

(English Translation)

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2015 (under Japan GAAP)

May 12, 2015

Company name: Nichi-Iko Pharmaceutical Co., Ltd. Stock exchange listings:
Tokyo Stock Exchange

Securities code: 4541 (URL <http://www.nichiiko.co.jp/>)

Representative: Yuichi Tamura
President and CEO

Contact: Noboru Inasaka Tel: 076-432-2121
Board of Senior Director, Head of
Administrative Division

Scheduled date of annual shareholders' meeting: June 19, 2015

Scheduled date of commencement of dividend payment: June 22, 2015

Scheduled date of filing of annual securities report: June 19, 2015

Presentation of supplementary materials on financial results: Yes

Holding of financial presentation meeting: Yes

(Note that all amounts have been rounded down to the nearest one million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2015
(From April 1, 2014 to March 31, 2015)

(1) Consolidated Results of Operations

(Percentage figures represent changes from the same period of the previous fiscal year)

	Net sales	Operating income	Ordinary income	Net income
Fiscal year ended March 31, 2015	¥127,021 million (22.6%)	¥9,619 million (30.3%)	¥9,615 million (35.7%)	¥6,592 million (43.7%)
Fiscal year ended March 31, 2014	¥103,622 million (10.3%)	¥7,383 million (-10.3%)	¥7,085 million (-16.3%)	¥4,588 million (-10.5%)

(Note)

Comprehensive income:

Fiscal Year Ended March 31, 2015: 9,466 million yen (80.3%)

Fiscal Year Ended March 31, 2014: 5,250 million yen (2.0%)

	Net income per share	Net income (fully diluted) per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended March 31, 2015	¥110.26	¥110.14	9.4%	7.2%	7.6%
Fiscal year ended March 31, 2014	¥104.75	¥104.67	8.0%	6.1%	7.1%

(Reference)

Equity in net income of affiliates:

Fiscal Year Ended March 31, 2015: -229 million yen

Fiscal Year Ended March 31, 2014: -236 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended March 31, 2015	¥139,834 million	¥74,487 million	53.2%	¥1,246.36
Fiscal year ended March 31, 2014	¥129,130 million	¥66,195 million	51.2%	¥1,112.19

(Reference)

Equity:

Fiscal Year Ended March 31, 2015: 74,350 million yen

Fiscal Year Ended March 31, 2014: 66,115 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
Fiscal year ended March 31, 2015	¥21,179 million	¥-14,647 million	¥-14,146 million	¥13,609 million
Fiscal year ended March 31, 2014	¥5,546 million	¥-9,826 million	¥20,676 million	¥21,269 million

2. Dividends

	Annual dividends per share					Total amount of cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
Fiscal year ended March 31, 2014	¥-	¥16.00	¥-	¥12.30	¥28.30	¥1,373 million	27.0%	2.4%
Fiscal year ended March 31, 2015	¥-	¥12.30	¥-	¥14.30	¥26.60	¥1,590 million	24.1%	2.3%
Fiscal year ending March 31, 2016 (Forecast)	¥-	¥13.30	¥-	¥13.30	¥26.60		19.9%	

(Note)

Breakdown of Year-end Dividends for Fiscal Year Ended March 31, 2015:

Ordinary dividend, 12.30 yen

Commemorative dividend, 2.00 yen

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Percentage figures represent changes from the same period of the previous fiscal year)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Second quarter (cumulative total)	¥65,300 million (7.1%)	¥5,200 million (17.9%)	¥5,000 million (14.4%)	¥3,300 million (9.7%)	¥55.18
Annual	¥137,200 million (8.0%)	¥12,500 million (29.9%)	¥12,100 million (25.8%)	¥8,000 million (21.3%)	¥133.78

*Notes

(1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in change in scope of consolidation): No

New: –

Exception –

(Note)

For description, please refer to "(Significant matters that form the basis for preparing the consolidated financial statements)" in "(5) Notes to Consolidated Financial Statements" in "5. Consolidated Financial Statements" on page 22 of the Attachment.

- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations, etc.: Yes
 - (ii) Changes in accounting policies due to other reasons: Yes
 - (iii) Changes in accounting estimates: Yes
 - (iv) Restatements of prior period financial statements after error corrections: No

(Note)

For description, please refer to "(Changes in accounting policies)" in "(5) Notes to Consolidated Financial Statement" in "5. Consolidated Financial Statements" on page 28 of the Attachment.

- (3) Total number of issued shares (common stock)
- (i) Total number of issued shares as of the end of the period (including treasury stock):
 - As of March 31, 2015: 60,662,652 shares
 - As of March 31, 2014: 60,662,652 shares
 - (ii) Number of treasury shares as of the end of the period:
 - As of March 31, 2015: 962,569 shares
 - As of March 31, 2014: 1,081,597 shares
 - (iii) Average number of shares during the period:
 - Fiscal year ended March 31, 2015: 59,793,744 shares
 - Fiscal year ended March 31, 2014: 43,807,071 shares

(Note)

Number of treasury shares as of the end of the period includes shares held by the Employee Shareholding Incentive Plan.

(For reference) Outline of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(1) Non-Consolidated Results of Operations

(Percentage figures represent changes from the same period of the previous fiscal year)

	Net sales	Operating income	Ordinary income	Net income
Fiscal year ended March 31, 2015	¥119,994 million (16.6 %)	¥8,353 million (12.3 %)	¥8,626 million (15.3 %)	¥5,837 million (16.8 %)
Fiscal year ended March 31, 2014	¥102,908 million (10.4 %)	¥7,435 million (0.6 %)	¥7,480 million (-2.2 %)	¥4,997 million (-47.0 %)

	Net income per share	Net income (fully diluted) per share
Fiscal year ended March 31, 2015	¥97.62	¥97.52
Fiscal year ended March 31, 2014	¥114.05	¥113.96

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended March 31, 2015	¥132,863 million	¥73,101 million	54.9%	¥1,223.18
Fiscal year ended March 31, 2014	¥125,443 million	¥65,776 million	52.4%	¥1,104.98

(Reference)

Equity:

As of March 31, 2015: 72,964 million yen

As of March 31, 2014: 65,697 million yen

*** Presentation regarding execution of audit procedures**

These financial results are not subject to the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures to consolidated financial statements are in progress.

*** Proper usage of the forecast of financial results, and other special matters**

1. The forward-looking statements including forecast of financial results contained in these materials are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. As such, they do not constitute the Company's guarantee that such results would be achieved. Actual business and other results may differ substantially from the forecasts provided in these materials as a result of various factors. For description of the conditions underlying the forecast of financial results and considerations on usage of forecast of financial results, please refer to "*(1) Analysis of Operating Results*" in "*1. Analysis of Operating Results and Financial Position*" on page 2 of the Attachment.
2. Supplementary materials for financial results will be provided on the website of the Company on Tuesday, May 12, 2015.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(Operating Results for the Current Fiscal Year)

In the consolidated fiscal year under review, Japan's economy was affected by the reaction that followed the last-minute rush in demand ahead of the hike in the rate of consumption tax in April 2014, but against the background of the continuation of the Bank of Japan's policy of monetary easing and the trend towards the weaker yen, some improvement in corporate profitability and the employment situation became visible and there was a general tone of economic recovery.

In the pharmaceutical industry, the "Roadmap for Promotion of Use of Generic Pharmaceuticals" announced by the Ministry of Health, Labour and Welfare in April 2013 set a target of using generic pharmaceuticals for 60% of the total replaceable market (long-listed official drugs and generic drugs) on a volume basis by the end of March 2018. In addition, it also indicated that additional incentives to use generic pharmaceuticals would be implemented as necessary.

As a result of the subsequent amendments to the system in April 2014, in order to promote generic pharmaceuticals, generic drug indices were established in the function evaluation coefficient II of DPC hospitals and the system that adds a premium for generic pharmaceuticals used in health insurance pharmacies was amended. On the other hand, in the area of drug pricing some measures that create a difficult profit environment for the generic drug industry were also enacted, such as price cuts for newly listed generic drugs and the gathering of previously listed generic pharmaceuticals into three pricing bands.

In this environment the Company implemented various measures to improve its results during this inflection-point year of the "Pyramid" 6th Mid-term Business Plan (running from April 2012 to March 2016), which includes the aim of becoming a "Global Top 10 Generic Pharmaceutical Maker".

The Company has worked on differentiating its offerings, such as broadening its line-up of the package-dispensed "Nichi-Iko" products, which can be handed to the patient without the seal being opened. Another example is printing tablets of Candesartan (launched in December 2014) in different colors for each specification and printing them on both sides while taking into account the score-line in such a way that even when the tablet is split along the score-line the product name and company name can be distinguished on the front and back.

As another step in the Company's growth strategy, in February 2015 the Company concluded exclusive sales agreements with the Sanofi Group relating to the major product Clopidogrel as an "authorized generic" including permission to use patents and so on for "Clopidogrel 25mg tablets 'SANIK'" and "Clopidogrel 75mg tablets 'SANIK'".

Overseas the Company has been moving steadily into new markets, having concluded an outsourced production contract with its Thailand business partner Biolab Co., Ltd. so that from November 2014 it has been selling three formulations

and three products under the Company's brand and another two formulations and two products from December onward.

As regards manufacturing, the Shizuoka Plant of Nichi-Iko Pharma Tech Co., Ltd. began production in April 2014 with a capacity of 3 billion tablets and 10 million injectable preparations. In order to deal with growing demand for generic pharmaceuticals, the Company is strengthening the stable supply and internalizing production. As well, the Company is concentrating the manufacturing of high volume products to reduce costs.

Internally, the Company has set up new specialized departments to target higher market shares in the fields of oncology and biosimilar drugs and has also launched a new "Cancer Treatment Information Site for Medical Professionals 'ONCOLOGY-MedNavi'" service. The Company has relocated its Tokyo headquarters and is working on expanding its business so as to be able to take advantage of the metropolitan area, which contains the headquarters of most of its customers and public agencies, and also to accelerate its development overseas. Moreover, the Company has been designated a "Growth Company in which Women are Expected to Play a Major Role" by Sumitomo Mitsui Banking Corporation's "SMBC Nadeshiko Finance" initiative, showing that the employee work environment has also been the recipient of acclaim.

Reviewing revenues by product line, strong sales were recorded by prostaglandin E1 derivative formulation "Limaprost Alfadex tablets 5 μ g 'NichiIko'", "Fexofenadine hydrochloride tablets 30mg/60mg 'SANIK'" (the first authorized generic allergy treatment in Japan), proton pump inhibitor "Lansoprazole OD tablets 15mg 'NichiIko'", leukotriene receptor antagonist "Pranlukast capsules 112.5mg 'NichiIko'" amongst others.

