Securities Code 4559

健康づくりは幸せづくり

Making Health is making happiness

65th

Business Report

From April 1st, 2018 to March 31st, 2019

Contents

ゼリア新薬
ZERIA

To Our Shareholders

Chairman and CEO

Sachiaki Ibe

President and COO

Mitsuhiro Ibe

We, Zeria Pharmaceutical Co., Ltd. (“Zeria”) would like to express our thanks for your particular support.

We are pleased to report the business results of fiscal year 2018 (65th business operations) for the period from April 1st, 2018 to March 31st, 2019.

During the fiscal year under review, the Japanese economy continued its moderate recovery based on the background of improvements in the environment for employment and income. However, these improvements occurred despite factors that continue to cause a sense of uncertainty regarding the impact on the Japanese economy, including trade friction between the United States and China, and the confusion surrounding movement concerning the UK leaving the EU.

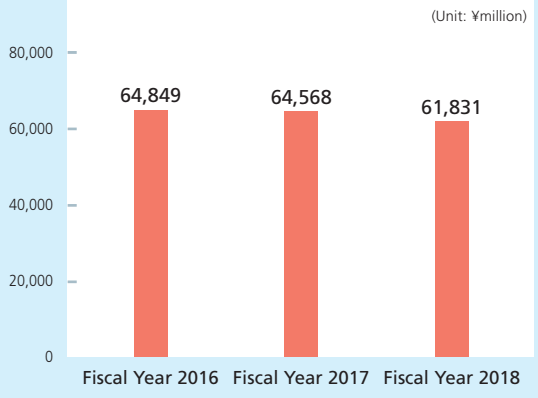
For the pharmaceutical industry, both ethical pharmaceuticals and OTC drugs remain in a severe situation. Regarding ethical pharmaceuticals, the drug price system was fundamentally revised by the government in April last year which has resulted in NHI price reductions, and initiatives to curtail healthcare expenditures are being strengthened, such as generic brand pharmaceutical utilization promotion. With respect to OTC drugs, competition in the market is continuing to intensify.

Under such circumstances, the Zeria Group entered the second year of its 9th Mid-Term Management Plan (fiscal year 2017 to fiscal year 2019). The Group has been accelerating global expansion during the fiscal year under review, which has steadily expanded overseas sales. In Japan however, although the Group proactively utilized resources to ensure the strong growth of the Ethical Pharmaceuticals and the Consumer Healthcare businesses, which are regarded as the inseparable "two wheels of a cart" of the Group, this did not produce sufficient results.

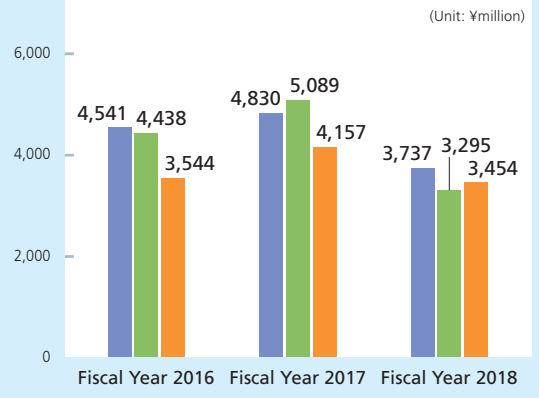
As a result of these activities, net sales for the current fiscal year were 61,831 million yen (down 4.2% from the previous fiscal year). Regarding profits, operating profit was 3,737 million yen (down 22.6%), ordinary profit was 3,295 million yen (down 35.2%) due to foreign exchange losses caused by the ongoing appreciation of Swiss franc, and profit attributable to owners of parent was 3,454 million yen (down 16.9%), all decreased year on year.

In the current fiscal year, the overseas sales to net sales ratio was 28.5%, compared with 26.3% in the previous fiscal year.

