

(English Translation)

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2013 (under Japan GAAP)

May 14, 2013

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
Managing Executive Officer and
General Manager of Management
Division

Scheduled date of annual shareholders' meeting: Scheduled date of commencement of
June 21, 2013 dividend payment:
June 24, 2013

Scheduled date of filing of annual securities report:
June 21, 2013

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, 2013 (From April 1, 2012 to March 31, 2013)

(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, 2013	¥93,926 million (-%)	¥8,229 million (-%)	¥8,470 million (-%)	¥5,129 million (-%)
Fiscal year ended March 31, 2012	¥26,998 million (-%)	¥2,139 million (-%)	¥2,300 million (-%)	¥1,330 million (-%)

(Note)

Comprehensive income:

Fiscal Year Ended March 31, 2013: 5,147 million yen (-%)

Fiscal Year Ended March 31, 2012: 1,500 million yen (-%)

	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, 2013	¥128.14	¥128.08	10.9%	8.9%	8.8%
Fiscal year ended March 31, 2012	¥32.92	¥-	3.0%	2.7%	7.9%

(Reference)

Equity in net income of affiliates:

Fiscal Year ended March 31, 2013: - million yen

Fiscal Year ended March 31, 2012: - million yen

(Note)

Percentage representing changes from the same period of the previous fiscal year are not stated for the fiscal year ended March 31, 2012, due to the transitional period by the change in accounting period. Net income per share, return on equity and ratio of ordinary income to total assets for the fiscal year ended March 31, 2012 represent income for 4 months.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended March 31, 2013	¥102,921 million	¥48,810 million	47.4%	¥1,236.93
Fiscal year ended March 31, 2012	¥88,455 million	¥45,528 million	51.5%	¥1,144.65

(Reference)

Equity:

Fiscal Year Ended March 31, 2013: 48,767 million yen

Fiscal Year Ended March 31, 2012: 45,528 million yen

(3) Consolidated Cash Flow

	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, 2013	¥9,770 million	¥-7,192 million	¥-3,294 million	¥4,889 million
Fiscal year ended March 31, 2012	¥3,627 million	¥-1,594 million	¥-126 million	¥5,605 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, 2012	¥-	¥-	¥-	¥10.70	¥10.70	¥432 million	32.5%	0.9%
Fiscal year ended March 31, 2013	¥-	¥16.00	¥-	¥16.00	¥32.00	¥1,275 million	25.0%	2.7%
Fiscal year ending March 31, 2014 (forecast)	¥-	¥16.00	¥-	¥16.00	¥32.00		23.2%	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

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

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Second quarter (cumulative total)	¥49,000 million (6.8%)	¥3,800 million (3.6%)	¥3,800 million (1.9%)	¥2,200 million (0.7%)	¥55.20
Annual	¥103,000 million (9.7%)	¥9,000 million (9.4%)	¥8,800 million (3.9%)	¥5,500 million (7.2%)	¥138.01

*Notes

- (1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in change in scope of consolidation)

Yes

New: -

Exception: 1 (Nichi-iko Pharma Factory Co., Ltd.)

(Note)

For details, please refer to "Significant matters that form the basis for preparing the consolidated financial statements" under "(5) Notes to Consolidated Financial Statements" in "4. Consolidated Financial Statements" on page 18 of the Attachment.

(2) Changes in accounting policies and 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: No
- (iii) Changes in accounting estimates: Yes
- (iv) Restatements of prior period financial statements after error corrections: No

(Note)

The changes above fall under "Change in accounting policies that is difficult to distinguish from the change in accounting estimates" set forth in Article 14-7 of the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements". For details, please refer to "Change in accounting policies that is difficult to distinguish from the change in accounting estimates" under "(5) Notes to Consolidated Financial Statements" in "4. Consolidated Financial Statements" on page 22 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, 2013: 40,729,417 shares
 - As of March 31, 2012: 40,729,417 shares
- (ii) Number of treasury stock as of the end of the period:
 - As of March 31, 2013: 1,115,392 shares
 - As of March 31, 2012: 645,978 shares
- (iii) Average number of shares during the period:
 - As of March 31, 2013: 40,032,599 shares
 - As of March 31, 2012: 40,414,475 shares

(Note)

Number of treasury stock 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, 2013 (From April 1, 2012 to March 31, 2013)

(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, 2013	¥93,232 million (- %)	¥7,388 million (- %)	¥7,651 million (- %)	¥9,429 million (- %)
Fiscal year ended March 31, 2012	¥26,684 million (- %)	¥1,936 million (- %)	¥2,089 million (- %)	¥1,188 million (- %)

	Net income per share	Net income (fully diluted) per share
Fiscal year ended March 31, 2013	¥235.54	¥235.43
Fiscal year ended March 31, 2012	¥29.42	¥-

(Note)

Percentage representing changes from the same period of the previous fiscal year are not stated for the fiscal year ended March 31, 2012, due to the transitional period by the change in accounting period. Net income per share for the fiscal year ended March 31, 2012 represent income for 4 months.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended March 31, 2013	¥99,665 million	¥48,884 million	49.0%	¥1,238.46
Fiscal year ended March 31, 2012	¥79,502 million	¥41,306 million	52.0%	¥1,040.17

(Reference)

Equity:

As of March 31, 2013: 48,841 million yen

As of March 31, 2012: 41,306 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 14, 2013.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(Operating Results for the Current Fiscal Year)

Japanese economy during the consolidated fiscal year under review, showing improvement mainly in manufacturing industry because of favorable import trends by the depreciation of yen, has visible signs of a recovery with rally in stock prices.

In the pharmaceutical industry, National Health Insurance price revision took place in April 2012, lowering the price by 6.4% in industry average. However, generic drugs market has further expanded by promotion of the use of generic pharmaceuticals at the same time, such as revision of medical service fees. Generic drugs' share by volume in the quarter from October to December was 26.1% (0.7% increase from the quarter from July to September, according to the figures published by Japan Generic Medicines Association).

In the "Road Map for Promotion of Use of Generic Pharmaceuticals" announced by the Ministry of Health, Labor and Welfare on April 5, 2013, new definitions have changed the numerical goal of generics pharmaceuticals by volume to 60% out of pharmaceuticals market (long-listed official drugs plus generic drugs) replaceable by generics, while the previous goal was 30% out of all the pharmaceuticals, heightening expectations for further expansion of generic pharmaceuticals usage in the future.

From April 2013, we have started the operation of "Pyramid Building" newly built production factory next to the "Pentagon Building" which was completed in 2010, to match the increasing demand of generic pharmaceuticals. Production line for lyophilization injections formulation constructed in Aichi plant also started its operation from April 2013.

As a result, consolidated operating results for the fiscal year showed net sales of 93,926 million yen (26,998 million yen for the previous fiscal year), operating income of 8,229 million yen (2,139 million yen for the previous fiscal year), ordinary income of 8,470 million yen (2,300 million yen for the previous fiscal year), and net income of 5,129 million yen (1,330 million yen for the previous fiscal year).

By product item, sales of the oral prostaglandin E1 derivative Opaprosmon (Limaprost Alfadex tablets 5 μ g "Nichiiko"), B-Soften Lotion (0.3%), Ointment (0.3%) and External Spray (0.3%) for promoting better circulation and moisturizing the skin, and the sustained release calcium antagonist (Amlodipine tablets 2.5mg, 5mg, 10mg "Nichiiko", and OD tablets 2.5mg, 5mg, 10mg "Nichiiko"), Neuroprotectant (Edaravone infusion 30mg "Nichiiko", 30 mg bag "Nichiiko") medication for Alzheimer-type dementia (Donepezil Hydrochloride tablets 3mg, 5mg "Nichiiko", OD tablets 3mg, 5mg "Nichiiko", and 0.5% granule "Nichiiko"), medication for prostate cancer (Bicalutamide tablets 80mg "Nichiiko"), medication for osteoporosis (Alendronate Sodium Hydrate tablets 5mg, 35mg "Nichiiko"), Proton pump inhibitor (Rabeprazole Sodium tablets 10mg, 20mg "Nichiiko") were strong.