Consequently, consolidated operating results for the fiscal year showed increased revenue and earnings with net sales of 127,021 million yen (103,622 million yen for the previous fiscal year), operating income of 9,619 million yen (7,383 million yen for the previous fiscal year), ordinary income of 9,615 million yen (7,085 million yen for the previous fiscal year), and net income of 6,592 million yen (4,588 million yen for the previous fiscal year).

(Prospects for the Following Fiscal Year)

During the coming fiscal year, in addition to expanding sales of existing products, the Company plans to grow revenues mostly through releasing supplemental products scheduled for June and December, while expanding the production system by adding capacity in the free space within Toyama Plant 1.

Moreover, thanks to the start-up of the new core system, the Company will work on improving margins through the detailed and minute management of profits.

The Company plans to file a production and marketing application for a successor product to the biosimilar Infliximab (trade name: Remicade) on which it has been working for some time, with the aim of gaining approval by March 2017, while making final preparations for its entry into the biosimilar market.

For the fiscal year ending March 31, 2016, the final year of the "Pyramid" 6th Mid-term Business Plan, management forecasts net sales of 137.2 billion yen, operating income of 12.5 billion yen, and ordinary income of 12.1 billion yen as laid out in the Plan, with all employees uniting their efforts to achieve the targets as the Company moves to become a "Global Top 10 Generic Pharmaceutical Manufacturer".

(2) Analysis of Financial Position

(i) Assets, Liabilities and Net Assets

As of the end of the fiscal year under review, assets on a consolidated basis increased 10,704 million yen from the previous fiscal year-end and ran up to 139,834 million yen. While cash and deposits declined by 7,662 million yen and notes and accounts receivable fell by 5,892 million yen, inventories assets rose by 9,780 million yen, investment securities increased by 5,033 million yen and property, plant and equipment grew by 4,357 million yen.

Liabilities on a consolidated basis increased by 2,411 million yen from the previous fiscal year-end and ran up to 65,346 million yen. This was due to a decrease in loans payable of 11,765 million yen, while electronically recorded debts rose 6,233 million yen, notes and accounts payable increased by 3,586 million yen, income taxes payable grew by 1,796 million yen and other payable went up by 1,766 million yen.

Compared to the end of the previous fiscal year, net assets rose 8,292 million yen, reaching 74,487 million yen. This was a result of an increase of 5,144 million yen in retained earnings and a rise of 2,647 million yen in valuation difference on available-for-sale securities.

(ii) Cash Flows

For the fiscal year under review, cash and cash equivalents on a consolidated basis decreased by 7,660 million yen from the previous fiscal year and amounted to 13,609 million yen.

Details of cash flows from each of the three activities for the fiscal year under review are described below.

(Cash flows from operating activities)

Net cash provided by operating activities on a consolidated basis for the fiscal year under review amounted to income over expenditure of 21,179 million yen. The main outflows were an increase in inventories assets of 9,817 million yen. On the other hand in terms of inflows there was an increase in accounts payable of 9,819 million yen, net income before provision for income taxes of 9,488 million yen, a decrease in accounts receivable of 5,865 million yen and depreciation of 4,784 million yen.

(Cash flows from investing activities)

Net cash used in investing activities on a consolidated basis for the fiscal year under review amounted to excess over expenditure of 14,647 million yen. This was due to 4,245 million yen outflows in loans receivable, 3,563 million yen in acquisition of property, plant and equipment, decrease from acquisition of subsidiaries resulting in change in scope of consolidation of 3,341 million yen and 2,182 million yen in acquisition of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities on a consolidated basis for the fiscal year under review amounted to excess over expenditure of 14,146 million yen. The main drivers of this were a decline of 11,765 million yen in short- and long-term loans payable and dividends paid of 1,469 million yen.

(Reference) Trends in Cash Flow Indicators

	Fiscal year ended November 30, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Equity ratio	53.9%	51.5%	47.4%	51.2%	53.2%
Equity ratio on market value basis	84.2%	83.1%	82.8%	73.6%	118.4%
Interest-bearing debt to cash flows ratio (years)	11.5	5.2	2.0	5.2	0.8
Interest coverage ratio (times)	7.8	83.0	63.2	36.9	191.3

(Notes)

1. Each indicator is calculated based on the financial data on a consolidated basis using the following formula.

Equity ratio: Equity / Total assets

Equity ratio on market value basis: Total market capitalization / Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payment

2. "Total market capitalization" is calculated by multiplying closing share price at the end of fiscal year by the number of issued shares excluding treasury stock.
3. "Interest-bearing debt" includes all of those debts reported on the consolidated balance sheet on which interest is paid.
4. "Cash flow" and "Interest payment" refer to "Net cash provided by operating activities" and "Interest payment" reported in the consolidated statements of cash flows.
5. Fiscal year ended March 31, 2012 consists of four months due to the change of the Company's accounting period. Therefore, "Interest-bearing debt to cash flows ratio" and "Interest coverage ratio" for the period represent the amount of cash flow and interest payment for four months.

- (3) Basic Strategy on Profit Sharing and Dividends for the Current Fiscal Year and the following Fiscal Year

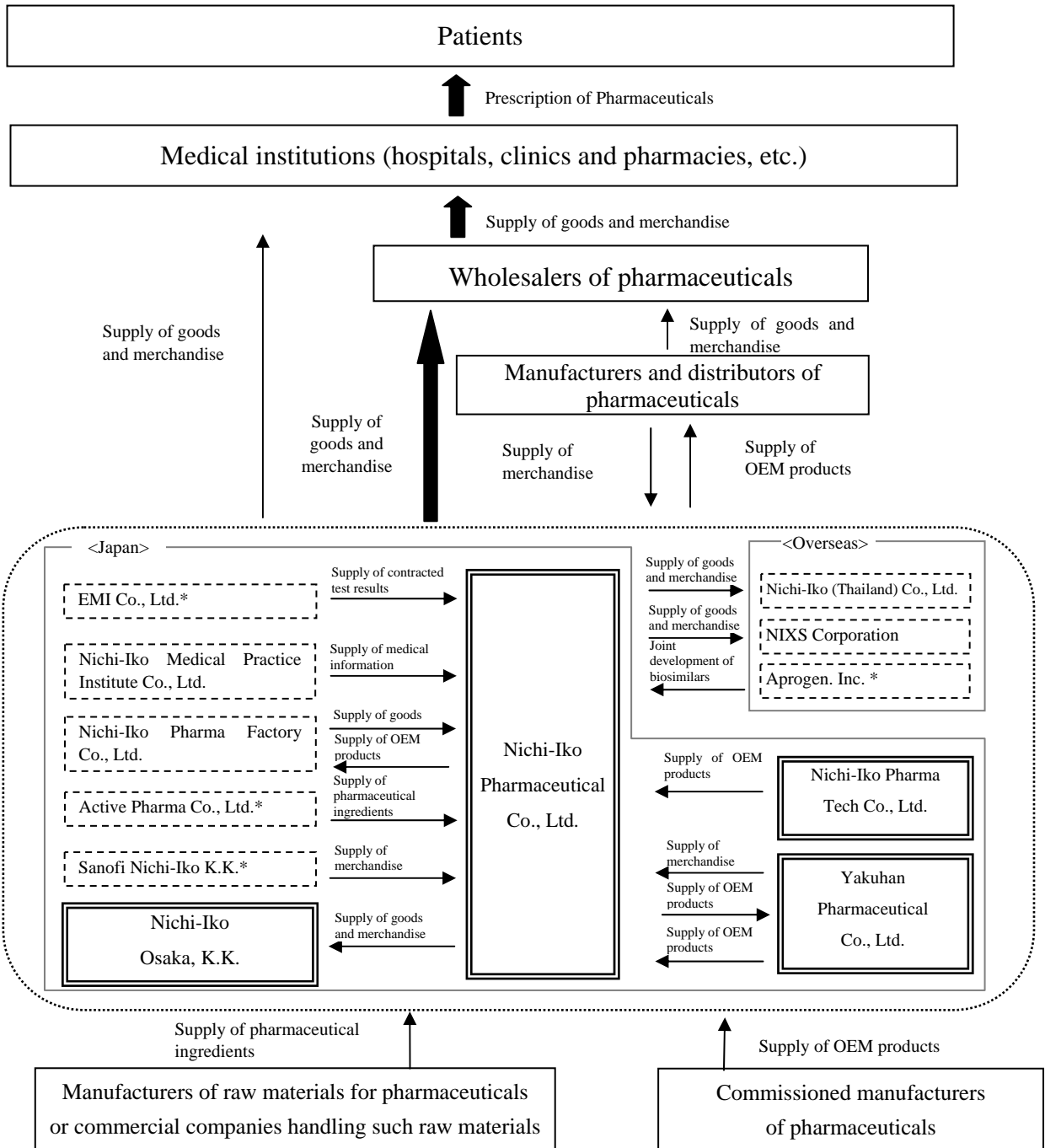
The Company's basic strategy on profit sharing is to continue appropriate distribution of profits to shareholders as well as to improve and enhance financial strength by maintaining internal reserves. We will therefore make effective use of internal reserves in the development of pharmaceuticals, gaining entry into new markets, and capital investments aimed at ensuring stable supply, while also sharing profits in line with operating results.

This fiscal year, a dividend of 12.30 yen per share was paid at the end of the second quarter. Commemorating the 50th anniversary of the founding of the company in July 2015, a further 2 yen will be added to 12.30 yen per share at the end of the fiscal year, making 14.30 yen. A total of 26.60 yen is scheduled for the full year.

Furthermore, next fiscal year is planned that at the end of the second quarter the dividend will be increased by 1 yen per common share to 13.30 yen, and that the year-end dividend will also be raised by 1 yen per share to 13.30 yen, for a total of 26.60 yen per share for the full year.

2. Outline of the Group

The Group consists of the Company and 8 subsidiaries of which 3 are consolidated subsidiaries (Nichi-Iko Pharma Tech Co., Ltd., Yakuhan Pharmaceutical Co., Ltd. and Nichi-Iko Osaka, K.K.); 1 is a non-consolidated equity method subsidiary (EMI Co., Ltd.); 4 are non-equity method non-consolidated subsidiaries (Nichi-Iko Medical Practice Institute Co., Ltd., Nichi-iko Pharma Factory Co., Ltd., NIXS Corporation, Nichi-Iko (Thailand) Co., Ltd.), and 3 affiliates (accounted for by equity method: Active Pharma Co., Ltd., Sanofi Nichi-Iko K.K. and Aprogen Inc.).



