Securities Code 4559

# 健康づくりは幸せづくり

## Making Health is making happiness

59th

# Business Report

From April 1, 2012 to March 31, 2013

## Contents



ゼリア新薬
ZERIA

# To Our Shareholders

President and CEO
Sachiaki Ibe

**Z**oom in on healthcare
健康へのニーズに焦点を

**E**xcel 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

**R**each out to the world
世界に目を向けて

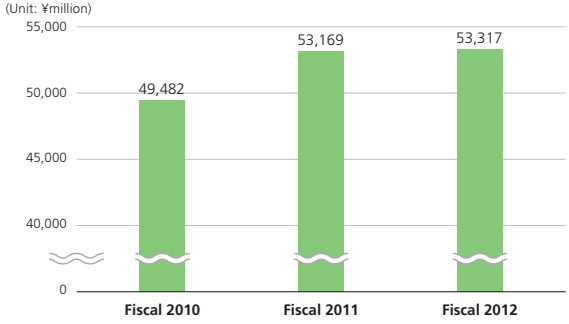
**I**nspire confidence in management
信頼と期待に応える経営を

**A**chieve our potential
事業発展の基盤づくりを

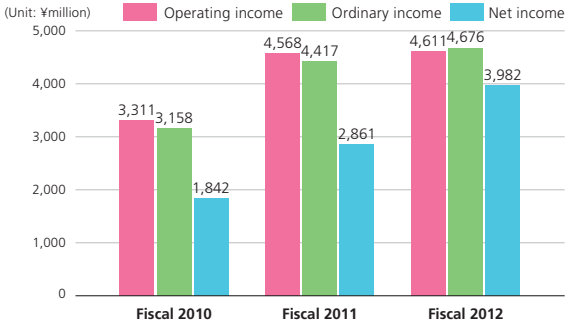
**Z·E·R·I·A Five** Corporate Spirits

We are pleased to report the results of fiscal year 2012 (59th business operations) for the period from April 1, 2012 to March 31, 2013.

Net sales




Operating income / Ordinary income / Net income

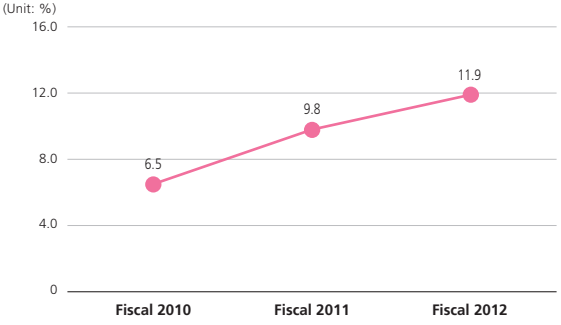


In the ethical pharmaceuticals industry, in addition to the implementation of drug price revisions in April 2012, we continued to see government policy to minimize treatment costs such as the promotion of generic brand pharmaceuticals. Also, in the OTC drug market, the business environment was difficult mainly due to a continuing decline in the Japanese market caused by slumping personal consumption.

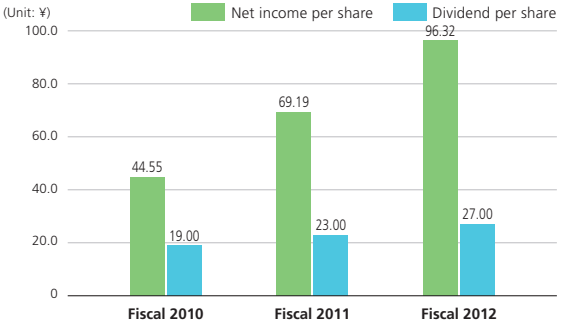
Operating under such circumstances, the Zeria Group actively channeled business resources to achieve its goals for the fiscal year under review , the second year of its 7th Mid-Term Management Plan (from fiscal year 2011 to fiscal year 2013), for which the overall aim is "building the foundation as a global company." In Japan, the Group worked to further develop the Ethical Pharmaceuticals business and the Consumer Healthcare business, which have long been the two "wheels" of the Group. Outside Japan, work was undertaken to strengthen the management structures of Group companies and to develop a framework to expand sales of the Company's products.

