

健康づくりは幸せづくり
Making Health is making happiness



53rd

Business Report

From April 1, 2006 to March 31, 2007



ゼリア新薬

Z E R I A

To Our Shareholders



Dear Shareholders,
We are pleased to report the results of the fiscal year 2006 (53rd business operations) for the period from April 1, 2006 to March 31, 2007.

President
Zeria Pharmaceutical Co., Ltd. **Sachiaki Ibe**

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Z・E・R・I・A Five コーポレート・スピリッツ／企業理念



Summary of Our Business Operations (Consolidated)

Results of the Fiscal Year 2006

The results of the fiscal year 2006 are 52.757 billion yen in sales (down 5.0% compared with the previous fiscal year), 3.341 billion yen in ordinary profits (an increase of 77.8%) and 2.068 billion yen in net profits (an increase of 65.6%). The dividend for this fiscal year is 16 yen per share.

Results by Operated Business

● Ethical Pharmaceuticals

In the Ethical Pharmaceuticals division, we sought to improve the quality of our medical representatives (MRs), and took steps to upgrade our medical information activities based on the observance of the promotion codes.

We assigned additional sales resources to gastrointestinal (GI) products, our top priority, in response to changing market conditions and intensifying market competition. As a result, sales increased for the Promac series of zinc-containing antiulcer agents, supported by the market penetration of Promac D 75, a tablet that dissolves within the oral cavity which we released in July 2006. However, Acinon Capsules 75 and 150, H₂ receptor antagonists, and Marzulene-S Granules/ES tablets, cytoprotective agents for gastritis and peptic ulcer, experienced lower sales following the reduction in NHI prices.

Meanwhile, as part of our efforts to bolster our product lineup in the cardiovascular field, we launched Polidocasklerol 0.5%/1%/3% Injs.2mL, for sclerotherapy for leg varicose veins in December 2006. In an additional step, we allocated to sales in this business lump-sum payments in connection with an agreement for joint drug development and sales of Z-

206 (ASACOL), a therapeutic agent for inflammatory bowel diseases currently under development, with KYOWA HAKKO KOGYO CO., LTD.

As a result of the above, sales in the Ethical Pharmaceuticals division reached 34.406 billion yen (a 3.6% increase from the previous fiscal year).

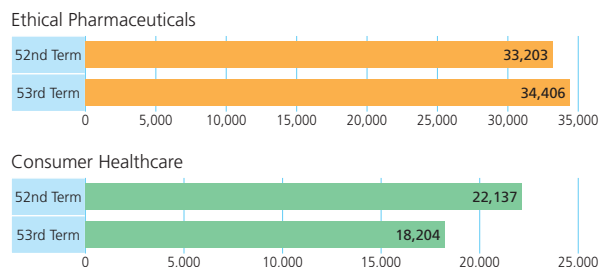
● Consumer Healthcare

In the Consumer Healthcare division, we stepped up our efforts to develop markets through the provision of self prevention-oriented products geared to responding to the rapid aging of our society.

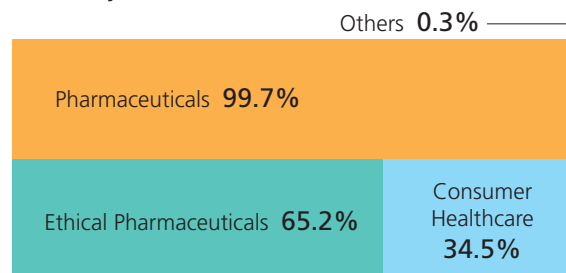
The Chondroitin group, our main strength in this group, continued to improve its performance against a large number of competing products, and maintained its position as the clear leader in the market for oral remedy for joint pains, with a market share in excess of 60%. We also launched ZZ:CC ADSORB ESSENCE, a basic skin care product containing Chondroitin, a substance we have studied for many years, as our first cosmetic exclusively sold by mail order. The Hepalyse group of nutrients and tonics for physical fatigue and exhaustion also achieved sales gains. Moreover, we added several new products to the Aposty group and bolster its product lineup.

However, a review of transactions for certain health foods at the end of the previous fiscal year conducted negative effects, and forced us to record reduced earnings in this division. As a result sales in the division amounted to 18.204 billion yen (a 17.8% decrease from the previous fiscal year).