Net sales



Operating profit ( )/Ordinary profit ( )/ Profit attributable to owners of parent ( )



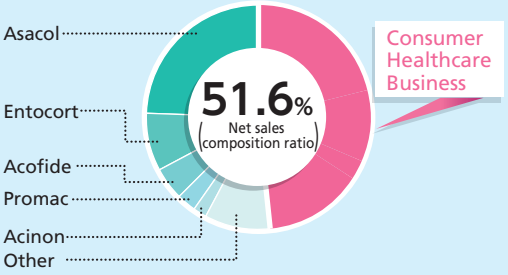
Ethical Pharmaceuticals Business

Net sales

¥31,830 million

▶down 8.0%
from the previous fiscal year

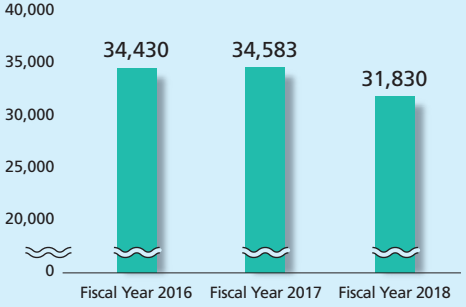
Net sales of major products



Asacol	¥15.0 billion
Entocort	¥5.2 billion
Acofide	¥2.9 billion
Promac	¥1.6 billion
Acinon	¥1.3 billion

Consolidated net sales in Ethical Pharmaceuticals Business

(Unit: ¥million)



As for the main product, Asacol, a therapeutic agent for ulcerative colitis, sales grew overseas, particularly in the major markets of the UK and France. However, domestic sales struggled as a result of tight competition due to the impact of generic brands and other competitive products. Additionally, sales for Entocort, the inflammatory bowel disease therapeutic agent (domestic sales name: Zentacort), grew satisfactorily primary in Japan, Canada, Northern Europe and Germany. As for Acofide, the therapeutic agent for functional dyspepsia, we are continually aiming for progress, working to uncover potential functional dyspepsia patients, primarily at medical institutions that conduct upper endoscopies.

Zeria obtained approval of manufacturing and marketing Ferinject solution for injection / infusion 500mg, a treatment for iron deficiency anemia, in March 2019 and started to make relevant preparations for its sale.

As a result, net sales in the business amounted to 31,830 million yen (down 8.0% from the previous fiscal year).

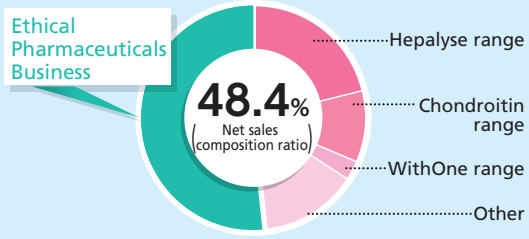
Consumer Healthcare Business

Net sales

¥**29,841** million

▶up 0.03%
from the previous fiscal year

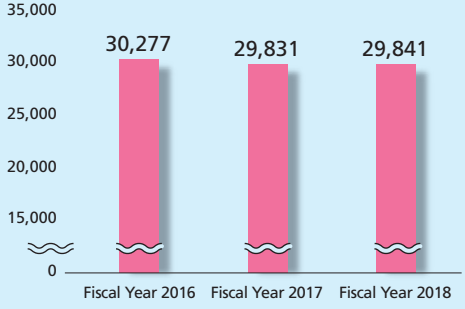
Net sales of major products



Hepalyse range	¥**13.1** billion
Chondroitin range	¥**6.4** billion
WithOne range	¥**1.6** billion

Consolidated net sales in Consumer Healthcare Business

(Unit: ¥million)



As for its main brand, the Hepalyse range, Zeria has attempted to improve product awareness by developing intensive advertising activities such as TV advertisements. During the fiscal year under review, we strengthened our product line-up by launching three new products, Hepalyse W Premium Kiwami, Hepalyse Super Rich and Hepalyse W Jelly. Thanks to these sales expansion measures, sales continued to grow. Sales for the WithOne range of herbal laxatives were firm, despite a sluggish laxative market. On the other hand, regarding Chondroitin product range, although overwhelming market share was maintained firmly 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, sales struggled due to harder competition in the market.

As a result, net sales in the business amounted to 29,841 million yen (up 0.03% from the previous fiscal year).


OTC drugs


Hepalyse W series

Status of Research and Development

In the Research and Development division, Zeria is actively promoting new drug development, including in-licensed products, centered on the priority gastrointestinal field under a new global development structure in coordination with Tillots Pharma AG.

By December 2018, approval for the improved formulation of mesalazine (TP05) realized using new technologies had been obtained in 15 European countries as Asacol 1600mg, a therapeutic agent for ulcerative colitis, and it has been put on sale in four countries, including Denmark and the Netherlands. Currently, we are focusing on preparations to obtain approval and put it on sale in other European countries.