As a result of these activities, net sales for fiscal year 2012 were 53.317 billion yen (up 0.3% from the previous fiscal year). Operating income, ordinary income and net income all increased to 4.611 billion yen (up 0.9%), 4.676 billion yen (up 5.9%) and 3.982 billion yen (up 39.2%), respectively.
In fiscal year 2012, the overseas sales to net sales ratio was 12.4%, compared with 12.2% in the previous fiscal year.

Return on equity (ROE)




Net income per share / Dividend per share



# Ethical Pharmaceuticals Business

DATA

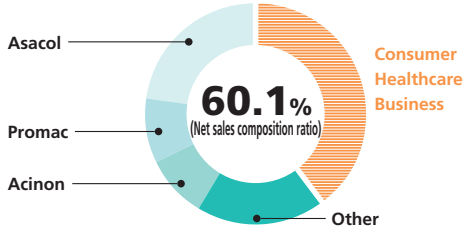
## Net sales

**¥31,920 million**

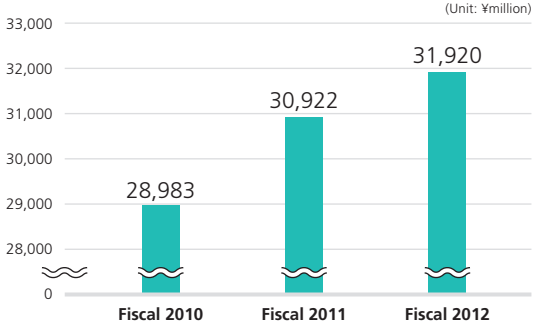
(up 3.2% from the previous fiscal year)

## Net sales of major products

| | |
|---|---|
| Asacol | ¥12.05 billion |
| Promac | ¥5.01 billion |
| Acinon | ¥4.89 billion |




## Consolidated net sales in Ethical Pharmaceuticals Business




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.
There was further sales growth for the mainstay product Asacol®, a therapeutic agent for ulcerative colitis, due to further market penetration in Japan and strengthening of the sales structure of Tillotts Pharma AG (hereinafter "Tillotts Pharma"). Nevertheless, sales of other products including Acinon®, an $H_2$ receptor antagonist, and Promac®, a zinc-containing antiulcer agent, struggled due to the drug price revisions of April 2012 and intensifying market competition. The therapeutic agent for hypophosphatemia Phosribbon® Combination Granules was put on sale in March 2013, following the receipt of marketing authorization for the product in December 2012. In addition, preparations were underway for the market launch of the therapeutic agent for functional dyspepsia Acofide® Tablets 100mg, which was developed jointly with Astellas Pharma Inc. Marketing authorization for the product was obtained in March 2013.
As a result, net sales in the business amounted to 31.920 billion yen (up 3.2% from the previous fiscal year).

# Consumer Healthcare Business

DATA

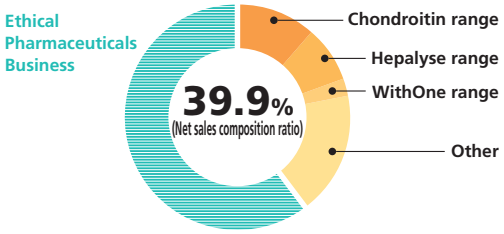
## Net sales

**¥21,180 million**

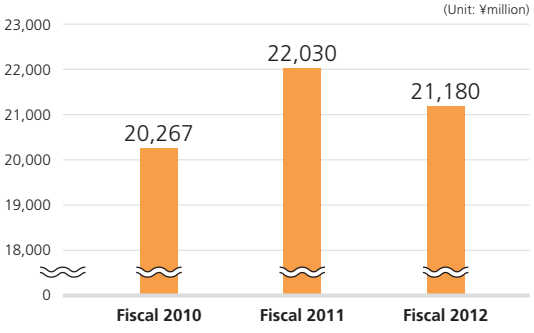
(down 3.9% from the previous fiscal year)

## Net sales of major products

| | |
|---|---|
| Chondroitin range | ¥6.05 billion |
| Hepalyse range | ¥4.36 billion |
| WithOne range | ¥1.39 billion |




## Consolidated net sales in Consumer Healthcare Business




In the Consumer Healthcare business, amidst the advancement of the super-aged society, we worked to develop markets for self-medication products for the general consumer.