● Consolidated sales (unit: ¥ million)



● Sales by division



Summary of our Business Operations (Consolidated)

Status of Research and Development

In the Research and Development division, we are actively pursuing overseas clinical studies for original products with a view to developing new drugs that are globally marketable and competitive. At the same time, we are developing products for the Japanese market based on pharmaceuticals in-licensed from overseas where they scored success.

We are currently endeavoring to build our pipeline of new gastrointestinal drugs, a priority field. In the course of these efforts, in April 2006, we received an approval for Visiclear Tablets, a bowel cleaning agent for colonoscopy, in-licensed from InKine Pharmaceuticals, Inc. of the United States. Marketing of this product commenced in June 2007.

Meanwhile, we are undertaking Phase III clinical studies for Z-206 (ASACOL), a therapeutic agent for inflammatory bowel diseases in-licensed from Tillotts Pharma AG of Switzerland. Clinical development in patients with Crohn's disease is in preparation in conjunction with KYOWA HAKKO KOGYO CO., LTD under a joint development and sales agreement which established in January 2007.

Z-338, an original product for patients with functional dyspepsia under trilateral development in Japan, Europe and the United States, is now in Phase II in Japan and Europe. In

the United States, Astellas Pharma Inc. is conducting a Phase II study based on a license agreement.

As for Promac, we are carrying out Phase III clinical studies to demonstrate its efficacy in the treatment of taste of disorder (dysgeusia).

In Europe, we are undertaking a Phase Ib/IIa study to examine safety and efficacy of Z-360 in patients with pancreatic cancer. In Japan, We are also continuing an additional Phase III study on Ancer Injection to demonstrate its efficacy with cervical cancer. Moreover, we are gearing up to start the clinical development of Z-207, a therapeutic agent for allergic rhinitis, under contract with the Japan Science and Technology Agency (JST), an incorporated administrative agency.

We received approval for Acinon Tablets 75mg/150mg in March 2007. We are preparing to market this product now.

We received approval for Promac D Tablets 75, which dissolve within the oral cavity, in February 2006, and



● Main Ethical Products

Therapeutic Field	Product Name
Gastrointestinal field	Acinon Capsules 75, 150
	Promac Granules 15%, D Tablets 75
	Marzulene- S Granules, ES Tablets
	New Lecicarbon Suppository
Central nervous field	Peon Tablets 80
Cardiovascular field	Landel Tablets 10, 20, 40, Polidocasklerol (05%, 1%, 3% Injection 2mL)
Immune field	Ancer 20 Injection
Medical devices	Avitene, Syringe Avitene

● Main Consumer Healthcare Products

Therapeutic Field	Product Name
Self-Prevention	Chondroitin ZS Tablets
	New Hepalyse Plus, New Hepalyse Drink
	Hi Jelly B, Hi Jelly B Fresh
	New Royal Geront B
Nutrient Tonics (Pharmaceuticals)	Hi Jelly Granules, Hi Jelly Powder
Remedies for Gastrointestinal Disease	WithOne, WithOne α , WithOne Plus, WithOne L
Cold Remedies	Cepie Gold Capsules, Granules
Nutrient Tonics (Quasi Drugs)	Royal VH
	Vita Healthan B
Dermal Remedies	Aposty Lotion / Mild Lotion / Moisture Lotion / Facial Foam / Cream)
	Dolmycin Ointment
	Dolmycorti Ointment
New-Concept Foods	New Health Habit

introduced the product to the market in July 2006.

As for Consumer Healthcare products, we launched a series of new products and store brand products.

As a result of the activities reported above, R&D expenditure reached 5.772 billion yen (a 14.8% decrease from the previous fiscal year).

Status of Production and Distribution

In our Production and Distribution division, we made progress with our operations by attaching top priority to securing quality. In our production-related divisions in particular, we focused our operations on seeking higher quality and positioning cost reduction as a main theme. Meanwhile, in the distribution and logistics divisions, we outsourced logistics operations, and endeavored to increase operational efficiency and reduce costs further.

As part of our efforts to expand the Consumer Healthcare business, we completed the second phase construction at the Tsukuba Plant in November 2006 which began operation in January 2007.