Zeria applied for approval of manufacturing and marketing Z-213, a treatment for iron deficiency anemia and in-licensed drug from Vifor (International) AG in Switzerland in March 2018 and obtained approval for it in March 2019.

Regarding development of Z-206 (Asacol) in China, Zeria also submitted an application for its approval in May 2013 following the completion of a Phase III trial. It is currently under regulatory review by the Chinese authorities.

In addition, Zeria is conducting a global Phase III clinical trial for Z-100, which is targeting a cure for cervical cancer, in seven countries in the Asian region including Japan. All patient enrollments planned to present have been completed.

Domestic Phase II trials have begun for ZG-801, a therapeutic agent for hyperkalemia acquired from Switzerland's Vifor (International) AG.

In the area of Consumer Healthcare products, as well as pushing ahead with the development of European herbal medicines, Zeria also launched new products one after the other.

As for Z-360, Zeria had been implementing a Phase II trial in the Asian region, including Japan, in patients with pancreatic cancer, but upon re-examination of development plans, we decided to discontinue development.

As a result of these activities, research and development expenses for the current fiscal year decreased from the results of the previous fiscal year to 6,832 million yen (down 6.8% from the previous fiscal year).

Research and Development Pipeline

Status of Pipeline of New Drugs

I. Domestic

(As of May 10, 2019)

Stage	Development Code/ Generic Name	Development	Indications	Classification	Source
Approval	Z-213/Ferric carboxymaltose	Zeria	Iron deficiency anemia	Intravenous iron replacement	In-licensed
Phase III (Asia Global Development)	Z-100	Zeria	Cervical cancer	Immunomodulator	Original
Phase II	ZG-801/Patiromer	Zeria	Hyperkalemia	Potassium binder	In-licensed

II. Overseas

Stage	Development Code/ Generic Name	Development	Indications	Classification	Source
NDA filed (China)	Z-206/Mesalazine	Co-development of Zeria and Tillotts Pharma	Ulcerative colitis	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

Products developed and launched

Launch Date	Development Code/ Generic Name	Development	Indications	Classification	Source
December 2018 (Europe)	TP05/Mesalazine	Tillotts Pharma	Ulcerative colitis	OPTICORE formulation	Original (Tillotts Pharma AG)

Reference

Phase I Clinical Trials

After confirmation of the efficacy and safety by animal studies, "drug candidates" are tested on a small group of healthy subjects. These trials aim for determination of not only safety, but also how long it takes for the body through an absorption of the drug and the degree to which the body excretes 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 efficacy, safety and method of use of the "drug candidate" are studied as a final stage. During this phase, the "drug candidate" is tested against other drugs on the market or 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, etc.

Status of Production and Distribution / Outlook for Fiscal Year 2019

Status of Production and Distribution

In Zeria's Production and Distribution division, we are advancing process improvements, the introduction of energy-saving equipment, and cost reductions based on the premise to securing quality.

In departments related to Production, amid increasingly strict GMP (Good Manufacturing Practices – standards for manufacturing and quality controls relating to pharmaceuticals and quasi-drugs), the Saitama Plant renewed sterile preparation equipment and completed its handling of updating licenses for the manufacture of pharmaceuticals. We also improved package presentation in line with new regulations and the needs of medical facilities. At the Tsukuba Plant, we are utilizing equipment which was improved through renovation work on the drink products production line to step up our efforts to have an efficient production structure in place.

Meanwhile, distribution costs in departments related to Distribution are rising steeply, and we are working to reduce costs and further raising operational efficiency by building a direct delivery structure for drink products through the expansion of the Tsukuba Plant's warehouse building and changing the carrier we use for bulk imports.

Close-up

Launch of "Magic Hand Cream" hand washing cream (designated quasi-drug)

On March 1, we began sales of "Magic Hand Cream" hand washing cream (sales name: Medicated Full Hand Cream / designated quasi-drug) at pharmacies and drugstores nationwide.

- **A hand cream that can disinfect and wash hands**
  Gentle on the hands, it is a compound of springy ingredient chondroitin sulfate sodium (viscous agent), moisturizing ingredient sodium hyaluronate (moistening agent), and softening ingredient squalene (softener).
- **You can clean your hands without using water at any time and any place**
  Benzethonium chloride disinfects skin. It also contains low-concentration ethanol (inactive ingredient / thinner). The antiseptic effect lasts for about four hours. It can be used during flu season or during emergency situations, such as after disasters.

