Securities Code 4559

57th

Business Report

From April 1, 2010 to March 31, 2011

Contents

ゼリア新薬
ZERIA

To Our Shareholders

President
Sachiaki Ibe

Zoom in on healthcare
健康へのニーズに焦点を

Excel in quality at every level
企業活動すべてにベスト･クオリティの追求を

Reach out to the world
世界に目を向けて

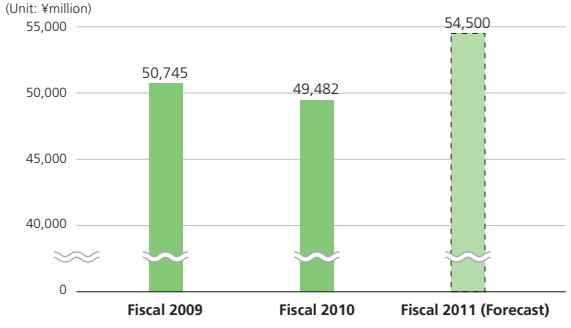
Inspire confidence in management
信頼と期待に応える経営を

Achieve our potential
事業発展の基盤づくりを

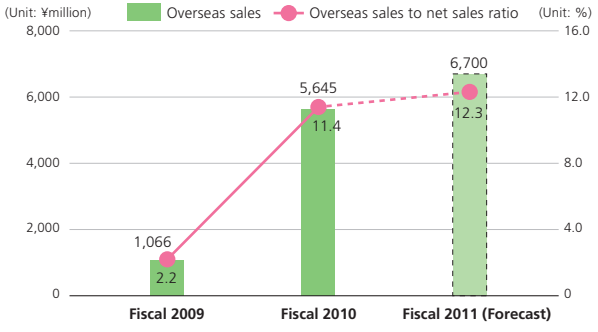
Z·E·R·I·A Five Corporate Spirits

We are pleased to report the results of the fiscal year 2010 (57th business operations) for the period from April 1, 2010 to March 31, 2011.
We would also like to offer our prayers for those who lost their lives in the recent Great East Japan Earthquake. We extend our deepest condolences and sympathies to those affected by the disaster and our heartfelt prayers for the earliest possible restoration of the affected areas.

Net sales



Overseas sales / Overseas sales to net sales ratio

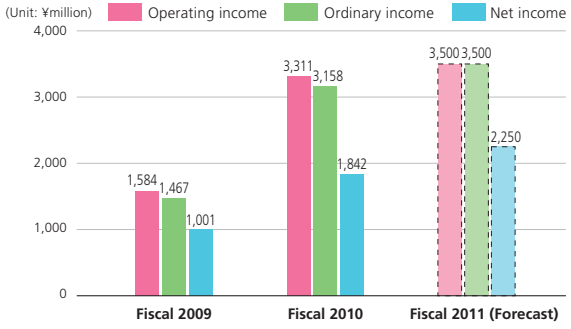


In the ethical pharmaceuticals industry, in addition to the implementation of drug price revisions in April last year, we continued to see government policy to minimize treatment costs such as the promotion of generic brand pharmaceuticals. Also, in the OTC drug market, the business environment was difficult owing to factors such as intensifying market competition as a result of weak private consumption.

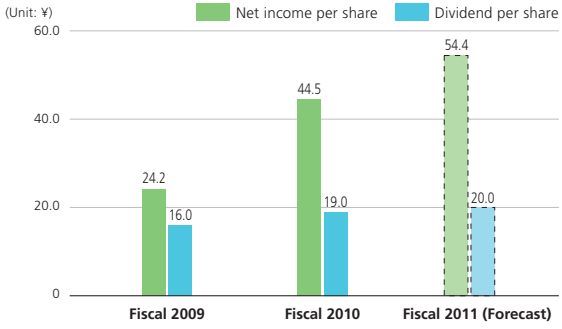
Operating under such circumstances, the Zeria Group worked to "raise corporate value" and "thoroughly implement quality-focused management." In addition to aiming for improvements in profitability, the Group positioned the fiscal year under review as the "first year of full-fledged overseas business development" and worked for aggressive overseas expansion. To this end, we actively pursue alliances and M&A that contribute to sales and income and create synergy. Following the acquisition of Tillotts Pharma AG (hereinafter "Tillotts") in the previous fiscal year, the Company acquired 85% of the shares of Biofac Esbjerg A/S (hereinafter "Biofac Es") in September 2010 to make it a subsidiary.

As a result of these activities, the results of the fiscal year 2010 are as follows. Owing to a decrease of 4.515 billion yen in revenue for a product sales resulting from a change in our method of accounting treatment following a merger between a supplier company and a buyer company, net sales were 49.482 billion yen (down 2.5% compared with the previous fiscal year). Despite this, operating income, ordinary income and net income all increased substantially, to 3.311 billion yen (up 109.0%), 3.158 billion yen (up 115.2%) and 1.842 billion yen (up 83.9%), respectively.
In the fiscal year 2010, the overseas sales to net sales ratio was 11.4%, having expanded substantially from 2.2% in the previous fiscal year.

