

Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending September 30, 2017
(Nine Months Ended June 30, 2017)

[Japanese GAAP]

August 8, 2017

Company name: Fuji Pharma Co., Ltd. Stock Exchange Listing: TSE (1st section)
 Stock code: 4554 (URL: <http://www.fujipharma.jp>)
 Representative: Eiji Takemasa, President & CEO
 Contact: Seiichi Inoue, Director, Executive Corporate Officer, Chief Executive, Corporate Planning Division
 TEL: +81-(0)3-3556-3344

Scheduled date of filing of Quarterly Report: August 9, 2017

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, 2017 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, 2016 to June 30, 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	%
Nine months ended Jun. 30, 2017	26,016	3.9	3,561	24.8	3,822	49.3	2,688	61.4
Nine months ended Jun. 30, 2016	25,028	8.8	2,853	28.9	2,559	15.6	1,665	18.7

Note: Comprehensive income (millions of yen) Nine months ended Jun. 30, 2017: 3,322 (up 226.8%)
 Nine months ended Jun. 30, 2016: 1,016 (down 45.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jun. 30, 2017	179.68	-
Nine months ended Jun. 30, 2016	111.36	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2017	48,850	31,856	65.2
As of Sep. 30, 2016	48,147	29,226	60.7

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2017: 31,854 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 Jun. 30, 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 Jun. 30, 2017:	662,386 shares	As of Sep. 30, 2016:	667,779 shares
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3) Average number of shares outstanding during the period

Nine months ended Jun. 30, 2017:	14,963,268 shares	Nine months ended Jun. 30, 2016:	14,957,494 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.

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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 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 3.9% year on year to 26,016 million yen. Operating income increased 24.8% to 3,561 million yen, ordinary income increased 49.3% to 3,822 million yen and profit attributable to owners of parent was up 61.4% to 2,688 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 increased 702 million yen from the end of the previous fiscal year to 48,850 million yen, net assets increased 2,629 million yen to 31,856 million yen, and the equity ratio was 65.2% as of the end of the first nine months of the current fiscal year.

Assets

Current assets increased 258 million yen mainly because of an increase in raw materials and supplies. Non-current assets increased 443 million yen mainly due to an increase in buildings and structures.

Liabilities

Current liabilities decreased 1,279 million yen mainly due to a decrease in current portion of long-term loans payable. Non-current liabilities decreased 648 million yen mainly due to a decrease in long-term loans payable.

Net Assets

Net assets increased 2,629 million yen mainly because of increases in retained earnings and foreign currency translation adjustment.

(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 the “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 nine months of the current fiscal year.

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

(Millions of yen)

	FY9/16 (As of Sep. 30, 2016)	Third quarter of FY9/17 (As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits	6,815	6,530
Notes and accounts receivable-trade	13,072	12,935
Merchandise and finished goods	4,641	3,826
Work in process	2,268	2,499
Raw materials and supplies	4,659	5,868
Accounts receivable-other	70	9
Deferred tax assets	500	345
Other	286	559
Allowance for doubtful accounts	(5)	(6)
Total current assets	32,309	32,568
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,134	5,412
Machinery, equipment and vehicles, net	1,428	2,456
Land	819	862
Leased assets, net	2,046	2,137
Construction in progress	2,470	653
Other, net	116	142
Total property, plant and equipment	11,016	11,665
Intangible assets		
Goodwill	1,936	1,990
Other	1,123	839
Total intangible assets	3,060	2,829
Investments and other assets		
Investment securities	128	137
Long-term advance payments-trade	1,152	1,152
Deferred tax assets	374	390
Other	105	107
Total investments and other assets	1,762	1,787
Total non-current assets	15,838	16,282
Total assets	48,147	48,850

(Millions of yen)