The mainstay Hepalyse® range posted substantial sales growth, making it the successor of the Chondroitin range as the Company's next major range of products. This was the result of efforts to enhance product awareness through aggressive investment in TV advertisements and other forms of advertising. In particular, sales of Hepalyse® W (soft drink), a product for sale in convenience stores, have been growing steadily since the drink's launch in 2011. With the aim of strengthening the Hepalyse® W lineup, Hepalyse® W Pastille Type (dietary supplement) was launched in March 2013. Contrastingly, although the Chondroitin range's overwhelming market share was maintained firmly through focused sales activities, which included ongoing TV advertisement broadcasts, its sales struggled mainly because of low personal consumption.

As a result, net sales in the business amounted to 21.180 billion yen (down 3.9% from the previous fiscal year).

# Status of Research and Development

In the Research and Development division, we are actively promoting overseas clinical trials of our own original drugs to develop new drugs that are globally marketable and competitive. At the same time, we are developing products for the Japanese market based on in-licensed drugs that has gained global success.

As part of our endeavor to build up our pipeline of new gastrointestinal drugs, we are currently conducting a Phase II trial, targeting Crohn's disease, for Z-206 (Asacol®), which is in-licensed from Tillotts Pharma, in partnership with Kyowa Hakko Kirin Co., Ltd. Regarding its development in China, we submitted an application for approval in May 2013 following the completion of a Phase III trial targeting ulcerative colitis.

In March 2013, we obtained the marketing authorization in Japan for Z-338 (Acofide®), a Zeria-originated drug that was concurrently developed in Japan, Europe and the United States. This marked the product's arrival as the first-in-class therapeutic agent for functional dyspepsia. In addition, preparations are underway to start Phase III development in Europe.

As for Z-103 (Promac®), we are carrying out a Phase III clinical trial to demonstrate its efficacy in the treatment of taste disorder (dysgeusia). Promac® Granules 15% was launched in Korea in August 2012, with approval as a treatment for gastric ulcer and gastritis. This product has been developed by SK Chemicals Co., Ltd. based in Korea.

Regarding Z-100, following the completion of an additional Phase III trial to demonstrate its efficacy with cervical cancer, we are currently considering making an application for marketing authorization in Japan.

For Z-360, we are carrying out a Phase I trial in Japan targeting pancreatic cancer and making preparations simultaneously to start a global Phase II joint trial in Asia.

We obtained marketing authorization for the oral phosphate formulation Z-521 (Phosribbon®) with the indication for hypophosphatemia in December 2012 and launched it on the market in March 2013.

Regarding the development of Consumer Healthcare products, in December 2012, we submitted an application for marketing authorization for Colpermin®, a European herbal medicine that is in-licensed from Tillotts Pharma.

Research and development expenses for the fiscal year under review were 5.629 billion yen (up 6.1% from the previous fiscal year).

# Research and Development Pipeline

## Status of Research and Development

### I. Domestic

(As of May 16, 2013)

#### 1) Gastrointestinal field

| Stage | Development Code/ Generic Name | Development | Indications | Classification | Notes |
|---|---|---|---|---|---|
| Approval | Z-338/ Acotiamide | Co-development (Astellas Pharma) | Functional dyspepsia Acofide® | Upper gastrointestinal motility modulator | Original Co-promotion(Astellas Pharma) |
| Phase III | Z-103/ Polaprezinc | Zeria | Taste disorder Promac® additional indication | Zinc replacement | In-licensed |
| Phase II | Z-206/ Mesalazine | Co-development (Kyowa Hakko Kirin) | Crohn's disease Asacol® additional indication | pH-dependent controlled-release formulation | Original (Tillotts Pharma) |
| Phase I | Z-360 | Zeria | Pancreatic cancer | Gastrin $CCK_2$ receptor antagonist | Original Asia Global Development |

#### 2) Other fields

| Stage | Development Code/ Generic Name | Development | Indications | Classification | Notes |
|---|---|---|---|---|---|
| Phase III completed | Z-100 | Zeria | Cervical cancer | Immunomodulator | Original |