Consolidated fiscal year-end was changed to March 31 since the previous consolidated fiscal year. As a consequence of such change, the previous consolidated fiscal year corresponded to 4 month from December 1, 2011 to March 31, 2012. Therefore, percentage representing change from the same period of the previous fiscal year is omitted.

(Prospects for the Following Fiscal Year)

In the following consolidated fiscal year, Fexofenadine Hydrochloride tablets 30mg, 60mg "SANIK", the first authorized generics in Japan, will be released for sale under agreement with Sanofi K.K. Furthermore, generics of Infliximab (trade name: Remicade), a biosimilar, is under development to achieve early marketing.

Moreover, the following consolidated fiscal year, being the second year of the sixth medium-term business plan "Pyramid", will be a challenging year to achieve net sales of 100 billion yen, which we consider to be a benchmark of corporate size to be needed by society and to ensure continuous providing of products and services as generic pharmaceuticals makers. All of our employees will work together on achieving this goal.

(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 14,465 million yen from the previous fiscal year-end and ran up to 102,921 million yen. This was attributable to increase in plant assets of 7,093 million yen as a result of capital investment, increase in inventories assets of 5,553 million yen and increase in notes and accounts receivable of 2,512 million yen.

Liabilities increased by 11,183 million yen and ran up to 54,111 million yen, due to increase in notes and accounts payable of 6,134 million yen, increase in other payable of 2,590 million yen and increase in income taxes payable of 1,682 million yen.

Net assets on a consolidated basis increased 3,281 million yen from the previous fiscal year-end and ran up to 48,810 million yen. This was attributable to increase in retained earnings of 4,067 million yen, despite a decrease due to acquisition of treasury stock.

(ii) Cash Flows

For the fiscal year under review, cash and cash equivalents on a consolidated basis decreased by 715 million yen from the previous fiscal year and amounted to 4,889 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 9,770 million yen. This was mainly attributable to cash provided by net income before provision for income taxes amounting to 8,169 million yen, increase in accounts payable of 6,102 million yen, and depreciation amounting to 4,592 million yen, as well as cash used in increase in inventories assets of 5,496 million yen, increase in accounts receivable of 2,498 million yen, and income taxes paid amounting to 1,696 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 7,192 million yen. This was attributable to acquisition of property, plant and equipment amounting to 7,422 million yen.

(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 3,294 million yen. This was attributable to dividends paid amounting to 1,070 million yen, acquisition of treasury stock amounting to 991 million yen, repayments of finance lease repayments amounting to 724 million yen, and 665 million yen decrease in long- and short-term loans payable.

(Reference) Trends in cash flow indicators

	Fiscal year ended November 30, 2009	Fiscal year ended November 30, 2010	Fiscal year ended November 30, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Equity ratio	32.7%	39.8%	53.9%	51.5%	47.4%
Equity ratio on market value basis	129.4%	144.8%	84.2%	83.1%	82.8%
Interest-bearing debt to cash flows ratio (years)	2.5	6.9	11.5	5.2	2.0
Interest coverage ratio (times)	28.9	10.6	7.8	83.0	63.2

(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 stocks.*
 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 on cash flow and interest payment for four months.*
- (3) Basic Strategy on Profit Sharing and Dividends for the Current Fiscal Year and Following Fiscal Years

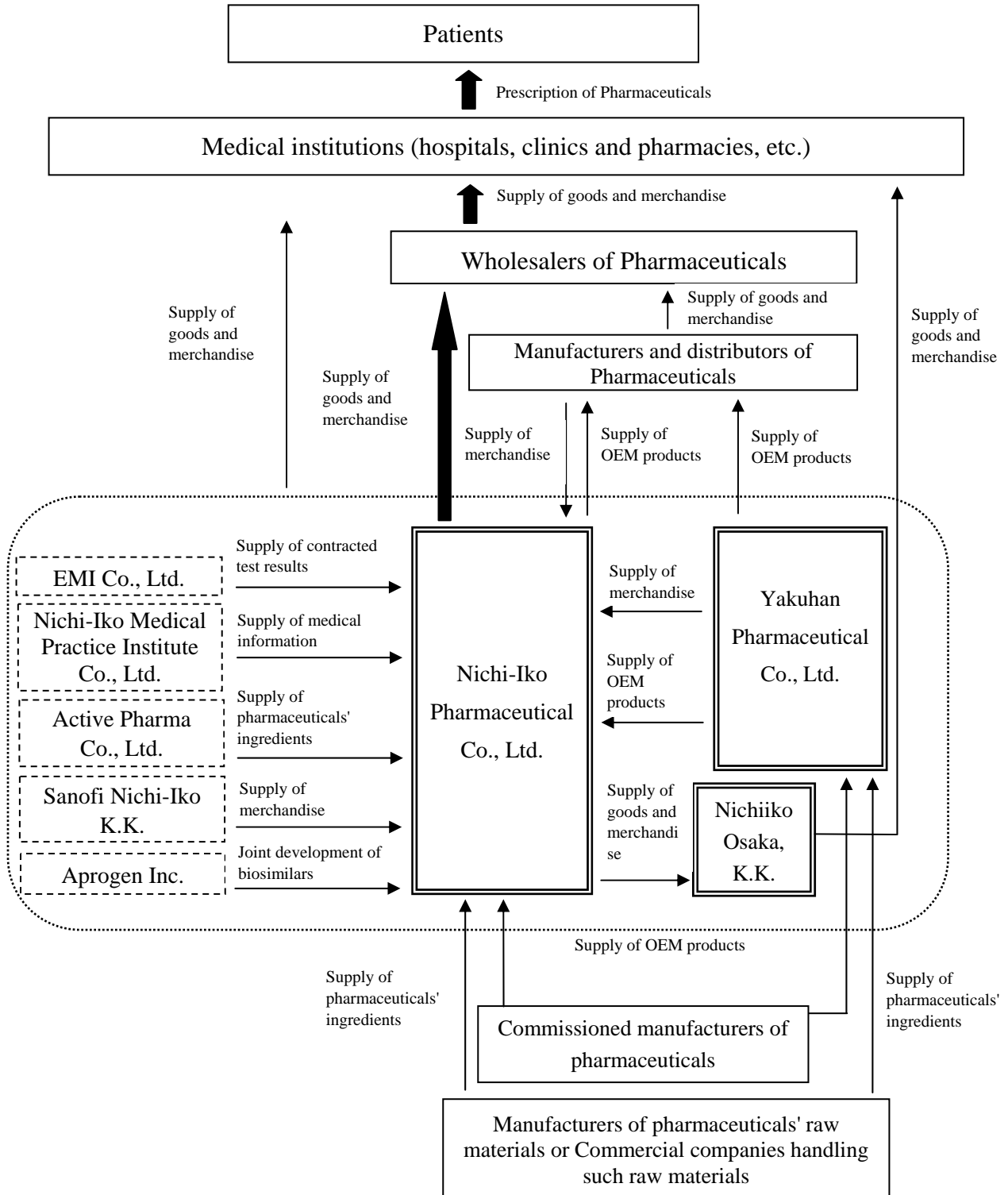
The Company's basic strategy on profit sharing is to continue appropriate distribution of profits to shareholders as well as to improve and enhance financial strength by maintaining internal reserves. In line with this strategy, internal reserves will be appropriated for reduction of interest-bearing debt and capital investment for development and stable supply of pharmaceuticals in consideration of profit distribution proportionate to the operating results.