Operating income / Ordinary income / Net income



Net income per share / Dividend per share



Summary of Our Business Operations (Consolidated)

Ethical Pharmaceuticals

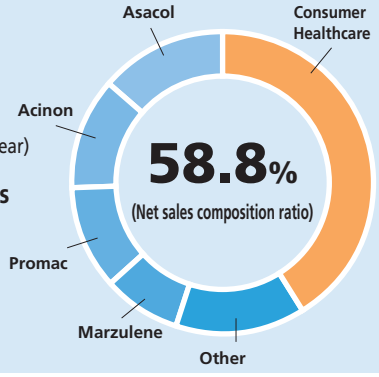
Net sales

¥28,983 million

(down 5.0% from the previous fiscal year)

Net sales of major products

Asacol	¥6.66 billion
Acinon	¥5.89 billion
Promac	¥5.35 billion
Marzulene	¥4.15 billion

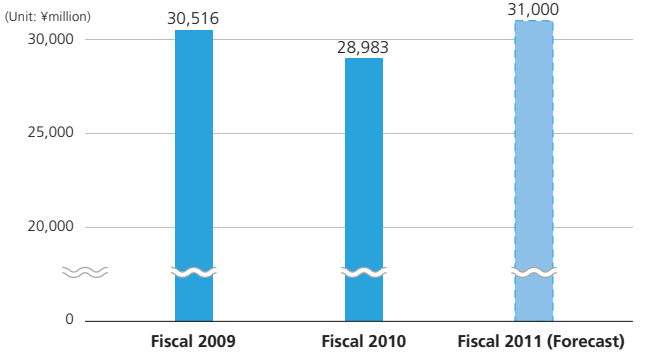


In the Ethical Pharmaceuticals business, we sought to improve the quality of our medical representatives (MRs), and took steps to upgrade our medical information activities in accordance with promotion codes.

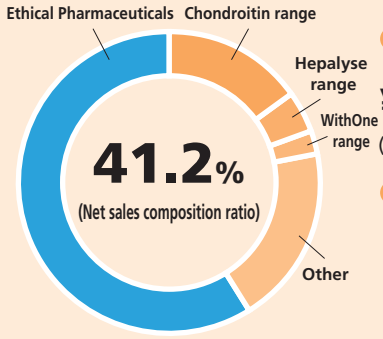
Regarding mainstay product Asacol®, a treatment for ulcerative colitis, we concentrated further on achieving market penetration in response to a change by which long-term prescriptions have been permitted in Japan since January this year, while outside Japan, through such means as the development of Tillotts' own sales structure, we made efforts to strengthen our sales resources and expand the market for the product. As a result, sales of Asacol® expanded steadily. However, products such as H_2 receptor antagonist Acinon®, zinc-containing antiulcer agents Promac® struggled due to the impact of drug price revisions that took effect in April last year. Also, as mentioned previously, there was a decline in revenue for a product sales as a result of a change in our method of accounting treatment, following a merger between a supplier company and a buyer company.

As a result, net sales in the business amounted to 28.983 billion yen (a 5.0% decrease from the previous fiscal year).

Consolidated net sales Ethical Pharmaceuticals



Consumer Healthcare



Net sales

¥20,267 million

(up 1.2% from the previous fiscal year)

Net sales of major products

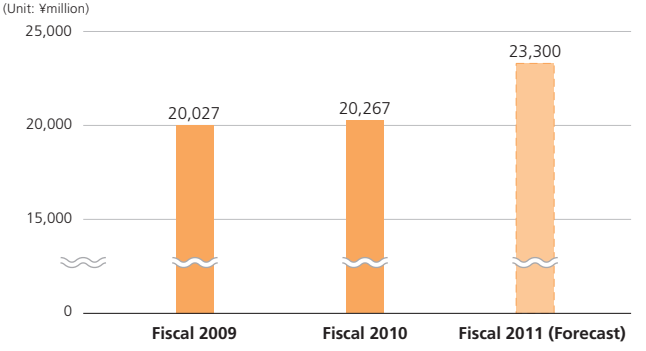
Chondroitin range	¥7.42 billion
Hepalyse range	¥2.15 billion
WithOne range	¥1.23 billion

In the Consumer Healthcare business, amidst the steady aging of our society, we worked to develop markets for self-medication products for the general consumer.

In particular, for the mainstay Chondroitin range, sales continued to steadily expand as a result of television commercials and over-the-counter sales promotion activities tied up with the commercials, among other factors. In addition, we are broadcasting television commercials for the Hepalyse® range of nutrients and tonics for physical fatigue and exhaustion on a national level from the fiscal year under review. Thanks to these efforts to further boost product awareness, sales expanded considerably, by 23.5% year on year. On the other hand, some product ranges, such as the WithOne® range of herbal laxatives, struggled as a result of intensifying market competition.

As a result, net sales in the business amounted to 20.267 billion yen (a 1.2% increase from the previous fiscal year).