  Convenient for washing and disinfecting your hands when you are out and have no place to wash your hands.

Outlook for Fiscal Year 2019

Regarding outlook for the consolidated results of fiscal year 2019 (ending March 31, 2020), Zeria forecasts that it will secure increases in both sales and profits, with net sales of 65.0 billion yen (up 5.1% from the previous fiscal year), operating profit of 5.0 billion yen (up 33.8%), ordinary profit of 5.0 billion yen (up 51.7%), and profit attributable to owners of parent of 3.8 billion yen (up 10.0%).

Additionally, for the six months ending September 30, 2019, we expect a fall in profits compared to the same period of the previous fiscal year due primarily to an increase in research and development expenses.

Net sales

In the Ethical Pharmaceuticals business, despite continuing difficult domestic conditions involving NHI price reductions and the impact of generic brands, Zeria expects increased earnings due to the market launch of Ferinject solution for injection / infusion 500mg, a treatment for iron deficiency anemia, and the market penetration of Acofide and Zentacort, as well as growth in overseas markets for Asacol and Entocort. In the Consumer Healthcare business, Zeria plans to continue implementing intensive advertising activities and expects increases in sales due to sales growth driven by main products including the Hepalyse product range.

Profit

Despite expectations that research and development expenses and other expenses will increase, Zeria forecasts higher operating profit, ordinary profit and profit attributable to owners of parent compared with the fiscal year under review, due to increased sales.

	65th Term	66th Term (Forecast)
Net Sales	¥61,831 million (down 4.2% from the previous fiscal year)	¥65,000 million (up 5.1% from the previous fiscal year)
Operating Profit	¥3,737 million (down 22.6% from the previous fiscal year)	¥5,000 million (up 33.8% from the previous fiscal year)
Ordinary Profit	¥3,295 million (down 35.2% from the previous fiscal year)	¥5,000 million (up 51.7% from the previous fiscal year)
Profit Attributable to Owners of Parent	¥3,454 million (down 16.9% from the previous fiscal year)	¥3,800 million (up 10.0% 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 six options A to F.

Shareholders who own 100 or more but less than 1,000 of Zeria's shares receive option G.

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

High-quality moisturizing skincare based on chondroitin research

IONA R Two-product Special Care Set

Option G

Drink containing liver extract and turmeric extract

10 bottles of Hepalyse® W

●Options D to F are available at the Zeria online store (https://www.zeriaonline.com/).

Obtained approval of manufacturing and marketing Ferinject solution for injection / infusion 500mg, a treatment for iron deficiency anemia

On March 26, 2019, Zeria received an approval of manufacturing and marketing for Ferinject solution for injection / infusion 500mg (generic name: Ferric carboxymaltose; hereinafter "this treatment"), a treatment for iron deficiency anemia from the Ministry of Health, Labour and Welfare.

This treatment is a non-dextran intravenous iron replacement therapy drug with an active ingredient of ferric carboxymaltose that was developed by Vifor (International) AG (headquarters: St. Gallen, Switzerland; Executive Chairman: Etienne Jornod) and it is currently approved in 76 countries worldwide for the treatment of iron deficiency anemia or iron deficiency.

Based on an exclusive licensing agreement for the development and marketing of this treatment in Japan concluded with Vifor (International) AG in July 2013, Zeria conducted domestic clinical trials and applied for approval of manufacturing and marketing it in March 2018.

One dose of iron in this treatment can be administered through a 500mg intravenous injection or infusion and clinical trials have indicated that compared to existing iron injection treatments, the amount of iron required by a patient can be administered through a smaller number of doses. Zeria anticipates that this treatment will become a new and contributive option for iron deficiency anemia.

Tillotts Pharma begins sale of ASACOL 1600mg, a therapeutic agent for ulcerative colitis

ASACOL 1600mg is a formulation currently being put through clinical development by Tillotts Pharma, a Zeria Group company, under the development code of TP05. It is the first 1600 mg mesalazine formulation for the treatment of mild to moderate ulcerative colitis. The use of newly developed OPTICORE™* technology has made it possible to more accurately release a high dose of mesalazine into the large intestine.

By December 2018, ASACOL 1600mg had been approved in 15 European countries and it has been launched in four countries, including Denmark and the Netherlands.