For the previous fiscal year, which corresponds to irregular accounting period of 4 months from December 1, 2011 to March 31, 2012, the Company distributed dividend per share of 10.70 yen for the relevant 4 months. As of the current fiscal year-end, the Company intends to distribute a dividend per share of 16.00 yen, the same amount as the end of second quarter, which results in an annual dividend per share of 32.00 yen.

For the following fiscal year, the Company plans a dividend per share of 16.00 yen as of the end of second quarter, and 16.00 yen as of the end of the fiscal year (resulting in an annual dividend of 32.00 yen).

2. Outline of the Group

The Group consists of the Company and 5 subsidiaries (of which 2 are consolidated subsidiaries (Yakuhan Pharmaceutical Co., Ltd. and Nichi-Iko Osaka, K.K.) and 3 are non-consolidated subsidiaries (EMI Co., Ltd., Nichi-Iko Medical Practice Institute Co., Ltd., and another company)), and 3 affiliates (affiliated companies not accounted for by equity method: Active Pharma Co., Ltd., Sanofi Nichi-Iko K.K. and Aprogen Inc.).



□ : The Group

▣ : Consolidated subsidiaries within the Group

⋯ : Non-consolidated subsidiaries and affiliates not accounted for under the equity method

← : Flows 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, strive to provide products which meet various requirements from patients, pharmacists, doctors, wholesalers and pharmaceutical companies in the global market as one of the most respected, well established generic companies 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 prompt response to such change in market environment, the Company set out the sixth medium-term business plan "Pyramid" (for 4 fiscal years from April 2012 to March 2016) in March 2012, to achieve net sales of 130 billion yen and operating income of 14.3 billion yen by the final year of the plan and become "one of the top 10 generic pharmaceutical companies in the world". For this goal, we will implement the following 4 strategies while solidifying business establishment by enhancement of 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. Consolidated Financial Statements

(1) Consolidated Balance Sheet

	(in thousands of yen)	
	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Assets		
Current assets		
Cash and deposits	6,299,320* ³	5,309,006* ³
Notes and accounts receivable	23,871,371* ⁸	26,384,059* ⁸
Securities	1,666	-
Merchandise and finished goods	14,643,869	18,164,680
Work in process	3,223,429	4,270,429
Raw materials and supplies	4,710,133	5,695,879
Deferred tax assets	698,696	876,949
Other current assets	990,085* ⁸	1,733,875
Allowance for doubtful accounts	(463,130)	(71,900)
Total current assets	<u>53,975,442</u>	<u>62,362,981</u>
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	12,204,591	15,053,317
Machinery and equipment, net	3,630,152	7,558,193
Tools, furniture and fixtures, net	899,968	663,346
Land	4,066,333* ⁶	4,306,638* ⁶
Lease assets, net	1,373,148	2,392,059
Construction in progress	1,144,112	438,740
Total property, plant and equipment	<u>23,318,307*^{2,*3}</u>	<u>30,412,296*^{2,*3}</u>
Intangible assets		
Goodwill	1,149,688* ⁷	1,514,017* ⁷
Lease assets	384,096	556,466
Other intangible assets	3,546,322	2,300,078
Total intangible assets	<u>5,080,107</u>	<u>4,370,563</u>
Investments and other assets		
Investment securities	4,316,928* ¹	4,202,854* ¹
Long-term loans receivable	755,692	735,376
Deferred tax assets	705,080	529,016
Other assets	448,781	572,049
Allowance for doubtful accounts	(144,625)	(264,000)
Total investments and other assets	<u>6,081,857</u>	<u>5,775,297</u>
Total fixed assets	<u>34,480,271</u>	<u>40,558,157</u>
Total assets	<u>88,455,713</u>	<u>102,921,138</u>

	(in thousands of yen)	
	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable	16,164,131 ^{*3,*8}	22,298,278 ^{*3,*8}
Short-term loans payable	5,850,000 ^{*3}	4,070,000 ^{*3}
Current portion of long-term loans payable	2,745,244 ^{*3}	2,815,872 ^{*3}
Lease debts	558,676	953,613
Other payable	2,388,368	4,979,194
Accrued expenses	449,472	634,746
Income taxes payable	534,310	2,216,349
Deposits payable	147,690	157,660
Allowance for sales returns	57,000	77,200
Allowance for bonuses	477,718	536,449
Other current liabilities	132,348	143,714 ^{*8}
Total current liabilities	29,504,960	38,883,079
Fixed liabilities		
Long-term loans payable	8,453,358 ^{*3}	9,497,198 ^{*3}
Lease debts	1,359,085	2,207,596
Deferred tax liabilities	357,641	11,756
Deferred tax liabilities for land revaluation	255,205 ^{*6}	255,178 ^{*6}
Allowance for retirement benefits	2,923,252	3,192,130
Asset retirement obligations	54,197	55,031
Other fixed liabilities	19,556	9,121
Total fixed liabilities	13,422,294	15,228,013
Total liabilities	42,927,255	54,111,093
Net assets		
Shareholders' equity		
Common stock	13,557,728	13,557,728
Capital surplus	12,321,293	12,274,220
Retained earnings	20,360,670	24,428,257
Treasury stock	(1,104,305)	(1,904,184)
Total shareholders' equity	45,135,387	48,356,022
Other comprehensive income		
Valuation difference on available-for-sale securities	95,387	113,357
Revaluation reserve for land	297,683 ^{*6}	297,710 ^{*6}
Total other comprehensive income	393,070	411,067
Stock acquisition rights	-	42,955
Total net assets	45,528,458	48,810,045
Total liabilities and net assets	88,455,713	102,921,138

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

(Consolidated Statements of Income)

	(in thousands of yen)	
	Previous consolidated fiscal year (from December 1, 2011 to March 31, 2012)	Current consolidated fiscal year (from April 1, 2012 to March 31, 2013)
Net sales	26,998,799	93,926,056
Cost of sales	16,940,916 ^{*1,*3}	57,260,615 ^{*1,*3}
Gross profit	10,057,883	36,665,440
Allowance for sales returns	-	20,000
Reversal of allowance for sales returns	3,130	-
Gross profit, net	10,061,013	36,645,440
Selling, general and administrative expenses	7,921,401 ^{*2,*3}	28,416,197 ^{*2,*3}
Operating income	2,139,612	8,229,243
Non-operating income		
Interest income	4,371	18,260
Dividends income	62,336	83,701
Amortization of negative goodwill	6,210	3,105
Reimbursement for joint development cost	9,311	177,335
Compensation received	44,460	18,424
Sales commissions received	48,749	-
Foreign exchange gains	16,298	61,310
Others	75,738	213,144
Total non-operating income	267,476	575,282
Non-operating expenses		
Interest payment	48,325	155,400
Commissions paid	14,240	32,581
Loss on sales of accounts receivables	30,124	99,565
Others	13,651	46,721
Total non-operating expenses	106,342	334,268
Ordinary income	2,300,746	8,470,257
Extraordinary income		
Gain on sales of fixed assets	-	271 ^{*4}
Gain on sales of investment securities	-	160,320
Total extraordinary income	-	160,592
Extraordinary loss		
Loss on disposal of fixed assets	2,596 ^{*5}	98,927 ^{*5}
Product voluntary recall cost	-	362,163
Others	-	655
Total extraordinary loss	2,596	461,746
Net income before provision for income taxes	2,298,149	8,169,103
Income taxes - current	509,353	3,353,144
Income taxes - deferred	458,276	(313,757)
Total income taxes	967,630	3,039,386
Income before minority interests	1,330,519	5,129,717
Net income	1,330,519	5,129,717

(Consolidated Statements of Comprehensive Income)

