Securities Code ● 4559


61st

# Business Report

From April 1, 2014 to March 31, 2015

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ゼリア新薬
ZERIA

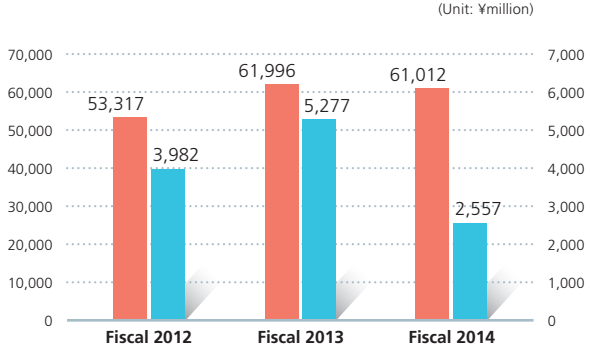
# To Our Shareholders

Chairman and CEO
Sachiaki Ibe

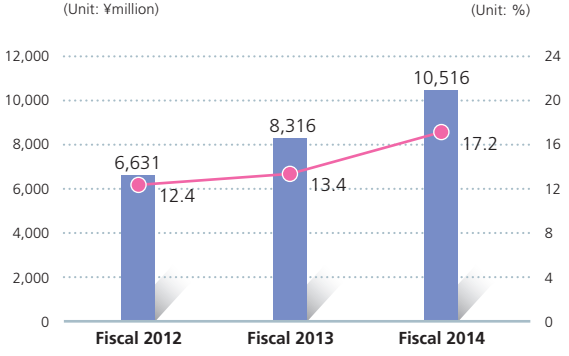
President and COO
Mitsuhiro Ibe

We are pleased to report the results of fiscal year 2014 (61st business operations) for the period from April 1, 2014 to March 31, 2015.

Net sales ( : Left-hand scale) / Net income ( : Right-hand scale)




Overseas sales ( : Left-hand scale) /
Overseas sales to net sales ratio ( : Right-hand scale)



During the fiscal year under review, the Japanese economy followed a path of moderate recovery. This mainly reflected improvement in the employment situation and growth in private capital investment resulting from proactive financial and fiscal management by the government. Nevertheless, there were many problems to be overcome, such as weak personal consumption following a consumption tax increase, and prospects for the economy continued to be unclear.

In the pharmaceuticals industry, the business environment remained difficult both in the ethical pharmaceuticals and the OTC drug fields. In the field of ethical pharmaceuticals, there was not only the implementation of drug price revisions in April last year but also further strengthening of efforts by the government to implement its policy to minimize medical expenses, such as the promotion of generic brand pharmaceuticals. In the OTC drug market, moreover, there continued to be a year-on-year decline in domestic demand and intensifying market competition.

Operating under such circumstances, the Zeria Group commenced the initial year of its three-year 8th Mid-Term Management Plan (from fiscal year 2014 to fiscal year 2016). In the fiscal year under review, the first year of this plan, the Group not only took its first step toward business development in Asia as a global company, but also worked to vigorously grow the Ethical Pharmaceuticals business and the Consumer Healthcare business, which have long been the two "wheels" of the Group. To achieve these goals, the Group actively channeled its business resources.

As a result of these activities, sales expanded in the Consumer Healthcare business due to growth in sales of the Hepalyse® product range. Nevertheless, net sales for the fiscal year under review were 61,012 million yen (down 1.6% from the previous fiscal year). This reflected struggling sales at the Ethical Pharmaceuticals business in Japan due to factors including the impact from the promotion of generic brand pharmaceuticals, and a delay in development of the market for Acofide®, the therapeutic agent for functional dyspepsia, which was launched in June 2013. In terms of profits, operating income was 2,678 million yen (down 60.6%), ordinary income was 2,770 million yen (down 59.3%) and net income was 2,557 million yen (down 51.5%), due mainly to decreases in income from licenses and royalties and large increases in costs such as research and development expenses.

In fiscal year 2014, the overseas sales to net sales ratio was 17.2%, compared with 13.4% in the previous fiscal year.