### II. Overseas

| Stage | Development Code/ Generic Name | Development | Indications | Classification | Notes |
|---|---|---|---|---|---|
| NDA filed (China) | Z-206/ Mesalazine | Co-development (Tillotts Pharma) | Ulcerative colitis Asacol® | pH-dependent controlled-release formulation | Original (Tillotts Pharma) |
| Phase III in preparation (Europe) | Z-338/ Acotiamide | Zeria | Functional dyspepsia | Upper gastrointestinal motility modulator | Original |
| Phase II completed (North America) | Z-338/ Acotiamide | Zeria | Functional dyspepsia | Upper gastrointestinal motility modulator | Original |
| Phase II in preparation (Europe, Asia) | Z-360 | Zeria | Pancreatic cancer | Gastrin $CCK_2$ receptor antagonist | Original |

Zeria (Gr) original: Zeria Group original drug

Reference

**Phase I Clinical Trials**

After completion of animal studies and confirmation of the efficacy and toxicity, "drug candidates" 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 efficacy and safety of the drug candidate, as well as the appropriate method of use such as dosage and administration method, are tested on a small number of patients against 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 drugs on the market or against 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, we focused our operations on seeking higher quality and cost efficiencies. Meanwhile, in the Distribution and Logistics divisions, we outsourced logistical operations as part of an overall goal to boost increases in operational efficiency and cost reductions.

In the fiscal year under review, production at both the Saitama and Tsukuba Plants was maintained at a high level on the back of sales growth for mainstay products such as Asacol® and the Hepalyse® range, and facilities operated at almost full capacity. In anticipation of continued rises in production of these products and ranges as well as launches of new drugs, we will step up our efforts to have an efficient production structure in place.

## Close-up shot

### Launch of Hepalyse® W (Double) Pastille Type


Hepalyse® W is a very well-received soft drink with health benefits under the Hepalyse® brand currently sold in convenience stores nationwide. A sister product, Hepalyse® W Pastille Type (dietary supplement), containing liver extract and turmeric extract (curcumin), was launched nationwide as a product for sale in convenience stores on March 18, 2013.

We will aggressively promote sales of Hepalyse® W Pastille Type, which is convenient to carry and easy to take, as part of the Hepalyse® brand lineup.

## Outlook for Fiscal Year 2013

For our consolidated outlook for fiscal year 2013 ending March 31, 2014, we forecast net sales of 60.5 billion yen (up 13.5% from the previous fiscal year), operating income of 5.6 billion yen (up 21.4%), ordinary income of 5.6 billion yen (up 19.7%), and net income of 4.0 billion yen (up 0.4%).

Net sales

In the Ethical Pharmaceuticals business, we expect an increase in sales primarily from increased sales of the mainstay therapeutic agent for ulcerative colitis Asacol® in Japan and overseas as well as the market launch of the therapeutic agent for functional dyspepsia Acofide®. In the Consumer Healthcare business, we are planning to continue aggressive advertising campaigns, and as a result we expect sales expansion for mainstay product ranges such as the Chondroitin range, the Hepalyse® range and the WithOne® range of herbal laxatives.

Income

With respect to income, we forecast higher operating income, ordinary income and net income compared with the fiscal year under review, on the back of increased sales of highly profitable products. We forecast growth in net income to be slight, partly because of the recording of gain on forgiveness of debts under extraordinary income in the previous fiscal year.

| | 59th Term | 60th Term (Forecast) |
|---|---|---|
| Net Sales | ¥53,317 million | ¥60,500 million |
| Operating Income | ¥4,611 million | ¥5,600 million |
| Ordinary Income | ¥4,676 million | ¥5,600 million |
| Net Income | ¥3,982 million | ¥4,000 million |

# Special Offers to Our Shareholders

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

## Option A

Soft drinks, Designated quasi drug, Food for specified health uses

**Set of aluminum can drinks and Hepalyse® W**

## Option B

Health food drink

**2 bottles of Chondrobe® Concentrate, JUNKOU®**

## Option C

Cosmetics and health products

**Set of ChondroMax® and Aposty®**

## Option D

Chondroitin-Content Intensive Nighttime Essence

**2 bottles of ZZ:CC® ADSORB ESSENCE (30g)**


## Option E

Three-product Quality Moisturizer Set

**IONA Three-product Basic Skincare Set**

## Launch of therapeutic agent for functional dyspepsia Acofide® Tablets 100mg

On June 6, 2013, we launched our own original new drug, Acofide® Tablets 100mg (hereinafter "Acofide® Tablets"; generic name: acotiamide hydrochloride hydrate), the first-in-class therapeutic agent for functional dyspepsia.