(Note) * Affiliates accounted for by the equity method

- : The Group
- : Consolidated subsidiaries within the Group
- : Non-consolidated subsidiaries and affiliates within the Group
- : Flow of products and services
- : Core distributions within the Group business

3. Management Policy

(1) Fundamental Management Policy of the Company

a. Fundamental Management Policy

The Group's management philosophy is "contribution to the society through development and supply of reliable pharmaceuticals."

Growth in medical spending due to rapid aging of population is causing persistent financial difficulties in health care insurance in Japan. Ongoing reforms of health care insurance system to streamline and rationalize medical costs are being promoted. In addition, various measures to promote generic pharmaceuticals usage are being implemented in recent years, as one of the approaches to decrease patients' charges and to improve financial situation of health care insurance.

The Group, based on full recognition of such societal demand, is willing to carry out its responsibility to its clients, shareholders, employees and other stakeholders of the company and contribute to society by developing its proactive business activities.

Under this management policy, the Group states "We, Nichi-Iko, provide value-added, high quality generic products, which meet various requirements from patients, doctors, pharmacists, wholesalers and pharmaceutical companies in the global market, as one of the most respected, well established generic company in the world," as its mission statement. We believe that maintaining long-term and sustainable relationship appropriately with each stakeholder including shareholders and ensuring accountability will contribute to the improvement of corporate value and shareholder profit of the Group.

b. Fundamental Policy relating to Corporate Governance

The Group acknowledges that the basics of corporate governance are full legal compliance, improvement of management transparency and corporate ethics, sound decision-making, prompt execution of operation, and considers fulfillment and enhancement of these elements as important management issues. The Group will actively make continuous efforts for the establishment of the system.

The Group, based on legal compliance and appropriate recognition of demands in society and various risks, will constantly readjust the decision-making process to optimize for bold challenge towards market trends, and will promote business efficiency and enhance its competitiveness.

(2) Mid- and Long-term Management Strategy of the Company and Issues to be Addressed

In recent years, coping with health-care expenses has become a crucial challenge for Japan. Widespread use of low-cost generic pharmaceuticals is being promoted as one measure to meet this need. In Japan, where the Ministry of Health, Labor and Welfare has announced a target of "increasing generic drugs' share by volume to 30% or more (an old criterion) by 2012" in June 2007, various measures have been implemented to promote their use. In the environment of increasing demand, the

Ministry of Health, Labor and Welfare has newly announced "Action Program to Promote Safe Use of Generic Drugs" with respect to stable supply, product quality and information disclosure by generic pharmaceuticals makers in October 2007, which explicitly states measures to promote usage of generic pharmaceuticals with securing of reliability.

Subsequently in April 2013, the Ministry of Health, Labor and Welfare announced "Road Map for Promotion of Further Use of Generic Pharmaceuticals," which stated that "new target share by volume for the generic pharmaceuticals shall be 60% or more (a new criterion) by the end of March 2018." Increasing trend of generic pharmaceuticals' demand is expected to continue.

Aiming for a prompt response to such changes in the market environment, the Company set forth the sixth medium-term business plan "Pyramid" (for the four fiscal years from April 2012 to March 2016) in March 2012. We will implement the following four strategies as we solidify our business foundation and enhance our organizational strength.

(i) Brand strategy

- To become an indispensable manufacturer of generics by continuing to provide customers worldwide with unique and satisfactory products and services that can only be provided by Nichi-Iko

(ii) Customer-friendly strategy

- To provide products and services that meet customer requests and identify customer requests so that Nichi-Iko can continuously improve Nichi-Iko's products and services

(iii) Differentiation strategy

- To encourage all employees to seek the value which Nichi-Iko can provide to customers in order to enhance its future competitiveness

(iv) Cost strategy

- To improve its cost management methods in order to continue generating profits

4. Basic Stance Regarding the Selection of Accounting Standards

As the domestic Japanese operations are currently the core of the Group's operations, for the time being Japanese accounting standards will be used. However, our policy is that the Company will consider adopting IFRS going forward while weighing the state of business conditions overseas and any advantages to stakeholders.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

	(in millions of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Assets		
Current assets		
Cash and deposits	21,695* ³	14,032* ³
Notes and accounts receivable	27,857	21,965* ³
Securities	1	-
Merchandise and finished goods	19,480	27,987
Work in process	5,985	6,212
Raw materials and supplies	7,183	8,230
Deferred tax assets	522	826
Other current assets	909	1,348
Allowance for doubtful accounts	(63)	(803)
Total current assets	83,572	79,798
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	14,818	16,537
Machinery and equipment, net	6,963	7,697
Tools, furniture and fixtures, net	711	1,150
Land	4,439* ⁵	6,184* ⁵
Lease assets, net	1,894	1,914
Construction in progress	922	623
Total property, plant and equipment	29,750* ^{2,*3}	34,107* ^{2,*3}
Intangible assets		
Goodwill	1,287	1,077
Lease assets	519	323
Other intangible assets	1,755	3,252
Total intangible assets	3,563	4,652
Investments and other assets		
Investment securities	8,568* ¹	13,602* ¹
Long-term loans receivable	1,932	6,377
Deferred tax assets	488	-
Other assets	1,401	1,359
Allowance for doubtful accounts	(147)	(64)
Total investments and other assets	12,244	21,276
Total fixed assets	45,558	60,035
Total assets	129,130	139,834

	(in millions of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable	12,996* ³	16,583* ³
Electronically recorded debts	9,939	16,172
Short-term loans payable	11,856* ³	2,750* ³
Current portion of long-term loans payable	3,512* ³	3,996* ³
Lease debts	966	906
Other payable	5,078	6,844
Accrued expenses	473	660
Income taxes payable	729	2,525
Deposits payable	59	69
Allowance for sales returns	85	68
Allowance for bonuses	558	861
Other current liabilities	465	179
Total current liabilities	46,721	51,618
Fixed liabilities		
Long-term loans payable	10,975* ³	7,831* ³
Lease debts	1,616	1,501
Deferred tax liabilities	13	694
Deferred tax liabilities for land revaluation	255* ⁵	231* ⁵
Net defined benefit liability	3,290	3,410
Asset retirement obligations	55	53
Other fixed liabilities	7	4
Total fixed liabilities	16,213	13,727
Total liabilities	62,935	65,346
Net assets		
Shareholders' equity		
Common stock	19,976	19,976
Capital surplus	18,678	18,684
Retained earnings	28,061	33,206
Treasury stock	(1,753)	(1,543)
Deposit on subscriptions to treasury stock	0	-
Total shareholders' equity	64,962	70,324
Other comprehensive income		
Valuation difference on available-for-sale securities	161	2,809
Revaluation reserve for land	297* ⁵	321* ⁵
Foreign currency translation adjustment	792	1,038
Accumulated adjustments in retirement benefits	(97)	(142)
Total other comprehensive income	1,153	4,026
Stock acquisition rights	79	137
Total net assets	66,195	74,487
Total liabilities and net assets	129,130	139,834

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

	(in millions of yen)	
	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
Net sales	103,622	127,021
Cost of sales	63,947* ^{1,*3}	79,935* ^{1,*3}
Gross profit	39,675	47,086
Allowance for sales returns	8	-
Reversal of allowance for sales returns	-	17
Gross profit, net	39,666	47,103
Selling, general and administrative expenses	32,282* ^{2,*3}	37,484* ^{2,*3}
Operating income	7,383	9,619
Non-operating income		
Interest income	20	33
Dividends income	25	38
Income from subsidiaries	126	52
Reimbursement for joint development cost	33	46
Compensation received	24	32
Foreign exchange gains	19	165
Others	287	217
Total non-operating income	537	586
Non-operating expenses		
Interest payment	149	109
Commissions paid	43	47
Loss on sales of accounts receivables	101	145
Stock issuance expenses	222	0
Equity in losses of affiliates	236	229
Others	81	58
Total non-operating expenses	835	590
Ordinary income	7,085	9,615
Extraordinary income		
Gain on sales of fixed assets	1* ⁴	0* ⁴
Gains on negative goodwill	-	270
Total extraordinary income	1	270
Extraordinary loss		
Loss on disposal of fixed assets	27* ⁵	163* ⁵
Loss on valuation of investment securities	4	-
Impairment loss	-	207* ⁶
Others	-	26
Total extraordinary loss	31	397
Net income before provision for income taxes	7,055	9,488
Income taxes - current	2,106	3,443
Income taxes - deferred	360	(547)
Total income taxes	2,466	2,895
Income before minority interests	4,588	6,592
Net income	4,588	6,592

(Consolidated Statements of Comprehensive Income)

	(in millions of yen)	
	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
Income before minority interests	4,588	6,592
Other comprehensive income		
Valuation difference on available-for-sale securities	163	2,680
Revaluation reserve for land	-	23
Adjustments in retirement benefits	-	(41)
Share of other comprehensive income of affiliates accounted for using equity method	498	211
Total other comprehensive income	662*	2,873*
Comprehensive income	5,250	9,466
(Comprehensive income attributable to:)		
Comprehensive income attributable to shareholders of the parent company	5,250	9,466
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Changes in Net Assets
 Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)

(in millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Deposit for subscriptions to treasury stock	Total shareholders' equity
Balance at the beginning of year	13,557	12,274	24,428	(1,904)	-	48,356
Cumulative effects of changes in accounting policies						
Restated balance	13,557	12,274	24,428	(1,904)	-	48,356
Changes during the year						
Issuance of new shares	6,418	6,418				12,837
Cash dividends paid			(1,268)			(1,268)
Net income			4,588			4,588
Acquisition of treasury stock				(39)		(39)
Disposal of treasury stock		(13)		189		175
Increase in deposit for subscriptions to treasury stock					0	0
Increase in retained earnings accompanying change in affiliates accounted for using equity method			312			312
Net changes in items other than shareholders' equity						
Total changes during the year	6,418	6,404	3,633	150	0	16,606
Balance at the end of the year	19,976	18,678	28,061	(1,753)	0	64,962

	Other comprehensive income					Stock acquisition rights	Total net assets
	Valuation difference on available for sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Accumulated adjustments to retirement benefits	Total other comprehensive income		
Balance at the beginning of year	113	297	-	-	411	42	48,810
Cumulative effects of changes in accounting policies							
Restated balance	113	297	-	-	411	42	48,810
Changes during the year							
Issuance of new shares							12,837
Cash dividends paid							(1,268)
Net income							4,588
Acquisition of treasury stock							(39)
Disposal of treasury stock							175
Increase in deposit for subscriptions to treasury stock							0
Increase in retained earnings accompanying change in affiliates accounted for using equity method							312
Net changes in items other than shareholders' equity	47	-	792	(97)	742	36	778
Total changes during the year	47	-	792	(97)	742	36	17,385
Balance at the end of the year	161	297	792	(97)	1,153	79	66,195

Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)

(in millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Deposit for subscriptions to treasury stock	Total shareholders' equity
Balance at the beginning of year	19,976	18,678	28,061	(1,753)	0	64,962
Cumulative effects of changes in accounting policies			18			18
Restated balance	19,976	18,678	28,079	(1,753)	0	64,981
Changes during the year						
Cash dividends paid			(1,466)			(1,466)
Net income			6,592			6,592
Acquisition of treasury stock				(3)		(3)
Disposal of treasury stock		6		214	(0)	220
Net changes in items other than shareholders' equity						
Total changes during the year	-	6	5,126	210	(0)	5,342
Balance at the end of the year	19,976	18,684	33,206	(1,543)	-	70,324

	Other comprehensive income					Stock acquisition rights	Total net assets
	Valuation difference on available for sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Accumulated adjustments to retirement benefits	Total other comprehensive income		
Balance at the beginning of year	161	297	792	(97)	1,153	79	66,195
Cumulative effects of changes in accounting policies							18
Restated balance	161	297	792	(97)	1,153	79	66,213
Changes during the year							
Cash dividends paid							(1,466)
Net income							6,592
Acquisition of treasury stock							(3)
Disposal of treasury stock							220
Net changes in items other than shareholders' equity	2,647	23	246	(44)	2,873	58	2,931
Total changes during the year	2,647	23	246	(44)	2,873	58	8,274
Balance at the end of the year	2,809	321	1,038	(142)	4,026	137	74,487

(4) Consolidated Statements of Cash Flows

	(in millions of yen)	
	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Net income before provision for income taxes	7,055	9,488
Depreciation	5,797	4,784
Impairment loss	-	207
Amortization of goodwill	226	210
Gains on negative goodwill	-	(270)
Increase (decrease) in allowance for doubtful accounts	(125)	657
Increase (decrease) in net defined benefit liability	(44)	93
Increase (decrease) in allowance for sales returns	8	(17)
Increase (decrease) in allowance for bonuses	21	303
Interest and dividends income	(46)	(72)
Interest payment	149	109
Equity in (earnings) losses of affiliates	236	229
Loss (gain) on valuation of investment securities	4	-
Loss (gain) on sales of fixed assets	(1)	(0)
Loss (gain) on disposal of fixed assets	27	163
Stock issuance expenses	222	0
(Increase) decrease in accounts receivable	(1,460)	5,865
(Increase) decrease in inventories assets	(4,898)	(9,817)
Increase (decrease) in accounts payable	637	9,819
Increase (decrease) in accrued expenses	(135)	187
Other	1,524	856
Sub-total	9,200	22,800
Interest and dividends received	110	143
Interest payment	(150)	(110)
Income taxes paid	(3,613)	(1,652)
Net cash provided by operating activities	5,546	21,179
Cash flows from investing activities		
Deposits in fixed deposits	(6)	(4)
Withdrawal from fixed deposits	-	7
Acquisition of investment securities	(2,757)	(1,132)
Sales of investment securities	223	-
Acquisition of property, plant and equipment	(4,717)	(3,563)
Sales of property, plant and equipment	16	27
Acquisition of intangible assets	(94)	(2,182)
Acquisition of stocks of subsidiaries and associates	(319)	(0)
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	-	(3,341)
Payments for loans receivable	(1,189)	(4,245)
Proceeds from loans receivable	31	12
Other	(1,013)	(225)
Net cash used in investing activities	(9,826)	(14,647)

	(in millions of yen)	
	Previous consolidated fiscal year (from April 1, 2013 to March 31, 2014)	Current consolidated fiscal year (from April 1, 2014 to March 31, 2015)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	7,786	(9,106)
Proceeds from long-term loans payable	5,200	1,050
Repayment of long-term loans payable	(3,025)	(3,709)
Proceeds from issuance of common shares	12,614	-
Acquisition of treasury stock	(39)	(3)
Sales of treasury stock	166	203
Expenditures for acquisition of treasury stock acquisition rights	(149)	(91)
Income from sale of treasury stock acquisition rights	354	-
Proceeds from exercise of stock options	0	-
Repayments of finance lease debts	(960)	(1,020)
Dividends paid	(1,269)	(1,469)
Other	-	(0)
Net cash used in financing activities	<u>20,676</u>	<u>(14,146)</u>
Effect of exchange rate changes on cash and cash equivalents	(16)	(45)
Net increase (decrease) in cash and cash equivalents	<u>16,380</u>	<u>(7,660)</u>
Cash and cash equivalents at beginning of year	<u>4,889</u>	<u>21,269</u>
Cash and cash equivalents at end of year	<u>21,269</u>	<u>13,609</u>

(5) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Significant matters that form the basis for preparing the consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 3

Names of major consolidated subsidiaries:

Nichi-Iko Pharma Tech Co., Ltd.
Yakuhan Pharmaceutical Co., Ltd.
Nichi-Iko Osaka, K.K.

Nichi-Iko Pharma Tech Co., Ltd. was included in the scope of consolidation due to an acquisition of stock that took place in the first quarter of the consolidated fiscal year.

(2) Name of major non-consolidated subsidiaries, etc.:

Major non-consolidated subsidiaries:

EMI Co., Ltd.
Nichi-Iko Medical Practice Institute Co., Ltd.
Nichi-Iko Pharma Factory Co., Ltd.,
NIXS Corporation
Nichi-Iko (Thailand) Co., Ltd.

(Reason of excluding from the scope of consolidation)

The non-consolidated subsidiaries are all small in size and have been excluded from the scope of consolidation due to the fact that their total assets, net sales, net income or loss (proportionate to equity interest held by the Company) and retained earnings (proportionate to equity interest held by the Company) have no material impact on the consolidated financial statements.

2. Application of equity method

(1) Number of non-consolidated subsidiary accounted for under the equity method: 1

EMI Co., Ltd.

(2) Number of affiliates accounted for by the equity method: 3

Active Pharma Co., Ltd.

Sanofi Nichi-Iko K.K.
Aprogen Inc.

- (3) Non-consolidated subsidiary and affiliates not accounted for under the equity method (Nichi-Iko Medical Practice Institute Co., Ltd., Nichi-Iko Pharma Factory Co., Ltd., NIXS Corporation, and Nichi-Iko (Thailand) Co., Ltd.) have been excluded from the scope of application of the equity method as their net income or loss (proportionate to equity interest held by the Company) and retained earnings (proportionate to equity interest held by the Company), have minimal impact on the consolidated financial statements even if such companies are excluded from the scope of equity method, and are not significant as a whole.

3. Fiscal years of consolidated subsidiaries

The fiscal year-ends of the consolidated subsidiaries correspond to the consolidated fiscal year-end.

4. Accounting standards

(1) Valuation standards and methods for significant assets

A. Securities

a. Held-to-maturity debt securities

Carried at amortized cost (straight-line method)

b. Other securities

(i) Quoted securities

Stated at market value based on market prices, etc. as of the balance sheet date

(unrealized gains or losses are calculated by directly charged or credited method to net assets, while the cost of securities sold is calculated by the moving average method)

(ii) Unquoted securities

Stated at cost using moving average method

B. Inventories assets

Stated primarily at cost using periodic average method (the balance sheet value is calculated reflecting write-down due to decline in profitability)

(2) Depreciation and amortization methods for significant depreciable assets

A. Property, plant and equipment (excluding lease assets)

By straight-line method

Principal useful lives of depreciable assets are as follows:

Buildings and structures	2 to 60 years
Machinery and equipment	2 to 17 years

B. Intangible assets (excluding lease assets)

By straight-line method

Software for internal use is amortized by straight-line method over the estimated internal useful life (5 years).

C. Lease assets

Leased assets are depreciated by straight-line method over the lease term as the useful life, with a residual value of zero.

(3) Accounting standards for significant allowances and provisions

A. Allowance for doubtful accounts

To provide for losses on irrecoverable debt, allowance for doubtful accounts are recorded for at an estimated irrecoverable amount, based on the loan loss ratio for general claims, and taking into consideration the recoverability thereof on a case-by-case basis for specific claims, including doubtful accounts receivable.

B. Allowance for sales returns

To provide for losses on sales returns, allowance for sales returns are recorded for at an estimated margin on sales, based on the sales return ratio.

C. Allowance for bonuses

To provide for payment of employees' bonuses, allowance for bonuses are recorded based on the estimated amounts payable at an amount attributable to the current consolidated fiscal year.

(4) Method of accounting for retirement benefits

A. Periodic allocation method for projected retirement benefits

When calculating retirement benefit obligations, the method used to attribute projected retirement up to the end of the consolidated fiscal year under review is the projected benefit approach.

B. Method of accounting for actuarial gains or losses and gains and losses from changes in the accounting standard

Differences due to changes in accounting principles are amortized by the straight-line method over 15 years, and recorded at each fiscal period.

Actuarial differences are amortized proportionately by the declining balance method over a fixed number of years (8 years) within the average remaining service period of employees at the time of occurrence of such differences, from the following fiscal year.

C. Adoption of simplified methods for small enterprises and similar

When calculating net defined benefit liability and retirement benefit expenses, certain consolidated subsidiaries use simplified methods whereby the retirement benefit obligation is assumed to be the retirement benefit amount that would be payable if all employees were to hypothetically retire of their own volition at the end of the fiscal year.

D. Accounting treatment of unrecognized actuarial differences and unrecognized past service costs

After being adjusted for taxation effects, unrecognized actuarial differences and unrecognized past service costs are posted in the other comprehensive income section of net assets as accumulated adjustments in retirement benefits.

(5) Significant hedge accounting methods

A. Hedge accounting method

Interest swap contracts qualifies for exceptional accounting, therefore exceptional accounting is applied.

B. Hedging instruments and hedged items

Hedging methods:	Interest rate swap contracts
Eligible for hedging:	Interest on loans payable

C. Hedging policies

Interest swap contract is used to hedge the risk of interest rate fluctuations on financing.

D. Method for assessment of hedge effectiveness

Exceptional accounting is applied for interest swap contracts, therefore assessment of hedge effectiveness is omitted.

(6) Method and term of amortization of goodwill

Goodwill is amortized by straight-line method over a period reasonably estimated to have effects thereof. Amortization period is from 5 to 10 years.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term, highly liquid investments with maturities of three months or less from the acquisition date and minimal risk of change in value.

