Hisamitsu

Salonpas

FINANCIAL REPORT 2012

For the Fiscal Year Ended February 29, 2012

Hisamitsu Pharmaceutical Co., Inc.

Corporate Vision

Our commitment to treating people around the world with topical and transdermal patches

Topical and transdermal patches are simple to use, being placed on the skin to treat medical conditions. They are consistent with the latest trend of improving drug delivery in medical treatment designed to enhance people's quality of life.

Our message that medicated skin patches have a lot to offer is embodied in the word Salonpathy, derived from our mainstay product Salonpas. Over the years we have continued to help people improve their health by leveraging our transdermal drug delivery system (TDDS) expertise to develop topical and transdermal patches mainly for pain relief and reducing inflammation.

Our basic management policy is to concentrate on and specialize in creating new pharmaceutical products and formulations adaptable to TDDS, which is the source of our competitiveness. We believe this will allow us to respond to the underlying need for health, safety, and comfort of people around the world and improve their quality of life.

We are committed to supplying pharmaceutical products capable of treating people anywhere in the world simply by applying them to the skin.

Forward-looking statements:
Statements in this financial report concerning current plans, forecasts, strategies, beliefs, and other forward-looking information related to Hisamitsu Pharmaceutical Co., Ltd., other than those of historical fact, are forecasts of future business performance based on the judgments of management at Hisamitsu Pharmaceutical Co., Ltd. in light of currently available information. Accordingly, please refrain from making investment decisions based solely on forecasts of business performance in this financial report. Actual business performance may differ significantly from these forecasts due to changes in a variety of factors.

Note:
Amounts in US dollars are included solely for convenience and are translated at a rate of ¥80.68=U.S.$1.00, the approximate rate of exchange on February 29, 2012.

Contents

Consolidated Financial Highlights

Years ended the last day of February

	(Millions of yen)					(Thousands of U.S. dollars)
	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2012
Net sales	119,061	124,655	129,834	137,184	137,794	1,707,908
Operating income	29,071	32,532	28,585	28,193	25,937	321,480
Ordinary income	30,204	32,476	31,231	33,236	33,494	415,146
Net income	18,663	19,120	18,423	20,956	18,439	228,545
Comprehensive income	—	—	—	—	17,458	216,386
Net assets	113,929	124,105	130,976	141,222	149,263	1,850,062
Total assets	149,750	167,642	193,551	194,787	192,838	2,390,159
Net assets per share (yen and dollars)	1,276.16	1,391.49	1,500.92	1,618.69	1,730.22	21.45
Net income per share (yen and dollars)	210.45	215.61	210.78	241.80	215.09	2.67
Diluted net income per share (yen and dollars)	—	—	—	—	—	—
Shareholders' equity ratio (%)	75.6	73.6	67.2	72.0	76.9	—
Return on equity (ROE) (%)	17.2	16.2	14.5	15.5	12.8	—
Price-earnings ratio (PER) (times)	15.9	13.8	15.4	13.6	17.1	—
Net cash provided by operating activities	25,722	22,382	20,498	36,342	25,558	316,782
Net cash used in investing activities	(11,911)	(15,927)	(32,547)	(8,248)	(15,473)	(191,782)
Net cash provided by (used in) financing activities	(7,479)	(5,467)	4,899	(15,659)	(13,010)	(161,254)
Cash and cash equivalents, end of year	32,706	33,356	26,232	37,654	34,222	424,170
Number of employees [average temporary staff]	1,752 [297]	1,890 [288]	2,562 [369]	2,635 [415]	2,718 [503]	—

Notes: 1. Net sales do not include consumption tax.

2. Diluted net income per share is not listed due to the absence of residual securities.

To Our Stakeholders

The market environment during the fiscal year ended February 29, 2012 for the ethical pharmaceutical industry in Japan remained severe due to the impact of the government's stance of curtailing health spending, including strengthened measures to promote the use of generic drugs. Our Utsunomiya plant was affected by the earthquake, resulting in suspended production of some of its mainstay products, but this issue was successfully addressed by the swift relocation of production lines and increased production at the Tosu plant.

In the ethical pharmaceuticals business, we have responded to current conditions by launching products in new areas and providing medical institutions with targeted scientific information that precisely corresponds to their needs while remaining primarily focused on our mainstay anti-inflammatory pain relief patches. In the OTC pharmaceutical business, we have worked to launch and promote sales through launches of new products, especially our anti-inflammatory pain relief patches, amid continued stagnating consumption in the OTC market and tough sales competition. In research and development, we concentrated resources for research and development in our specialty areas of transdermal patches and focused on the development of new products with novel local or systemic effects. Further, in research and development activities with Noven Pharmaceuticals, Inc., an overseas subsidiary, we have improved cooperation, including personnel exchanges in efforts to speed up product development.

As a result of such efforts, consolidated net sales grew 0.4% year on year, to ¥137,794 million. Operating income declined 8.0% year on year, to ¥25,937 million, ordinary income increased 0.8% year on year to ¥33,494 million, and net income declined 12.0% year on year, to ¥18,439 million.

NAKATOMI, Hirotaka
President & CEO

Medical Products

For Export

Over the Counter Products

Overview of Operations

Operating results

The Japanese economy during the fiscal year under review found itself under extremely harsh conditions, as financial uncertainty continued to prevail on a global basis, corporate performance deteriorated and personal consumption slowed down under the cumulative effects of the Great East Japan Earthquake and the nuclear accident, which occurred on March 11, 2011.

The operating environment for the ethical pharmaceutical industry in Japan remained severe, reflecting the government's stance of curtailing healthcare spending, including strengthened measures to promote generic drug use.

Although the Company faced disruptions in the production of a portion of its major products as a result of the damages suffered by its Utsunomiya Plant in the earthquake, it responded by quickly relocating its production line and increasing output at the Tosu Plant.

In Japan, we have responded to these conditions by engaging in the ethical pharmaceuticals business with a focus on our mainstay anti-inflammatory pain relief patches, launching additional products in new areas and providing medical institutions with scientific information that precisely correspond to their needs.

We have also worked to launch and promote sales of OTC pharmaceuticals, especially our anti-inflammatory pain relief patches, amid continued stagnating consumption in the OTC market and tough sales competition.

Our research and development concentrated its resources on transdermal patches, a mainstay product, and focused on the development of new products with novel topical or systemic effects.

Additionally, in research and development activities carried out with overseas subsidiary Noven Pharmaceuticals, Inc. ("Noven") we have strengthened cooperation that includes personnel exchanges and strived to speed up product development.