Functional dyspepsia is defined as the presence of symptoms thought to originate in the upper gastroduodenal region in the absence of any clear organic causes such as cancer, ulceration or inflammation. Symptoms include an uncomfortable sense of abdominal bloating accompanied by a feeling of tenseness in the stomach, an early feeling of satiation even when eating a small amount of food, and pain and a burning sensation in the pit of the stomach. While the causes of functional dyspepsia have not been identified, the disease is now known to have a close connection with delayed gastric emptying into the small intestine.

Acotiamide hydrochloride hydrate is a new compound originated by Zeria . The compound inhibits the activities of an enzyme that degrades acetylcholine, a neurotransmitter that is important in regulating gastrointestinal motility. By doing so, it improves the impairment of gastric motility and delayed gastric emptying, thus easing the sensations of postprandial fullness, upper abdominal bloating, and early satiation, which are subjective symptoms of functional dyspepsia.

Acofide® Tablets is the world's first therapeutic agent for functional dyspepsia to demonstrate efficacy in patients with functional dyspepsia as diagnosed by the Rome III criteria. The therapeutic agent has been launched in Japan ahead of the rest of the world.

Since Acofide® Tablets is the first therapeutic agent to have an indication for functional dyspepsia, the Company will work to increase awareness of the disease, swiftly create a market for the product and maximize product value in Japan. In addition, preparations are currently underway for a Phase III trial in Europe with the aim of commencing the trial in fiscal year 2013. In the United States, where a Phase II trial has been completed, the Company intends to select a partner swiftly and press on with development of the treatment.

We believe that Acofide® Tablets will help to improve the subjective symptoms of functional dyspepsia sufferers as well as their quality of life.

## Launch of therapeutic agent for hypophosphatemia Phosribbon® Combination Granules

On March 4, 2013, we launched the oral phosphate formulation Phosribbon® Combination Granules (active components: monobasic sodium phosphate monohydrate and dibasic sodium phosphate anhydrous) with an indication for hypophosphatemia.

Previously, there was no oral phosphate formulation as an indication for hypophosphatemia approved in Japan. Consequently, a development request was submitted to the Ministry of Health, Labour and Welfare on the subject of hypophosphatemia by The Japanese Society for Pediatric Endocrinology, The Japanese Society for Pediatric Nephrology, The Japan Endocrine Society and the research group on functional abnormalities in hormone receptor under the Intractable Disease Treatment Research Program of the Ministry of Health, Labour and Welfare. The request was examined by the Evaluation Committee on Unapproved or Off-labeled Drugs with High Medical Needs, and in May 2010 the Ministry of Health, Labour and Welfare submitted a development request to the Company. We undertook development of this formulation with the view that fighting orphan diseases is one of our social responsibilities as a pharmaceutical company.

Hypophosphatemia is a disease in which the concentration of serum phosphorus is reduced by such causes as renal phosphate wasting or decreased absorption of phosphate from the digestive tract. If the disease becomes chronic, bone mineralization may be impeded, and this may cause rickets/osteomalacia, with symptoms such as bone deformation and short stature, noticeable bone pains and muscle loss, and pseudofractures.

The main underlying illnesses that cause hypophosphatemia are primary hypophosphatemic rickets (familial hypophosphatemic rickets), tumor-induced hypophosphatemic osteomalacia, Fanconi syndrome and rickets of prematurity. It is estimated that between 3,500 and 7,000 patients in Japan have these conditions.

We believe that Phosribbon® Combination Granules will help to improve the symptoms of sufferers of this illness.