	(in thousands of yen)	
	Previous consolidated fiscal year (from December 1, 2011 to March 31, 2012)	Current consolidated fiscal year (from April 1, 2012 to March 31, 2013)
Income before minority interests	1,330,519	5,129,717
Other comprehensive income		
Valuation difference on available-for-sale securities	134,251	17,969
Revaluation reserve for land	36,045	26
Total other comprehensive income	170,297*	17,996*
Comprehensive income	1,500,817	5,147,713
(Comprehensive income attributable to:)		
Comprehensive income attributable to shareholders of the parent company	1,500,817	5,147,713
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Changes in Net Assets

	(in thousands of yen)	
	Previous consolidated fiscal year (from December 1, 2011 to March 31, 2012)	Current consolidated fiscal year (from April 1, 2012 to March 31, 2013)
Shareholders' equity		
Common stock		
Balance at the beginning of year	13,557,728	13,557,728
Changes during the year		
Total changes during the year	-	-
Balance at the end of the year	13,557,728	13,557,728
Capital surplus		
Balance at the beginning of year	12,339,572	12,321,293
Changes during the year		
Disposal of treasury stock	(18,278)	(47,073)
Total changes during the year	(18,278)	(47,073)
Balance at the end of the year	12,321,293	12,274,220
Retained earnings		
Balance at the beginning of year	19,670,809	20,360,670
Changes during the year		
Cash dividends paid	(640,658)	(1,062,130)
Net income	1,330,519	5,129,717
Total changes during the year	689,860	4,067,586
Balance at the end of the year	20,360,670	24,428,257
Treasury stock		
Balance at the beginning of year	(1,197,786)	(1,104,305)
Changes during the year		
Acquisition of treasury stock	(250)	(991,177)
Disposal of treasury stock	93,732	203,381
Parent company stock held by newly consolidated subsidiary	-	(12,082)
Total changes during the year	93,481	(799,878)
Balance at the end of the year	(1,104,305)	(1,904,184)
Total shareholders' equity		
Balance at the beginning of year	44,370,324	45,135,387
Changes during the year		
Cash dividends paid	(640,658)	(1,062,130)
Net income	1,330,519	5,129,717
Acquisition of treasury stock	(250)	(991,177)
Disposal of treasury stock	75,453	156,308
Parent company stock held by newly consolidated subsidiary	-	(12,082)
Total changes during the year	765,063	3,220,634
Balance at the end of the year	45,135,387	48,356,022
Other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of year	(38,864)	95,387
Changes during the year		
Net changes in items other than shareholders' equity	134,251	17,969
Total changes during the year	134,251	17,969
Balance at the end of the year	95,387	113,357

	(in thousands of yen)	
	Previous consolidated fiscal year (from December 1, 2011 to March 31, 2012)	Current consolidated fiscal year (from April 1, 2012 to March 31, 2013)
Revaluation reserve for land		
Balance at the beginning of year	261,637	297,683
Changes during the year		
Net changes in items other than shareholders' equity	36,045	26
Total changes during the year	36,045	26
Balance at the end of the year	297,683	297,710
Total other comprehensive income		
Balance at the beginning of year	222,772	393,070
Changes during the year		
Net changes in items other than shareholders' equity	170,297	17,996
Total changes during the year	170,297	17,996
Balance at the end of the year	393,070	411,067
Stock acquisition rights		
Balance at the beginning of year	-	-
Changes during the year		
Net changes in items other than shareholders' equity during the year	-	42,955
Total changes during the year	-	42,955
Balance at the end of the year	-	42,955
Total net assets		
Balance at the beginning of year	44,593,096	45,528,458
Changes during the year		
Cash dividends paid	(640,658)	(1,062,130)
Net income	1,330,519	5,129,717
Acquisition of treasury stock	(250)	(991,177)
Disposal of treasury stock	75,453	156,308
Parent company stock held by newly consolidated subsidiary	-	(12,082)
Net changes in items other than shareholders' equity	170,297	60,952
Total changes during the year	935,361	3,281,587
Balance at the end of the year	45,528,458	48,810,045

(4) Consolidated Statements of Cash Flows

	(in thousands of yen)	
	Previous consolidated fiscal year (from December 1, 2011 to March 31, 2012)	Current consolidated fiscal year (from April 1, 2012 to March 31, 2013)
Cash flows from operating activities		
Net income before provision for income taxes	2,298,149	8,169,103
Depreciation	1,458,885	4,592,747
Amortization of goodwill	47,028	179,735
Amortization of negative goodwill	(6,210)	(3,105)
Increase (decrease) in allowance for doubtful accounts	13,700	(274,315)
Increase (decrease) in allowance for retirement benefits	68,529	230,869
Increase (decrease) in allowance for sales returns	(3,130)	20,000
Increase (decrease) in allowance for bonuses	467,092	53,741
Interest and dividends income	(66,707)	(101,961)
Interest payment	48,325	155,400
Loss (gain) on sales of investment securities	-	(160,320)
Loss (gain) on valuation of investment securities	-	280
Loss (gain) on sales of fixed assets	-	(271)
Loss (gain) on disposal of fixed assets	2,596	98,927
(Increase) decrease in accounts receivable	1,184,516	(2,498,972)
(Increase) decrease in inventories assets	(1,798,920)	(5,496,541)
Increase (decrease) in accounts payable	2,184,351	6,102,348
Increase (decrease) in accrued expenses	(685,786)	159,957
Other	411,860	292,746
Sub-total	5,624,280	11,520,367
Interest and dividends received	17,105	101,195
Interest payment	(43,736)	(154,494)
Income taxes paid	(1,969,691)	(1,696,244)
Net cash provided by operating activities	3,627,958	9,770,824
Cash flows from investing activities		
Deposits in fixed deposits	-	(57,802)
Withdrawal from fixed deposits	-	332,211
Sales of securities	666	666
Acquisition of investment securities	(2,001)	(33,941)
Sales of investment securities	-	88,462
Acquisition of property, plant and equipment	(1,608,235)	(7,422,695)
Sales of property, plant and equipment	410	9,568
Acquisition of intangible assets	-	(16,427)
Acquisition of stocks of subsidiaries and associates	(3,000)	(7,381)
Net increase from sales of investments in subsidiaries related to changes in scope of consolidation	113,792	40,618
Payments for loans receivable	(100,000)	-
Proceeds from loans receivable	1,220	4,340
Other	2,244	(130,617)
Net cash used in investing activities	(1,594,904)	(7,192,998)

	(in thousands of yen)	
	Previous consolidated fiscal year (from December 1, 2011 to March 31, 2012)	Current consolidated fiscal year (from April 1, 2012 to March 31, 2013)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(457,111)	(1,780,000)
Proceeds from long-term loans payable	1,900,000	6,070,000
Repayment of long-term loans payable	(849,836)	(4,955,532)
Acquisition of treasury stock	(250)	(991,177)
Sales of treasury stock	75,453	156,308
Repayments of finance lease debts	(161,433)	(724,420)
Dividends paid	(633,468)	(1,070,043)
Net cash used in financing activities	(126,647)	(3,294,865)
Effect of exchange rate changes on cash and cash equivalents	14	1,134
Net increase (decrease) in cash and cash equivalents	1,906,420	(715,905)
Cash and cash equivalents at beginning of year	3,698,871	5,605,291
Cash and cash equivalents at end of the year	5,605,291	4,889,386

(5) Notes to Consolidated Financial Statements

(Notes on premise 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: 2

Names of major consolidated subsidiaries:

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

Among the companies listed above, Nichi-Iko Osaka, K.K. is included in our scope of consolidation due to stock acquisition which took place in the current consolidated fiscal year. However, only balance sheet is consolidated because the deemed acquisition date was the end of the current consolidated fiscal year.