Consolidated net sales Consumer Healthcare



Status of Research and Development

In the Research and Development division, we are actively pursuing overseas clinical trials 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 currently successful pharmaceuticals in-licensed from overseas.

While endeavoring to build our pipeline of new gastrointestinal drugs, we commenced a Phase II trial, targeting Crohn's disease, for Z-206 (Asacol®), which is in-licensed from Tillotts, in partnership with Kyowa Hakko Kirin Co., Ltd. In addition, regarding the development in China for which we had been making preparations in partnership with Tillotts, we started a Phase III trial targeting ulcerative colitis.

Z-338 (predetermined product name: Acofide®), a Zeria-developed product is being concurrently developed in Japan, Europe and the United States. We completed Phase III trials, which we had been carrying out in Japan in partnership with Astellas Pharma Inc., and submitted an application for marketing authorization for the indication of functional dyspepsia in September 2010. In Europe, following our confirmation of the efficacy and safety of the product in Phase II trials, we are proceeding with preparations to start Phase III trials. In the United States, too, Phase II trials have been completed.

As for Z-103 (Promac®), we are carrying out Phase III clinical trials to demonstrate its efficacy in the treatment of taste disorder (dysgeusia). In addition, regarding Promac® Granules 15%, for which SK Chemicals Co., Ltd., which is based in Korea, obtained approval as a treatment for gastric ulcers and gastritis in Korea, we are making preparations to commence sales of the product within Korea.

Also, Z-209, the new formulation of Visiclear® Combination Tablets, was launched in January 2011 following obtainment of approval in December 2010.

We are continuing an additional Phase III trial on Z-100 (Ancer®) to demonstrate its efficiency with cervical cancer.

Regarding Z-360, in Europe, having completed a Phase Ib/IIa trial targeted at pancreatic cancer, we are now proceeding with preparations to start Phase II trials. Z-208, a compound for the treatment of hepatocellular carcinoma, in-licensed from TMRC Co., Ltd., is currently in a Phase I/II clinical trial.

Moreover, we commenced a Phase II trial of Z-207, a therapeutic agent for allergic rhinitis, under contract with the Japan Science and Technology Agency (JST), an incorporated administrative agency.

Furthermore, we commenced a Phase III trial of Z-521, an oral phosphate formulation for primary hypophosphatemic rickets, which was selected as eligible for development assistance by the Study Group on Unapproved Drugs of the Ministry of Health, Labour and Welfare.

In the Consumer Healthcare business, we launched a series of new products and made progress with the development of European traditional herbal medicines including Colpermin, which is in-licensed from Tillotts.

Research and development expenses of the fiscal year under review was 5.281 billion yen (down 10.0% from the previous fiscal year), owing to the completion of Phase III trials of Z-338 (predetermined product name: Acofide®) in Japan.

Research and Development Pipeline

The new pharmaceuticals pipeline at the Company covers 12 therapeutic areas, both in Japan and internationally.

Status of Research and Development

1. Domestic pipeline (Japan)

(As of May 17, 2011)

1) Gastrointestinal field

Stage	Development Code/ Generic Name	Development	Indications	Classification	Note
NDA filed	Z-338/ Acotiamide	Co-development (Astellas)	Functional dyspepsia	Upper gastrointestinal motility modulator	Zeria product Predetermined product name: Acofide®
Phase III	Z-103/ Polaprezinc	Zeria	Taste disorder Promac® additional indication	Zinc replacement	In-licensed product
Phase I/II	Z-208/ Tamibarotene	Co-development (TMRC)	Hepatocellular carcinoma	Retinoic acid RAR alpha receptor agonist	In-licensed product
Phase II	Z-206/ Mesalazine	Co-development (Kyowa Hakko Kirin)	Crohn's disease Asacol® additional indication	pH-dependent controlled-release formulation	Zeria (Gr) product

2) Other fields

Stage	Development Code/ Generic Name	Development	Indications	Classification	Note
Phase III additional trial	Z-100	Zeria	Cervical cancer Ancer® additional indication	Immunomodulator	Zeria product
Phase III	Z-521	Zeria	Hypophosphatemic rickets	Phosphate replacement Selected eligible for development assistance for unapproved drugs	Zeria product
Phase II	Z-207	Zeria	Allergic rhinitis	Chemical ablation Ethanol / steroid mixture	In-licensed product

2. International pipeline

Stage	Development Code/ Generic Name	Development	Indications	Classification	Note
Approval (Korea)	Z-103/ Polaprezinc	Out-licensed (SK Chemicals)	Gastritis, Gastric ulcer Promac®	Cytoprotective antiulcer	In-licensed product
Phase III (China)	Z-206/ Mesalazine	Co-development (Tillotts Pharma)	Ulcerative Colitis Asacol®	pH-dependent controlled-release formulation	Zeria (Gr) product
Phase III in preparation (Europe)	Z-338/ Acotiamide	Zeria	Functional dyspepsia	Upper gastrointestinal motility modulator	Zeria product
Phase II completed (North America)	Z-338/ Acotiamide	Zeria	Functional dyspepsia	Upper gastrointestinal motility modulator	Zeria product
Phase II in preparation (Europe)	Z-360	Zeria	Pancreatic cancer	Gastrin CCK_2 receptor antagonist	Zeria product

Zeria (Gr) product: Zeria Group original product

Reference

Phase I Clinical Trials

Drug candidates, for which animal studies have ended and the efficacy and toxicity have been confirmed, are tested on a small group of healthy subjects. These trials concentrate not only on safety, but also on how long it takes for the body to absorb the drug and the degree to which the body eliminates the drug.