We will continue to focus on preparations to obtain approval and put it on sale in other European countries and successively expand the countries in which it is sold.

* OPTICORE™ is a registered trademark of Tillotts Pharma.

New product launch of Hepalyse series (soft drinks)

In March 2019, Hepalyse Super Rich, our top Hepalyse Super product, and Hepalyse W Jelly, the first jelly drink in the Hepalyse W series, went on sale in supermarkets and other outlets.

Hepalyse Super Rich

Hepalyse Super Rich contains twice as much liver extract as Hepalyse Super. Furthermore, we added the new ingredients of ornithine and royal jelly and topped it off with a full, rich muscat grape flavor. It is on sale at supermarkets and other outlets nationwide.

Hepalyse W Jelly

Hepalyse W Jelly is a mango and pineapple flavored jelly drink with a gentle texture. In addition to liver extract, it also contains ingredients such as royal jelly, arginine, vitamin C, and niacin. It supports people who want to feel good all day long by providing an easy and quick power charge for times when you do not have time to eat leisurely or you do not have much of an appetite. It has been on sale at convenience stores nationwide since June.

Financial Statements (Consolidated)

Consolidated Balance Sheets (Summary)

(Unit: ¥million*)

Item \ Term	Previous Fiscal Year (As of March 31, 2018)	Current Fiscal Year (As of March 31, 2019)
Assets		
Current Assets	**38,505**	**38,723**
Cash and Deposits	10,166	8,045
Notes and Accounts Receivable-Trade	15,613	14,952
Inventories	9,375	10,023
Other	3,372	5,743
Allowance for Doubtful Accounts	(22)	(40)
Noncurrent Assets	**76,895**	**71,710**
Property, Plant and Equipment	**23,340**	**22,913**
Buildings and Structures	7,709	7,573
Machinery, Equipment and Vehicles	3,267	3,167
Land	11,701	11,662
Construction in Progress	292	84
Other	370	425
Intangible Assets	**32,337**	**29,799**
Investments and Other Assets	**21,216**	**18,997**
Investment Securities	6,935	5,538
Deferred Tax Assets	90	44
Net Defined Benefit Asset	13,571	12,922
Other	659	507
Allowance for Doubtful Accounts	(40)	(15)
Total Assets	**115,400**	**110,433**

Item \ Term	Previous Fiscal Year (As of March 31, 2018)	Current Fiscal Year (As of March 31, 2019)
Liabilities		
Current Liabilities	**36,159**	**38,838**
Accounts Payable - Trade	2,072	1,763
Short-Term Loans Payable	24,926	27,988
Other	9,160	9,086
Noncurrent Liabilities	**13,544**	**12,247**
Long-Term Loans Payable	8,676	7,795
Net Defined Benefit Liability	750	648
Asset Retirement Obligations	54	55
Other	4,063	3,747
Total Liabilities	**49,704**	**51,086**
Net Assets		
Shareholders' Equity	**54,773**	**51,534**
Capital Stock	**6,593**	**6,593**
Capital Surplus	**11,685**	**11,685**
Retained Earnings	**42,096**	**43,822**
Treasury Stock	**(5,600)**	**(10,565)**
Accumulated Other Comprehensive Income	**10,758**	**7,650**
Valuation Difference on Available-for-Sale Securities	**752**	**(21)**
Foreign Currency Translation Adjustment	**3,260**	**2,084**
Remeasurements of Defined Benefit Plans	**6,745**	**5,588**
Non-Controlling Interests	**163**	**162**
Total Net Assets	**65,696**	**59,347**
Total Liabilities and Net Assets	**115,400**	**110,433**

Unit: ¥million rounded down to nearest million

Consolidated Statements of Income (Summary) (Unit: ¥million*)

Item \ Term	Previous Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
Net Sales	64,568	61,831
Cost of Sales	18,341	17,752
Gross Profit	46,226	44,078
Reversal of Provision for Sales Returns	48	38
Provision for Sales Returns	38	46
Gross Profit-Net	46,235	44,071
Selling, General and Administrative Expenses	41,405	40,334
Operating Profit	4,830	3,737
Non-Operating Income	490	290
Non-Operating Expenses	231	732
Ordinary Profit	5,089	3,295
Extraordinary Income	691	1,984
Extraordinary Loss	203	59
Profit before Income Taxes	5,577	5,221
Income Taxes-Current	869	1,061
Income Taxes-Deferred	524	696
Net Profit	4,183	3,463
Profit Attributable to Non-Controlling Interests	25	9
Profit Attributable to Owners of Parent	4,157	3,454