The Company merged with Nichi-Iko Pharma Factory Co., Ltd., the former consolidated subsidiary, on June 1, 2012.

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

Major non-consolidated subsidiaries:

EMI Co., Ltd.
Nichi-Iko Medical Practice Institute Co., Ltd.

(Reason of excluding from the scope of consolidation)

The non-consolidated subsidiary has been excluded from the scope of consolidation due to the fact that its 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) Non-consolidated subsidiary and affiliates accounted for under the equity method:
None

(2) Name of major non-consolidated subsidiary and affiliates not accounted for under the equity method, etc.:

EMI Co., Ltd. (Non-consolidated subsidiary)
Nichi-Iko Medical Practice Institute Co., Ltd. (Non-consolidated subsidiary)
Active Pharma Co., Ltd. (Affiliate)

Sanofi Nichi-Iko K.K. (Affiliate)
Aprogen Inc. (Affiliate)

Among the companies listed above, Sanofi Nichi-Iko K.K. changed its trade name from Sanofi-Aventis Nichi-Iko K.K. as of October 1, 2012.

(Reason of excluding from the scope of application of equity method)

Non-consolidated subsidiary and affiliates not accounted for under the equity method 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), even if such companies are excluded from the scope of equity method, have minimal impact on the consolidated financial statements, and have no significance as a whole.

3. Fiscal years of consolidated subsidiaries

Consolidated subsidiary of which fiscal year-end differs from the Company is as follows:

<u>Company Name</u>	<u>Fiscal Year-End</u>
Nichi-Iko Osaka, K.K.	August 31 (Note)

(Note) The consolidated financial statements have been prepared based on financial statements prepared at tentative closing which conform to the official closing of the company as of the end of consolidated fiscal year.

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

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 leased assets)

Primarily by declining balance method

Except for the buildings (excluding facilities therein) acquired on or after April 1, 1998, which is accounted for 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 fixed assets (excluding leased assets)

By straight-line method

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

C. Leased assets

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

Finance lease transactions that do not involve transfer of ownership to the lessee, which commenced on or before November 30, 2008 are accounted for by the method applicable to ordinary operating lease transactions.

(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.

D. Allowance for retirement benefits

To provide for employees' retirement allowances, allowance for retirement benefits for employees are recorded based on the estimated amounts of retirement benefit debts at the end of the current consolidated fiscal year.

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

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

(4) 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 instruments:	Interest swap contracts
Hedged items:	Interests 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.

(5) Method and term of amortization of goodwill

Goodwill and negative goodwill, which arose by merger etc. conducted on or before April 1, 2010 is amortized by straight-line method over a period reasonably estimated to have effects thereof. Amortization period is from 5 to 10 years.

(6) 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.

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

Accounting for consumption taxes:

Transactions are recorded by net of consumption taxes method.

(Change in presentation methods)

Consolidated Statements of Income

As "Foreign exchange gains", which were included in "Others" under "Non-operating income" exceeded 10 percent of the total non-operating income, they are presented as a separate line item from the current consolidated fiscal year. The consolidated financial statements for the previous consolidated fiscal year are reclassified to reflect this change in presentation method.

As a result, in the consolidated financial statements for the previous consolidated fiscal year, 92,036 thousand yen included in "Others" under "Extraordinary income" is reclassified as "Foreign exchange gains" of 16,298 thousand yen and "Others" of 75,738 thousand yen.

(Change in accounting policies that is difficult to distinguish from the change in accounting estimates)

Change in depreciation method

In accordance with the amendment of the Corporation Tax Act, the Company and its consolidated subsidiaries have changed their depreciation methods for property, plant and equipment acquired on or after April 1, 2012 based on the amended Corporation Tax Act, effective from this fiscal year.

The impact thereof on operating income, ordinary income or net income before income taxes is minimal.

(Additional information)

Accounting treatment of "Employee Shareholding Incentive Plan"

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.

The EST places importance on economic reality and treats the Company and EST as a single entity in accounting. Consequently, the Company's shares held by EST, assets and liabilities, costs and income of EST is recorded in Consolidated Balance Sheet, Consolidated Statements of Income and Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Net Assets and Consolidated Statements of Cash Flows. The number of Company's shares held by EST as of the end of current consolidated fiscal year is 239,000 shares.

(Consolidated Balance Sheet)

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

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Investment securities (share of stocks)	3,075,063	3,082,418

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

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
	21,318,071	23,731,513

- *3 Pledged assets and secured debt

Pledged assets pledged as collateral are as follows:

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Buildings and structures	1,754,397	1,794,837
Machinery and equipment	370,041	281,575
Tools, furniture and fixtures	12,842	8,042
Land	1,114,977	1,114,977
Cash and deposits (fixed deposits)	100,500	50,500
Total	3,352,758	3,249,933

Secured debt is as follows:

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Accounts payable	3,129	32,502
Short-term loans payable	495,000	520,000
Current portion of long-term loans payable	256,300	196,540
Long-term loans payable	2,960,270	3,591,150
Total	3,714,699	4,340,192

4. Guaranteed debt

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

(in thousands of yen)		
	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Active Pharma Co., Ltd.	-	512,050

5. Notes receivable discounted

(in thousands of yen)		
	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Notes receivable discounted	255,350	-

*6 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 revaluated its land for business use, and recorded the amount equivalent to tax on the relevant revaluation difference in the column of liabilities as "Deferred tax liabilities for land revaluation" and recorded the amount which deferred tax liabilities for land revaluation is deducted in the column of net assets as "Revaluation reserve for land".

- 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 thousands of yen)		
	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Difference between the market value of land revaluation at the end of the period and the book value after revaluation	(753,552)	(756,917)

- *7 Goodwill and negative goodwill are presented after being setoff. Amounts before setoff are as follows:

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Goodwill	1,152,794	1,514,017
Negative goodwill	3,105	-
Net	1,149,688	1,514,017

- *8 Notes receivable matured at the end of the consolidated fiscal year

Although last days of the previous consolidated fiscal year and the current consolidated fiscal year were holidays of financial institutions, notes receivable matured at the end of the consolidated fiscal year has been processed as if settlement had been made at the maturity date. Amounts of notes receivable matured at the end of the consolidated fiscal year are as follows:

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Notes receivable	557,011	587,862
Notes receivable discounted	84,218	-
Current assets and others (non-operating notes receivable)	250	-
Notes payable	144,370	94,673
Current liabilities and others (non-operating notes payable)	-	10,468

(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 thousands of yen)	
	Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)	Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)
	168,667	223,288

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

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)	Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)
Sales promotion expense	3,556,293	12,187,115
Salaries and allowances	1,135,234	4,267,779
Provision of allowance for bonuses	269,426	279,004
Research and development expenses	783,362	3,250,159
Provision for allowance for doubtful accounts	13,650	(199,255)
Retirement benefits expenses	89,513	220,808
Amortization of goodwill	47,028	179,735

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

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)	Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)
	783,362	3,250,159

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

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)	Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)
Machinery and equipment	-	271

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

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)	Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)
Buildings and structures	561	81,235
Machinery and equipment	2,002	14,766
Tools, furniture and fixtures	32	2,907
Software	-	18
Total	2,596	98,927

(Consolidated Statements of Comprehensive Income)

* Recycling and tax effect relating to other comprehensive income

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)	Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)
Valuation difference on available-for-sale securities:		
Amount for the period	137,361	155,568
Recycling	-	(171,154)
Before tax effect	137,361	(15,585)
Tax effect	(3,109)	33,555
Valuation difference on available-for-sale securities	134,251	17,969
Revaluation reserve for land:		
Tax effect	36,045	26
Total other comprehensive income	170,297	17,996

(Consolidated Statements of Changes in Net Assets)

Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)

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 stocks	40,729,417	-	-	40,729,417
Total	40,729,417	-	-	40,729,417
Treasury stocks (Note)				
Common stocks held by the Company	314,840	138	-	314,978
Common stocks held by the EST	373,400	-	42,400	331,000
Total	688,240	138	42,400	645,978

(Note)

138 shares increase in the number of treasury stock of common stock are due to the purchase of shares less than one unit, and the decrease of 42,400 shares is due to transfer from the EST to shareholding association.