As for our production facilities, the Tosu and Utsunomiya Plants carried on initiatives to help protect the global environment as "ISO 14001" (International Environmental Management Standard) certified factories.

In addition to improving the efficiency of our manufacturing processes, we made an effort to reduce our environmental footprint through the switch to smaller boilers, the reduction of energy usage and waste by changing its method of product transport and introducing highly functional air conditioning, and through maintaining a 99% recycle rate.

We also promoted energy conservation by establishing the Energy Management Committee and made an effort to conserve electricity by adjusting room temperatures.

The Company and employees jointly took part in community service programs such as the "Japan Red Cross Society Street Collection Drive for Overseas Programs," and supported organizations through the "Hisamitsu Hot Heart Club," in which the Company matches donations deducted from employees' and directors' salaries.

The Company, along with its overseas subsidiaries, proactively engaged in support activities for those who suffered immense damage from the Great East Japan Earthquake through the local branches of the Red Cross and other institutions.

In addition, we have continued to provide active financial support for the "SAGA Heavy Ion Medical Accelerator in Tosu Project" that was launched to contribute to the crusade against cancer.

"Pharmaceuticals" is the Company's sole reportable segment, whose performance is as follows.

Overview of Operations

Pharmaceuticals

The Pharmaceuticals segment, particularly the ethical pharmaceuticals business, faced an extremely uncertain business environment during FY 02/2012 amid efforts to curb healthcare expenditures.

We responded to these circumstances by providing medical institutions with appropriate and detailed scientific information about our products, particularly our anti-inflammatory pain relief patches. While collecting and supplying information on efficacy and safety, we sought to expand our market share for a variety of products, including our mainstay product Mohrus Tape®, a ketoprofen transdermal patch; Mohrus® Pap, a ketoprofen transdermal patch; Estrana® Tape, an estradiol transdermal patch; HMT, a transdermal patch containing the bronchodilator tulobuterol; and Fentos® Tape, a transdermal sustained-release cancer pain relief patch of fentanyl citrate which is a synthetic narcotic with significant analgesic effects.

Also in August 2011, we launched the sales of NORSPAN® Tape, a transdermal sustained-release pain relief patch of buprenorphine, for which we had acquired the exclusive distribution right in Japan from Mundipharma K.K.

NORSPAN® Tape is a pharmaceutical indicated for analgesia of chronic pain associated with osteoarthritis and low back pain not being controlled sufficiently with non-opioid analgesics.

Furthermore in August 2011, phase 3 trials for an oxybutynin hydrochloride transdermal patch to treat overactive bladder demonstrated statistically significant improvement in the placebo group in the main areas of efficacy, and confirmed non-inferiority compared with the active control group.

In terms of safety, no serious side effects were observed.

We are currently on course to submit the application for its manufacturing and marketing approval by the end of fiscal 2012, with a view to helping more patients to improve their QOL (quality of life).

In the OTC pharmaceuticals business, we launched new products in the area of our mainstay anti-inflammatory pain relief patches, targeting new users.

Specifically, Feitas® 3.5α (in March 2011), Ganryo® 12 (in April 2011), Lifecella® Advanceline (in May 2011), and Butenalock® Vα (in February 2012) were launched with an aim to develop new users.

Overseas, we newly obtained approvals in the U.K. and Russia for SALONPAS® PAIN RELIEF PATCH, the only anti-inflammatory pain relief patch product in the world approved by the FDA (the U.S. Food and Drug Administration), in the category of OTC pharmaceuticals. As a result, this product is now approved in eleven countries, while marketed in nine countries.

In October 2011, we established a locally-incorporated subsidiary in Beijing, China, which is currently preparing for the sales launch of our products.

As a result of these business activities, net sales grew 0.4% year on year, or ¥609 million, to ¥137,794 million. Operating income declined 8.0% year on year, or ¥2,256 million, to ¥25,937 million. Ordinary income increased 0.8% year on year, or ¥257 million, to ¥33,494 million; and net income declined 12.0% year on year, or ¥2,517 million, to ¥18,439 million.

Overview of Operations

Sales results

Our sales results broken down by business segment are as follows:

Business segment	(Millions of yen) Fiscal 2012	YoY (%)	(Thousands of U.S. dollars) Fiscal 2012
Pharmaceuticals	**134,610**	**1.0**	**1,668,443**
Other businesses	**3,183**	**(19.3)**	**39,452**
Total	**137,794**	**0.4**	**1,707,908**

Notes: 1. Sales breakdown by main customers and percentage of sales to main customers.

Customer	(Millions of yen) Sales Fiscal 2011	% of total	Sales **Fiscal 2012**	% of total	(Thousands of U.S. dollars) **Fiscal 2012**
Medipal Holdings Corporation	27,724	20.2	**25,066**	**18.2**	**310,684**
Alfresa Holdings Corporation	24,050	17.5	**24,531**	**17.8**	**304,053**

2. The foregoing figures do not include consumption tax.

Key Challenges

We expect the ethical pharmaceuticals business to witness continued efforts to curb pharmaceutical expenditures, including additional National Health Insurance drug reimbursement price cuts for long listed products, and strengthened measures to promote the use of generic drugs, against a backdrop of a rapidly aging population. In response to this difficult business environment, we are stepping up efforts to provide medical institutions with scientific information and seek to develop new topical and systemic products that meet the needs of medical institutions and their patients.

Furthermore, we strive to grow further with an aim to improve our profitability as well as enhance our sales and R&D capabilities.

For OTC pharmaceuticals, amid a prolonged market slump and intensifying competition, we seek to expand sales of mainstay anti-inflammatory pain relief patches and respond to the needs of our customers by continuing to improve existing products and developing new products.

In overseas business, we are working to establish our brand in terms of trademarks, designs, manufacturing technology, and quality control systems, and to further augment overseas production facilities and promote overseas clinical trials.

Especially, in the U.S. ethical pharmaceutical market, we plan to enhance our R&D capability at our business base Noven Pharmaceuticals by combining our areas of strength in technology, as well as building a manufacturing and sales network. Continuing to recognize our mission and responsibility as a pharmaceutical company, we aim to create a more robust business base and manufacturing structure, and to accelerate the development of new products by concentrating research in areas of specialty.

Overview of Operations

Basic policy on control of the company

(1) Overview of our basic policy on the entity with control over decision-making related to the company's financial and business policies

We believe any entity with control over decision-making related to the company's financial and business policies must have an understanding of the source of the company's enterprise value and be able to consistently maintain and improve this enterprise value and the common interests of shareholders.