Outlook for the fiscal year 2007

In the Ethical Pharmaceuticals division, we plan to promote efficient operation of the information system we introduced to quickly address environmental changes, in anticipation of further developments in medical system reforms, corporate reorganization and other elements of the business environment. In addition, we intend to bolster sales operations and, at the same time, increase sales of existing products, ensure rapid market penetration by products scheduled to be launched in this period of Mid-Term Business Plan, and improve profitability by continuing to take advantage of a promotion system that uses IT. Through these actions, we will solidify our position in operating fields centering on gastrointestinal drugs.

In the Consumer Healthcare division, our Chondroitin group met consumer needs and solidified its position as the market leader within the period of our 5th Mid-Term Business Plan, with the rapid aging of the society as a background. We intend to focus on customer acquisition and develop new national brand products in this period of Mid-Term Business Plan.

We will try to improve our position within the industry by adopting strategies such as the expansion of our lineup of Switch OTC drugs that meet the rising public interest in self medication, ahead of the full-scale implementation of the new OTC drug sales system by 2009 based on revised Pharmaceutical Affairs Law.

Close-up shot

2nd Phase Construction at the Tsukuba Plant



Total cost:	4.5 billion yen
Area:	8,500 m ² approx equal to Plant 1 st Phase
Main production Lines:	Nutrient tonics(carbonated and non-carbonated), Health food products
Production capacity:	100 million containers
Container capacity:	30 , 50, 100 - 120 mL
Containers types:	glass bottles, aluminum cans
Packages:	paper boxes, shrink packs and paper wrapping
*Note) Production data includes output for 1 st Phase.	

In the Research and Development division , we intend to further expand our pipeline of new ethical pharmaceuticals, with the development of new drugs that contribute to the international community as the objective. We plan to launch three new drugs, one product with a new indication, and two products in new dosage forms in this period of Mid-Term Business Plan. We will also aggressively pursue the development of Consumer Healthcare products, including Switch OTC drugs capable of contributing to self medication, in response to the rapid aging of our society.

In the Production and Distribution division, as part of our efforts to expand the Consumer Healthcare business, we completed the second phase construction at the Tsukuba Plant in November 2006. We will reduce costs and ensure quality by boosting productivity in a cooperative framework created for our sales and development divisions.

Moreover, we are taking action to bolster productivity across the Zeria Group, and plan to build an integrated mission-critical system. Making effective use of our initiatives in these areas, we will continue to bolster our operational efficiency. We will also improve our internal control system and strengthen its management in response to the introduction of such laws as the Companies Act and the Financial Instruments and Exchange Law, and continue to boost the reliability of Group management.

We request for our shareholders their continued support and encouragement.

Research and Development Pipeline

The new pharmaceuticals pipeline at the Company covers 14 themes, including those for Japan and overseas.

Status of Research and Development

1. Domestic pipeline (Japan)

1-1) Gastrointestinal field

Stage	Development Code/ Generic Name	Development	Indications	Classification	Note
Approved	Z-205/ Sodium Phosphate	Zeria	Bowel cleansing for colonoscopy	Tablet form bowel preparation	In-licensed
	ZL-101/Nizatidine	Zeria	Gastroduodenal Ulcer, GERD, Gastritis	Tablet	In-licensed Acinon Additional Formulation
Phase III	Z-206/Mesalazine	Zeria	Ulcerative Colitis	pH depend controlled- release formulation	In-licensed
	Z-206/Mesalazine	Co-development (Kyowa Hakko)	Crohn's Disease	pH depend controlled- release formulation	In-licensed
	Z-103/Polaprezinc	Zeria	Taste disorder	Zinc replacement	In-licensed Promac Additional Indication
Phase II	Z-338/Acotiamide	Zeria	Functional dyspepsia	Upper gastrointestinal motility modulator	Original
Phase I in preparation	Z-501	Zeria	Irritable bowel syndrome	Neurokinin NK ₂ receptor antagonist	Original

1-2) Other field

Stage	Development Code/ Generic Name	Development	Indications	Classification	Note
Phase III	Z-100	Zeria	Cervical cancer	Immunomodulator	Original Ancer Additional Indication
Phase I in preparation	Z-207	Zeria	Allergic Rhinitis	Chemical ablation Ethanol / Steroid mixture	In-licensed