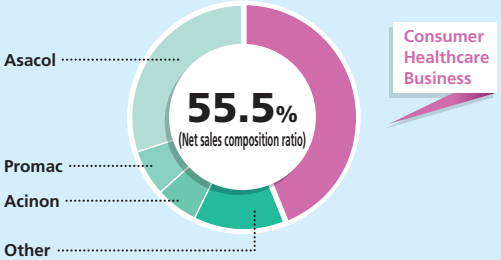
# Ethical Pharmaceuticals Business

## Net sales

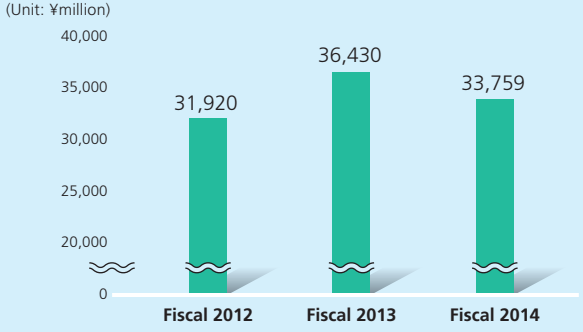
**¥33,759 million** (down 7.3% from the previous fiscal year)

## Net sales of major products

| | |
|---|---|
| Asacol | ¥18.80 billion |
| Promac | ¥3.95 billion |
| Acinon | ¥3.51 billion |




## Consolidated net sales in Ethical Pharmaceuticals Business




In the Ethical Pharmaceuticals business, in accordance with promotion codes, Zeria Pharmaceutical Co., Ltd. ("Zeria") sought to improve the quality of its medical representatives (MRs), and took steps to upgrade its medical information activities.

As for the mainstay product Asacol®, a therapeutic agent for ulcerative colitis, although sales in Japan were impacted by a lull following a rush in demand ahead of the consumption tax increase, there was continued sales growth outside Japan through the strengthening of the sales structure of Tillotts Pharma AG. As a result, sales of this product were firm. Nevertheless, sales of other products including Acinon®, an $H_2$ receptor antagonist, and Promac®, a zinc-containing antiulcer agent, struggled due to the impact of drug price revisions in April last year and the promotion of generic brand pharmaceuticals. Furthermore, although Zeria is working in partnership with Astellas Pharma Inc. to quickly develop the market for Acofide®, the therapeutic agent for functional dyspepsia, achievement of this goal is progressing more slowly than planned.

As a result, net sales in the business amounted to 33,759 million yen (down 7.3% from the previous fiscal year).

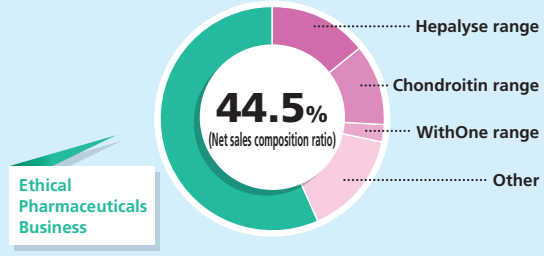
# Consumer Healthcare Business

## Net sales

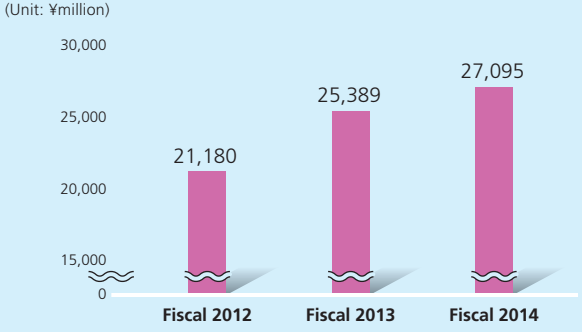
**¥27,095 million** (up 6.7% from the previous fiscal year)

## Net sales of major products

| | |
|---|---|
| Hepalyse range | **¥9.35 billion** |
| Chondroitin range | **¥7.42 billion** |
| WithOne range | **¥1.54 billion** |




## Consolidated net sales in Consumer Healthcare Business




In the Consumer Healthcare business, amidst the advancement of the super-aged society, Zeria worked to develop markets through the supply of self-medication products for the consumer.
The mainstay Hepalyse® product range posted sales growth as the result of further enhancement of product awareness through intensive advertising activities utilizing diverse forms of media such as TV advertisements. In particular, sales of the Hepalyse® W product range for sale in convenience stores, continued to show substantial sales growth following on from the previous fiscal year. In addition, Hepalyse® Amino (designated quasi-drug), which has been well received in Okinawa Prefecture since its launch in July 2014 there in advance of the rest of the country was put on sale nationwide in March 2015. In this way, Zeria also worked to enhance its lineup of products. Sales of the Chondroitin product range were firm as a result of sales activities that promoted its effectiveness, safety and high quality as a range of pharmaceuticals and clearly distinguished it from health foods. In addition, Zeria launched Prefemin® (a pharmacist intervention required OTC medicine), Japan's first European herbal direct OTC drug with an indication for premenstrual syndrome, in September last year.
As a result, net sales in the business amounted to 27,095 million yen (up 6.7% from the previous fiscal year).