We believe any decision on how to respond to a proposed acquisition that would transfer control over the company should ultimately be based on the wishes of individual shareholders. We are not opposed to large purchases of the company's stock, provided that it contributes to enterprise value and the common interests of shareholders.

However, there are many instances in which large stock purchases and proposed acquisitions may not contribute to the target company's enterprise value and the common interests of shareholders. Examples include: those that clearly damage the target company's enterprise value and the common interests of shareholders, in light of the objective and other aspects of the share purchase or proposed acquisition; those that effectively coerce shareholders into selling their shares; those that fail to provide a reasonable amount of time for the target company's board of directors and shareholders to consider the details and possibly prepare a counteroffer; those that have conditions (e.g., purchase price, timing, and method) that are either inadequate or inappropriate in light of the target company's enterprise value; and those that damage relations with employees, customers, creditors, or other parties essential to continued growth in the target company's enterprise value.

We believe any entity that pursues a large stock purchase or proposed acquisition that does not contribute to the company's enterprise value and the common interests of shareholders is not an appropriate entity for controlling decision-making related to the company's financial and business affairs, and that any large stock purchase or proposed acquisition by such an entity must be necessarily and appropriately counteracted to ensure the company's enterprise value and the common interests of shareholders.

(2) Overview of specific initiatives instrumental to achieving our basic policy

Since launching a pharmaceutical business in 1847, our company has worked hard to improve the health of people by providing pharmaceutical products, mainly pain relieving patches. Transdermal patches, that can heal the body simply by being applied to the skin, will be an improvement of not only the administration of drugs but also quality of life, and they are also representative of Japan's therapeutic culture, which is well respected around the world. We pursue our business as a mission to convey to the world the effectiveness and resulting excitement of this therapeutic patch culture.

Since releasing Salonpas® in 1934, we have successfully developed and marketed a variety of pharmaceutical patch products, including the OTC pharmaceutical Salonsip and the ethical pharmaceuticals Mohrus® Pap and Mohrus Tape®, by concentrating on the creation of new drugs and new drug preparations based on our accumulated expertise and experience and the support of our customers. We have also created products in new areas other than anti-inflammatory pain relief, including an estradiol transdermal patch Estrana® Tape, the transdermal sustained-release cancer pain relief patch Fentos® Tape, and the like, and are expanding our business internationally by conducting sales, pursuing research and development, and acquiring approvals in various countries around the world. As part of these efforts, Noven Pharmaceuticals, Inc. was acquired and made a subsidiary in 2009 to establish the Hisamitsu brand in the US and to ensure future growth.

Our corporate philosophy is to strive to improve the quality of life of people around the world by creating external drugs to meet the needs of our customers, and by implementing this philosophy, we seek to enhance enterprise value and the common interests of shareholders.

In other words, the sources of enterprise value for our company are: 1) broad access to a variety of drugs created by a number of companies, and research and development capabilities to make these drugs available in patches; 2) manufacturing technology and quality control systems that enable the efficient, stable, and ongoing production of high-quality products; 3) marketing prowess to cultivate several long-selling and market-leading brands, including Salonpas®, Salonsip®, Feitas®, Butenalock®, Mohrus® Pap, Mohrus Tape®, and Estrana® Tape; and 4) an integrated research and development, manufacturing, and sales structure that allows us to quickly reflect the needs of our customers to improve products and services.

Going forward, we will continue our efforts to increase enterprise value and maximize the common interests of shareholders through ongoing and aggressive investment.

To achieve this goal, we aim to build a robust corporate structure capable of meeting our sales targets and securing net profits despite the difficult competitive environment, and to ensure sustained growth in net profits by strengthening our business both in Japan and overseas. We also aspire to be an independent research and development-based pharmaceutical company by concentrating research in our areas of specialty, in line with our basic management policy, and by focusing on the creation of new drugs and new drug preparations.

We are also actively pursuing licensing activities, including an agreement with Mundipharma K.K. for the exclusive distribution rights in Japan of NORSPAN® Tape, a buprenorphine patch for treatment of chronic pain associated with osteoarthritis and low back pain not being controlled sufficiently with non-opioid analgesics.

In this way, we seek to increase cash flow through the active pursuit of our business and to create future assets that will contribute to the common interests of shareholders through the development of new topical and transdermal products, international expansion of our brands in terms of trademarks, designs, manufacturing technology, and quality control systems, streamlining of management, and bolstering of our corporate structure.

We consider the return of profits to shareholders to be an important management issue, and we seek to pay appropriate dividends based on earnings and pursue flexible financial policies, including share buybacks, after considering research and development investment to raise capital efficiency and enterprise value and the internal reserves needed for future growth.

In particular, we seek to maintain ROE at 15% or higher from the standpoint of raising capital efficiency, and to consistently pay dividends with a target payout ratio of 30%.

(3) Initiatives in light of our basic policy to prevent inappropriate entities from controlling decision-making related to the group's financial and business affairs

At the 106th annual general meeting of shareholders held on May 22, 2008, "Takeover defense measures to counter large purchases of the company's stock" were adopted to ensure and enhance the company's enterprise value and the common interests of shareholders. Upon expiration of the effective period for the takeover defense measures, the measures were partly revised and its renewal was approved by shareholders at the 109th annual general meeting of shareholders held on May 26, 2011 (hereinafter the renewed takeover defense measures are referred to as "the Plan").

The Plan applies to purchases of the company's stock with the objective or result of a specific shareholder group owning 20% or more of the voting rights (hereinafter referred to as "Purchases" and those who conduct the "Purchases" are referred to as "Purchasers"). Purchasers are required to follow certain procedures in providing shareholders, the company's board of directors, and an independent committee with information on which to base their decision. If the purchaser fails to comply with these procedures or if the purchase will damage the company's enterprise value and the common interests of shareholders, then the company can pursue countermeasures against the purchaser in the form of a gratis allotment of share acquisition rights or other appropriate countermeasure that the board of directors is permitted to take based on the Companies Act, other laws, and the company's articles of incorporation. Whether countermeasures based on the Plan are adopted is ultimately a decision of the board of directors, but to ensure the proper use of the Plan and objective, rational, and impartial decisions by the company's board of directors, we established a committee independent from the board of directors and will give utmost respect to the opinions of this committee.

The Plan shall be effective until the conclusion of the annual general meeting of shareholders for the fiscal year ending February 28, 2014. Additionally, the Plan shall be terminated immediately if the board of directors comprising directors appointed at a general meeting of shareholders decides to terminate the Plan.