(8) Other basic significant matters for preparation of consolidated financial statements

Accounting for consumption taxes:

Transactions are recorded by net of consumption taxes method.

(New accounting standards not yet effected)

- Accounting Standard for Business Combinations (ASBJ Statement No.21, September 13, 2013)
- Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, September 13, 2013)
- Accounting Standard for Business Divestitures (ASBJ Statement No.7, September 13, 2013)
- Accounting Standard for Earnings Per Share (ASBJ Statement No.2, September 13, 2013)
- Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, September 13, 2013)
- Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No.4, September 13, 2013)

(1) Overview

With regard to additional shares acquired in subsidiaries, for those subsidiaries in which control has been maintained, the treatment of changes in the equity holding by the parent company, the treatment of costs related to the acquisition, the treatment of the presentation of net income as well as the change from minority interests to non-controlling interests and the treatment of the settlement of provisional accounting arrangements were revised.

(2) Expected date of application

These changes will be applied from the beginning of the fiscal year ending March 31, 2016.

With regard to the treatment of the settlement of provisional accounting arrangements, these changes will be applied to business combinations enacted after the beginning of the fiscal year ending March 31, 2016.

(3) Impact from application of the Accounting Standard and Guidance

The impact on the consolidated financial statements of the revisions to the Accounting Standard for Business Combinations and others is currently being evaluated.

(Changes in accounting policies)

(Application of Accounting Standard for Retirement Benefits)

The Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012. Hereafter, "Retirement Benefits Accounting Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015. Hereafter, "Guidance on Retirement Benefits") have been applied to the language in Paragraph 35 of the Retirement Benefits Accounting Standard and the language in Paragraph 67 of the Guidance on Retirement Benefits from the first quarter of the consolidated fiscal year. Specifically, this involves (1) revising the method of calculating retirement benefit obligations and service costs, (2) changing the method of calculating the period of attribution of projected retirement benefits from being based on a fixed amount for the period to being based on the calculation of benefits, and (3) changing the method for determining the discount rate from a method based on the approximated average number of years of service remaining to a method using a single weighted average discount rate reflecting the projected payment period for retirement benefits and the amount for each projected payment period.

The application of the Retirement Benefit Accounting Standard and the related Guidance adhere to the progressive application stipulated in Paragraph 37 of the Retirement Benefit Accounting Standard, and adjustments for the impact resulting from the changes in the method of calculating retirement benefit obligations and service costs were taken into account in retained earnings at the start of the consolidated fiscal year under review. As a result, net defined benefit liability decreased by 28 million yen at the start of the consolidated fiscal year under review, and retained earnings increased by 18 million yen. Furthermore, the impact of the change on operating income, ordinary income and net income before provision for income taxes for the consolidated fiscal year under review is minimal.

Moreover, effect on the net assets per share, net income per share and diluted net income per share for the consolidated fiscal year under review is minimal.

(Application of the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts)

The Company applied the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No.30, March 26, 2015) beginning with the consolidated fiscal year under review. Accounting treatment of trust agreements concluded before the start of the first year the Practical Solution was applied has no impact on the consolidated financial statements because the Practical Solution is applied as a continuation of the existing method in accordance with the progressive application stipulated in Paragraph 20 of the Practical Solution.

(Change in the Method of Depreciation of Property, Plant and Equipment)

Previously the Company and its consolidated subsidiaries primarily used the declining balance method for depreciating property, plant and equipment (however, the straight-line method was used for buildings, excluding accompanying facilities, acquired on or after April 1, 1998), but this was changed to the straight-line method beginning in the consolidated fiscal year under review.

The full-scale implementation of the capital investment plan included in the "Pyramid" 4-year Mid-term Business Plan announced in March 2012 was scheduled for the consolidated fiscal year under review and provided the motivation for this change. As a result of the Group's deliberation of its use of property, plant and equipment, it determined that property, plant and equipment were in steady use across the Group, allowing stable profits to be secured over the long term from its manufactured product lines, and that new investment in and strengthening of property, plant and equipment would further contribute to their stable operation. Accordingly, allocation of expenses by amortization by the straight-line method over the useful life was deemed to reflect the Group's actual usage of property, plant and equipment more accurately, and a decision was made to change to the straight-line method from the consolidated fiscal year under review.

As a result, compared to the figure derived under the previous method, the depreciation expense for the consolidated fiscal year under review fell by 1,533 million yen, causing operating income and ordinary income to each rise by 958 million yen and for net income before provision for income taxes to rise by 948 million yen.

(Additional information)

(Application of the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts)

The Company conducts transactions whereby it allocates shares to the employee shareholding association via a trust with the aim of improving employee welfare.

(1) Overview of transactions

The Company has introduced "Employee Shareholding Incentive Plan" (the "Plan") from July 2011 for the purpose of giving the employees of the Group incentives for the mid- and long-term corporate value improvement.

The Plan sets up "Nichi-Iko Employee Shareholding Trust" (the "EST"), which prospectively acquires the Company's shares according to the size to be acquired by "Nichi-Iko Employee Shareholding Association" (the "Shareholding Association") over 5 years after its establishment, and sells such shares to Shareholding Association each month until the end of the trust period. EST borrows from banks under guarantee of the Company to acquire shares of the Company.

If the equivalent amount of the gain on sale of the Company's shares accumulated in EST through the sales to the Shareholding Association at the end of the trust period, the equivalent amount of the gain on sale of the Company's shares shall be distributed to qualified beneficiaries as residual assets of the trust. If the equivalent amount of the loss on sale of the Company's shares accumulated in EST due to decline in prices of the Company's shares, the Company shall reimburse the remaining amount of loans payable equivalent to such amount of the loss on sale of the Company's shares in accordance with the loan contract with limited recourse.

(2) The Company has applied the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No.30, March 26, 2015) but in accordance with the progressive application stipulated in Paragraph 20 of same Practical Solution, the accounting treatment uses the same method as previously.

- (3) Matters relating to Company shares held by the Trust
- A. The book value of the shares held by the Trust was 378 million yen in the previous consolidated fiscal year and 178 million yen for the consolidated fiscal year under review. The shares held by the Trust are posted as treasury stock under shareholders' equity.
 - B. The number of shares at the end of the period was 206,100 for the previous consolidated fiscal year and 97,000 for the consolidated fiscal year under review, while the average number of shares during the period was 212,446 for the previous consolidated fiscal year and 148,769 for the consolidated fiscal year under review. The number of shares at the end of the period and the average number of shares for the period are excluded from the treasury stock that is subtracted for the purposes of calculating per-share data.

(Consolidated Balance Sheet)

- *1 Investment securities relating to non-consolidated subsidiaries and affiliates are as follows:

(in millions of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2014)	Current Consolidated Fiscal Year (As of March 31, 2015)
Investment securities (shares of stock)	4,446	4,423

- *2 Accumulated depreciation and amortization of property, plant and equipment is as follows:

(in millions of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2014)	Current Consolidated Fiscal Year (As of March 31, 2015)
	28,073	30,416

- *3 Pledged assets and secured debt

Pledged assets pledged as collateral are as follows:

(in millions of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2014)	Current Consolidated Fiscal Year (As of March 31, 2015)
Buildings and structures	1,756	1,743
Machinery and equipment	190	100
Tools, furniture and fixtures	4	2
Land	1,114	1,114
Cash and deposits (fixed deposits)	10	10
Total	3,076	2,971

Secured debt is as follows:

(in millions of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2014)	Current Consolidated Fiscal Year (As of March 31, 2015)
Accounts payable	23	36
Short-term loans payable	678	706
Current portion of long-term loans payable	194	194
Long-term loans payable	3,393	3,204
Total	4,289	4,142

*4 Contingent liabilities

(1) Guaranteed debt

The Company provides debt guaranty to the borrowings from financial institutions by companies other than consolidated companies.

	(in millions of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2014)	Current Consolidated Fiscal Year (As of March 31, 2015)
Active Pharma Co., Ltd.	1,301	1,347

(2) Other

	(in millions of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2014)	Current Consolidated Fiscal Year (As of March 31, 2015)
Securitized balance related to declaration of trust	-	998

*5 In accordance with the Act on Revaluation of Land (Act No. 34 of March 31, 1998) and the Act for Partial Amendments to the Act on Revaluation of Land (Act No. 24 of March 31, 1999 and Act No. 19 of March 31, 2001), the Company has revalued its land for business use, and booked the amount equivalent to tax on the relevant revaluation difference to "Deferred tax liabilities for land revaluation" in Liabilities, and booked the amount after deduction of this as "Revaluation reserve for land" in Net Assets.

- Method of revaluation: Posted land price equivalent is calculated by rebating the assessed value of fixed assets provided by Item 3, Article 2 of Order for Enforcement of the Act on Revaluation of Land (Ordinance No. 119 of March 31, 1998) in accordance with fixed assets valuation standards.

- Date of revaluation: November 30, 2001

	(in millions of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2014)	Current Consolidated Fiscal Year (As of March 31, 2015)
Difference between the market value of land revaluation at the end of the period and the book value after revaluation	(778)	(807)

(Consolidated Statement of Income)

- *1 Ending inventory is presented after loss on write-down of book value due to decreased profitability and loss on revaluation of inventory is included in cost of sales as follows:

	(in millions of yen)	
	Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)
	471	182

- *2 Main expense items and amounts of selling, general and administrative expenses are as follows:

	(in millions of yen)	
	Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)
Sales promotion expense	13,705	16,174
Salaries and allowances	4,611	5,074
Provision of allowance for bonuses	294	363
Research and development expenses	4,441	4,984
Provision for allowance for doubtful accounts	(35)	657
Retirement benefits expenses	201	215
Amortization of goodwill	226	210

- *3 Gross amount of research and development expenses included in general and administrative expenses and manufacturing expenses for the period

	(in millions of yen)	
	Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)
	4,441	4,984

- *4 Details of gain on sales of fixed assets are as follows:

	(in millions of yen)	
	Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)
Machinery and equipment	1	0

*5 Details of loss on disposal of fixed assets are as follows:

	(in millions of yen)	
	Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)
Buildings and structures	25	113
Machinery and equipment	0	43
Tools, furniture and fixtures	1	6
Total	27	163

*6 Impairment loss

In the consolidated fiscal year under review, the Group recorded the impairment losses for the following asset groups.

(in millions of yen)			
Region	Use	Category	Impairment loss
Namerikawa City, Toyama Prefecture	Assets scheduled for retirement	Buildings etc.	203
Kitahiroshima City, Hokkaido	Idle assets	Machinery & equipment etc.	4

Operating assets are grouped at the business unit level, while idle assets and assets scheduled for sale or retirement are grouped at each asset level.

