 30, 2016	48,147	29,226	60.7

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2017: 31,253 As of Sep. 30, 2016: 29,224

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2016	-	21.00	-	24.00	45.00
Fiscal year ending Sep. 30, 2017	-	23.00	-	-	-
Fiscal year ending Sep. 30, 2017 (Estimated)	-	-	-	25.00	48.00

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

**3. Consolidated Forecast for the Fiscal Year Ending September 30, 2017 (October 1, 2016 to September 30, 2017)**

(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	36,300	6.0	4,300	20.5	4,180	28.5	2,800	32.2	187.18

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: 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 Mar. 31, 2017:	15,626,900 shares	As of Sep. 30, 2016:	15,626,900 shares
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2) Number of treasury shares as of the end of period

As of Mar. 31, 2017:	662,343 shares	As of Sep. 30, 2016:	667,779 shares
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3) Average number of shares outstanding during the period

Six months ended Mar. 31, 2017:	14,962,640 shares	Six months ended Mar. 31, 2016:	14,956,665 shares
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\* The current quarterly financial report is not subject to quarterly review procedures.

\* 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 Company plans to hold a financial results meeting for institutional investors and analysts on Monday, May 15, 2017. 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 first half of the current fiscal year, corporate earnings at companies in Japan recovered, chiefly at exporting companies, backed by the strong economy in the United States. However, the outlook is becoming increasingly uncertain due to a mixture of expectations and concerns about the new U.S. administration, Brexit, slowing economic growth in China and other emerging countries, and other events.

In Japan's ethical drug industry, 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 targeted measures for making Japan's pharmaceutical industry more competitive. In addition, the December 2016 Basic Policy for Radical Reform of the Drug Pricing System includes a switch to revising National Health Insurance drug prices every year. As a result, the operating environment for the industry is becoming increasingly difficult.

The Fuji Pharma Group has established the central theme of "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 support 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 of drugs and further cut the prices of drugs. The Fuji Pharma Group's goal is to become a specialty pharmaceutical company in its strategic market sectors. Accomplishing this goal will require becoming more cost competitive in order to compete with global pharmaceutical companies, establishing highly profitable drug brands, shifting emphasis to biosimilars and other types of drugs, and building an infrastructure for growth outside Japan.

In our core field of obstetrics and gynecology, we are concentrating on UTROGESTAN Vaginal Capsules 200mg, a natural luteinizing hormone used for corpus luteum supplements in assisted reproductive technologies. We received regulatory approval to manufacture and sell this product in 2016. In addition, we are continuing to work on increasing sales of the dysmenorrhea treatment agent LUNABELL® tablets ULD and on increasing the market share of infertility treatment drugs and other major products.

In the field of radiology, we are 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. 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 2.9% year on year to 17,324 million yen. Operating income increased 25.0% to 2,274 million yen due to a decline in R&D expenses, an improvement in the cost of sales and other reasons. Ordinary income increased 46.9% to 2,535 million yen, due in part to a foreign exchange valuation gain on a loan to a subsidiary. Profit attributable to owners of parent was up 66.8% to 1,789 million yen.

The Group does not provide segment information because it has only a single business segment, which is the pharmaceutical business.

**(2) Explanation of Financial Position**

Total assets decreased 624 million yen from the end of the previous fiscal year to 47,523 million yen, net assets increased 2,028 million yen to 31,254 million yen, and the equity ratio was 65.8% as of the end of the first half of the current fiscal year.

**Assets**

Current assets decreased 1,314 million yen mainly because of a decrease in cash and deposits. Non-current assets increased 690 million yen mainly due to an increase in construction in progress.

**Liabilities**

Current liabilities decreased 2,270 million yen mainly due to decreases in current portion of long-term loans payable and notes and accounts payable-trade. Non-current liabilities decreased 382 million yen mainly due to a decrease in long-term loans payable.

**Net Assets**

Net assets increased 2,028 million yen mainly because of increases in retained earnings and foreign currency translation adjustment.

**Cash flows**

Cash and cash equivalents as of the end of the second quarter under review totaled 5,497 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 was 1,451 million yen (a year-on-year decrease in inflow of 371 million yen). This was the net result of adding depreciation of 825 million yen to profit before income taxes of 2,534 million yen, while there were a 544 million yen decrease in notes and accounts payable-trade, and income taxes paid of 662 million yen and other factors.