(4) Board of directors' opinion and reasoning for the foregoing initiatives

1) Specific initiatives to achieve our basic policy

The initiatives outlined above are intended to contribute to fulfilling our basic policy and have been prepared as specific policies to ensure and enhance on an ongoing basis the company's enterprise value and the common interests of shareholders. Accordingly, these initiatives comply with our basic policy and will not damage the common interests of shareholders.

2) Initiatives in light of our basic policy to prevent inappropriate entities from controlling decision-making related to the group's financial and business affairs

The Plan complies in its content with our basic policy and is intended to ensure objectivity and rationality in the decisions of the board of directors. Further, the Plan was adopted to ensure and enhance the company's enterprise value and the common interests of shareholders, and is not intended to maintain the position of the company's directors.

Overview of Operations

Important Business Agreements

Joint sales agreement

We concluded an agreement with Kyowa Hakko Kirin Co., Ltd. (headquarters: Chiyoda-ku, Tokyo) on June 18, 2008 on joint sales in Japan of Fentos® Tape, a transdermal sustained-release drug for the treatment of cancer pain.

(1) Counterparty to the agreement
Kyowa Hakko Kirin Co., Ltd.

(2) Agreement details
Contract on the joint sales within Japan with Kyowa Hakko Kirin Co., Ltd. of Fentos® Tape, a transdermal sustained-release patch for treatment of cancer pain that Hisamitsu Pharmaceutical has acquired manufacturing and marketing approval for.

(3) Compensation
Compensation commensurate with a one-time contract payment and subsequent payments according to milestones reached.

Distribution agreement

We concluded an exclusive contract with Mundipharma K.K. on August 6, 2007, for the Japanese distribution rights to NORSPAN® Tape, a transdermal sustained-release pain relief patch.

(1) Counterparty to the agreement
Mundipharma K. K.

(2) Agreement details
Contract acquiring the exclusive rights for distribution of NORSPAN® Tape, a transdermal sustained-release pain relief tape, in Japan

(3) Compensation
Compensation commensurate with a one-time contract payment and subsequent milestone payments based on development progress and sales.

Note: We terminated on February 29, 2012 the agreement with MSD K.K. on the co-promotion within Japan of Fosamac® osteoporosis medication manufactured and marketed by MSD K.K..

Overview of Operations

Research and Development

Pharmaceuticals

Our R&D program centered on the development of transdermal pharmaceutical products targets the needs of medical institutions.

For ethical pharmaceuticals in Japan, currently phase 3 trials are underway for additional indications of chronic pain relief for the Fentos® Tape (development code: HFT-290), a transdermal sustained-release cancer pain relief patch. Phase 3 trials have been completed for HOB-294 (generic name: oxybutynin hydrochloride), a patch to treat an overactive bladder, and its approval was submitted in May 2012. Regarding phase 3 trials for HTU-520 (generic name: terbinafine hydrochloride), a patch to treat tinea unguium, the continuation of development is under consideration since the trials in April 2012 failed to show the originally anticipated level of efficacy. Phase 2 trials are underway for HP-3000 (generic name: ropinirole hydrochloride), a patch to treat Parkinson's disease.

For OTC pharmaceuticals, we are developing new products and improving existing products for the purpose of improving effectiveness, safety, and user satisfaction.

In the U.S. ethical pharmaceutical market, Noven completed phase 3 trials for LDMP (generic name: paroxetine mesylate), an oral preparation for vasomotor symptom treatment, and it is preparing to apply for its approval. An application for the generic approval of a patch to treat postherpetic neuralgia (generic name: Lidocaine) was accepted by the FDA in May 2012.

We are currently conducting phase 2 trials for HTU-520 (generic name: terbinafine hydrochloride), a patch to treat tinea unguium.

For OTC pharmaceuticals, post-sale clinical trials with pediatric patients following the request received from the FDA for the transdermal analgesic anti-inflammatory SALONPAS® PAIN RELIEF PATCH (development code: FS-67; generic name: methyl salicylate, l-menthol) have been completed.

In addition to development of our own fundamental technologies, we utilise Noven's transdermal delivery system (TDDS) technology to improve the value of developed products and to conduct joint development with external organizations, working towards improvement of commercialization technologies to expand the possibilities of transdermal absorption.

Other businesses

We conduct some research and development in other businesses, but because the amount is limited, it does not merit special mention.

As a result of the foregoing, research and development expenses totaled ¥14,758 million in FY2/12.

Corporate Governance and Internal Auditing

Corporate Governance

(1) Basic approach to corporate governance

1) Corporate governance structure

We have prepared basic internal control policies to enhance management transparency and ensure compliance, and we consider the improvement of corporate governance to be an important task. To this end, we have placed priority on creating an organization capable of responding quickly to changes in the business environment and have implemented structural reforms.

With this in mind, we have adjusted the number of directors to an appropriate level with the goals of enhancing the performance of the board of directors and speeding up decision making. We have also introduced an executive officer system to clarify roles and responsibilities in business execution.

Going forward, we seek to create a stronger bond of trust with our stakeholders as a good corporate citizen by improving transparency, ensuring compliance, and upholding corporate ethics in our business activities.

Overview of our corporate governance structure and reasons for adopting the structure

We are structured as a company with a Board of Corporate Auditors, comprising 10 directors and 6 corporate auditors (including 3 outside corporate auditors) as of May 25, 2012.

In the area of corporate governance, we reduced the number of directors and introduced an executive officer system to clarify the responsibilities and authority of management and speed up decision-making and business execution.

To bolster our management structure further, we changed the articles of incorporation to reduce the number of directors from 13 or less to 10 or less at the annual general meeting of shareholders on May 25, 2006. In March 2003, we introduced an executive officer system to improve the speed, transparency, and strategic focus of business decisions.

To clarify management responsibilities of directors and construct a management structure that can respond to changes in management environments, the term of directors was changed from 2 years to 1 year at the annual general meeting of shareholders held on May 26, 2011.

Important management decisions are made by the Management Advisory Council comprising key directors and executive officers, and important resolutions are debated and decided by the board of directors.

We have also worked to enhance management oversight and to separate, decentralize, and strengthen decision making functions and business execution functions.

To better facilitate fair auditing, we switched to an auditing system in which two of the four corporate auditors comprise outside corporate auditors at the annual general meeting of shareholders on May 26, 2004. To bolster management oversight further and strengthen our auditing system, we changed the articles of incorporation to increase the number of corporate auditors from 4 or fewer to 6 or fewer at the annual general meeting of shareholders on May 25, 2006. In addition, the number of corporate auditors was increased to 6 (including 3 outside corporate auditors) at the annual general meeting of shareholders held on May 26, 2011.