Phase II Clinical Trials

After safety has been confirmed by Phase I clinical trials, the appropriate method of use of the drug candidate such as the efficacy, safety, dosage, and method of administration is tested on a small number of patients against a placebo*.

Phase III Clinical Trials

By administering to a large number of patients, the final efficacy, safety and method of use of the drug candidate is studied. During this phase, the drug candidate is tested against other currently used drugs and against a placebo*. In many cases, stringent testing methods called double-blind trials are performed.

* Placebo: A fake drug that does not contain the active component, but which is indistinguishable from the drug candidate by outer appearance or taste.

Status of Production and Distribution

In our Production and Distribution division, we attached top priority to securing the highest-possible quality. In our Production-related divisions in particular, we focused our operations on seeking higher quality and cost efficiencies. Meanwhile, in the Distribution and Logistics divisions, we outsourced logistics operations as part of an overall goal to increase operational efficiency and further reduce costs. In addition, by making Biofac Es a subsidiary, we made possible the stable procurement of high-quality Chondroitin materials essential for the growth strategy for our mainstay Chondroitin range. Furthermore, with Biofac Es becoming a subsidiary, the Zeria Group now has a production structure of three plants in Japan and two plants overseas.

As some buildings and facilities at our Tsukuba Plant (Ushiku City, Ibaraki Prefecture) were damaged by the Great East Japan Earthquake of March 11, 2011, operations at the Plant were suspended. However, as we started restoration work immediately after the earthquake, we recommenced production activities on April 2, 2011.

Close-up shot

November 13 is "Good Knees Day"

November 13 is "Good Knees Day." The Company established this in 2007 in order to widely advertize the treatment and prevention of knee joint pain, and to promote interest in, and awareness of, the health of the knees. The day was accredited by the Japan Anniversary Association. Since then, we have held various awareness-raising events on November 13, such as a stair-climbing event to pray for health with Yoshizumi Ishihara, a television celebrity who appears in advertisements for Chondroitin ZS Tablets®, together with consumers, and the election of a "knee queen." Last year, with "life is more enjoyable with healthy knees" as the main theme, we planned a newspaper interview with Olympic women's marathon medal holder Yuko Arimori and television celebrity Yoshizumi Ishihara, whose hobby is marathon running. Mr. Ishihara also ran in this year's Tokyo Marathon. The Company will continue to raise awareness among consumers regarding the importance of the knees through "Good Knees Day."

Outlook for the Fiscal Year 2011

For our consolidated outlook for fiscal 2011 ending March 31, 2012, we forecast net sales of 54.5 billion yen (up 10.1% from the previous fiscal year), operating income of 3.5 billion yen (up 5.7%), ordinary income of 3.5 billion yen (up 10.8%), and net income of 2.250 billion yen (up 22.1%).

Net sales

In the Ethical Pharmaceuticals business, we expect a substantial increase in sales, as long-term prescriptions of Asacol®, a treatment for ulcerative colitis, have been permitted in Japan since January 2011. We also expect continuing growth in sales of this treatment overseas.

In the Consumer Healthcare business, in continuation from the previous fiscal year, we are planning an aggressive advertising campaign for mainstay product ranges such as the Chondroitin range and the Hepalyse® range, and as a result we expect a rise in awareness of the Zeria brand as well as an expansion in sales.

As a result of these efforts, we forecast net sales will be higher compared with the fiscal year under review.

Income

With respect to income, we forecast higher operating income, ordinary income and net income compared with the fiscal year under review, owing to our expectations of increased sales of highly profitable products.

	57th Term	58th Term (Forecast)
Net Sales	¥49,482 million (down 2.5% year on year)	¥54,500 million (up 10.1% year on year)
Operating Income	¥3,311 million (up 109.0% year on year)	¥3,500 million (up 5.7% year on year)
Ordinary Income	¥3,158 million (up 115.2% year on year)	¥3,500 million (up 10.8% year on year)
Net Income	¥1,842 million (up 83.9% year on year)	¥2,250 million (up 22.1% year on year)

Special Offers to Our Shareholders

We offer a hospitality program to our shareholders in recognition of their constant support. There are five hospitality program options from which shareholders can choose. We hope our shareholders to try the gift products for better understanding of our wide-ranging product structure.

Option A

Packed in environmentally friendly and convenient aluminum cans.