Unit: ¥million rounded down to nearest million

Consolidated Statements of Cash Flows (Summary) (Unit: ¥million*)

Item \ Term	Previous Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
Net Cash Provided by (Used in) Operating Activities	8,821	5,500
Net Cash Provided by (Used in) Investing Activities	1,563	(2,855)
Net Cash Provided by (Used in) Financing Activities	(9,628)	(4,534)
Effect of Exchange Rate Change on Cash and Cash Equivalents	159	(224)
Net Increase (Decrease) in Cash and Cash Equivalents	916	(2,114)
Cash and Cash Equivalents at Beginning of Year	9,118	10,034
Cash and Cash Equivalents at End of Year	10,034	7,920

Unit: ¥million rounded down to nearest million

Consolidated Statements of Changes in Net Assets (Summary) (From April 1, 2018 to March 31, 2019) (Unit: ¥million*)

	Shareholders' Equity					Accumulated Other Comprehensive Income				Non-Controlling Interests	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	11,685	42,096	(5,600)	54,773	752	3,260	6,745	10,758	163	65,696
Cumulative Effects of Changes in Accounting Policies			(19)		(19)						(19)
Balance at the Beginning of Current Period Reflecting Changes in Accounting Policies	6,593	11,685	42,076	(5,600)	54,753	752	3,260	6,745	10,758	163	65,676
Changes of Items during the Period											
Dividends from Surplus			(1,708)		(1,708)						(1,708)
Profit Attributable to Owners of Parent			3,454		3,454						3,454
Purchase of Treasury Stock				(4,965)	(4,965)						(4,965)
Net Changes of Items Other than Shareholders' Equity						(774)	(1,176)	(1,156)	(3,107)	(1)	(3,109)
Total Changes of Items during the Period	-	-	1,745	(4,965)	(3,219)	(774)	(1,176)	(1,156)	(3,107)	(1)	(6,328)
Balance at the End of Current Period	6,593	11,685	43,822	(10,565)	51,534	(21)	2,084	5,588	7,650	162	59,347

Unit: ¥million rounded down to nearest million

Company Information (As of March 31, 2019)

Company Outline

Established:	December 1955
Paid-in Capital:	¥6,593,398,500
Number of Employees:	1,705 (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.

Directors and Audit & Supervisory Board Members

(As of June 27, 2019)

Chairman and CEO	Sachiaki Ibe
President and COO	Mitsuhiro Ibe
Executive Vice President	Hirokazu Endo
Managing Director	Makoto Kishimoto
Director	Tetsuo Komori
Director	Kikuo Nomoto
Director	Hiroki Kato
Director	Yoshihiro Hiraga
Director	Katsuyuki Ishii
Director	Toshiaki Kawagoe
Director	Kenji Kusano
Audit & Supervisory Board Member	Shigeya Furuhata
Audit & Supervisory Board Member	Koujirou Takami
Audit & Supervisory Board Member (Outside)	Yukiko Naka
Audit & Supervisory Board Member (Outside)	Masaru Kamisuki

Place of Business

- Headquarters
- Sapporo Branch
- Sendai Branch
- Tokyo Branch
- Kita Kanto Sales Office
- Minami Kanto Sales Office
- Nagoya Branch
- Osaka Branch
- Osaka 2nd Sales Office
- Chugoku & Shikoku Branch
- Fukuoka Branch
- Central Research Laboratories
- Saitama Plant
- Tsukuba Plant
- Sapporo Distribution Center
- Tokyo Distribution Center
- Saitama Distribution Center
- Osaka Distribution Center
- Kyushu Distribution Center

Number of Consolidated Subsidiaries: 13

- Tillotts Pharma AG (Switzerland)
- ZPD A/S (Denmark)
- Zeria Healthway 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)
- Tillotts Pharma France SAS (France)
- IONA INTERNATIONAL CORPORATION
- Zevice Co., Ltd.
- Pharmaceutical Joint Stock Company of February 3rd (Vietnam)

Share Information (As of March 31, 2019)