**2) Cash Flows from Investing Activities**

Net cash used in investing activities was 780 million yen (a year-on-year decrease in outlays of 796 million yen). This was mainly due to the purchase of property, plant and equipment of 720 million yen.

**3) Cash Flows from Financing Activities**

Net cash used in financing activities was 2,003 million yen (net cash provided of 1,026 million yen in the same period of the previous fiscal year). This was due to the repayment of long-term loans payable of 1,460 million yen, cash dividends paid of 359 million yen and repayments of lease obligations of 182 million yen.

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

The Company maintains its consolidated forecasts for the fiscal year ending in September 2017 that was announced on November 11, 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**

Additional Information

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the first quarter of the current fiscal year, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016).

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 the Company 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 in 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 24,015 shares with a book value of 53 million yen at the end of the previous fiscal year and 18,579 shares with a book value of 41 million yen at the end of the first half of the current fiscal year.

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

(Millions of yen)

	FY9/16 (As of Sep. 30, 2016)	Second quarter of FY9/17 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	6,815	5,497
Notes and accounts receivable-trade	13,072	13,057
Merchandise and finished goods	4,641	4,109
Work in process	2,268	2,270
Raw materials and supplies	4,659	5,320
Accounts receivable-other	70	2
Deferred tax assets	500	360
Other	286	382
Allowance for doubtful accounts	(5)	(6)
Total current assets	32,309	30,994
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,134	3,994
Machinery, equipment and vehicles, net	1,428	1,260
Land	819	859
Leased assets, net	2,046	2,237
Construction in progress	2,470	3,300
Other, net	116	115
Total property, plant and equipment	11,016	11,768
Intangible assets		
Goodwill	1,936	2,037
Other	1,123	943
Total intangible assets	3,060	2,981
Investments and other assets		
Investment securities	128	135
Long-term advance payments-trade	1,152	1,152
Deferred tax assets	374	383
Other	105	107
Total investments and other assets	1,762	1,779
Total non-current assets	15,838	16,528
Total assets	48,147	47,523

	(Millions of yen)	
	FY9/16 (As of Sep. 30, 2016)	Second quarter of FY9/17 (As of Mar. 31, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	6,291	5,800
Current portion of long-term loans payable	1,921	921
Lease obligations	387	425
Income taxes payable	599	685
Provision for bonuses	758	630
Provision for directors' bonuses	8	5
Provision for sales returns	11	7
Other	2,760	1,991
<b>Total current liabilities</b>	<b>12,739</b>	<b>10,468</b>
<b>Non-current liabilities</b>		
Long-term loans payable	2,653	2,192
Lease obligations	1,943	1,986
Net defined benefit liability	1,052	1,088
Other	531	531
<b>Total non-current liabilities</b>	<b>6,181</b>	<b>5,799</b>
<b>Total liabilities</b>	<b>18,921</b>	<b>16,268</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,799	3,799
Capital surplus	5,023	5,023
Retained earnings	21,944	23,374
Treasury shares	(1,488)	(1,476)
<b>Total shareholders' equity</b>	<b>29,278</b>	<b>30,720</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2	7
Deferred gains or losses on hedges	(92)	4
Foreign currency translation adjustment	31	514
Remeasurements of defined benefit plans	5	5
<b>Total accumulated other comprehensive income</b>	<b>(53)</b>	<b>532</b>
<b>Non-controlling interests</b>	<b>1</b>	<b>1</b>
<b>Total net assets</b>	<b>29,226</b>	<b>31,254</b>
<b>Total liabilities and net assets</b>	<b>48,147</b>	<b>47,523</b>



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

(Millions of yen)