	FY9/16 (As of Sep. 30, 2016)	Third quarter of FY9/17 (As of Jun. 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,291	6,247
Current portion of long-term loans payable	1,921	1,033
Lease obligations	387	430
Income taxes payable	599	575
Provision for bonuses	758	591
Provision for directors' bonuses	8	7
Provision for sales returns	11	9
Other	2,760	2,564
Total current liabilities	12,739	11,460
Non-current liabilities		
Long-term loans payable	2,653	2,000
Lease obligations	1,943	1,887
Net defined benefit liability	1,052	1,119
Other	531	526
Total non-current liabilities	6,181	5,533
Total liabilities	18,921	16,994
Net assets		
Shareholders' equity		
Capital stock	3,799	3,799
Capital surplus	5,023	5,023
Retained earnings	21,944	23,928
Treasury shares	(1,488)	(1,476)
Total shareholders' equity	29,278	31,275
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	8
Deferred gains or losses on hedges	(92)	9
Foreign currency translation adjustment	31	555
Remeasurements of defined benefit plans	5	6
Total accumulated other comprehensive income	(53)	579
Non-controlling interests	1	1
Total net assets	29,226	31,856
Total liabilities and net assets	48,147	48,850

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

(Millions of yen)

	First nine months of FY9/16 (Oct. 1, 2015 – Jun. 30, 2016)	First nine months of FY9/17 (Oct. 1, 2016 – Jun. 30, 2017)
Net sales	25,028	26,016
Cost of sales	15,058	15,188
Gross profit	9,969	10,827
Selling, general and administrative expenses	7,115	7,266
Operating income	2,853	3,561
Non-operating income		
Interest income	1	0
Dividend income of life insurance	1	1
Foreign exchange gains	-	273
Commission fee	1	0
Compensation income	4	5
Fiduciary obligation fee	1	0
Other	21	13
Total non-operating income	31	294
Non-operating expenses		
Interest expenses	26	25
Sales discounts	6	5
Foreign exchange losses	290	-
Other	1	1
Total non-operating expenses	325	33
Ordinary income	2,559	3,822
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	36	-
Subsidy income	46	-
Total extraordinary income	83	0
Extraordinary losses		
Loss on sales of non-current assets	13	0
Loss on retirement of non-current assets	127	1
Loss on reduction of non-current assets	31	-
Total extraordinary losses	172	1
Profit before income taxes	2,470	3,821
Income taxes-current	627	1,040
Income taxes-deferred	176	92
Total income taxes	804	1,132
Profit	1,665	2,688
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,665	2,688

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

(Millions of yen)

	First nine months of FY9/16 (Oct. 1, 2015 – Jun. 30, 2016)	First nine months of FY9/17 (Oct. 1, 2016 – Jun. 30, 2017)
Profit	1,665	2,688
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	5
Deferred gains or losses on hedges	(95)	101
Foreign currency translation adjustment	(538)	524
Remeasurements of defined benefit plans, net of tax	2	1
Total other comprehensive income	(649)	633
Comprehensive income	1,016	3,322
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,016	3,321
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 FY9/16 (Oct. 1, 2015 – Jun. 30, 2016)		First nine months of FY9/17 (Oct. 1, 2016 – Jun. 30, 2017)		YoY change (%)
	Amount	%	Amount	%	
(Finished goods)					
Diagnostic drugs	8,447	33.8	8,480	32.6	0.4
Hormone drugs	4,636	18.5	5,211	20.0	12.4
Metabolic drugs	1,155	4.6	1,187	4.6	2.7
Circulatory drugs	702	2.8	717	2.8	2.1
Antibiotics and chemotherapeutics	656	2.6	657	2.5	0.2
Urogenital and genital organ drugs	355	1.4	361	1.4	1.5
Dermatological preparations	245	1.0	291	1.1	18.9
Others	4,123	16.5	4,575	17.6	11.0
Subtotal	20,321	81.2	21,482	82.6	5.7
(Merchandise)					
Hormone drugs	2,454	9.8	2,192	8.4	(10.7)
Diagnostic drugs	1,598	6.4	1,570	6.0	(1.8)
In vitro diagnostics	474	1.9	606	2.3	27.7
Others	178	0.7	165	0.6	(7.5)
Subtotal	4,706	18.8	4,534	17.4	(3.7)
Total	25,028	100.0	26,016	100.0	3.9

- 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.