# Status of Research and Development

In the Research and Development division, Zeria is actively promoting overseas clinical trials of its own original drugs. At the same time, Zeria adopts in-licensed drugs that have gained global success and develops them for the Japanese market.

As part of Zeria's endeavors to build its pipeline of new drugs in its priority gastrointestinal field, Zeria is conducting a Phase III trial for Z-206 (Asacol®) for additional dosage and administration for ulcerative colitis in partnership with Kyowa Hakko Kirin Co., Ltd. Regarding its development in China, Zeria also submitted an application for approval in May 2013 following the completion of a Phase III trial.

For Zeria's own original drug Z-338 (Acofide®), it is conducting a Phase III trial targeting functional dyspepsia in Europe.

Zeria also commenced a Phase II trial for Z-215, a long lasting proton pump inhibitor in-licensed from Eisai Co., Ltd., targeting reflux esophagitis.

In addition, Zeria started a global Phase III joint clinical trial for Z-100 targeting cervical cancer in the Asian region including Japan.

For Z-360, Zeria is implementing a global Phase II joint clinical trial in the Asian region including Japan targeting pancreatic cancer.

Zeria started a Phase Ib trial for Z-213, a treatment for iron deficiency anemia in-licensed from Vifor (International) AG of Switzerland.

Regarding Consumer Healthcare products, Zeria is developing over ten items, most notably European herbal medicines.

Meanwhile, Group company Tillotts Pharma AG is developing therapeutic drugs for lower gastrointestinal disease primarily in Europe.

Tillotts Pharma AG is conducting a Phase III trial in Europe and Canada for an improved mesalazine formulation benefiting from new technology targeting ulcerative colitis (Tillotts Pharma AG development code TP05).

In addition, Tillotts Pharma AG is conducting a Phase III trial in Europe and the USA for the therapeutic agent targeting familial adenomatous polyposis currently being co-developed with Cancer Prevention Pharmaceuticals, Inc. of the USA (Tillotts Pharma AG development code TP09).

As a result of these activities, research and development expenses for the fiscal year under review increased considerably from the results of the previous fiscal year to 9,882 million yen (up 32.4% from the previous fiscal year).

# Research and Development Pipeline

## Status of Pipeline of New Drugs

(As of May 8, 2015)

### I. Domestic

#### 1) Gastrointestinal field

| Stage | Development Code/ Generic Name | Development | Indications | Classification | Notes |
|---|---|---|---|---|---|
| Phase III | Z-206/ Mesalazine | Co-development (Kyowa Hakko Kirin) | Ulcerative colitis Asacol® additional dosage and administration | pH-dependent controlled-release formulation | Original (Tillotts Pharma AG) |
| Phase II | Z-360 | Zeria | Pancreatic cancer | Gastrin $CCK_2$ receptor antagonist | Original Asia Global Development |
| Phase II | Z-215 | Zeria | Acid-related disorders | Long lasting proton pump inhibitor | In-licensed (Eisai) |

#### 2) Other fields

| Stage | Development Code/ Generic Name | Development | Indications | Classification | Notes |
|---|---|---|---|---|---|
| Phase III | Z-100 | Zeria | Cervical cancer | Immunomodulator | Original Asia Global Development |
| Phase Ib | Z-213/Ferric carboxymaltose | Zeria | Iron deficiency anemia | Intravenous iron replacement | In-licensed (Vifor (International) AG) |

### II. Overseas

| Stage | Development Code/ Generic Name | Development | Indications | Classification | Notes |
|---|---|---|---|---|---|
| NDA filed (China) | Z-206/ Mesalazine | Co-development (Tillotts Pharma AG) | Ulcerative colitis Asacol® | pH-dependent controlled-release formulation | Original (Tillotts Pharma AG) |
| Phase III (Europe) | Z-338/ Acotiamide | Zeria | Functional dyspepsia | Upper gastrointestinal motility modulator | Original |
| Phase III (Asia) | Z-100 | Zeria | Cervical cancer | Immunomodulator | Original |
| Phase II completed (North America) | Z-338/ Acotiamide | Zeria | Functional dyspepsia | Upper gastrointestinal motility modulator | Original |
| Phase II (Asia) | Z-360 | Zeria | Pancreatic cancer | Gastrin $CCK_2$ receptor antagonist | Original |