Corporate Auditors attend meetings of the board of directors, regularly convene meetings of the board of corporate auditors, and receive audit reports from the independent auditor as needed. The independence of our three outside corporate auditors from the company has been ensured and we believe that a structure sufficiently capable of monitoring management has been established.

Corporate Governance and Internal Auditing

Internal auditing and audit by Board of Corporate Auditors

We established the Internal Audit Office (two persons in charge) as an internal audit division. The Internal Audit Office is responsible for auditing the business activities of Hisamitsu Pharmaceutical and group companies to ensure that these activities are effective and appropriate and that they comply with relevant laws and the articles of incorporation, reporting to the board of directors and the board of corporate auditors, promoting mutual cooperation, reporting to relevant business division managers and directors, and providing support and advice as needed to improve internal control.

In addition to conducting audits based on predetermined audit guidelines and plans, the Board of Corporate Auditors also regularly holds individual hearings with directors, executive officers, division managers and key staff from each business division.

Outside Directors and Outside Corporate Auditors

Our three outside corporate auditors are ONO Keinosuke, ICHIKAWA Isao, and TOKUNAGA Tetsuo. ONO Keinosuke has gained scholarly knowledge related to management through his past career experience such as professor of a graduate school of business. ICHIKAWA Isao has gained management experience and insight through his past career experience such as executive vice president and representative director of a listed company. TOKUNAGA Tetsuo has gained overall management experience and knowledge through his past career experience such as executive vice president and representative director of a listed company.

Outside corporate auditors regularly attend meetings of the Board of Directors and meetings of the Board of Corporate Auditors. We believe that a structure sufficiently capable of auditing management has been established. In consideration of the efficiency and flexibility of the business decision making process, no outside directors have been appointed. There is no conflict of interests between our outside corporate auditors and the company.

2) Risk management systems

To respond to a variety of business risks, we have sought to enhance risk management and corporate governance by establishing a variety of internal committees.

Compliance Promotion Committee and Compliance Promotion Office (Chair: Director)

We prepared the Hisamitsu Corporate Charter in June 2002 and established the Compliance Promotion Committee and Compliance Promotion Office, to promote thorough and ethical compliance. We have distributed handbooks to officers and employees to promote a recognition and sustained awareness of the importance of compliance, and have worked to ensure behavior based on high ethical and moral standards.

Going forward, we will continue our efforts to bolster compliance related to social responsibility, including corporate ethics, the environment, and privacy protection, at Hisamitsu Pharmaceutical and group companies.

Crisis Management Committee (Chair: President & CEO))

We established a Crisis Headquarters to help prevent risk and prepare for times of crisis, standing as a permanent Crisis Management Committee to operate in normal times, and conduct training of committee members as needed.

Privacy Protection Committee (Chair: Director of Human Resources)

We established the Privacy Protection Committee in April 2005 to fully comply with the Personal Information Protection Act. We have called personal information administrators together and held committee meetings as needed to create an organization to protect individual rights and interests and to ensure that this organization is safely managed.

Corporate Governance and Internal Auditing

Disclosure Policy Team (Chair: President & CEO)

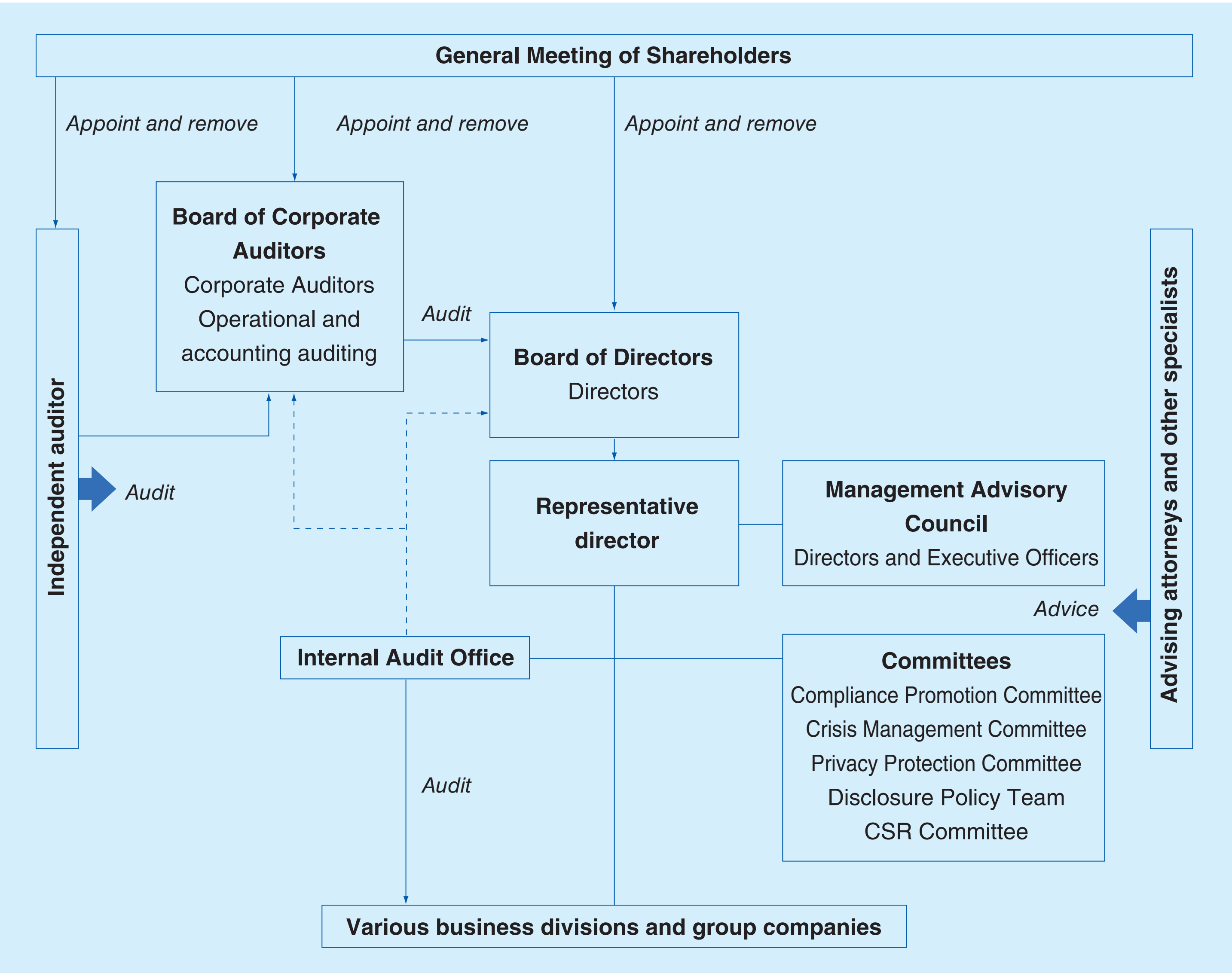
We established the Disclosure Policy Team in April 2001 to provide the timely and appropriate disclosure of corporate information. All officers and employees work toward timely disclosure based on our Disclosure Policy Rules.