2. Overseas pipeline

Stage	Development Code/ Generic Name	Development	Indications	Classification	Note
Phase III (Korea)	Z-103/Polaprezinc	SK Chemical (Out-licensed)	Gastritis, Gastric ulcer	Cytoprotective antiulcer	In-licensed
Phase II (Europe)	Z-338/Acotiamide	Zeria	Functional dyspepsia	Upper gastrointestinal motility modulator	Original
Phase II (North America)		Co-development (Astellas)			Out-licensed Original
Phase I b/IIa (Europe)	Z-360	Zeria	Pancreatic cancer	Gastrin CCK ₂ receptor antagonist	Original
Phase I in preparation (USA)	Z-501	Zeria	Irritable bowel syndrome	Neurokinin NK ₂ receptor antagonist	Original

Special Offers to Our Shareholders

We offer a hospitality program to our shareholders in recognition of their constant support. Including the new option D, we now offer four hospitality program options. We will deliver a gift in the option of choice to shareholders. We hope our shareholders to try the gift products for better understanding of our products structure.

Option A

One box of our new concept product, "Shin Kenko Shukan (New Health Habit)" (2 weeks supply) to help reduce body fats.

"Shin Kenko Shukan (New Health Habit)" is a low calorie (about 220-kcal per meal), life-supporting food product, in which various nutrients are balanced and blended. This product is recommended to people who have high body fat or who want to keep their weight at a healthy level.



Option B

Health food drink, "Chondorobe Concentrate, JUNKOU" (2 bottles of 720 ml each)

"Chondrobe Concentrate JUNKOU" is a health food drink which contains 1,560 mg of chondroitin sulfate, 1,000 mg of glucosamine and 1,000 mg of collagen peptide in 90 ml of standard daily standard intake volume, and we recommend this product to the customers who wish to be young and active.



Option C

Cosmetics and health products "An assortment of cosmetics and mini health drinks"



Each box of this assortment contains two bottles of Aposty Cleansing Foam, and two bottles of Aposty Mild Lotion, which are skin care products for adults containing Chondroitin, and has been building an excellent reputation, ten bottles of Royal Jelly Peach Flavor Drinks Sugarless, 2-Kcal mini drink containing royal jelly, coix seed and vitamins, and ten bottles of Royal Jelly Apple Flavor Drinks Sugarless containing the same ingredients.

Aposty Cleansing Foam (cosmetics): 2 bottles containing 60 g each
 Aposty Mild Lotion (quasi drug): 2 bottles containing 150 mL each
 Royal Jelly Peach Flavor Drink Sugarless: (quasi drug): 10 bottles containing 50 mL each packed in a case
 Royal Jelly Apple Flavor Drink Sugarless: (quasi drug): 10 bottles containing 50 mL each packed in a case

Option D

Chondroitin-Content Intensive Nighttime Essence (cosmetics) ZZ:CC ADSORB ESSENCE (1 bottle)

ZZ:CC ADSORB ESSENCE is an intensive nighttime essence that contains Chondroitin, a substance the Company has been studying over many years.

The product contains high-purity Chondroitin, a collagen, an established skin beautifying component, and hyaluronate in original ratios. We named this functional moisturizing and protective component "Skin Roots PG III." In addition to the new component, the essence contains a sustainable vitamin C derivative, a vitamin P derivative and a number of plant extracts. With intensive nighttime use, the essence penetrates the calloused layer during sleep. It keeps the skin moisturized until the next morning. The aim of this product is to make bare skin translucent by consistently supplying skin-beautifying components.



Financial Statements (Consolidated)

Consolidated Balance Sheets (Summary)

Item	Term	Prior Consolidated Fiscal Year (As of March 31, 2006)	Current Consolidated Fiscal Year (As of March 31, 2007)
Assets			
Current Assets		24,011	24,278
Cash and Cash Equivalents		2,147	2,152
Notes Receivable and Accounts Receivable		15,225	13,922
Inventories		3,821	4,827
Deferred Tax Assets		847	864
Other		2,022	2,560
Reserve for Doubtful Accounts		(52)	(47)
Fixed Assets		32,527	34,240
Tangible Fixed Assets		17,412	19,981
Buildings & Structures		4,743	6,503
Equipment and Vehicles		915	3,331
Land		9,346	9,811
Construction in Progress		2,059	12
Other		347	322
Intangible Fixed Assets		1,149	1,379
Investments and Other Assets		13,965	12,879
Investment Securities		8,148	7,447
Long-Term Prepaid Expenses		4,187	3,525
Deferred Tax Assets		19	197
Other		1,747	1,793
Reserve for Doubtful Accounts		(136)	(83)
Total Assets		56,539	58,519

(Unit: ¥million*)