### III. Tillotts Pharma AG

| Stage | Development Code/ Generic Name | Development | Indications | Classification | Notes |
|---|---|---|---|---|---|
| Phase III (Europe, Canada) | TP05/ Mesalazine | Tillotts Pharma AG | Ulcerative colitis | OPTICORE formulation | Original (Tillotts Pharma AG) |
| Phase III (Europe, USA) | TP09/CPP-1X·Sulindac | Co-development (Tillotts Pharma AG - Cancer Prevention Pharmaceuticals, Inc.) | Familial adenomatous polyposis | Polyamine biosynthesis suppression | In-licensed (Cancer Prevention Pharmaceuticals, Inc.) |

Reference

**Phase I Clinical Trials**

After completion of animal studies and confirmation of the efficacy and safety, "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" are 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 ingredient, but which is indistinguishable from the "drug candidate" by outer appearance or taste.

# Status of Production and Distribution / Outlook for Fiscal Year 2015

## Status of Production and Distribution

In Zeria's Production and Distribution division, it attached top priority to securing the highest-possible quality. In Zeria's Production related departments, operations concentrated on the main theme of reducing costs while securing even higher quality. Meanwhile, in the Distribution related departments, Zeria outsourced distribution operations as part of an overall goal to boost increases in operational efficiency and cost reductions.

Looking ahead, demand for OTC drugs is expected to continue expanding; to ensure stable supplies of such drugs, as well as Zeria's other products, Zeria started renovation work at its Saitama Plant to secure the necessary production capacity.

## Close-up shot

### Hepalyse® Amino Launched across Japan


On March 23, 2015, Zeria commenced sales of Hepalyse® Amino (designated quasi-drug) in convenience stores across Japan. Already on sale in Okinawa Prefecture in advance of the rest of the country, the product is a mini drink of the Hepalyse® brand nutrients available in convenience stores and tonics for physical fatigue and exhaustion.

Hepalyse® Amino is a drink for people suffering from tiredness that contains five amino acids including branched chain amino acids (BCAAs), which provide a source of energy for active muscles. The drink combines these with other ingredients that aid recovery from fatigue, including taurine, and vitamins $B_2$ and $B_6$. Zeria will be rolling this product out actively as part of its Hepalyse® brand lineup.

## Outlook for Fiscal Year 2015

For the consolidated outlook for fiscal year 2015 ending March 31, 2016, Zeria forecasts that it will secure increases in both sales and profits, with net sales of 65.0 billion yen (up 6.5% from the previous fiscal year), operating income of 4.0 billion yen (up 49.3%), ordinary income of 3.5 billion yen (up 26.3%), and net income of 3.0 billion yen (up 17.3%).

Net sales

In the Ethical Pharmaceuticals business, Zeria expects an increase in sales resulting from increased sales of Asacol®, the mainstay therapeutic agent for ulcerative colitis, in Japan and overseas, and further development of the market for the therapeutic agent Acofide® for functional dyspepsia, although Zeria expects continued powerful promotion of generic brand pharmaceuticals. In the Consumer Healthcare business, Zeria expects continued increases in sales from sales expansion for mainstay product ranges such as the Hepalyse® product range and the Chondroitin product range, following on from the previous year.

Income

Zeria forecasts higher operating income, ordinary income and net income compared with the fiscal year under review on the back of increased sales of mainstay products, despite its expectations that research and development expenses will continue to be high for reasons including a development theme introduced in the previous fiscal year and progress in clinical trials being conducted overseas.

| | 61st Term | 62nd Term (Forecast) |
|---|---|---|
| Net Sales | ¥61,012 million (down 1.6% from the previous fiscal year) | ¥65,000 million (up 6.5% from the previous fiscal year) |
| Operating Income | ¥2,678 million (down 60.6% from the previous fiscal year) | ¥4,000 million (up 49.3% from the previous fiscal year) |
| Ordinary Income | ¥2,770 million (down 59.3% from the previous fiscal year) | ¥3,500 million (up 26.3% from the previous fiscal year) |
| Net Income | ¥2,557 million (down 51.5% from the previous fiscal year) | ¥3,000 million (up 17.3% from the previous fiscal year) |

# Special Offers to Our Shareholders

Zeria offers a hospitality program to its shareholders in recognition of their constant support.
Shareholders who own 1,000 or more of Zeria's shares can choose from one of the five options A to E.
Shareholders who own 100 or more but less than 1,000 of Zeria's shares receive option F.
Zeria hopes its shareholders will try the gift products for better understanding of its 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 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**

Option F

Drink containing liver extract and turmeric extract

**10 bottles of Hepalyse® W**

## Acquisition of Shares in F. T. Pharma of Vietnam

On April 17, 2015, Zeria concluded a contract to acquire 49.0% of shares issued by the Vietnamese pharmaceutical manufacturing and sales company Pharmaceutical Joint Stock Company of February 3rd (location: Ho Chi Minh, Vietnam; representative: Le Thanh Su; hereinafter "F. T. Pharma").