We strive to actively disclose information to enhance management transparency and seek to promote smooth communication with shareholders and investors through our investor relations activities.

CSR Committee (Chair: Production Environment Division Manager)

We set up the CSR Committee to progress our environmental and community service programs. Headed by the CSR Office, the CSR Committee is made up of CSR committee members in each business division and engages in CSR programs.

Corporate governance structure



3) Executive compensation

A. Total compensations by classification of executives and by type of compensations, and number of executives by category of the filing company

(Millions of yen)

Category	Total compensation	Fiscal 2012				Number of officers to be paid
		Total compensation by type				
		Basic compensation	Stock options	Bonuses	Retirement benefits	
Directors (Excluding Outside Directors)	367	274	—	—	92	11
Corporate Auditors (Excluding Outside Corporate Auditors)	48	41	—	—	6	3
Outside Officers	18	17	—	—	1	3

(Thousands of U.S. dollars)

Category	Total compensation	Fiscal 2012				Number of officers to be paid
		Total compensation by type				
		Basic compensation	Stock options	Bonuses	Retirement benefits	
Directors (Excluding Outside Directors)	4,549	3,396	—	—	1,140	11
Corporate Auditors (Excluding Outside Corporate Auditors)	595	508	—	—	74	3
Outside Officers	223	211	—	—	12	3

B. Total consolidated compensation paid to executive of the filing company

(Millions of yen)

Name (Category of executive)	Total consolidated compensation	Category of company	Fiscal 2012			
			Total compensation by type			
			Basic compensation	Stock options	Bonuses	Retirement benefits
NAKATOMI, Hirotaka (President & CEO)	140	The filing company	102	—	—	37

(Thousands of U.S. dollars)

Name (Category of executive)	Total consolidated compensation	Category of company	Fiscal 2012			
			Total compensation by type			
			Basic compensation	Stock options	Bonuses	Retirement benefits
NAKATOMI, Hirotaka (President & CEO)	1,735	The filing company	1,264	—	—	459

C. Material disclosures on employee salaries for directors who also serve as employees.

Not applicable.

D. Policy on deciding amount of executive compensation

Directors' compensation is determined at the Board of Directors meeting within the range approved at the annual general meeting of shareholders in consideration of the company's business performance, as well as the position, job specifications, and individual performance of each director.

Corporate Auditors' compensation is determined at the Board of Corporate Auditors meeting within the range approved at the annual general meeting of shareholders.

4) Accounting auditing

The company has concluded an auditing contract with KPMG AZSA LLC to serve as an independent auditor responsible for accounting auditing, and by providing accurate business information and taking other steps, we provide an environment conductive to fair auditing. There are no special interests between the company and KPMG AZSA LLC and their designated limited liability partner and engagement partners.

Audit company providing auditing services

Audit company	Certified public accountants providing auditing services		Assisting personnel
KPMG AZSA LLC	Designated limited liability partner and engagement partner	Hiromi Kimura	3 CPAs & 11 others
	Designated limited liability partner and engagement partner	Yoshihide Takehisa	
	Designated limited liability partner and engagement partner	Akihisa Sada	

Note: A statement on the years of continuous audit service is omitted because all accounting have served less than seven years.

5) Annual general meeting of shareholders resolution items that can be decided at the Board of Directors meeting

(1) Acquisition of treasury stock

To enable the flexible execution of capital policy, the articles of incorporation stipulate that the company can repurchase shares in the open market or through other means based on a board of directors resolution in accordance with Article 165-2 of the Companies Act.

(2) Interim dividends

To flexibly return profits to shareholders, the articles of incorporation stipulate that interim dividends from retained earnings, as defined in Article 454-5 in the Companies Act, can be paid based on a board of directors resolution to shareholders or pledgees listed or registered in the final shareholder registry at the end of August each year.

6) Resolutions to appoint or remove directors

(1) The articles of incorporation stipulate that resolutions to appoint directors require a majority vote of at least one-third of shareholders capable of executing voting rights. Cumulative voting is not provided for.

(2) The articles of incorporation stipulate that resolutions to remove directors require a minimum two-third vote of shareholders owning a majority of the voting rights of shareholders capable of executing voting rights.

7) Special resolutions of the general meeting of shareholders

To facilitate the smooth administration of general meetings of shareholders, the articles of incorporation stipulate that resolutions based on Article 309-2 of the Companies Act require a minimum two-third vote of shareholders owning a minimum one-third of the voting rights of shareholders capable of executing voting rights, except as otherwise provided for by the articles of incorporation.

(2) Compensation for auditing

1) Breakdown of compensation for certified public accountants providing auditing services, etc.

Category	(Millions of yen)				(Thousands of U.S. dollars)	
	Fiscal 2011		**Fiscal 2012**		**Fiscal 2012**	
	Compensation for audit certification services	Compensation for non-auditing services	Compensation for audit certification services	Compensation for non-auditing services	Compensation for audit certification services	Compensation for non-auditing services
The company	52	5	**52**	**2**	**645**	**25**
Subsidiaries	4	—	**4**	**—**	**50**	**—**
Total	57	5	**57**	**2**	**706**	**25**

2) Breakdown of other important compensation

FY2/11

The company and most of its overseas consolidated subsidiaries paid the KPMG Group, which belongs to the same network as our certified public accountants providing auditing services, for audit certification and non-auditing services (such as tax advisory services).

FY2/12

The company and most of its overseas consolidated subsidiaries paid the KPMG Group, which belongs to the same network as our certified public accountants providing auditing services, for audit certification and non-auditing services (such as tax advisory services).

3) Details of non-auditing services provided by certified public accountants to the company

FY2/11

We have commissioned an audit company to undertake financial due diligence support tasks, which is a non-auditing service as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

FY2/12

We have commissioned an audit company to undertake advisory and guiding tasks relating to the International Financial Reporting Standards (IFRS), which is a non-auditing service as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

4) Policy on setting compensation for auditing services

Not applicable.