Item	Term	Prior Consolidated Fiscal Year (As of March 31, 2006)	Current Consolidated Fiscal Year (As of March 31, 2007)
Liabilities			
Current Liabilities		19,861	18,915
Notes Payable and Accounts Payable		6,490	5,909
Short Term Borrowings		8,253	8,039
Other		5,117	4,967
Fixed Liabilities		7,324	10,005
Bonds		1,000	2,000
Long Term Borrowings		4,588	6,739
Reserve for Retirement Benefits		1,478	947
Other		257	318
Total Liabilities		27,185	28,921
Minority Holdings			
Minority Holding		—	—
Shareholders' Equity			
Capital		6,593	—
Capital Surplus		5,414	—
Retained Earnings		21,283	—
Other Unrealized Gains and Losses on Securities		2,226	—
Treasury Stock		(6,164)	—
Total Shareholders' Equity		29,353	—
Total Liabilities, Minority Holdings and Shareholders' Equity		56,539	—
Net Assets			
Shareholders' Equity		—	28,096
Capital		—	6,593
Capital Surplus		—	5,414
Retained Earnings		—	22,673
Treasury Stock		—	(6,585)
Valuation Gains and Losses and Translation Adjustments		—	1,500
Other Unrealized Gains and Losses on Securities		—	1,498
Deferred Hedge Gain		—	2
Total Net Assets		29,597	—
Total Liabilities and Net Assets		—	58,519

Unit: ¥million rounded down to nearest million

Consolidated Statements of Income (Summary)

(Unit: ¥million*)

Item	Term	Prior Consolidated Fiscal Year (Commenced April 1, 2005 and ended March 31, 2006)	Current Consolidated Fiscal Year (Commenced April 1, 2006 and ended March 31, 2007)
Sales		55,545	52,757
Cost of Goods Sold		26,781	24,129
Gross Profit		28,763	28,627
Sales & General Administrative Expenses		26,819	25,189
Operating Income		1,944	3,438
Non-Operating Income		229	212
Non-Operating Expenses		294	308
Ordinary Income		1,879	3,341
Extraordinary Incomes		494	359
Extraordinary Losses		141	105
Net Income before Income Taxes		2,231	3,595
Income, Inhabitants and Enterprise Taxes		778	1,224
Deferred Income Taxes		204	303
Net Income for the Term		1,248	2,068

Unit: ¥million rounded down to nearest million

Consolidated Cash Flow Statements (Summary)

(Unit: ¥million*)

Item	Term	Prior Consolidated Fiscal Year (Commenced April 1, 2005 and ended March 31, 2006)	Current Consolidated Fiscal Year (Commenced April 1, 2006 and ended March 31, 2007)
Cash Flow from Operating Activities		1,265	2,749
Cash Flow from Investment Activities		(2,031)	(4,876)
Cash Flow from Financing Activities		(4)	2,136
Conversion Differences Relating to Cash and Cash Equivalents		(5)	0
Increase (Decrease) in Cash and Cash Equivalents		(775)	9
Beginning Balance of Cash and Cash Equivalents		2,790	2,015
Ending Balance of Cash and Cash Equivalents		2,015	2,025

Unit: ¥million rounded down to nearest million

Consolidated Statement of Changes in Net Assets (Summary) (From April 1, 2006 to March 31, 2007)

(Unit: ¥million*)

Item	Shareholders' Equity					Valuation Gains and Losses and Translation Adjustments			Total Net Assets
	Capital	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Other Unrealized Gains and Losses on Securities	Deferred Hedge Gain	Total Valuation Gains and Losses and Translation Adjustments	
Balance as of March 31, 2006	6,593	5,414	21,283	(6,164)	27,126	2,226	—	2,226	29,353
Change during the term									
Dividends from surplus			(678)		(678)				(678)
Net income for the term			2,068		2,068				2,068
Acquisition of treasury stock				(420)	(420)				(420)
Net change in items other than stockholders' equity during the term						(728)	2	(726)	(726)
Total change during the term	—	—	1,390	(420)	969	(728)	2	(726)	243
Balance as of March 31, 2007	6,593	5,414	22,673	(6,585)	28,096	1,498	2	1,500	29,597

Unit: ¥million rounded down to nearest million

Non-consolidated Statements of Income (Summary)

(Unit: ¥million*)