Zeria has so far developed its business overseas by acquiring Tillotts Pharma AG of Switzerland in September 2009 and ZPD A/S of Denmark in September 2010. Under its three-year 8th Mid-Term Management Plan launched in fiscal year 2014, Zeria is going to strengthen its foundation as a global company with business development in the rapidly growing Asian region, following its expansion in Europe.

F. T. Pharma, of which Zeria is now acquiring shares, is a medium-sized pharmaceutical manufacturing and sales company that makes and sells ethical pharmaceuticals, OTC drugs, and health foods in Vietnam. F. T. Pharma has a pharmaceutical manufacturing plant that conforms to WHO-GMP and it produces and sells a combined total of approximately 200 ethical pharmaceuticals and OTC drugs. After acquiring the shares, Zeria is considering selling items suited to Vietnamese needs from among the Zeria Group's extensive lineup of products including ethical pharmaceuticals, OTC drugs, cosmetics and supplements using F. T. Pharma as a base, while maintaining and developing F. T. Pharma's existing operations.

Acquisition of the shares in F. T. Pharma will enable Zeria to use the company as a base for the Group's business development in the Asian region and Zeria will step up its efforts to strengthen its foundation as a global company.

### F. T. Pharma Company Outline

| | |
|---|---|
| Name | Pharmaceutical Joint Stock Company of February 3rd |
| Address | 10 Cong Truong Quoc Te, District 3, Ho Chi Minh City, Vietnam |
| Representative | Le Thanh Su (Chairman of the Board of Directors) |
| Business Activities | Manufacturing and sales of pharmaceuticals, manufacturing and sales of health foods, etc. |
| Paid-in Capital | VND 46,500 million (¥0.26 billion) |
| Number of Employees | 331 (as of September 30, 2014) |

(Note) Vietnamese dong (VND) are converted to yen using the average exchange rate between March 16, 2015 and April 15, 2015, of VND 1 = ¥0.00557.

## Launch of Hepalyse® W Sparkling, a New Carbonated Drink Sold in Convenience Stores

On June 29, 2015, Zeria will start selling Hepalyse® W Sparkling in convenience stores across Japan as a new carbonated drink product in the Hepalyse® W (Double) series.

Based on the ingredients in Hepalyse® W drinks, which contain both liver extract and turmeric extract, Hepalyse® W Sparkling is carbonated for a refreshed feeling and contains natural caffeine to sharpen the mind, boosting energy from the morning on.

Zeria markets a number of products for sale in convenience stores, and these products have become extremely popular: Hepalyse® W and Hepalyse® W Hyper (soft drinks), Hepalyse® Amino (designated quasi-drug drink), and Hepalyse® W Pastille Type (dietary supplement). The addition of Hepalyse® W Sparkling to this lineup will enable consumers to choose the product best suited to the situation as well as their personal preferences.

Characteristics of Hepalyse® W Sparkling

- Carbonated for a refreshed feeling and containing natural caffeine to sharpen the mind: A morning boost for those with a busy social life.
- A burst of pineapple flavor: Just the right amount of carbonation for a pineapple taste that refreshes and tastes good.
- Appealing ingredients: Contains black pepper extract, which enhances absorption of turmeric extract (curcumin), and vitamins.

To coincide with the launch, a television advertisement for Hepalyse® W Sparkling will start airing throughout Japan from early July. The advertisement featured the actor and sports commentator Jay Kabira, who had appeared in previous advertisements for the same range.