# Financial Statements (Consolidated)

## Consolidated Balance Sheets (Summary)

(Unit: ¥million*)

| Item \ Term | Prior Consolidated Fiscal Year (As of March 31, 2012) | Current Consolidated Fiscal Year (As of March 31, 2013) |
|---|---|---|
| **Assets** | | |
| **Current Assets** | **27,223** | **30,236** |
| Cash and Deposits | 5,713 | 7,367 |
| Notes and Accounts Receivable-Trade | 12,605 | 13,625 |
| Inventories | 6,068 | 6,542 |
| Deferred Tax Assets | 862 | 797 |
| Other | 1,994 | 1,916 |
| Allowance for Doubtful Accounts | (21) | (12) |
| **Noncurrent Assets** | **47,977** | **48,009** |
| **Property, Plant and Equipment** | **21,048** | **21,220** |
| Buildings and Structures | 6,510 | 6,709 |
| Machinery, Equipment and Vehicles | 2,613 | 2,521 |
| Land | 11,561 | 11,593 |
| Construction in Progress | 1 | — |
| Other | 361 | 395 |
| **Intangible Assets** | **13,107** | **12,621** |
| **Investments and Other Assets** | **13,821** | **14,167** |
| Investment Securities | 9,767 | 10,571 |
| Deferred Tax Assets | 1,401 | 974 |
| Other | 2,718 | 2,672 |
| Allowance for Doubtful Accounts | (65) | (50) |
| **Total Assets** | **75,201** | **78,246** |

| Item \ Term | Prior Consolidated Fiscal Year (As of March 31, 2012) | Current Consolidated Fiscal Year (As of March 31, 2013) |
|---|---|---|
| **Liabilities** | | |
| **Current Liabilities** | **24,826** | **24,827** |
| Notes and Accounts Payable-Trade | 3,344 | 3,308 |
| Short-Term Loans Payable | 14,838 | 15,250 |
| Other | 6,643 | 6,269 |
| **Noncurrent Liabilities** | **19,880** | **16,508** |
| Long-Term Loans Payable | 19,123 | 15,665 |
| Provision for Retirement Benefits | 146 | 152 |
| Asset Retirement Obligations | 72 | 73 |
| Other | 538 | 616 |
| **Total Liabilities** | **44,706** | **41,336** |
| **Net Assets** | | |
| **Shareholders' Equity** | **32,345** | **35,285** |
| **Capital Stock** | **6,593** | **6,593** |
| **Capital Surplus** | **5,414** | **5,414** |
| **Retained Earnings** | **27,649** | **30,598** |
| **Treasury Stock** | **(7,312)** | **(7,320)** |
| **Accumulated Other Comprehensive Income** | **(1,995)** | **1,440** |
| **Valuation Difference on Available-for-Sale Securities** | **(1,472)** | **704** |
| **Deferred Gains or Losses on Hedges** | **4** | **—** |
| **Foreign Currency Translation Adjustment** | **(527)** | **735** |
| **Minority Interests** | **144** | **184** |
| **Total Net Assets** | **30,494** | **36,910** |
| **Total Liabilities and Net Assets** | **75,201** | **78,246** |

Unit: ¥million rounded down to nearest million

## Consolidated Statements of Income (Summary)

(Unit: ¥million*)

| Item \ Term | Prior Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012) | Current Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013) |
|---|---|---|
| Net Sales | 53,169 | 53,317 |
| Cost of Sales | 18,547 | 17,596 |
| Gross Profit | 34,622 | 35,721 |
| Reversal of Provision for Sales Returns | 137 | 112 |
| Provision for Sales Returns | 112 | 105 |
| Gross Profit-Net | 34,646 | 35,728 |
| Selling, General and Administrative Expenses | 30,078 | 31,117 |
| Operating Income | 4,568 | 4,611 |
| Non-Operating Income | 367 | 439 |
| Non-Operating Expenses | 518 | 374 |
| Ordinary Income | 4,417 | 4,676 |
| Extraordinary Income | 336 | 1,544 |
| Extraordinary Loss | 72 | 197 |
| Income before Income Taxes | 4,681 | 6,023 |
| Income Taxes-Current | 1,837 | 1,906 |
| Income Taxes-Deferred | (72) | 119 |
| Income before Minority Interests | 2,916 | 3,997 |
| Minority Interests in Income | 55 | 15 |
| Net Income | 2,861 | 3,982 |