Financial Section

Analysis of Financial Position, Operating Results, and Cash Flows

(1) Analysis of financial position in Fiscal 2012

1) Assets

Assets totaled ¥192,838 million at the end of FY2/12, a decrease of ¥1,948 million from the previous year, due mainly to decreases of ¥5,397 million in cash and deposits and of ¥3,225 million in notes and accounts receivable-trade, despite an increase of ¥7,893 million in distribution right.

2) Liabilities

Liabilities totaled ¥43,575 million at the end of FY2/12, a decrease of ¥9,989 million from the previous year, due mainly to decreases in short-term loans payable of ¥1,610 million, in income taxes payable of ¥6,399 million, and in long-term loans payable of ¥1,864 million.

3) Net assets

Net assets totaled ¥149,263 million at the end of FY2/12, an increase of ¥8,040 million from the previous year, due mainly to an increase in retained earnings of ¥12,405 million and a decrease in treasury stock of ¥3,319 million.

(2) Analysis of operating results in Fiscal 2012

1) Net sales

Net sales grew 0.4% year on year to ¥137,794 million. This increase is due mainly to the strong performance by overseas subsidiaries including Noven.

2) Operating income

Operating income fell 8.0% year on year to ¥25,937 million. This decrease is attributable mainly to the increase in advertising expenses and R&D expenses.

3) Ordinary income

Ordinary income rose 0.8% year on year to ¥33,494 million. This increase is attributable mainly to an increase in equity in earnings of affiliates.

4) Net income

Net income fell 12.0% year on year to ¥18,439 million due mainly to distribution license fees recorded as extraordinary income in the previous year. Consequently, net income per share totaled ¥215.09 in FY2/12, and return on equity was 12.8%.

(3) Analysis of cash flows in Fiscal 2012

Cash and cash equivalents at the end of the FY2/12 totaled ¥34,222 million, a decrease of ¥3,431 million from the end of the fiscal year.

1) Net cash provided by (used in) operating activities

Net cash provided by operating activities totaled ¥25,558 million (¥36,342 million provided for of the previous fiscal year), due mainly to income before taxes and minority interests (¥32,379 million), depreciation and amortization (¥6,188 million), and equity in earnings of affiliates (¥6,881 million).

2) Net cash provided by (used in) investment activities

Net cash used in investment activities totaled ¥15,473 million (¥8,248 million used for of the previous fiscal year), due mainly to payments for purchases of tangible fixed assets (¥9,858 million) and payments for purchase of intangible fixed assets (¥5,921 million).

3) Net cash provided by (used in) financing activities

Net cash used in financing activities totaled ¥13,010 million (¥15,659 million used for of the previous fiscal year), due mainly to outflow from repayment of long-term loans payable (¥5,401 million) and cash dividends paid (¥6,031 million).

Capital Expenditures

Capital investment totaled ¥10,284 million in FY2/12, due mainly to augmenting and expanding production and research equipment.

In the Pharmaceuticals segment, we mainly augmented and expanded production equipment at the Tosu and the Utsunomiya Plants, and added research equipment at the Tosu and Tsukuba Laboratories, resulting in capital investment of ¥2,176 million.

We also disposed of the building and production equipment of the Utsunomiya Plant during the fiscal year under review, due to the effects of the Great East Japan Earthquake of March 11, 2011.

The total book value of such facilities at the time of disposal was ¥567 million.

In other businesses, we mainly invested to expand bandwidth to provide digital capabilities to our subscribers, resulting in capital investment of ¥6,075 million.

Financial Section

Dividend Policy

Our basic policy is to continue paying stable dividends to shareholders. We pay special and commemorative dividends in light of earnings and other factors in an effort to return profits to shareholders.

We also implement various other financial measures, such as company share buybacks, as effective means for returning profits to shareholders.

Our basic policy is to pay dividends from retained earnings twice yearly through interim dividends and year-end dividends. The General Meeting of Shareholders is responsible for deciding on year-end dividends and the Board of Directors decides on interim dividends.

In FY2/12 we paid an interim dividend of ¥35 per share and a year-end dividend of ¥35 per share, for an annual dividend of ¥70 per share.

We work to improve our business base through the targeted investment of internal reserves into research and development, manufacturing facilities, overseas business development, and other areas.

Our Articles of Incorporation stipulate that interim dividends can be paid based on a Board of Directors' resolution to shareholders or pledgees listed or registered in the final shareholder registry at the end of August each year.

Note: Dividends in Fiscal 2012 are as follows.

	(Millions of yen)	(Yen)	(Thousands of U.S. dollars)	(U.S. dollars)
Resolution date	Total dividends	Dividends per share	Total dividends	Dividends per share
October 12, 2011 Board of directors resolution	2,999	35	37,172	0.43
May 24, 2012 General meeting of shareholders resolution	2,999	35	37,172	0.43

Business and Other Risks

The following risks associated with our group's business activities could have a significant impact on the decisions of investors.

Any forward-looking statements are based on our judgments at the end of FY2/12.

1) Legal and regulatory risks

Our mainstay pharmaceuticals and related products business is affected by a variety of regulations, including the national health insurance drug price system and the healthcare insurance system. For example, the revision of national health insurance drug prices every two years places regular downward pressure on selling prices, and this could have a negative impact on earnings. We are similarly affected by a variety of regulations overseas.

2) Risks from side effects

Unforeseen side effects could force our mainstay pharmaceuticals and related products business to recall products or cancel product launches, which could have a negative impact on earnings.

3) Research and development risks

We conduct research and development into new products and new technologies. However, earnings could be adversely affected by the suspension of research and development activities for a variety of reasons, including failure to produce anticipated results, or by the inability to recover research and development investment through sales.

4) Manufacturing and procurement risks

We manufacture products using independent technology at our own plants. We rely on specific vendors to supply certain products and raw materials. Consequently, earnings could be adversely affected by the suspension of manufacturing or purchasing of these products and raw materials for some reason.

5) Environmental risks

Some of the chemicals used in our research and development activities and manufacturing processes can have an adverse impact on human health and the surrounding environment. Although we take sufficient safeguards, earnings could be adversely affected if these substances are judged to be having a negative impact on the surrounding environment.

6) Intellectual property risks

Our business activities could possibly be suspended or lead to litigation if they violate the patents or other intellectual property rights of another company. We may also initiate litigation if another company violates our intellectual property rights. Earnings could be adversely affected by the process and outcome of such actions.

7) Litigation risks

Our business activities could possibly lead to litigation related to pharmaceutical side-effects and product liability. Earnings could be adversely affected by the process and outcome of such actions.

8) Other risks

In addition to the foregoing, other potential risks include natural disasters and the security of computer systems.