Item	Term	Prior	Current
		Fiscal Year (Commenced April 1, 2005 and ended March 31, 2006)	Fiscal Year (Commenced April 1, 2006 and ended March 31, 2007)
Sales		54,344	52,025
Cost of Goods Sold		26,450	23,792
Gross Profit		27,894	28,233
Sales and General Administrative Expenses		26,545	25,088
Operating Income		1,349	3,145
Non-Operating Income		616	448
Non-Operating Expenses		266	281
Ordinary Income		1,699	3,311
Extraordinary Income		494	359
Extraordinary Losses		141	103
Net Income Before Income Taxes		2,052	3,567
Income, Inhabitants and Enterprise Taxes		568	1,137
Deferred Income Taxes		183	281
Net Income for the Term		1,300	2,149
Income Brought Forward from Previous Term		1,055	—
Interim Dividends		343	—
Unappropriated Profits for the Term		2,012	—

Unit: ¥million rounded down to nearest million

Non-consolidated Statement of Changes in Net Assets (Summary) (From April 1, 2006 to March 31, 2007)

(Unit: ¥million*)

Item	Shareholders' Equity					Valuation Gains and Losses and Translation Adjustments			Total Net Assets
	Capital	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Other Unrealized Gains and Losses on Securities	Deferred Hedge Gain	Total Valuation Gains and Losses and Translation Adjustments	
Balance as of March 31, 2006	6,593	5,414	20,819	(6,164)	26,663	2,225	—	2,225	28,889
Change during the term									
Provision for general reserve			—		—				—
Dividends from surplus			(678)		(678)				(678)
Net income for the term			2,149		2,149				2,149
Acquisition of treasury stock				(420)	(420)				(420)
Net change in items other than stockholders' equity during the term						(728)	2	(725)	(725)
Total change during the term	—	—	1,470	(420)	1,050	(728)	2	(725)	324
Balance as of March 31, 2007	6,593	5,414	22,290	(6,585)	27,713	1,497	2	1,500	29,214

Unit: ¥million rounded down to nearest million

Consolidated Financial Highlights

Item	49th Term (Ended March 31, 2003)	50th Term (Ended March 31, 2004)	51st Term (Ended March 31, 2005)	52nd Term (Ended March 31, 2006)	53rd Term (Ended March 31, 2007)
Sales (¥million)	55,055	54,375	56,209	55,545	52,757
Ordinary Income (¥million)	3,004	2,404	1,999	1,879	3,341
Net Income for the Term (¥million)	2,039	1,553	1,385	1,248	2,068
Total Assets (¥million)	50,310	48,304	55,162	56,539	58,519
Net Assets (¥million)	29,708	29,330	27,715	29,353	29,597
Return on Equity (%)	6.9	5.3	4.9	4.4	7.0
Ordinary Income to Sales (%)	5.5	4.4	3.6	3.4	6.3
Return on Sales (%)	3.7	2.9	2.5	2.2	3.9
Ordinary Income to Avg. Total Assets (%)	5.7	4.9	3.9	3.4	5.8
Equity Ratio (%)	59.1	60.7	50.2	51.9	50.6
Net Income per Share (¥)	42.82	33.93	31.77	29.23	48.96
Net Assets per Share (¥)	633.32	654.74	652.45	691.22	703.57

Notes: Commencing the 49th Term, "Accounting Standard for Earnings per Share" (Corporate Accounting Standards No. 2) and the "Application Guideline for Accounting Standard for Earnings per Share" (Corporate Accounting Standard Application Guideline No. 4) have been applied.

Number of Consolidated Subsidiaries: 2

Zeria Healthway Co., Ltd.

Sales: ¥2,995 million
 Shareholders' Equity: ¥85 million (equity stake: 100%)
 Business Activities: Manufacture and sales of nutritional foods and health foods

Zevice Co., Ltd.

Sales: ¥586 million
 Shareholders' Equity: ¥180 million (equity stake: 100%)
 Business Activities: Insurance agency, real estate related activities

Company Information (As of March 31, 2007)

■ Company Outline

Established: December 1955
 Paid-in Capital: JPY6,593,398,500
 No. of Employees: 1,134
 Business Activities: 1) Manufacture, sale, import and export of pharmaceuticals, non-pharmaceutical products and reagents.
 2) Manufacture, sale, import and export of cosmetics, health foods, carbonated beverages, hygienic goods and medical devices.