Unit: ¥million rounded down to nearest million

## Consolidated Statements of Cash Flows (Summary)

(Unit: ¥million*)

| Item \ Term | Prior Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012) | Current Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013) |
|---|---|---|
| Net Cash Provided by (Used in) Operating Activities | 6,028 | 3,878 |
| Net Cash Provided by (Used in) Investing Activities | (2,566) | 571 |
| Net Cash Provided by (Used in) Financing Activities | (2,433) | (3,340) |
| Effect of Exchange Rate Change on Cash and Cash Equivalents | (264) | 543 |
| Net Increase in Cash and Cash Equivalents | 763 | 1,653 |
| Cash and Cash Equivalents at Beginning of Year | 4,817 | 5,581 |
| Cash and Cash Equivalents at End of Year | 5,581 | 7,235 |

Unit: ¥million rounded down to nearest million

## Consolidated Statements of Changes in Net Assets (Summary) (From April 1, 2012 to March 31, 2013)

(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 April 1, 2012 | 6,593 | 5,414 | 27,649 | (7,312) | 32,345 | (1,472) | 4 | (527) | (1,995) | 144 | 30,494 |
| Changes of Items during the Year | | | | | | | | | | | |
| Dividends from Surplus | | | (1,033) | | (1,033) | | | | | | (1,033) |
| Net Income | | | 3,982 | | 3,982 | | | | | | 3,982 |
| Purchase of Treasury Stock | | | | (7) | (7) | | | | | | (7) |
| Net Changes of Items Other than Shareholders' Equity | | | | | | 2,177 | (4) | 1,263 | 3,435 | 39 | 3,475 |
| Total Changes of Items during the Year | — | — | 2,948 | (7) | 2,940 | 2,177 | (4) | 1,263 | 3,435 | 39 | 6,415 |
| Balance as of March 31, 2013 | 6,593 | 5,414 | 30,598 | (7,320) | 35,285 | 704 | — | 735 | 1,440 | 184 | 36,910 |

Unit: ¥million rounded down to nearest million

# Company Information (As of March 31, 2013)

## Company Outline

| | |
|---|---|
| Established: | December 1955 |
| Paid-in Capital: | ¥6,593,398,500 |
| Number of Employees: | 1,298 (Consolidated) |
| Business Activities: | 1. Manufacturing, sales, import and export of pharmaceuticals, quasi drugs and reagents.<br>2. Manufacturing, sales, import and export of cosmetics, health foods, soft drinks, hygienic goods and medical devices. |

### Directors and Audit & Supervisory Board Members (As of June 27, 2013)

| | |
|---|---|
| President and CEO | Sachiaki Ibe |
| 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 | Makoto Kishimoto |
| Director | Yoshihiro Hiraga |
| Director | Katsuyuki Ishii |
| Director | Hiroki Kato |
| Director | Hidekazu Yokote |
| Director | Yasuhiro Hayashi |
| Director | Masahiro Fukahori |
| Audit & Supervisory Board Member | Masahiko Hanada |
| Audit & Supervisory Board Member | Koujirou Takami |
| Audit & Supervisory Board Member (Outside) | Tetsuo Komori |
| Audit & Supervisory Board Member (Outside) | 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

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

- 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

## 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 |

### ZPD A/S (formerly 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, 2013)

## Status of Shares

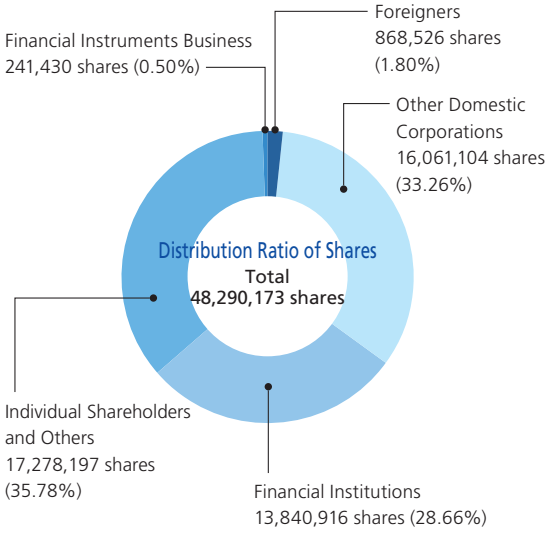
| | |
|---|---|
| (i) Number of authorized shares: | 119,860,000 shares |
| (ii) Number of shares outstanding: | 48,290,173 shares |
| (iii) Number of shareholders: | 3,244 |