With regard to the aforementioned assets scheduled for retirement, due to the construction of the new Production Facility 50 for high potency pharmaceuticals, certain assets became earmarked for disposal. The recoverable value of said assets has been set to zero and an impairment loss on the scheduled disposal value of 203 million yen has been posted in extraordinary losses.

With regard to the idle assets mentioned above, because these are no longer likely to be used the book value has been written down to the recoverable value and the amount of said write-down of 4 million yen has been posted as an impairment loss in extraordinary losses. The recoverable value is an estimate based on the net sale value.

(Consolidated Statements of Comprehensive Income)

* Recycling and tax effect relating to other comprehensive income

(in millions of yen)

	Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)
Valuation difference on available-for-sale securities:		
Amount for the period	249	3,918
Recycling	0	-
Before tax effect	249	3,918
Tax effect	(85)	(1,238)
Valuation difference on available-for-sale securities	163	2,680
Revaluation reserve for land:		
Tax effect	-	23
Adjustments in retirement benefits		
Amount for the period	-	(95)
Recycling	-	40
Before tax effect	-	(54)
Tax effect	-	12
Adjustments in retirement benefits	-	(41)
Share of other comprehensive income of affiliates accounted for using equity method:		
Amount for the period	498	211
Total other comprehensive income	662	2,873

(Consolidated Statements of Changes in Net Assets)

Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)

1. Class and total number of issued shares and class and number of treasury stock

	Number of shares at the beginning of current consolidated fiscal year (share)	Number of shares increased during current consolidated fiscal year (share)	Number of shares decreased during current consolidated fiscal year (share)	Number of shares at the end of current consolidated fiscal year (share)
Total number of issued shares				
Common stock	40,729,417	19,933,235	-	60,662,652
Total	40,729,417	19,933,235	-	60,662,652
Treasury stock (Note)				
Common stock held by the Company	876,392	2,081	2,976	875,497
Common stock held by the EST	239,000	52,700	85,600	206,100
Total	1,115,392	54,781	88,576	1,081,597

(Note)

The increase in treasury common stock of 54,781 shares was the result of the EST exercising stock subscription rights it had obtained from the 5th Stock Acquisition Rights (rights offering) to acquire 52,700 shares of treasury stock, in addition to buying 2,081 shares of shares less than one unit. The decrease of 88,576 shares was the result of the exercise of stock options for 2,590 shares, 310 shares sold to fulfill requests to add to purchases consisting of shares less than one unit, the sale of 76 shares held by consolidated subsidiary Nichi-Iko Osaka, K.K. and the transfer from the EST to the Shareholding Association of 85,600 shares.

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Class of shares in the scope of the stock acquisition rights	Number of shares in the scope of the stock acquisition rights (share)				Balance at the end of current consolidated fiscal year (million yen)
			At the beginning of current consolidated fiscal year	Increase during current consolidated fiscal year	Decrease during current consolidated fiscal year	At the end of current consolidated fiscal year	
Submitting company (parent company)	Stock acquisition rights as stock options	-	-	-	-	-	¥79
	5th stock acquisition rights (rights offering) (Notes 1,2) (Treasury stock acquisition rights) (Notes 3,4)	Common stock	- (-)	19,933,235 (475,067)	19,933,235 (475,067)	- (-)	- (-)
Total (Treasury stock acquisition rights)		-	- (-)	19,933,235 (475,067)	19,933,235 (475,067)	- (-)	¥79 (-)

(Notes)

1. *The increase in the consolidated fiscal year under review in 5th stock acquisition rights was due to the issuance of new stock acquisition rights.*
2. *The decrease in the consolidated fiscal year under review in 5th stock acquisition rights was due to the exercising of new stock acquisition rights.*
3. *The increase in the consolidated fiscal year under review in 5th treasury stock acquisition rights was due to the acquisition of new stock acquisition rights.*
4. *The decrease in the consolidated fiscal year under review in 5th treasury stock acquisition rights was due to the transfer of new stock acquisition rights.*

3. Dividends
 (1) Dividend payments

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend amount per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 21, 2013	Common stock	637 (Note 1)	16.00	March 31, 2013	June 24, 2013
Board of directors' meeting on November 6, 2013	Common stock	637 (Note 2)	16.00	September 30, 2013	December 10, 2013

(Notes)

1. Total amount of dividends includes dividends amounting to 3 million yen on 239,000 shares of the Company held by the EST.
2. Total amount of dividends includes dividends amounting to 3 million yen on 201,100 shares of the Company held by the EST.

(2) Of dividends with a record date falling in the current consolidated fiscal year, those with an effective date falling in the following consolidated fiscal year

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend resource	Dividend amount per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 20, 2014	Common stock	735 (Note)	Retained earnings	12.30	March 31, 2014	June 23, 2014

(Note)

Total amount of dividends includes dividends amounting to 2 million yen for 206,100 shares of the Company held by the EST and dividends amounting to 0 million yen for 11,300 shares of treasury stock (shares of the Company) held by consolidated subsidiaries.

Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)

1. Class and total number of issued shares and class and number of treasury stock

	Number of shares at the beginning of current consolidated fiscal year (share)	Number of shares increased during current consolidated fiscal year (share)	Number of shares decreased during current consolidated fiscal year (share)	Number of shares at the end of current consolidated fiscal year (share)
Total number of issued shares				
Common stock	60,662,652	-	-	60,662,652
Total	60,662,652	-	-	60,662,652
Treasury stock (Note)				
Common stock held by the Company	875,497	1,902	11,830	865,569
Common stock held by the EST	206,100	-	109,100	97,000
Total	1,081,597	1,902	120,930	962,569

(Note)

The increase in common treasury stock of 1,902 shares was the result of buying 1,902 shares of shares less than one unit. The decrease of 120,930 shares was the result of the exercise of stock options for 380 shares, 150 shares bought to fulfill requests to add to purchases consisting of shares less than one unit, the sale of 11,300 shares in consolidated subsidiary Nichi-Iko Osaka, K.K., and the transfer from the EST to the Shareholding Association of 109,100 shares.

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Class of shares in the scope of the stock acquisition rights	Number of shares in the scope of the stock acquisition rights (share)				Balance at the end of current consolidated fiscal year (million yen)
			At the beginning of current consolidated fiscal year	Increase during current consolidated fiscal year	Decrease during current consolidated fiscal year	At the end of current consolidated fiscal year	
Submitting company (parent company)	Stock acquisition rights as stock options	-	-	-	-	-	¥137
Total		-	-	-	-	-	¥137

3. Dividends

(1) Dividend payments

Resolution	Class of shares	Total amount of dividends (in millions of yen)	Dividend amount per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 20, 2014	Common stock	735 (Note 1)	12.30	March 31, 2014	June 23, 2014
Board of directors' meeting on November 5, 2014	Common stock	735 (Note 2)	12.30	September 30, 2014	December 9, 2014

(Notes)

- Total amount of dividends includes dividends amounting to 2 million yen for 206,100 shares of the Company held by the EST and dividends amounting to 0 million yen for 11,300 shares of the Company held by consolidated subsidiaries.*
- Total amount of dividends includes dividends amounting to 1 million yen on 146,100 shares of the Company held by the EST.*

(2) Of dividends with a record date falling in the current consolidated fiscal year, those with an effective date falling in the following consolidated fiscal year

Resolution	Class of shares	Total amount of dividends (in millions of yen)	Dividend resource	Dividend amount per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 19, 2015	Common stock	855 (Note 1)	Retained earnings	14.30 (Note 2)	March 31, 2015	June 22, 2015

(Notes)

- Total amount of dividends includes dividends amounting to 1 million yen for 97,000 shares of the Company held by the EST.*
- The dividend payment per share consists of an ordinary dividend of 12.30 yen and a commemorative dividend of 2.00 yen.*

(Securities)

1. Held-to-maturity debt securities

Previous Consolidated Fiscal Year (as of March 31, 2014)

(in millions of yen)

Category	Book value on the consolidated balance sheet	Market value	Difference
Market value exceeding book value on the consolidated balance sheet			
Others	-	-	-
Sub-total	-	-	-
Market value not exceeding book value on the consolidated balance sheet			
Others	1	1	-
Sub-total	1	1	-
Total	1	1	-

Current Consolidated Fiscal Year (as of March 31, 2015)

Not applicable.

2. Other securities

Previous Consolidated Fiscal Year (as of March 31, 2014)

(in millions of yen)

Category	Book value on the consolidated balance sheet	Acquisition cost	Difference
Book value on the consolidated balance sheet exceeding acquisition cost			
(i) Shares	3,187	2,774	413
(ii) Bonds	-	-	-
(iii) Others	0	0	0
Sub-total	3,187	2,774	413
Book value on the consolidated balance sheet not exceeding acquisition cost			
(i) Shares	167	188	(21)
(ii) Bonds	-	-	-
(iii) Others	-	-	-
Sub-total	167	188	(21)
Total	3,355	2,963	392

(Note)

Unlisted shares (766 million yen on the Consolidated Balance Sheet) are not included in "Other securities" in the table above since they do not have market prices and it is very difficult to assess their market values.

Current Consolidated Fiscal Year (as of March 31, 2015)

(in millions of yen)

Category	Book value on the consolidated balance sheet	Acquisition cost	Difference
Book value on the consolidated balance sheet exceeding acquisition cost			
(i) Shares	8,567	4,225	4,341
(ii) Bonds	-	-	-
(iii) Others	0	0	0
Sub-total	8,567	4,225	4,341
Book value on the consolidated balance sheet not exceeding acquisition cost			
(i) Shares	260	278	(18)
(ii) Bonds	-	-	-
(iii) Others	-	-	-
Sub-total	260	278	(18)
Total	8,827	4,504	4,322

(Note)

Unlisted shares (351 million yen on the Consolidated Balance Sheet) are not included in "Other securities" in the table above since they do not have market prices and it is very difficult to assess their market values.

3. Impairment losses recorded in securities

Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)

Impairment losses amounting to 4 million yen (shares in Other Securities amounting to 4 million yen) were recorded for Securities in the current consolidated fiscal year.

Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)

Not applicable.

4. Other securities sold

Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)

Not applicable.

Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)

Not applicable.

(Derivatives trading)

Previous Consolidated Fiscal Year (as of March 31, 2014)

1. Derivatives trading which is not subject to hedge accounting

Not applicable.

2. Derivatives trading which is subject to hedge accounting

Interest rate

(in millions of yen)

Method of hedge accounting	Type of transaction	Main hedged item	Amount of contract	Of which over 1 year	Market value
Preferential procedure of interest rate swaps	Interest rate swap transaction Payment at fixed rate/ Receipt at floating rate	Long-term loans payable	108	96	(Note)

(Note)

Preferential procedure is adopted for interest rate swaps and interest rate swaps are processed together with long-term loans payable, which is a hedged item as a whole. Therefore, they are included in market values of the relevant long-term loans payable.