An assortment of aluminum can drinks

Option B

Health food drink

Chondrobe® Concentrate, JUNKOU®

Option C

New-concept foods and cosmetics

Set of ChondroMax® and Aposty®

Option D

Chondroitin-Content Intensive Nighttime Essence (Cosmetics)

ZZ:CC® ADSORB ESSENCE

Option E

Three-product Quality Moisturizer Set

IONA Three-product Basic Skincare Set

7th Mid-Term Management Plan

The Zeria Group has commenced its three-year 7th Mid-Term Management Plan (from Fiscal 2011 to Fiscal 2013), which has fiscal 2011 as its starting point. The Group announced the plan at the Analysts' Meeting for Fiscal 2010 (Year ended March 2011) held on May 27, 2011.
In the plan, we position these three years as "building the foundation as a global company," and aim to achieve the following concrete targets.

Building the Foundation as a Global Company

- **Consolidated net sales growth rate**
  Over 10% annually
- **Consolidated net sales**
  66,500 million yen
- **Net income to net sales ratio**
  5%
- **Consolidated overseas sales ratio**
  15%

The main issues in achieving these targets are as follows.

1. Expand Sales of Asacol®

In Japan, we will aim to secure 50% of market share in partnership with our joint-marketing partner Kyowa Hakko Kirin Co., Ltd. In addition, we will keep working to grow sales overseas through the strengthening and expansion of Tillotts' own sales territory.

2. Launch Z-338 (Predetermined product Name: Acofide®)

We will develop the market for the functional dyspepsia treatment Z-338, for which we are currently in the process of applying for approval to manufacture and sell as a pharmaceutical in Japan, through the early obtainment of approval and launch for the product. Furthermore, we will aim for global development by promptly selecting partners and moving forward with development of the product in Europe and the United States, and for sales in Europe, making the product our mainstay next to Asacol®, and also giving Tillotts a role.

Analysts' Meeting for Fiscal 2010 (Year ended March 2011)

3. Enhance the Chondroitin Product Range and Expand the Chondroitin Business

Now we have made the stable procurement of high-quality Chondroitin materials possible through our acquisition of Biofac Es, we will aim to enhance the variation in our Chondroitin product and expand the business in Japan and overseas.

4. Cultivate a Second National Brand Product

In the Consumer Healthcare business, we will cultivate a new national brand to follow Chondroitin and work to advance our position in the industry.

Topics

Lecture Held to Commemorate the First Anniversary of the Launch of Asacol® Tablets 400mg

In January this year, we held a lecture meeting to commemorate the first anniversary of the launch of Asacol® Tablets 400mg. As with last year's lecture to commemorate the launch of the product, about 500 people from all over Japan attended, including physician specialists in lower digestive tract disorders, and there were a special lecture by Professor Stephen B. Hanauer (University of Chicago), who is a world authority on the treatment of ulcerative colitis, and a panel discussion. During this event, numerous opinions were expressed that there are great expectations at the practical, clinical level for Asacol® Tablets as the world's top brand treatment for ulcerative colitis. For example, it was highly evaluated as being likely to make a large contribution, going forward, to the treatment of ulcerative colitis as the first-choice drug, owing to the lifting of the time restriction for prescriptions.

Announcement of Z-338 (Predetermined Product Name: Acofide®) at DDW2011

In May 2011, seven presentations were made regarding the functional dyspepsia treatment Z-338 at Digestive Disease Week 2011 (DDW2011), the world's largest gastrointestinal related academic conference, held in Chicago, USA, including presentations on the results from Phase III clinical trials in Japan, Phase II clinical trials in Europe, and non-clinical pharmacological studies. A presentation on a double-blind, placebo controlled Phase III clinical trial in Japan, in particular, attracted a great deal of attention. As an excellent, cutting-edge gastrointestinal study from Japan, the presentation was selected as one of the six presentation topics in a special symposium in Japanese, which was newly established this year by the international committee of DDW2011. There was great interest from participants in all seven presentations, and there was a great deal of expectation surrounding the treatment as the first-in-class medicine for functional dyspepsia in accordance with the Rome III criteria, the latest version of the international classification and diagnostic criteria for functional gastrointestinal disorders.

Fourth Television Commercial for Chondroitin ZS Tablets®

On June 8, 2011, the fourth television commercial for Chondroitin ZS Tablets®, a remedy for joint pain and lower back pain, starring television celebrity and meteorologist Yoshizumi Ishihara, began airing throughout Japan. This year is the fourth year that television commercials for Chondroitin ZS Tablets® starring Mr. Ishihara have been run, and as with the previous three years' commercials, the commercial has "stairways" as its theme. In the new commercial, for which the setting is the "San-nen zaka" leading to Kiyomizu-dera Temple in Kyoto, Mr. Ishihara, along with maikos (apprentice geisha), explains the effect of Chondroitin, while reporting on the state of people's health and vigor. The point of appeal of the commercial is that the tablets contain 1,560mg of chondroitin (daily dosage), and Mr. Ishihara and the maikos perform some humorous, choreographed moves to the long-standing sound logo, which sings of the relief that Chondroitin ZS offers the knees and lower back. The witty commercial is receiving a highly positive reception.
The television commercial can be viewed from the Company's website (http://www.zeria.co.jp/).