Status of Shares

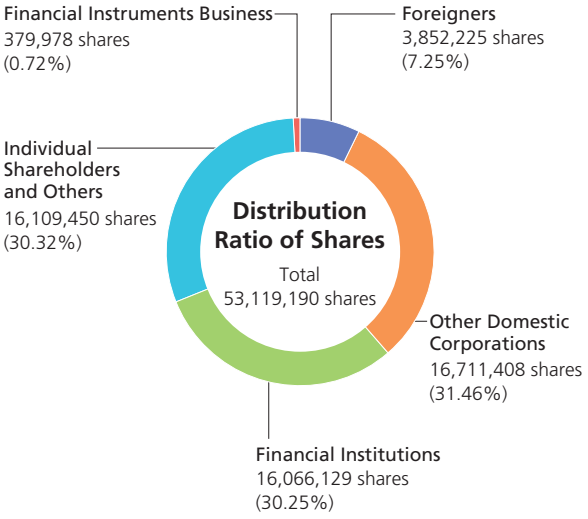
(i) Number of authorized shares:	119,860,000 shares
(ii) Number of shares outstanding:	53,119,190 shares
(iii) Number of shareholders:	11,850

Major Shareholders

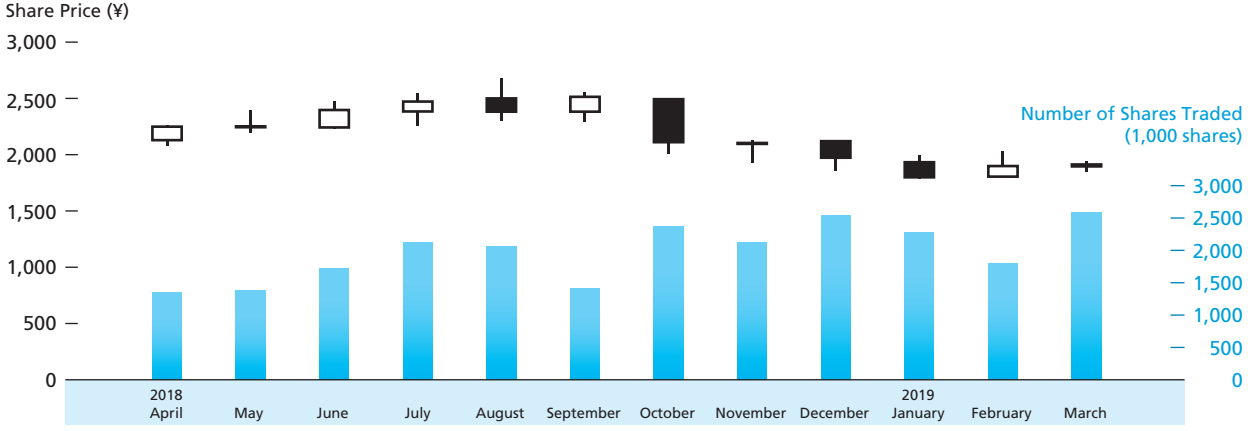
Name of Shareholder	Number of Shares Held	Percentage Held (%)
Ibe Corporation	4,741,847	9.9
MUFG Bank, Ltd.	2,107,050	4.4
Morinaga Milk Industry Co., Ltd.	1,940,215	4.0
Sachiaki Ibe	1,592,967	3.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,432,300	3.0
Japan Trustee Service Bank, Ltd. (Trust Account)	1,412,800	2.9
Sumitomo Mitsui Banking Corporation	1,406,131	2.9
Mizuho Bank, Ltd.	1,406,053	2.9
Resona Bank, Limited	1,182,385	2.5
Zeria Pharmaceutical Co., Ltd. Employee Stockholding Plan	985,938	2.1

(Note) The percentage held is calculated by subtracting treasury stock (totaling 5,199,132 shares).

Distribution of Shares by Shareholder Type



Share Price and Trading Volume



Shareholder Memo

Fiscal Year
From April 1st of each year to March 31st 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
Interim dividend: September 30 of each year

Transfer Agent
Sumitomo Mitsui Trust Bank, Limited
1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Account Management Institution for Special Account
Sumitomo Mitsui Trust Bank, Limited
1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Mailing Address (Inquiry information)
Stock Transfer Agency Business Planning Department,
Sumitomo Mitsui Trust Bank, Limited
2-8-4 Izumi, Suginami-ku, Tokyo 168-0063
TEL: 0120-782-031 (toll-free)
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.

Please refer to latest IR information on our 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
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