Current Consolidated Fiscal Year (as of March 31, 2015)

1. Derivatives trading which is not subject to hedge accounting

Not applicable.

2. Derivatives trading which is subject to hedge accounting

Interest rate

(in millions of yen)

Method of hedge accounting	Type of transaction	Main hedged item	Amount of contract	Of which over 1 year	Market value
Preferential procedure of interest rate swaps	Interest rate swap transaction Payment at fixed rate/ Receipt at floating rate	Long-term loans payable	96	84	(Note)

(Note)

Preferential procedure is adopted for interest rate swaps and interest rate swaps are processed together with long-term loans payable which are hedged item as a whole. Therefore, they are included in market values of the relevant long-term loans payable.

(Stock options, etc.)

1. Expenses and account items relating to stock options

(in millions of yen)

	Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)
Selling, general and administrative expenses	40	58

2. Content, scale and development of stock options

(1) Content of stock options

	Fiscal 2012 stock acquisition rights (long-term compensation in the form of shares)	1st mid-term stock acquisition rights (compensation in the form of shares)
Categories and number of members to whom stock acquisition rights were granted	Directors of the Company: 6 members Entrusted Executive Officers of the Company: 6 members Entrusted Administration Officers of the Company: 2 members	Directors of the Company: 6 members Entrusted Executive Officers of the Company: 6 members Entrusted Administration Officers of the Company: 2 members
Class and number of shares underlying the stock acquisition rights (Note)	27,170 common shares	20,330 common shares
Date in which stock acquisition rights were granted	July 18, 2012	May 31, 2013
Terms and conditions of right allotment	<p>1. The holder of the stock acquisition rights may exercise stock acquisition rights only in a lump sum only if they were exercised within the period of 10 days from the day following the date which the holder of the stock acquisition rights loses the position of Director, Entrusted Executive Officer or Entrusted Administration Officer of the Company.</p> <p>2. In the event of death of a holder of the stock acquisition rights, the stock acquisition rights may only be exercised if such stock acquisition rights belong to a spouse or a family member of a first degree who is an heir-at-law (the "Heir") of the holder of the stock acquisition rights.</p> <p>3. Other terms and conditions of the exercise of the stock acquisition rights shall be provided in the Agreement relating to the Allocation of Stock Acquisition Rights executed by and between the Company and the holders of</p>	<p>1. If two of the four categories of Net sales, Operating income, Ordinary income, and Net income exceed the values announced (either the figures in the initial plan or the revised figures) for fiscal year ending March 2016, the final year of the sixth medium-term business plan, rights may be exercised within the exercise period extending from July 1, 2016 to September 30, 2016.</p> <p>2. In the event of death of a holder of the stock acquisition rights, the stock acquisition rights may only be exercised if such stock acquisition rights belong to a spouse or a family member of a first degree who is an heir-at-law (the "Heir") of the holder of the stock acquisition rights.</p> <p>3. Other terms and conditions of the exercise of the stock acquisition rights shall be provided in the Agreement relating to the Allocation of Stock Acquisition Rights executed by and</p>

	the stock acquisition rights.	between the Company and the holders of the stock acquisition rights.
Service period	Service period is not specified.	Same as at left
Exercise period	From July 19, 2012 to July 18, 2042	From July 1, 2016 to September 30, 2016

(Note)

Converted into the number of shares.

	Fiscal 2013 stock acquisition rights (long-term compensation in the form of shares)	4th stock acquisition rights
Categories and number of members to whom stock acquisition rights were granted	Directors of the Company: 6 members Entrusted Executive Officers of the Company: 5 members Entrusted Administration Officers of the Company: 2 members	Executive officers of the company: 7 Employees of the company: 280 Directors of company subsidiaries: 2 Employees of company subsidiaries: 19
Class and number of shares underlying the stock acquisition rights (Note)	11,220 common shares	42,000 common shares
Date in which stock acquisition rights were granted	July 18, 2013	September 30, 2013
Terms and conditions of right allotment	<p>1. The holder of the stock acquisition rights may exercise stock acquisition rights only in a lump sum only if they were exercised within the period of 10 days from the day following the date which the holder of the stock acquisition rights loses the position of Director, Entrusted Executive Officer or Entrusted Administration Officer of the Company.</p> <p>2. In the event of death of a holder of the stock acquisition rights, the stock acquisition rights may only be exercised if such stock acquisition rights belong to a spouse or a family member of a first degree who is an heir-at-law (the "Heir") of the holder of the stock acquisition rights.</p> <p>3. Other terms and conditions of the exercise of the stock acquisition rights shall be provided in the Agreement relating to the Allocation of Stock Acquisition Rights executed by and between the Company and the holders of the stock acquisition rights.</p>	<p>1. Holders of stock acquisition rights must possess the status of director, auditor, or employee of the company or a company affiliate at the time the rights are exercised. However, this does not apply to directors who have retired because their term has expired or employees who have retired because they reached the compulsory retirement age. Moreover, this will not apply in instances where the Board of Directors of the company has determined there to be justifiable cause.</p> <p>2. The succession of stock acquisition rights is prohibited.</p> <p>3. Holders of share acquisition rights cannot exercise them in instances where the company has determined that they are subject to the disciplinary rules of the company and have committed acts corresponding to this status, and the exercise of stock acquisition rights by the person in question has been deemed inappropriate.</p> <p>4. Holders of stock acquisition rights cannot exercise these rights when they have been sentenced imprisonment or a</p>

		higher level of punishment. 5. Other conditions on the exercise of rights are stipulated in the Agreement relating to the Allocation of Stock Acquisition Rights concluded between the Company and the holder of the stock acquisition rights, pursuant to resolutions passed at the 49th annual general meeting of shareholders' and by the Board of Directors on June 21, 2013.
Service period	Service period is not specified.	Same as at left.
Exercise period	From July 19, 2013 to July 18, 2043	From September 30, 2015 to September 30, 2018

(Note)

Converted into the number of shares.

	Fiscal 2014 stock acquisition rights (long-term compensation in the form of shares)	6th stock acquisition rights
Categories and number of members to whom stock acquisition rights were granted	Directors of the Company: 7 members Entrusted Executive Officers of the Company: 2 members Entrusted Administration Officers of the Company: 6 members	Executive officers of the company: 5 Administration Officers of the Company: 5 Employees of the company: 42 Directors of company subsidiaries: 3
Class and number of shares underlying the stock acquisition rights (Note)	24,570 common shares	50,000 common shares
Date in which stock acquisition rights were granted	July 15, 2014	November 6, 2014
Terms and conditions of right allotment	<p>1. The holder of the stock acquisition rights may exercise stock acquisition rights only in a lump sum only if they were exercised within the period of 10 days from the day following the date which the holder of the stock acquisition rights loses the position of Director, Entrusted Executive Officer or Entrusted Administration Officer of the Company.</p> <p>2. In the event of death of a holder of the stock acquisition rights, the stock acquisition rights may only be exercised if such stock acquisition rights belong to a spouse or a family member of a first degree who is an heir-at-law (the "Heir") of the holder of the stock acquisition rights.</p> <p>3. Other terms and conditions of the exercise of the stock acquisition rights shall be provided in the Agreement relating to the Allocation of Stock Acquisition Rights executed by and</p>	<p>1. Holders of stock acquisition rights must possess the status of director, auditor, or employee of the company or a company affiliate at the time the rights are exercised. However, this does not apply to directors who have retired because their term has expired or employees who have retired because they reached the compulsory retirement age. Moreover, this will not apply in instances where the Board of Directors of the company has determined there to be justifiable cause.</p> <p>2. The succession of stock acquisition rights is prohibited.</p> <p>3. Holders of share acquisition rights cannot exercise them in instances where the company has determined that they are subject to the disciplinary rules of the company and have committed acts corresponding to this status, and the exercise of stock acquisition rights by</p>

	between the Company and the holders of the stock acquisition rights.	the person in question has been deemed inappropriate. 4. Holders of stock acquisition rights cannot exercise these rights when they have been sentenced imprisonment or a higher level of punishment. 5. Other conditions on the exercise of rights are stipulated in the Agreement relating to the Allocation of Stock Acquisition Rights concluded between the Company and the holder of the stock acquisition rights, pursuant to resolutions passed at the 50th annual general meeting of shareholders' and by the Board of Directors on June 20, 2014.
Service period	Service period is not specified.	Same as at left.
Exercise period	From July 16, 2014 to July 15, 2044	From November 6, 2016 to September 30, 2019

(Note)

Converted into the number of shares.

(2) Scale and development aspect of stock options

The table below covers stock options for the current consolidated fiscal year and the number of stock options are converted into the number of shares.

(i) Number of stock options

(shares)

	Fiscal 2012 stock acquisition rights (long-term compensation in the form of shares)	1st mid-term stock acquisition rights (compensation in the form of shares)	Fiscal 2013 stock acquisition rights (long-term compensation in the form of shares)	4th stock acquisition rights	Fiscal 2014 stock acquisition rights (long-term compensation in the form of shares)	6th stock acquisition rights
Number of options before being vested						
At the end of the previous consolidated fiscal year	-	20,330	-	42,000	-	-
Granted	-	-	-	-	24,570	50,000
Expired	-	-	-	-	-	-
Vested	-	-	-	-	24,570	-
Un-vested balance	-	20,330	-	42,000	-	50,000
Number of options vested						
At the end of the previous consolidated fiscal year	24,580	-	11,220	-	-	-
Vested	-	-	-	-	24,570	-
Exercised	320	-	60	-	-	-
Expired	-	-	-	-	-	-
Outstanding balance	24,260	-	11,160	-	24,570	-

(ii) Unit value information

(in yen)

	Fiscal 2012 stock acquisition rights (long-term compensation in the form of shares)	1st mid-term stock acquisition rights (compensation in the form of stock)	Fiscal 2013 stock acquisition rights (long-term compensation in the form of shares)	4th stock acquisition rights	Fiscal 2014 stock acquisition rights (long-term compensation in the form of shares)	6th stock acquisition rights
Strike price	1	1	1	1,783 (Note)	1	1,766
Average share price on exercise of option	1,488	-	1,488	-	-	-
Fair assessed unit price (as of the grant date)	1,581	2,141	2,147	423	1,326	296

(Note)

A commitment-type rights offering was conducted on December 9, 2013 and the value of assets invested in the exercise of stock acquisition rights was adjusted from 2,290 yen per share to 1,783 yen per share.