2. Stock acquisition rights

Not applicable.

3. Dividends

(1) Dividend payments

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Dividend amount per share (yen)	Record date	Effective date
Annual general meeting of shareholders on February 28, 2012	Common stock	646,633 (Note)	16.00	November 30, 2011	February 29, 2012

(Note)

Total amount of dividends includes dividends amounting to 5,974 thousand yen on 373,400 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 (thousands of yen)	Dividend resource	Dividend amount per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 22, 2012	Common stock	432,434 (Note)	Retained earnings	10.70 per share	March 31, 2012	June 25, 2012

(Note)

Total amount of dividends includes dividends amounting to 3,541 thousand yen on 331,000 shares of the Company held by the EST.

Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)

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 stocks	40,729,417	-	-	40,729,417
Total	40,729,417	-	-	40,729,417
Treasury stocks (Note)				
Common stocks held by the Company	314,978	561,414	-	876,392
Common stocks held by the EST	331,000	-	92,000	239,000
Total	645,978	561,414	92,000	1,115,392

(Note)

561,414 shares increase in the number of treasury stock of common stock is due to the payback of 550,000 shares of treasury stock, the purchase of 397 shares of shares less than one unit and the increase of 11,017 shares resulting from consolidation of Nichi-Iko Pharmaceutical Osaka, K.K. which holds shares of the Company, and the decrease of 92,000 shares is due to the transfer from the EST to the Shareholding Association.

2. Stock acquisition rights

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
		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	
Stock acquisition rights as stock options	-	-	-	-	-	¥42,955 thousand
Total	-	-	-	-	-	¥42,955 thousand

3. Dividends
 (1) Dividend payments

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Dividend amount per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 22, 2012	Common stocks	432,434 (Note 1)	10.70	March 31, 2012	June 25, 2012
Board of directors' meeting on November 13, 2012	Common stocks	637,826 (Note 2)	16.00	September 30, 2012	December 10, 2012

(Notes)

1. Total amount of dividends includes dividends amounting to 3,541 thousand yen for 331,000 shares of the Company held by the EST.
2. Total amount of dividends includes dividends amounting to 4,588 thousand yen for 286,800 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 (thousands of yen)	Dividend resource	Dividend amount per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 21, 2013	Common stocks	637,824 (Note)	Retained earnings	16.00	March 31, 2013	June 24, 2013

(Note)

Total amount of dividends includes dividends amounting to 3,824 thousand yen for 239,000 shares of the Company held by the EST and dividends amounting to 176 thousand yen for treasury stock (shares of the Company) held by consolidated subsidiaries.

(Segment information, etc.)

a. Segment information

Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)

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, 2012 to March 31, 2013)

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

b. Related information

Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)

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 thousands of yen)

Name of customer	Net sales	Related segment
Mediceo Corporation	5,426,283	Pharmaceutical business
Suzuken Co., Ltd.	4,123,763	Pharmaceutical business
Alfresa Corporation	3,912,947	Pharmaceutical business
Toho Pharmaceutical Co., Ltd.	3,304,258	Pharmaceutical business

Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)

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 thousands of yen)

Name of customer	Net sales	Related segment
Mediceo Corporation	19,583,751	Pharmaceutical business
Suzuken Co., Ltd.	14,383,344	Pharmaceutical business
Alfresa Corporation	13,126,152	Pharmaceutical business
Toho Pharmaceutical Co., Ltd.	10,768,511	Pharmaceutical business

c. Information on impairment loss on fixed assets by reporting segment

Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)

Not applicable.

Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)

Not applicable.

d. Information on amortized amount of goodwill and unamortized balance of goodwill by reporting segment

Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)

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, 2012 to March 31, 2013)

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

e. Information on gains on negative goodwill by reporting segment

Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)

Not applicable.

Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)

Not applicable.

(Lease transactions)

1. Finance lease transactions without the transfer of ownership

(1) Details of lease assets

(i) Property, plant and equipment

Machinery and equipment, and tools, furniture and fixtures

(ii) Intangible assets

Software

(2) Method of amortization of lease assets

As described in "4. Accounting standards" "(2) Depreciation and amortization methods for significant depreciable assets" which states significant basic policies for the preparation of the consolidated financial statements.

Of finance lease transactions without the transfer of ownership, those with the commencement date of lease transactions falling on or prior to November 30, 2008 rely on accounting practices based on method for ordinary lease transactions and the details are as follows:

(i) Amounts equivalent to acquisition value, accumulated depreciation and amortization, accumulated impairment losses and balance at the end of the period of lease property

(in thousands of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2012)		
	Amount equivalent to acquisition value	Amount equivalent to accumulated depreciation and amortization	Amount equivalent to balance at the end of the period
Machinery and equipment	109,132	91,234	17,898
Tools, furniture and fixtures	344,372	294,282	50,089
Total	453,504	385,516	67,987

(in thousands of yen)

	Current Consolidated Fiscal Year (As of March 31, 2013)		
	Amount equivalent to acquisition value	Amount equivalent to accumulated depreciation and amortization	Amount equivalent to balance at the end of the period
Machinery and equipment	53,842	51,243	2,598
Tools, furniture and fixtures	144,039	133,216	10,822
Total	197,881	184,460	13,421

(ii) Amount equivalent to balance of prepaid lease charges at the end of the period, etc.

(in thousands of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Amount equivalent to balance of prepaid lease charges at the end of the period		
1 year or less	60,454	13,118
Over 1 year	14,384	1,270
Total	74,838	14,389

(iii) Lease charges, amount equivalent to depreciation and amortization and interest expenses

(in thousands of yen)

	Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)	Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)
Lease charges	33,849	61,621
Amount equivalent to depreciation and amortization	31,664	54,566
Amount equivalent to interest expenses	852	1,163

(iv) Method of calculation of amount equivalent to depreciation and amortization

Straight-line method over the terms of its respective leases with a zero residual value is applied.

(v) Method of calculation of amount equivalent to interest expense

Amount equivalent to interest expenses are equal to the difference of the gross amount of lease charges and amount equivalent to acquisition value of lease property, and distribution to respective periods is based on the interest method.

(Impairment loss)

There is no impairment loss distributed to lease assets.

2. Operating lease transactions

Prepaid lease charges for non-cancelable operating lease transactions

(in thousands of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
1 year or less	5,794	8,841
Over 1 year	11,469	20,921
Total	17,263	29,762

3. Sublease transactions

Amounts which fall into sublease transactions and are recorded in the consolidated balance sheet before deduction of amount equivalent to interest expenses

(1) Lease investment assets

(in thousands of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Investments and other assets	70,383	59,270

(2) Lease debts

(in thousands of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Current liabilities and fixed liabilities	70,383	59,270

(Deferred tax accounting)

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

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Deferred tax assets		
Tax loss carried forward	204,818	335,972
Allowance for retirement benefits	1,047,427	1,131,993
Allowance for doubtful accounts	209,534	104,793
Others	809,013	1,102,815
Sub-total deferred tax assets	2,270,794	2,675,573
Valuation allowance	(476,634)	(604,001)
Total deferred tax assets	1,794,159	2,071,572
Deferred tax assets for land revaluation		
Revaluation reserve for land	59,482	59,455
Valuation allowance	(59,482)	(59,455)
Total deferred tax assets for land revaluation	-	-
Deferred tax liabilities for land revaluation		
Revaluation reserve for land	(255,205)	(255,178)
Total deferred tax liabilities for land revaluation	(255,205)	(255,178)
Deferred tax liabilities		
Asset retirement obligations	(11,657)	(10,714)
Valuation difference on capital consolidation	(496,100)	-
Valuation difference on available-for-sale securities	(75,281)	(41,735)
Extraordinary amortization reserves	(164,985)	(128,812)
Valuation difference on assets acquired through merger and acquisition	-	(496,100)
Others	(108)	(879)
Total deferred tax liabilities	(748,132)	(678,242)
Deferred tax assets, net	790,821	1,138,151

(Note)

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

	(in thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Current assets - deferred tax assets	698,696	876,949
Fixed assets - deferred tax assets	705,080	529,016
Current liabilities - deferred tax liabilities	(108)	(879)
Fixed liabilities - deferred tax liabilities	(357,641)	(11,756)
Fixed liabilities - deferred tax liabilities for land revaluation	(255,205)	(255,178)

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

Difference between the statutory effective tax rate and the actual tax rate after applying tax effect accounting is not more than five percent of the statutory effective tax rate, and therefore the note is omitted.