	First six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2016)	First six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)
Net sales	16,836	17,324
Cost of sales	10,085	10,189
Gross profit	6,751	7,134
Selling, general and administrative expenses	4,931	4,859
Operating income	1,819	2,274
Non-operating income		
Interest income	4	0
Foreign exchange gains	-	267
Commission fee	1	0
Compensation income	2	4
Fiduciary obligation fee	1	0
Other	9	10
Total non-operating income	18	283
Non-operating expenses		
Interest expenses	23	17
Sales discounts	3	3
Foreign exchange losses	83	-
Other	1	1
Total non-operating expenses	112	22
Ordinary income	1,725	2,535
Extraordinary income		
Gain on sales of non-current assets	0	0
Subsidy income	46	-
Total extraordinary income	46	0
Extraordinary losses		
Loss on sales of non-current assets	13	0
Loss on retirement of non-current assets	126	0
Loss on reduction of non-current assets	31	-
Total extraordinary losses	171	0
Profit before income taxes	1,600	2,534
Income taxes-current	387	656
Income taxes-deferred	140	88
Total income taxes	527	745
Profit	1,072	1,789
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,072	1,789

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

(Millions of yen)

	First six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2016)	First six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)
Profit	1,072	1,789
Other comprehensive income		
Valuation difference on available-for-sale securities	6	4
Deferred gains or losses on hedges	-	97
Foreign currency translation adjustment	(175)	483
Remeasurements of defined benefit plans, net of tax	1	0
Total other comprehensive income	(167)	586
Comprehensive income	905	2,376
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	905	2,375
Comprehensive income attributable to non-controlling interests	0	0

**(3) Consolidated Statement of Cash Flows**

(Millions of yen)

	First six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2016)	First six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	1,600	2,534
Depreciation	833	825
Amortization of goodwill	135	126
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for bonuses	(188)	(127)
Increase (decrease) in provision for directors' bonuses	(6)	(3)
Increase (decrease) in net defined benefit liability	51	29
Interest and dividend income	(4)	(0)
Interest expenses	23	17
Foreign exchange losses (gains)	(3)	(201)
Loss on retirement of non-current assets	126	0
Decrease (increase) in notes and accounts receivable-trade	(188)	75
Decrease (increase) in inventories	(655)	(60)
Increase (decrease) in notes and accounts payable-trade	729	(544)
Other, net	(68)	(539)
Subtotal	2,385	2,132
Interest and dividend income received	1	3
Interest expenses paid	(36)	(21)
Income taxes paid	(528)	(662)
Net cash provided by (used in) operating activities	1,822	1,451
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,477)	(720)
Proceeds from sales of property, plant and equipment	163	0
Purchase of intangible assets	(208)	(59)
Purchase of investment securities	(100)	-
Subsidy income	46	-
Other, net	(0)	(0)
Net cash provided by (used in) investing activities	(1,577)	(780)
Cash flows from financing activities		
Proceeds from long-term loans payable	2,000	-
Repayments of long-term loans payable	(460)	(1,460)
Cash dividends paid	(359)	(359)
Repayments of lease obligations	(153)	(182)
Net cash provided by (used in) financing activities	1,026	(2,003)
Effect of exchange rate change on cash and cash equivalents	(29)	15
Net increase (decrease) in cash and cash equivalents	1,242	(1,317)
Cash and cash equivalents at beginning of period	5,664	6,815
Cash and cash equivalents at end of period	6,906	5,497

**(4) 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 six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2016)		First six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)		YoY change (%)
	Amount	%	Amount	%	
(Finished goods)					
Diagnostic drugs	5,800	34.4	5,728	33.1	(1.2)
Hormone drugs	2,983	17.7	3,332	19.2	11.7
Metabolic drugs	783	4.7	769	4.4	(1.8)
Circulatory drugs	482	2.9	450	2.6	(6.8)
Antibiotics and chemotherapeutics	429	2.5	447	2.6	4.1
Urogenital and genital organ drugs	231	1.4	237	1.4	2.8
Dermatological preparations	153	0.9	189	1.1	23.6
Others	2,727	16.2	2,997	17.3	9.9
Subtotal	13,592	80.7	14,153	81.7	4.1
(Merchandise)					
Hormone drugs	1,734	10.3	1,432	8.3	(17.4)
Diagnostic drugs	1,025	6.1	1,142	6.6	11.4
In vitro diagnostics	361	2.2	491	2.8	35.8
Others	122	0.7	105	0.6	(14.0)
Subtotal	3,244	19.3	3,171	18.3	(2.2)
Total	16,836	100.0	17,324	100.0	2.9

- 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.*