# Financial Statements (Consolidated)

## Consolidated Balance Sheets (Summary)

(Unit: ¥million*)

| Item \ Term | Previous Fiscal Year (As of March 31, 2014) | Current Fiscal Year (As of March 31, 2015) |
|---|---|---|
| **Assets** | | |
| **Current Assets** | **49,902** | **45,680** |
| Cash and Deposits | 22,202 | 18,012 |
| Notes and Accounts Receivable-Trade | 15,484 | 16,241 |
| Inventories | 7,733 | 8,189 |
| Deferred Tax Assets | 1,368 | 943 |
| Other | 3,122 | 2,312 |
| Allowance for Doubtful Accounts | (10) | (18) |
| **Noncurrent Assets** | **49,591** | **50,587** |
| **Property, Plant and Equipment** | **21,952** | **22,021** |
| Buildings and Structures | 7,340 | 7,092 |
| Machinery, Equipment and Vehicles | 2,505 | 2,008 |
| Land | 11,578 | 11,579 |
| Construction in Progress | 10 | 940 |
| Other | 517 | 401 |
| **Intangible Assets** | **13,250** | **12,344** |
| **Investments and Other Assets** | **14,387** | **16,221** |
| Investment Securities | 10,544 | 9,731 |
| Deferred Tax Assets | 738 | 85 |
| Net Defined Benefit Asset | 2,023 | 5,400 |
| Other | 1,129 | 1,049 |
| Allowance for Doubtful Accounts | (47) | (44) |
| **Total Assets** | **99,493** | **96,268** |

| Item \ Term | Previous Fiscal Year (As of March 31, 2014) | Current Fiscal Year (As of March 31, 2015) |
|---|---|---|
| **Liabilities** | | |
| **Current Liabilities** | **25,953** | **21,911** |
| Notes and Accounts Payable-Trade | 3,718 | 2,383 |
| Short-Term Loans Payable | 12,593 | 11,572 |
| Other | 9,641 | 7,954 |
| **Noncurrent Liabilities** | **14,806** | **11,786** |
| Long-Term Loans Payable | 13,867 | 10,636 |
| Net Defined Benefit Liability | 154 | 371 |
| Asset Retirement Obligations | 73 | 74 |
| Other | 710 | 705 |
| **Total Liabilities** | **40,759** | **33,697** |
| **Net Assets** | | |
| **Shareholders' Equity** | **54,025** | **55,697** |
| **Capital Stock** | **6,593** | **6,593** |
| **Capital Surplus** | **12,716** | **12,716** |
| **Retained Earnings** | **34,717** | **36,392** |
| **Treasury Stock** | **(2)** | **(3)** |
| **Accumulated Other Comprehensive Income** | **4,709** | **6,872** |
| **Valuation Difference on Available-for-Sale Securities** | **1,307** | **1,474** |
| **Foreign Currency Translation Adjustment** | **3,533** | **3,994** |
| **Remeasurements of Defined Benefit Plans** | **(130)** | **1,403** |
| **Total Net Assets** | **58,734** | **62,570** |
| **Total Liabilities and Net Assets** | **99,493** | **96,268** |

Unit: ¥million rounded down to nearest million

## Consolidated Statements of Income (Summary)

(Unit: ¥million*)

| Item \ Term | Previous Fiscal Year (From April 1, 2013 to March 31, 2014) | Current Fiscal Year (From April 1, 2014 to March 31, 2015) |
|---|---|---|
| Net Sales | 61,996 | 61,012 |
| Cost of Sales | 18,347 | 18,521 |
| Gross Profit | 43,649 | 42,491 |
| Reversal of Provision for Sales Returns | 105 | 110 |
| Provision for Sales Returns | 110 | 62 |
| Gross Profit-Net | 43,644 | 42,539 |
| Selling, General and Administrative Expenses | 36,854 | 39,861 |
| Operating Income | 6,790 | 2,678 |
| Non-Operating Income | 332 | 338 |
| Non-Operating Expenses | 318 | 246 |
| Ordinary Income | 6,803 | 2,770 |
| Extraordinary Income | 608 | 1,507 |
| Extraordinary Loss | 102 | 457 |
| Income before Income Taxes | 7,309 | 3,819 |
| Income Taxes-Current | 2,562 | 1,315 |
| Income Taxes-Deferred | (527) | (53) |
| Income before Minority Interests | 5,274 | 2,557 |
| Minority Interests in Loss | (2) | - |
| Net Income | 5,277 | 2,557 |

Unit: ¥million rounded down to nearest million

## Consolidated Statements of Cash Flows (Summary)

(Unit: ¥million*)

| Item \ Term | Previous Fiscal Year (From April 1, 2013 to March 31, 2014) | Current Fiscal Year (From April 1, 2014 to March 31, 2015) |
|---|---|---|
| Net Cash Provided by (Used in) Operating Activities | 6,573 | 653 |
| Net Cash Provided by (Used in) Investing Activities | (2,013) | 475 |
| Net Cash Provided by (Used in) Financing Activities | 9,001 | (5,839) |
| Effect of Exchange Rate Change on Cash and Cash Equivalents | 1,274 | 177 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 14,835 | (4,533) |
| Cash and Cash Equivalents at Beginning of Year | 7,235 | 22,070 |
| Net Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation | - | 343 |
| Cash and Cash Equivalents at End of Year | 22,070 | 17,880 |