(Financial instruments)

1. Status of financial instruments

- (1) Guidelines for financial instruments

The Group raises necessary fund through bank loans based on the payment plan regarding business transactions and the capital expenditure plan, etc. for the production and sale of pharmaceuticals. If there are temporary surplus funds, they are invested in safe and secure short-term deposit, etc. Derivatives tradings are used in order to hedge the interest rate risk on borrowings, and speculative transactions are not carried out.

- (2) Details of financial instruments and risks thereof and the risk management system

Notes and accounts receivable are operating receivables and exposed to credit risk of our customers. As to the relevant risk, in accordance with the credit management regulations, the Group controls due date and balance by counterparty and monitors credit status of major counterparties on a regular basis in order to recognize default possibility resulting from deterioration in financial conditions at an early stage and reduce the possibility.

Shares and bonds are securities and investment securities and exposed to credit risk of the Issuer and volatility risk of market prices. Shares are mainly those of companies with business relationship, and as to bonds, economic and financial situation are assessed from time to time and assessed market values are reported to the board of directors periodically.

Notes and accounts payable, other payable, accrued expenses and income taxes payable are operating payables and become due within one year.

Of loans payable, short-term loans payable are mainly funding working capital for business transactions, and the Group raises funds with floating rate reflecting market situation in the short-term domestic market. Long-term loans payable are mainly funding for capital expenditures. As to the part of those loans, the Group trades interest rate swaps to hedge the interest rate risk for funding.

Operating payables and loans payables are exposed to liquidity risk, and the Group manages by preparing funding plans monthly and on a timely basis and by other means.

(3) Supplemental explanation on market values of financial instruments, etc.

Market values of financial instruments include values based on a market price and, if market prices are not available, values reasonably assessed. Assessment of the relevant values incorporates variable factors, and the relevant values may fluctuate by adopting different prerequisites, etc.

2. Market value of financial instruments, etc.

The table below shows the book value and market value of financial instruments and the difference between them (financial instruments that are not significant are omitted). Financial instruments whose market value is very difficult to assess are not included in the table (please see (Notes) 2.).

Previous Consolidated Fiscal Year (March 31, 2012)

(in thousands of yen)

	Book value on the consolidated balance sheet	Market value	Difference
(1) Cash and deposits	6,299,320	6,299,320	-
(2) Notes and accounts receivable	23,871,371	23,871,371	-
(3) Securities and investment securities			
Held-to-maturity debt securities	1,666	1,666	-
Other securities	992,105	992,105	-
Total assets	31,164,463	31,164,463	-
(4) Notes and accounts payable	16,164,131	16,164,131	-
(5) Short-term loans payable	5,850,000	5,850,000	-
(6) Other payable	2,388,368	2,388,368	-
(7) Accrued expenses	449,472	449,472	-
(8) Income taxes payable	534,310	534,310	-
(9) Long-term loans payable (including current portion)	11,198,602	11,225,330	26,728
(10) Derivatives trading	-	-	-
Total liabilities	36,584,884	36,611,612	26,728

Current Consolidated Fiscal Year (March 31, 2013)

(in thousands of yen)

	Book value on the consolidated balance sheet	Market value	Difference
(1) Cash and deposits	5,309,006	5,309,006	-
(2) Notes and accounts receivable	26,384,059	26,384,059	-
(3) Securities and investment securities			
Held-to-maturity debt securities	1,000	1,000	-
Other securities	842,359	842,359	-
Total assets	32,536,425	32,536,425	-
(4) Notes and accounts payable	22,298,278	22,298,278	-
(5) Short-term loans payable	4,070,000	4,070,000	-
(6) Other payable	4,979,194	4,979,194	-
(7) Accrued expenses	634,746	634,746	-
(8) Income taxes payable	2,216,349	2,216,349	-
(9) Long-term loans payable (including current portion)	12,313,070	12,330,552	17,482
(10) Derivatives trading	-	-	-
Total liabilities	46,511,638	46,529,121	17,482

(Notes)

1. *Method of calculation of market value of financial instruments and matters relating to securities and derivatives trading.*

Assets

(1) Cash and deposits, (2) Notes and accounts receivable

Since they are settled in the short term, market values are close to book values. Therefore, they are recorded at book values.

(3) Securities and investment securities

Market values of shares refer to prices set by exchange markets, etc. For matters relating to securities classified according to holding purpose, please see "Financial instruments" in the Notes to Consolidated Financial Statements.

Liabilities

(4) Notes and accounts payable, (5) Short-term loans payable, (6) Other payable, (7) Accrued expenses, (8) Income taxes payable

Since they are settled in the short term, market values are close to book values. Therefore, they are recorded at book values.

(9) Long-term loans payable

Market values of long-term loans payable which meet the criteria for the preferential procedure for long-term loans payable and interest rate swaps and have been processed together with interest rate swaps as a whole are determined at present values, calculated by discounting the total amount of principal at a possible interest rate in case of a similar new borrowing.

(10) Derivatives trading

Please see "Derivatives trading" in the Notes to Consolidated Financial Statements.

2. Financial instruments whose market value is very difficult to assess

(in thousands of yen)

Category	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Other securities		
Unlisted shares	249,760	277,075
Shares of subsidiaries and affiliates		
Shares of subsidiaries	191,000	191,000
Shares of affiliates	2,884,063	2,891,418

They are not included in "(3) Securities and investment securities" since they do not have market prices and it is very difficult to assess their market values.

3. Scheduled amounts of redemption after the consolidated closing date of pecuniary claims and securities having maturity dates

Previous Consolidated Fiscal Year (March 31, 2012)

(in thousands of yen)

	1 year or less	From 1 year up to and including 5 years	From 5 years up to and including 10 years	Over 10 years
Cash and deposits	6,299,320	-	-	-
Notes and accounts receivable	23,871,371	-	-	-
Securities and investment securities				
Held-to-maturity debt securities				
Others	1,666	-	-	-
Total assets	30,172,358	-	-	-

Current Consolidated Fiscal Year (March 31, 2013)

(in thousands of yen)

	1 year or less	From 1 year up to and including 5 years	From 5 years up to and including 10 years	Over 10 years
Cash and deposits	5,309,006	-	-	-
Notes and accounts receivable	26,384,059	-	-	-
Securities and investment securities				
Held-to-maturity debt securities				
Others	-	1,000	-	-
Total assets	31,693,065	1,000	-	-

4. Scheduled amounts of repayment of long-term loans payable, lease debts and other interest-bearing debts after the consolidated closing date

Previous Consolidated Fiscal Year (March 31, 2012)

(in thousands of yen)