Financial Statements (Consolidated)

Consolidated Balance Sheets (Summary)

(Unit: ¥million*)

Item \ Term	Prior Consolidated Fiscal Year (As of March 31, 2010)	Current Consolidated Fiscal Year (As of March 31, 2011)
Assets		
Current Assets	**26,161**	**25,167**
Cash and Deposits	3,574	4,949
Notes and Accounts Receivable-Trade	13,155	12,309
Inventories	6,209	5,234
Deferred Tax Assets	678	734
Other	2,584	1,966
Allowance for Doubtful Accounts	(40)	(27)
Noncurrent Assets	**44,809**	**48,611**
Property, Plant and Equipment	**20,700**	**21,537**
Buildings and Structures	6,431	6,694
Machinery, Equipment and Vehicles	2,962	2,933
Land	11,039	11,563
Construction in Progress	3	66
Other	265	278
Intangible Assets	**11,627**	**13,929**
Investments and Other Assets	**12,481**	**13,143**
Investment Securities	7,161	8,499
Deferred Tax Assets	1,231	1,391
Other	4,163	3,318
Allowance for Doubtful Accounts	(75)	(65)
Total Assets	**70,971**	**73,779**

Item \ Term	Prior Consolidated Fiscal Year (As of March 31, 2010)	Current Consolidated Fiscal Year (As of March 31, 2011)
Liabilities		
Current Liabilities	**35,892**	**29,989**
Notes and Accounts Payable-Trade	5,129	3,364
Short-Term Loans Payable	24,706	19,943
Other	6,056	6,681
Noncurrent Liabilities	**7,083**	**15,365**
Bonds Payable	1,400	200
Long-Term Loans Payable	4,768	14,381
Provision for Retirement Benefits	173	177
Asset Retirement Obligations	—	71
Other	741	534
Total Liabilities	**42,976**	**45,355**
Net Assets		
Shareholders' Equity	**29,235**	**30,361**
Capital Stock	**6,593**	**6,593**
Capital Surplus	**5,414**	**5,414**
Retained Earnings	**24,517**	**25,656**
Treasury Stock	**(7,290)**	**(7,303)**
Accumulated Other Comprehensive Income	**(1,239)**	**(2,040)**
Valuation Difference on Available-for-Sale Securities	**(1,287)**	**(2,037)**
Deferred Gains or Losses on Hedges	**5**	**15**
Foreign Currency Translation Adjustment	**41**	**(17)**
Minority Interests	**—**	**102**
Total Net Assets	**27,995**	**28,423**
Total Liabilities and Net Assets	**70,971**	**73,779**

Unit: ¥million rounded down to nearest million

Consolidated Statements of Income (Summary)

(Unit: ¥million*)

Item \ Term	Prior Consolidated Fiscal Year (Commenced April 1, 2009 and ended March 31, 2010)	Current Consolidated Fiscal Year (Commenced April 1, 2010 and ended March 31, 2011)
Net Sales	**50,745**	**49,482**
Cost of Sales	**23,300**	**18,442**
Gross Profit	**27,444**	**31,039**
Reversal of Provision for Sales Returns	**186**	**169**
Provision for Sales Returns	**169**	**137**
Gross Profit-Net	**27,461**	**31,072**
Selling, General and Administrative Expenses	**25,876**	**27,760**
Operating Income	**1,584**	**3,311**
Non-Operating Income	**284**	**478**
Non-Operating Expenses	**400**	**631**
Ordinary Income	**1,467**	**3,158**
Extraordinary Income	**416**	**26**
Extraordinary Loss	**315**	**422**
Income before Income Taxes	**1,568**	**2,762**
Income Taxes-Current	**825**	**1,146**
Income Taxes-Deferred	**(259)**	**(217)**
Income before Minority Interests	**—**	**1,834**
Minority Interests in Loss	**—**	**(8)**
Net Income	**1,001**	**1,842**

Unit: ¥million rounded down to nearest million

Consolidated Statements of Cash Flows (Summary)

(Unit: ¥million*)

Item \ Term	Prior Consolidated Fiscal Year (Commenced April 1, 2009 and ended March 31, 2010)	Current Consolidated Fiscal Year (Commenced April 1, 2010 and ended March 31, 2011)
Net Cash Provided by (Used in) Operating Activities	5,858	5,847
Net Cash Provided by (Used in) Investing Activities	(15,479)	(7,292)
Net Cash Provided by (Used in) Financing Activities	10,373	2,838
Effect of Exchange Rate Change on Cash and Cash Equivalents	19	(18)
Net Increase in Cash and Cash Equivalents	771	1,375
Cash and Cash Equivalents at Beginning of Year	2,670	3,442
Cash and Cash Equivalents at End of Year	3,442	4,817

Unit: ¥million rounded down to nearest million

Consolidated Statements of Changes in Net Assets (Summary) (From April 1, 2010 to March 31, 2011)

(Unit: ¥million*)