■ Board of Directors (As of June 28, 2007)

President	Sachiaki Ibe
Managing Director	Hiroaki Inokuchi
Managing Director	Haruo Nagae
Managing Director	Takeshi Saito
Director	Akira Ohno
Director	Mitsuyuki Yoshijima
Director	Masakazu Kumai
Director	Yasunori Nagatani
Director	Mikio Kan
Director	Hirofumi Senuma
Director	Shigeru Moriyama
Director	Hiroyuki Hori
Director	Haruyuki Takeuchi
Director	Kazuhiko Yoshimura
Director	Takamitsu Yamamoto
Director	Shigeya Furuhata
Director	Hirokazu Endo
Standing Statutory Auditors	Shunji Hamano
Standing Statutory Auditors	Masahiko Hanada
External Auditor	Tetsuo Komori
External Auditor	Yukiko Naka

■ Branch

● Headquarters	Chuo-ku, Tokyo
● Sapporo Branch	Sapporo-shi
● Sendai Branch	Sendai-shi
● Tokyo Branch	Chuo-ku, Tokyo
● Kanagawa Sales Office	Yokohama-shi
● Saitama Sales Office	Saitama-shi
● Chiba Sales Office	Chiba-shi
● Kita kanto Sales Office	Mito-shi
● Kanetsu Sales Office	Niigata-shi
● Koshin Sales Office	Matsumoto-shi
● Nagoya Branch	Nagoya-shi
● Shizuoka Sales Office	Shizuoka-shi
● Osaka Branch	Suita-shi
● Osaka 2nd Sales Office	Sakai-shi
● Kobe Sales Office	Kobe-shi
● Kyoto Sales Office	Kyoto-shi
● Kanazawa Sales Office	Kanazawa-shi
● Chugoku & Shikoku Branch	Hiroshima-shi
● Okayama Sales Office	Okayama-shi
● Takamatsu Sales Office	Takamatsu-shi
● Matsuyama Sales Office	Matsuyama-shi
● Fukuoka Branch	Fukuoka-shi
● Central Research Laboratories	Kumagaya-shi, Saitama
● Saitama Plant	Kumagaya-shi, Saitama
● Tsukuba Plant	Ushiku-shi
● Tokyo Distribution Center	Kawaguchi-shi
● Sapporo Distribution Center	Sapporo-shi
● Saitama Distribution Center	Kumagaya-shi, Saitama
● Osaka Distribution Center	Daito-shi
● Other Sales Office	Aomori, Koriyama, Utsunomiya, Toyama, Yonago, Yamaguchi, Kochi, Tokushima, Oita, Kumamoto, Nagasaki, Kagoshima, Okinawa

Share Information (As of March 31, 2007)

Shareholding Status

- (i) Number of authorized shares: 119,860,000 shares
- (ii) Number of shares outstanding: 48,290,173 shares
- (iii) Number of shareholders: 3,804

Major Shareholders

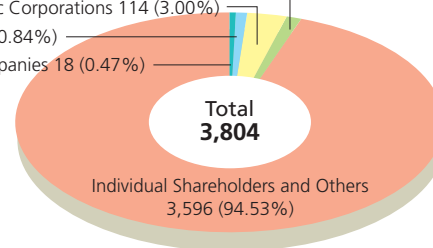
Shareholder	No. of Shares Held	Percentage Held (%)
Ibe Corporation	5,510,770	13.1
Bank of Tokyo Mitsubishi UFJ Ltd.	1,915,500	4.6
Morinaga Milk Industry Co., Ltd.	1,854,741	4.4
Zeria Pharmaceuticals Co., Ltd. Employee Stockholding Plan	1,830,417	4.4
Japan Trustee Service Bank Ltd. (Trust)	1,521,000	3.6
Sachiaki Ibe	1,415,425	3.4
Sumitomo Mitsui Banking Corporation	1,278,301	3.0
Resona Bank Limited.	1,074,896	2.6
Aioi Insurance Co., Ltd.	858,691	2.0
The Chuo and Mitsui Trust and Banking Company Limited	639,000	1.5

(Note) The percentage held is calculated by subtracting treasury stock (totaling 6,222,992 shares).