Unit: ¥million rounded down to nearest million

## Consolidated Statements of Changes in Net Assets (Summary) (From April 1, 2014 to March 31, 2015)

(Unit: ¥million*)

| | Shareholders' Equity | | | | | Accumulated Other Comprehensive Income | | | | Total Net Assets |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity | Valuation Difference on Available-for-Sale Securities | Foreign Currency Translation Adjustment | Remeasurements of Defined Benefit Plans | Total Accumulated Other Comprehensive Income | |
| Balance at the Beginning of Current Period | 6,593 | 12,716 | 34,717 | (2) | 54,025 | 1,307 | 3,533 | (130) | 4,709 | 58,734 |
| Cumulative Effects of Changes in Accounting Policies | | | 480 | | 480 | | | | | 480 |
| Balance at the Beginning of Current Period Reflecting Changes in Accounting Policies | 6,593 | 12,716 | 35,198 | (2) | 54,505 | 1,307 | 3,533 | (130) | 4,709 | 59,215 |
| Changes of Items during the Period | | | | | | | | | | |
| Change of Scope of Consolidation | | | 229 | | 229 | | | | | 229 |
| Dividends from Surplus | | | (1,593) | | (1,593) | | | | | (1,593) |
| Net Income | | | 2,557 | | 2,557 | | | | | 2,557 |
| Purchase of Treasury Stock | | | | (1) | (1) | | | | | (1) |
| Net Changes of Items Other than Shareholders' Equity | | | | | | 166 | 461 | 1,534 | 2,162 | 2,162 |
| Total Changes of Items during the Period | - | - | 1,193 | (1) | 1,192 | 166 | 461 | 1,534 | 2,162 | 3,354 |
| Balance at the End of Current Period | 6,593 | 12,716 | 36,392 | (3) | 55,697 | 1,474 | 3,994 | 1,403 | 6,872 | 62,570 |

Unit: ¥million rounded down to nearest million

# Company Information (As of March 31, 2015)

## Company Outline

| | |
|---|---|
| Established: | December 1955 |
| Paid-in Capital: | ¥6,593,398,500 |
| Number of Employees: | 1,426 (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 26, 2015)

| | |
|---|---|
| Chairman and CEO | Sachiaki Ibe |
| President and COO | Mitsuhiro Ibe |
| Executive Vice President | Hirokazu Endo |
| Senior Managing Director | Shigeya Furuhata |
| Managing Director | Makoto Kishimoto |
| Director | Akira Ohno |
| Director | Tetsuo Komori |
| Director | Yasuhiro Hayashi |
| Director | Masahiro Fukahori |
| Director | Hiroki Kato |
| Director | Yoshihiro Hiraga |
| Director | Katsuyuki Ishii |
| Director | Hidekazu Yokote |
| Director | Toshiaki Kawagoe |
| Audit & Supervisory Board Member | Masahiko Hanada |
| Audit & Supervisory Board Member | Koujirou Takami |
| Audit & Supervisory Board Member (Outside) | Yukiko Naka |
| Audit & Supervisory Board Member (Outside) | Hiroshi Wakabayashi |

## Place of Business

- Headquarters
- Sapporo Branch
- Sendai Branch
- Tokyo Branch
- Tokyo 3rd Sales Office
- Kanagawa 1st and 2nd Sales Office
- Saitama Sales Office
- Chiba Sales Office
- Kita Kanto Sales Office
- Koshinetsu Sales Office
- Nagoya Branch
- Shizuoka Sales Office
- Osaka Branch
- Osaka 2nd Sales Office
- Kobe Sales Office
- Keiji Sales Office
- 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
- Other Sales Office: Aomori, Utsunomiya, Kanetsu, Yamaguchi, Yonago, Matsuyama, Kochi, Nagasaki, Kumamoto, Oita, Kagoshima, Okinawa

## Number of Consolidated Subsidiaries: 11

- Tillotts Pharma AG (Switzerland)
- Zeria Healthway Co., Ltd.
- ZPD A/S (Denmark)
- IONA INTERNATIONAL CORPORATION
- Zevice Co., Ltd.
- Tillotts Pharma AB (Sweden)
- Tillotts Pharma Ltd. (Ireland)
- Tillotts Pharma UK Ltd. (United Kingdom)
- Tillotts Pharma Czech s.r.o. (Czech Republic)
- Tillotts Pharma Spain S.L.U. (Spain)
- Tillotts Pharma GmbH (Germany)