## Major Shareholders

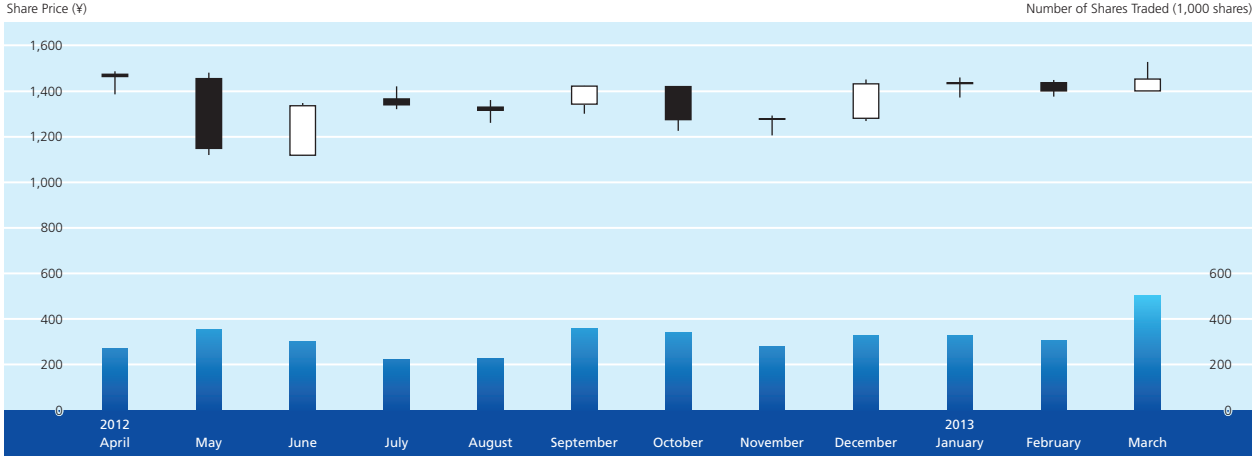
| Name of Shareholder | Number of Shares Held | Percentage Held (%) |
|---|---|---|
| Ibe Corporation | 4,400,770 | 10.6 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 1,915,500 | 4.6 |
| Japan Trustee Service Bank, Ltd. (Trust Account) | 1,905,000 | 4.6 |
| Morinaga Milk Industry Co., Ltd. | 1,854,741 | 4.5 |
| Zeria Pharmaceutical Co., Ltd. Employee Stockholding Plan | 1,524,357 | 3.7 |
| Sachiaki Ibe | 1,447,425 | 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 6,950,846 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 Shareholders | Late June of each year |
| Record Date | Ordinary General Meeting of Shareholders and end of term dividend<br>March 31 of each year<br>Interim dividend<br>September 30 of each year |
| Transfer Agent | Sumitomo Mitsui Trust Bank, Limited<br>1-4-1 Marunouchi, Chiyoda-ku, Tokyo |
| Account Management Institution for Special Account | Sumitomo Mitsui Trust Bank, Limited<br>1-4-1 Marunouchi, Chiyoda-ku, Tokyo |
| Mailing Address<br>(Inquiry information) | Stock Transfer Agency Business Planning Department,<br>Sumitomo Mitsui Trust Bank, Limited<br>2-8-4 Izumi, Suginami-ku, Tokyo 168-0063<br>TEL: 0120-782-031 (toll-free)<br>Handling operation is conducted in main branch and all domestic branches of Sumitomo Mitsui Trust Bank, Limited. |

- **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 Sumitomo Mitsui Trust Bank, Limited, the account management institution for the special account.

- **Applications for payment of dividends payable**
  Please send such applications to the transfer agent, Sumitomo Mitsui Trust Bank, 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.

健康づくりは幸せづくり

ゼリア新薬
ZERIA


**Customer Service, Zeria Pharmaceutical Co., Ltd.**

10-11 Nihonbashi-kobunacho, Chuo-ku, Tokyo 103-8351
TEL 03-3663-2351 (Main) FAX 03-3663-2352
03-3661-2080
http://www.zeria.co.jp/


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

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.

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