3. Method of estimation of fair unit value of stock options

Method of estimation of fair unit value of Stock Options granted during the current consolidated fiscal year is as follows:

(a) 2014 Stock acquisition rights (long-term compensation in the form of shares type)

(i) Assessment technique: Black-Scholes model

(ii) Major standard figures and estimation method

	2014 Stock acquisition rights (long-term compensation in the form of shares type)
Volatility of share price (Note 1)	28.9%
Expected remaining period (Note 2)	5.3 years
Expected dividends (Note 3)	28.3 yen per share
Risk free rate (Note 4)	0.16%

(Notes)

1. Calculated based on actual share prices for 5.3 years (from March 23, 2009 to July 7, 2014).

2. *Expected remaining period is estimated by deducting average terms of office of present officers from average terms of office of previous officers.*
3. *Based on the actual dividend paid for the period ended March 2014 (annual amount, financial result for the latest 12 months)*
4. *Government bond yield for the period corresponding to the expected remaining period.*

(b) 6th stock acquisition rights

(i) Assessment technique: Black-Scholes model

(ii) Major standard figures and estimation method

	6th stock acquisition rights
Volatility of share price (Note 1)	26.8%
Expected remaining period (Note 2)	3.5 years
Expected dividends (Note 3)	28.3 yen per share
Risk free rate (Note 4)	0.06%

(Notes)

1. *Calculated based on actual share prices for 3.5 years (from May 2, 2011 to October 27, 2014).*
 2. *Due to a lack of accumulated data it is difficult to make a rational estimate, so it is assumed that rights will be exercised at the midpoint of the of the exercise period.*
 3. *Based on the actual dividend paid for the period ended March 2014 (annual amount, financial result for the latest 12 months)*
 4. *Government bond yield for the period corresponding to the expected remaining period.*
4. Estimation Method of the vested number of stock options
It is basically difficult to reasonably estimate the number of stock options to be expired in the future, and therefore only the number of stock options actually expired is reflected.

(Deferred tax accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	(in millions of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2014)	Current Consolidated Fiscal Year (As of March 31, 2015)
Deferred tax assets		
Tax loss carried forward	301	319
Net defined benefit liability	1,163	1,099
Allowance for doubtful accounts	64	277
Others	752	1,193
Sub-total deferred tax assets	2,282	2,889
Valuation allowance	(560)	(641)
Total deferred tax assets	1,722	2,247
Deferred tax assets for land revaluation		
Revaluation reserve for land	59	53
Valuation allowance	(59)	(53)
Total deferred tax assets for land revaluation	-	-
Deferred tax liabilities for land revaluation		
Revaluation reserve for land	(255)	(231)
Total deferred tax liabilities for land revaluation	(255)	(231)
Deferred tax liabilities		
Asset retirement obligations	(9)	(13)
Valuation difference on available-for-sale securities	(127)	(1,366)
Extraordinary amortization reserves	(90)	(51)
Valuation difference on assets acquired through merger and acquisition	(496)	(449)
Difference on liability adjustment	-	(135)
Valuation difference on foreign currency denominated liabilities	-	(99)
Others	(1)	-
Total deferred tax liabilities	(724)	(2,116)
Deferred tax assets, net	742	-
Net deferred tax liabilities	-	(99)

(Note)

Net amounts of deferred tax assets for the previous consolidated fiscal year and net deferred tax liabilities for the current consolidated fiscal year are included in the following items in the consolidated balance sheet.

	(in millions of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2014)	Current Consolidated Fiscal Year (As of March 31, 2015)
Current assets - deferred tax assets	522	826
Fixed assets - deferred tax assets	488	-
Fixed liabilities - deferred tax liabilities	(13)	(694)

	(in millions of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2014)	Current Consolidated Fiscal Year (As of March 31, 2015)
Fixed liabilities - deferred tax liabilities for land revaluation	(255)	(231)

2. Breakdown of major causes if there is a significant difference between the statutory effective tax rate and the actual tax rate after applying tax effect accounting

	Previous Consolidated Fiscal Year (March 31, 2014)	Current Consolidated Fiscal Year (March 31, 2015)
Statutory effective tax rate	37.8%	35.4%
(Adjustment)		
Entertainment expenses and other items never included in losses	0.8	0.5
Dividends received and other items never included in income	(0.5)	(0.3)
Downward revision of end of period deferred tax assets due to a change in the tax rate	0.6	2.1
Amortization of goodwill	1.2	0.8
Gains on negative goodwill	-	(0.7)
Tax exemption for testing and research expenses, etc.	(7.2)	(8.1)
Equity in net losses of affiliates	1.3	0.9
Equal allocation of local income tax	0.5	0.4
Others	0.5	(0.5)
Corporate income tax rate after application of tax-effect accounting	35.0	30.5

3. Revisions to the amounts for deferred tax assets and deferred tax liabilities due to a change in the corporate tax rate, etc.

Due to the "Act on Partial Revision for the Income Tax Act, etc. (Act No.9 of 2015)" and the "Act for Partial Revision of the Local Taxation etc. Act (Act No.2 of 2015)" coming into force on March 31, 2015, rates for corporate tax and so on have been reduced for consolidated fiscal years beginning on or after April 1, 2015.

Accordingly, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities has changed from 35.4% previously to 32.8% for temporary differences that are expected to be eliminated during the consolidated fiscal year beginning on April 1, 2015 and to 32.1% for temporary differences that are expected to be eliminated during or beyond the consolidated fiscal year beginning April 1, 2016.

Due to this change in the tax rate, deferred tax assets and deferred tax liabilities fell by 202 million yen and 207 million yen respectively, while income taxes-deferred

rose by 127 million yen, valuation difference on available-for-sale securities rose by 139 million yen and accumulated adjustments in retirement benefits fell by 6 million yen.

Deferred tax liabilities for land revaluation fell by 23 million yen and revaluation reserve for land rose by the same amount.

(Segment information, etc.)

[Segment information]

Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)

The Company and its consolidated subsidiaries have a single segment related to pharmaceutical business, and therefore the statement is omitted.

Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)

The Company and its consolidated subsidiaries have a single segment related to pharmaceutical business, and therefore the statement is omitted.

[Related information]

Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)

1. Information by product and service

Net sales to external customers in a single segment account for more than 90% of net sales in the consolidated statement of income, and therefore the statement is omitted.

2. Information by region

(1) Net sales

Net sales to external customers in Japan account for more than 90% of net sales in the consolidated statement of income, and therefore the statement is omitted.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the consolidated balance sheet, and therefore the statement is omitted.

3. Information by main customer

(in millions of yen)

Name of customer	Net sales	Related segment
Mediceo Corporation	22,373	Pharmaceutical business
Suzuken Co., Ltd.	18,074	Pharmaceutical business
Alfresa Corporation	13,923	Pharmaceutical business
Toho Pharmaceutical Co., Ltd.	11,270	Pharmaceutical business

Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)

1. Information by product and service

Net sales to external customers in a single segment account for more than 90% of net sales in the consolidated statement of income, and therefore the statement is omitted.

2. Information by region

(1) Net sales

Net sales to external customers in Japan account for more than 90% of net sales in the consolidated statement of income, and therefore the statement is omitted.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the consolidated balance sheet, and therefore the statement is omitted.

3. Information by main customer

(in millions of yen)

Name of customer	Net sales	Related segment
Mediceo Corporation	28,854	Pharmaceutical business
Suzuken Co., Ltd.	21,913	Pharmaceutical business
Alfresa Corporation	16,241	Pharmaceutical business
Toho Pharmaceutical Co., Ltd.	11,907	Pharmaceutical business

[Information on impairment losses on fixed assets by reporting segment]

Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)

Not applicable.

Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)

The Company and its consolidated subsidiaries have a single segment related to pharmaceutical business, and therefore the statement is omitted.

[Information on amortized amount of goodwill and unamortized balance of goodwill by reporting segment]

Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)

The Company and its consolidated subsidiaries have a single segment related to pharmaceutical business, and therefore the statement is omitted.

Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)

The Company and its consolidated subsidiaries have a single segment related to pharmaceutical business, and therefore the statement is omitted.

[Information on gains on negative goodwill by reporting segment]

Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)

Not applicable.

Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)

The Company and its consolidated subsidiaries have a single segment related to pharmaceutical business, and therefore the statement is omitted.

(Per share information)

(in yen)

	Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)
Net assets per share	1,112.19	1,246.36
Net income per share	104.75	110.26
Net income (fully diluted) per share	104.67	110.14

(Notes)

1. The basis for the calculation of net assets per share is as follows:

(in millions of yen, unless otherwise noted)

	Previous Consolidated Fiscal Year (As of March 31, 2014)	Current Consolidated Fiscal Year (As of March 31, 2015)
Total net assets	66,195	74,487
Amount added to total net assets	378	178
(Of which treasury stock held by the EST)	(378)	(178)
Amount deducted from total net assets	79	137
(Of which stock acquisition rights)	(79)	(137)
Net assets attributable to common stock at the end of the period	66,494	74,528
Number of common stock used for the calculation of net assets per share (shares)	59,787,155	59,797,083

(Note)

The number of common stock at the end of the period used for the calculation of net assets per share includes treasury stock held by the EST, of 206,100 shares for the previous consolidated fiscal year and 97,000 for the current consolidated fiscal year respectively.

2. *The basis for the calculation of net income per share and net income (fully diluted) per share is as follows:*

	Previous Consolidated Fiscal Year (from April 1, 2013 to March 31, 2014)	Current Consolidated Fiscal Year (from April 1, 2014 to March 31, 2015)
Net income per share		
Net income (millions of yen)	4,588	6,592
Amounts not attributable to shareholders of common stock (millions of yen)	-	-
Net income attributable to common stock (millions of yen)	4,588	6,592
Average number of common stock during the period (shares)	43,807,071	59,793,744
Net income (fully diluted) per share		
Adjustment of net income (millions of yen)	-	-
Number of increased common stock (shares)	34,086	64,964
(Of which stock acquisition rights (shares))	(34,086)	(64,964)
Outline of dilutive shares not included in the calculation of net income (fully diluted) per share due to ineffectual of dilutive	Board of directors' meeting on September 9, 2013 Stock options approved Stock acquisition rights: 420 (42,000 common shares)	Board of directors' meeting on September 9, 2013 Stock options approved Stock acquisition rights: 420 (42,000 common shares)

(Note)

The average number of common stock includes 212,446 shares of treasury stock held by the EST for the previous consolidated fiscal year and 148,769 shares for the current consolidated fiscal year respectively.

(Significant subsequent events)

Not applicable.