# Share Information (As of March 31, 2015)

## Status of Shares

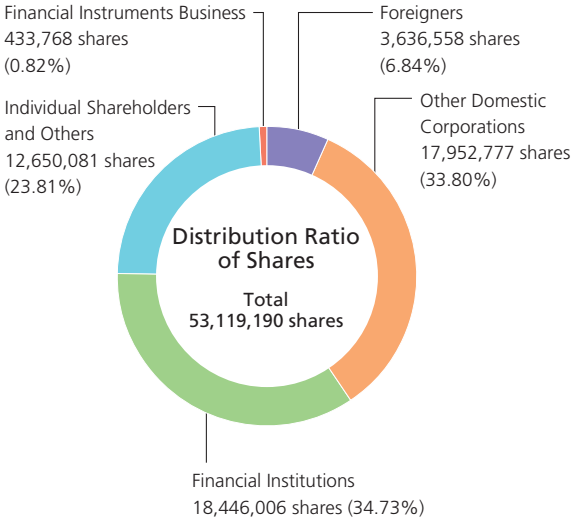
| | |
|---|---|
| (i) Number of authorized shares: | 119,860,000 shares |
| (ii) Number of shares outstanding: | 53,119,190 shares |
| (iii) Number of shareholders: | 10,867 |

## Major Shareholders

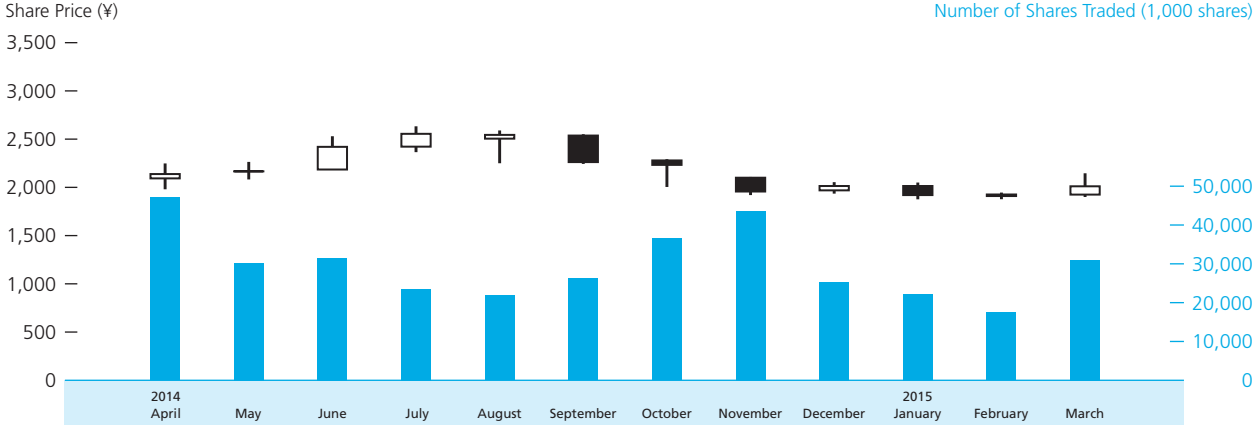
| Name of Shareholder | Number of Shares Held | Percentage Held (%) |
|---|---|---|
| Ibe Corporation | 4,741,847 | 8.9 |
| Japan Trustee Service Bank, Ltd. (Trust Account) | 2,626,800 | 4.9 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 2,107,050 | 4.0 |
| Morinaga Milk Industry Co., Ltd. | 2,040,215 | 3.8 |
| Sachiaki Ibe | 1,592,967 | 3.0 |
| Zeria Pharmaceutical Co., Ltd. Employee Stockholding Plan | 1,508,704 | 2.8 |
| Sumitomo Mitsui Banking Corporation | 1,406,131 | 2.6 |
| Mizuho Bank, Ltd. | 1,406,053 | 2.6 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 1,237,700 | 2.3 |
| Resona Bank, Limited | 1,182,385 | 2.2 |

(Note) The percentage held is calculated by subtracting treasury stock (totaling 3,355 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: March 31 of each year<br>Interim dividend: 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** | Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited<br>2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 |
| **(Inquiry information)** | 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.

## 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/**


**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/

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ゼリア新薬
ZERIA