	Shareholders' Equity					Accumulated Other Comprehensive Income				Minority Interests	Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income		
Balance as of March 31, 2010	6,593	5,414	24,517	(7,290)	29,235	(1,287)	5	41	(1,239)	—	27,995
Changes of Items during the Year											
Dividends from Surplus			(703)		(703)						(703)
Net Income			1,842		1,842						1,842
Purchase of Treasury Stock				(12)	(12)						(12)
Net Changes of Items other than Shareholders' Equity						(750)	9	(59)	(800)	102	(698)
Total Changes of Items during the Year	—	—	1,139	(12)	1,126	(750)	9	(59)	(800)	102	428
Balance as of March 31, 2011	6,593	5,414	25,656	(7,303)	30,361	(2,037)	15	(17)	(2,040)	102	28,423

Unit: ¥million rounded down to nearest million

Company Information (As of March 31, 2011)

Company Outline

Established:	December 1955
Paid-in Capital:	¥6,593,398,500
Number of Employees:	1,287 (Consolidated)
Business Activities:	1.Manufacturing, sales, import and export of pharmaceuticals, quasi drugs and reagents. 2.Manufacturing, sales, import and export of cosmetics, health foods, soft drinks, hygienic goods and medical devices.

Board of Directors (As of June 29, 2011)

President	Sachiaki Ibe
Senior Managing Director	Takeshi Saito
Senior Managing Director	Hirokazu Endo
Senior Managing Director	Shigeya Furuhata
Managing Director	Mitsuhiro Tago
Managing Director	Mikio Kan
Managing Director	Shigeru Moriyama
Director	Akira Ohno
Director	Yasunori Nagatani
Director	Hiroshi Ono
Director	Makoto Kishimoto
Director	Yoshihiro Hiraga
Director	Nobuhito Hashimoto
Director	Katsuyuki Ishii
Director	Hiroki Kato
Director	Hidekazu Yokote
Standing Statutory Auditor	Masahiko Hanada
Standing Statutory Auditor	Koujirou Takami
External Auditor	Tetsuo Komori
External Auditor	Yukiko Naka

Branch

- Headquarters
- Sapporo Branch
- Sendai Branch
- Tokyo Branch
- Tokyo 3rd Sales Office
- Kanagawa Sales Office
- Saitama Sales Office
- Chiba Sales Office
- Kita Kanto Sales Office
- Koshinetsu Sales Office
- Nagoya Branch
- Osaka Branch
- Osaka 2nd Sales Office
- Kobe Sales Office
- Other Sales Office
- Keiji Hokuriku Sales Office
- Chugoku & Shikoku Branch
- Okayama Sales Office
- Takamatsu Sales Office
- Fukuoka Branch
- Central Research Laboratories
- Saitama Plant
- Tsukuba Plant
- Tokyo Distribution Center
- Sapporo Distribution Center
- Saitama Distribution Center
- Osaka Distribution Center
- Kyushu Distribution Center

Aomori, Koriyama, Utsunomiya, Kanetsu, Shizuoka, Kanazawa, Yamaguchi, Yonago, Matsuyama, Kochi, Nagasaki, Kumamoto, Oita, Kagoshima, Okinawa

Number of Consolidated Subsidiaries: 5

Tillotts Pharma AG

Paid-in Capital:	CHF 1,640,000 (equity stake: 100%)
Business Activities:	Manufacturing and sales of products for treatment of IBD (inflammatory bowel disease) and IBS (irritable bowel syndrome)

Zeria Healthway Co., Ltd.

Paid-in Capital:	¥85 million (equity stake: 100%)
Business Activities:	Purchase and sales of nutritional foods and health foods

Biofac Esbjerg A/S

Paid-in Capital:	DKK 1,000,000 (equity stake: 85%)
Business Activities:	Manufacturing and sales of sodium chondroitin sulfate, particularly as a pharmaceutical ingredient

IONA INTERNATIONAL CORPORATION

Paid-in Capital:	¥200 million (equity stake: 100%)
Business Activities:	Manufacturing and sales, etc. of cosmetics and quasi drugs

Zevice Co., Ltd.

Paid-in Capital:	¥180 million (equity stake: 100%)
Business Activities:	Insurance agency, real estate related activities, etc.

Share Information (As of March 31, 2011)

Shareholding Status

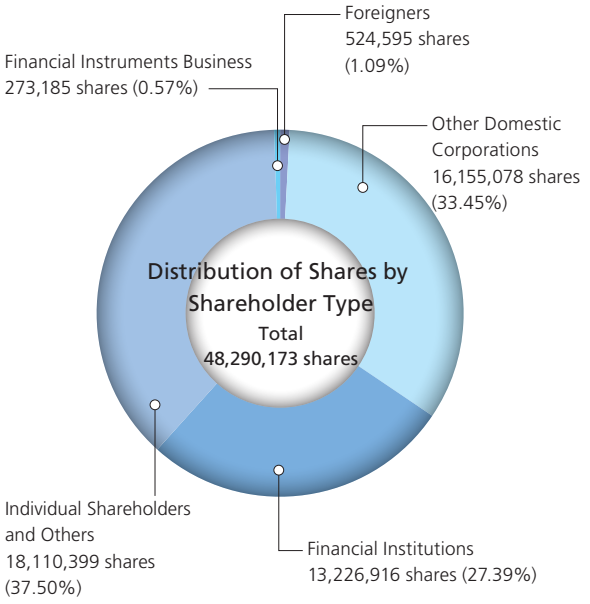
(i) Number of authorized shares:	119,860,000 shares
(ii) Number of shares outstanding:	48,290,173 shares
(iii) Number of shareholders:	3,580