	1 year or less	From 1 year up to and including 2 years	From 2 years up to and including 3 years	From 3 years up to and including 4 years	From 4 years up to and including 5 years	Over 5 years
Short-term loans payable	5,850,000	-	-	-	-	-
Long-term loans payable	2,745,244	2,384,628	1,410,950	1,677,180	2,020,010	951,590
Lease debts	558,676	550,866	476,153	234,413	81,082	16,568
Total	9,153,920	2,935,494	1,896,103	1,911,593	2,101,092	968,158

Current Consolidated Fiscal Year (March 31, 2013)

(in thousands of yen)

	1 year or less	From 1 year up to and including 2 years	From 2 years up to and including 3 years	From 3 years up to and including 4 years	From 4 years up to and including 5 years	Over 5 years
Short-term loans payable	4,070,000	-	-	-	-	-
Long-term loans payable	2,815,872	2,852,336	3,123,236	2,245,066	512,830	763,730
Lease debts	953,613	878,900	637,160	483,828	204,001	3,704
Total	7,839,485	3,731,236	3,760,396	2,728,894	716,831	767,434

(Securities)

1. Held-to-maturity debt securities

Previous Consolidated Fiscal Year (March 31, 2012)

(in thousands 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	1,666	1,666	-
Sub-total	1,666	1,666	-
Total	1,666	1,666	-

Current Consolidated Fiscal Year (March 31, 2013)

(in thousands 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	1,000	1,000	-
Sub-total	1,000	1,000	-
Total	1,000	1,000	-

2. Other securities

Previous Consolidated Fiscal Year (March 31, 2012)

(in thousands 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	422,880	280,039	142,840
(ii) Bonds	-	-	-
(iii) Others	270	270	0
Sub-total	423,150	280,309	142,841
Book value on the consolidated balance sheet not exceeding acquisition cost			
(i) Shares	568,954	620,581	(51,627)
(ii) Bonds	-	-	-
(iii) Others	-	-	-
Sub-total	568,954	620,581	(51,627)
Total	992,105	900,891	91,213

(Note)

Unlisted shares (249,760 thousand 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 (March 31, 2013)

(in thousands 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	695,863	491,050	204,813
(ii) Bonds	-	-	-
(iii) Others	270	270	0
Sub-total	696,133	491,320	204,813
Book value on the consolidated balance sheet not exceeding acquisition cost			
(i) Shares	146,226	195,926	(49,700)
(ii) Bonds	-	-	-
(iii) Others	-	-	-
Sub-total	146,226	195,926	(49,700)
Total	842,359	687,246	155,113

(Note)

Unlisted shares (277,075 thousand 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 December 1, 2011 to March 31, 2012)

No impairment losses were recorded in securities in the current consolidated fiscal year.

Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)

Impairment losses amounting to 280 thousand yen (shares in other securities amounting to 280 thousand yen) were recorded in securities in the current consolidated fiscal year.

4. Other securities sold

Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)

Not applicable.

Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)

(in thousands of yen)

Category	Sold amount	Total amount of gain on sale	Total amount of loss on sale
(i) Shares	311,850	160,320	-
(ii) Bonds	-	-	-
(iii) Others	-	-	-
Total	311,850	160,320	-

(Derivatives trading)

Previous Consolidated Fiscal Year (March 31, 2012)

- Derivatives trading which is not subject to hedge accounting

Not applicable.

- Derivatives trading which is subject to hedge accounting

Interest rate

(in thousands 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	132,000	120,000	(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 (March 31, 2013)

- Derivatives trading which is not subject to hedge accounting

Not applicable.

2. Derivatives trading which is subject to hedge accounting

Interest rate

(in thousands 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	120,000	108,000	(Note)

(Note)

Preferential procedure is employed 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 thousands of yen)

	Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)
Selling, general and administrative expenses	42,955

2. Content, scale and development of stock options

(1) Content of stock options

	Stock Options in 2012
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
Class and number of shares underlying the stock acquisition rights (Note)	27,170 common stocks
Date in which stock acquisition rights were granted	July 18, 2012
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>
Service period	Service period is not specified.
Exercise period	From July 19, 2012 to July 18, 2042

(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)
	Stock Options in 2012
Number of options before being vested	
At the end of the previous consolidated fiscal year	-
Granted	27,170
Expired	-
Vested	27,170
Un-vested balance	-
Number of options vested	
At the end of the previous consolidated fiscal year	-
Vested	27,170
Exercised	-
Expired	-
Outstanding balance	27,170

(ii) Unit value information

	(in yen)
	Stock Options in 2012
Strike price	1
Average share price on exercise of option	-
Fair assessed unit price (as of the grant date)	1,581

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

Method of estimation of fair unit value of Stock Options in 2012 granted during the current consolidated fiscal year is as follows:

(i) Assessment technique: Black-Scholes model

(ii) Major standard figures and estimation method

	Stock Options in 2012
Volatility of share price (Notes) 1	31.0%
Expected remaining period (Notes) 2	7.3 years
Expected dividends (Notes) 3	32 yen per share
Risk free rate (Notes) 4	0.44%

(Notes)

1. Calculated based on actual share prices for 7.3 years (from March 28, 2005 to July 9, 2012).
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 November 2011 (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

Is it 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.

(Per share information)

(in yen)

	Previous Consolidated Fiscal Year (from December 1, 2011 to March 31, 2012)	Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)
Net assets per share	1,144.65	1,236.93
Net income per share	32.92	128.14
Net income (fully diluted) per share	-	128.08

(Notes)

1. Net income (fully diluted) per share for the previous consolidated fiscal year is not disclosed since the Group does not have any dilutive shares.
2. The basis for the calculation of net assets per share is as follows:

(in thousands of yen, unless otherwise noted)

	Previous Consolidated Fiscal Year (As of March 31, 2012)	Current Consolidated Fiscal Year (As of March 31, 2013)
Total net assets	45,528,458	48,810,045
Amount added to total net assets	731,729	528,348
(Of which treasury stock held by the EST)	(731,729)	(528,348)
Amount deducted from total net assets	-	42,955
(Of which stock acquisition rights)	(-)	(42,955)
Net assets attributable to common stock at the end of the period	46,260,187	49,295,438
Number of common stocks used for the calculation of net assets per share (shares)	40,414,439	39,853,025

(Note)

The number of common stocks at the end of the period used for the calculation of net assets per share includes treasury stocks held by EST, of 331,000 shares for the previous consolidated fiscal year and 239,000 for the current consolidated fiscal year respectively.

3. 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 December 1, 2011 to March 31, 2012)	Current Consolidated Fiscal Year (from April 1, 2012 to March 31, 2013)
Net income per share		
Net income (in thousands of yen)	1,330,519	5,129,717
Amounts not attributable to shareholders of common stock (in thousands of yen)	-	-
Net income attributable to common stock (in thousands of yen)	1,330,519	5,129,717
Average number of common stocks during the period (shares)	40,414,475	40,032,599
Net income (fully diluted) per share		
Adjustment of net income (in thousands of yen)	-	-
Number of increased common stocks (shares)	-	19,046
(Of which stock acquisition rights (shares))	(-)	(19,046)
Outline of dilutive shares not included in the calculation of net income (fully diluted) per share due to ineffectual of dilutive		-

(Note) Average number of common stocks during the period includes treasury stocks held by EST.

(Significant subsequent events)

Not applicable.

5. Other

Changes in officers

(i) Changes in representative directors

Not applicable.

(ii) Changes in other officers

- Prospective new director

Managing Executive Officer and Director, Head of Development & Planning Division Takahiro Yoshikawa (incumbent Managing Executive Officer, Head of Development & Planning Division)

- Director scheduled to resign

Director for Special Missions (Management Advisor) Eiichi Machida

(iii) Scheduled date of assuming office

June 21, 2013