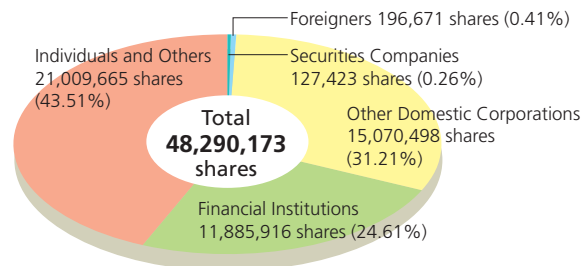
Distribution of Shareholders by Shareholder Type

Shareholder Composition

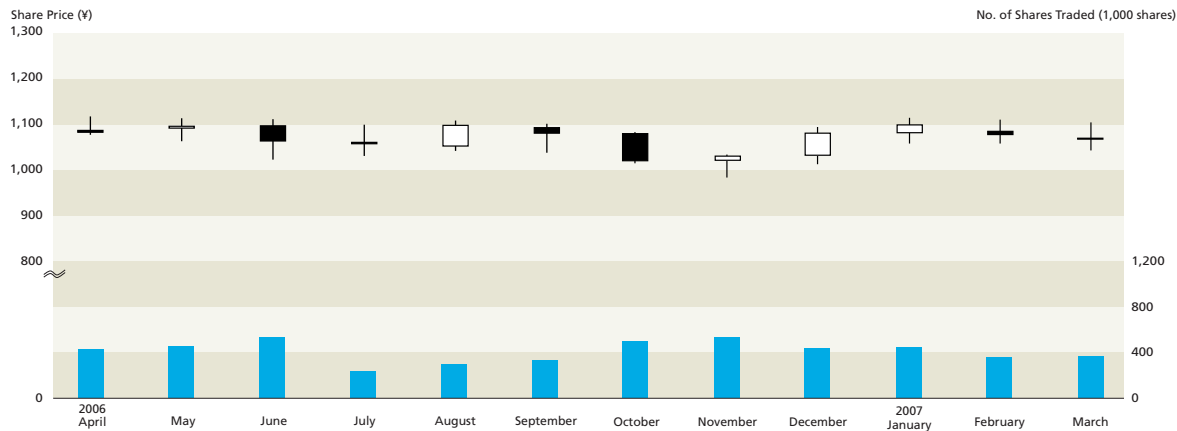
- Financial Institutions 44 (1.16%)
- Other Domestic Corporations 114 (3.00%)
- Foreigners 32 (0.84%)
- Securities Companies 18 (0.47%)



Distribution of Shares by Shareholder Type



Share Price and Trading Volume




Shareholder Memo

- Fiscal year From April 1 of each year to March 31 of the following year
- Ordinary General Meeting of the Shareholders March 31
Date on which the list of shareholders eligible to exercise voting rights is finalized
- End of term dividend March 31
Date on which the list of beneficial shareholders is finalized
- Interim Dividend September 30
Date on which the list of beneficial shareholders is finalized
- Ordinary General Meeting of the Shareholders Late June
- Method of Notice Electronic notification
<http://www.zeria.co.jp>
However, when unable to provide notices electronically, notices will be posted in the *Nihon Keizai Shimbun* newspaper published in Tokyo.
- Transfer Agent The Chuo Mitsui Trust and Banking Company, Limited.
3-33-1 Shiba, Minato-ku, Tokyo 105-8574
- Operation Center of Transfer Agent Transfer Agency Division,
Chuo Mitsui Trust and Banking Company, Limited.
2-8-4 Izumi, Suginami-ku, Tokyo 168-0063
0120-78-2031 (toll-free)
- Handling Locations All domestic branches of the Chuo Mitsui Trust and Banking Company, Limited.
Main branch and all domestic branches of Japan Securities Agents Co., Ltd.
- Securities Code 4559

Notice

To request forms for change of address reporting, request the purchase of fractional share, transfer title or nominate a transfer account for dividend receipts, please call the toll free number of the transfer agent or use the website.

Requests accepted 24 hours a day at:

 **0120-87-2031** (toll-free) or

http://www.chuomitsui.co.jp/person/p_06.html

The latest IR information may be viewed on the Company's website

URL <http://www.zeria.co.jp/>



The Company has set up a website for the purpose of providing accurate information on a timely basis. The website contains a broad array of information useful for shareholders and investors, from IR information to the latest news.



Zeria Pharmaceutical Co., Ltd.

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TEL 03-3663-2351 FAX 03-3663-2352

03-3663-2080 (Customer Service)

<http://www.zeria.co.jp/>