Major Shareholders

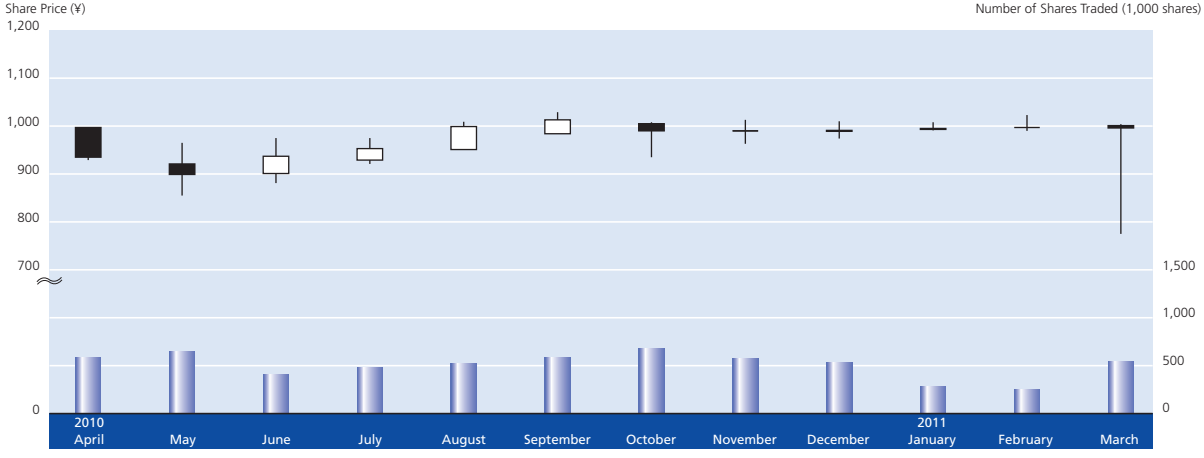
Name of Shareholder	Number of Shares Held	Percentage Held (%)
Ibe Corporation	5,510,770	13.3
The Bank of Tokyo Mitsubishi UFJ, Ltd.	1,915,500	4.6
Morinaga Milk Industry Co., Ltd.	1,854,741	4.5
Japan Trustee Service Bank, Ltd. (Trust Account)	1,719,000	4.2
Zeria Pharmaceuticals Co., Ltd. Employee Stockholding Plan	1,627,417	3.9
Sachiaki Ibe	1,442,425	3.5
Sumitomo Mitsui Banking Corporation	1,278,301	3.1
Mizuho Bank, Ltd.	1,278,230	3.1
Resona Bank, Limited	1,074,896	2.6
Aioi Nissay Dowa Insurance Co., Ltd.	858,691	2.1

(Note) The percentage held is calculated by subtracting treasury stock (totaling 6,937,032 shares).

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	Late June of each year
Record Date	Ordinary General Meeting of the Shareholders and end of term dividend March 31 of each year Interim dividend September 30 of each year
Transfer Agent	The Chuo Mitsui Trust and Banking Company, Limited 3-33-1 Shiba, Minato-ku, Tokyo
Mailing Address	Transfer Agency Division, The Chuo Mitsui Trust and Banking Company, Limited 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063
(Inquiry information)	TEL: 0120-78-2031 (toll-free) Handling operation is conducted in main branch and all domestic branches of The Chuo Mitsui Trust and Banking Company, Limited and main branch and all domestic branches of Japan Securities Agents Co., Ltd.

- **Applications for change of address or for purchase demands of fractional shares, etc.**

  Please send such notifications or applications to the securities company where your account is held.

  For shareholders for whom a special account has been opened because there is no account held by a securities company, please send such notifications or applications to The Chuo Mitsui Trust and Banking Company, Limited, the account management institution for the special account.

- **Applications for payment of dividends payable**

  Please send such applications to the transfer agent, The Chuo Mitsui Trust and Banking Company, Limited.

- **Statement of Dividend Calculation**

  The "Statement of Dividend Calculation" that is sent to shareholders at the time of dividends payment serves as your "Payment Notification Statement," based on the provisions of the Act on Special Measures Concerning Taxation. When you file your final tax return, you can use this document as the accompanying documentation.

  Shareholders who receive payment of dividends by the dividend warrant shall also receive the "Statement of Dividend Calculation." Shareholders who file final tax returns should store this document in a secure place.

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

URL http://www.zeria.co.jp/english/

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.

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ZERIA

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