Consolidated Balance Sheets

February 28, 2011 and February 29, 2012

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
(Assets)			
Current assets			
Cash and deposits	33,186	**27,789**	**344,435**
Notes and accounts receivable-trade	36,860	**33,635**	**416,894**
Short-term investment securities	5,380	**7,083**	**87,791**
Merchandise and finished goods	6,198	**7,249**	**89,849**
Work-in-process	333	**367**	**4,549**
Raw materials and supplies	4,770	**4,935**	**61,168**
Deferred tax assets	3,620	**2,896**	**35,895**
Other	2,786	**3,702**	**45,885**
Allowance for doubtful accounts	(241)	**(202)**	**(2,504)**
Total current assets	92,896	**87,455**	**1,083,974**
Noncurrent assets			
Tangible fixed assets, net			
Buildings and structures (Notes 2, 3)	18,825	**19,385**	**240,270**
Machinery, equipment and vehicles (Notes 2, 3)	7,452	**6,972**	**86,415**
Tools, furniture and fixtures (Note 2, 4)	2,223	**2,470**	**30,615**
Land (Notes 2, 4)	12,422	**12,364**	**153,247**
Lease assets	454	**390**	**4,834**
Construction in progress	2,882	**1,772**	**21,963**
Total tangible fixed assets	44,260	**43,357**	**537,395**
Intangible fixed assets			
Distribution right	—	**7,893**	**97,831**
Goodwill	6,268	**5,286**	**65,518**
Software	85	**345**	**4,276**
Temporary account for intangible fixed assets	2,813	**50**	**620**
Other	3,774	**2,973**	**36,849**
Total intangible fixed assets	12,943	**16,548**	**205,107**
Investments and other assets			
Investment securities (Note 1)	31,799	**34,549**	**428,223**
Long-term deposits	2,000	**3,000**	**37,184**
Prepaid pension cost	4,581	**3,995**	**49,517**
Deferred tax assets	3,833	**1,402**	**17,377**
Other	2,603	**2,757**	**34,172**
Allowance for doubtful accounts	(131)	**(228)**	**(2,826)**
Total investments and other assets	44,686	**45,477**	**563,671**
Total noncurrent assets	101,890	**105,382**	**1,306,173**
TOTAL ASSETS	194,787	**192,838**	**2,390,159**

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
(Liabilities)			
Current liabilities			
Notes and accounts payable-trade	11,279	**11,932**	**147,893**
Short-term loans payable (Note 2)	6,055	**4,445**	**55,094**
Lease obligations	103	**111**	**1,376**
Accounts payable	7,192	**6,177**	**76,562**
Income taxes payable	10,239	**3,839**	**47,583**
Allowance for sales returns	176	**198**	**2,454**
Provision for bonuses	1,499	**1,550**	**19,212**
Provision for loss on disaster	—	**147**	**1,822**
Other	2,729	**2,730**	**33,837**
Total current liabilities	39,275	**31,134**	**385,895**
Noncurrent liabilities			
Long-term loans payable (Note 2)	3,089	**1,224**	**15,171**
Lease obligations	375	**304**	**3,768**
Deferred tax liabilities on revaluation (Note 4)	2,164	**1,894**	**23,475**
Deferred tax liabilities	1,968	**1,495**	**18,530**
Provision for retirement benefits	4,910	**4,927**	**61,068**
Provision for directors' retirement benefits	1,200	**1,230**	**15,245**
Other	579	**1,365**	**16,919**
Total noncurrent liabilities	14,288	**12,441**	**154,202**
Total Liabilities	53,564	**43,575**	**540,097**
(Net Assets)			
Shareholders' equity			
Capital stock	8,473	**8,473**	**105,020**
Capital surplus	8,396	**8,396**	**104,065**
Retained earnings	147,272	**159,677**	**1,979,140**
Treasury stock	(18,525)	**(21,844)**	**(270,749)**
Total shareholders' equity	145,616	**154,702**	**1,917,476**
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	(564)	**47**	**583**
Revaluation reserve for land (Note 4)	3,189	**3,459**	**42,873**
Foreign currency translation adjustment	(7,949)	**(9,983)**	**(123,736)**
Total accumulated other comprehensive income	(5,324)	**(6,476)**	**(80,268)**
Minority interests	930	**1,036**	**12,841**
Total net assets	141,222	**149,263**	**1,850,062**
TOTAL LIABILITIES AND NET ASSETS	194,787	**192,838**	**2,390,159**

Consolidated Statements of Income

Years ended February 28, 2011 and February 29, 2012

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Net sales	137,184	**137,794**	**1,707,908**
Cost of sales (Notes 2, 3)	47,697	**46,785**	**579,883**
Gross profit	89,486	**91,008**	**1,128,012**
Selling, general and administrative expenses (Notes 1, 2)	61,292	**65,070**	**806,520**
Operating income	28,193	**25,937**	**321,480**
Non-operating income			
Interest income	59	**71**	**880**
Dividends income	356	**392**	**4,859**
Development license revenues	137	**127**	**1,574**
Equity in earnings of affiliates	4,539	**6,881**	**85,288**
Other	357	**402**	**4,983**
Total non-operating income	5,448	**7,875**	**97,608**
Non-operating expenses			
Interest expenses	125	**92**	**1,140**
Foreign exchange losses	131	**44**	**545**
Provision of allowance for doubtful accounts	—	**97**	**1,202**
Loss on sales of receivables	23	**21**	**260**
Other	125	**63**	**781**
Total non-operating expenses	406	**319**	**3,954**
Ordinary income	33,236	**33,494**	**415,146**
Extraordinary income			
Government subsidies	19	**4,611**	**57,152**
Gain on disposals of fixed assets (Note 4)	7	**—**	**—**
Reversal of allowance for doubtful accounts	34	**20**	**248**
Distribution license fees	3,000	**—**	**—**
R&D expenses received	—	**190**	**2,355**
Insurance income	—	**3,403**	**42,179**
Other	39	**34**	**421**
Total extraordinary income	3,099	**8,260**	**102,380**
Extraordinary loss			
Loss on disposals of fixed assets (Note 5)	83	**189**	**2,343**
Advanced depreciation deduction of fixed assets	9	**4,611**	**57,152**
Loss on valuation of investment securities	138	**1,940**	**24,046**
Loss on disaster (Notes 6)	—	**2,584**	**32,028**
Other	—	**49**	**607**
Total extraordinary loss	231	**9,375**	**116,200**
Income before taxes and minority interests	36,104	**32,379**	**401,326**
Income taxes-current	17,121	**12,145**	**150,533**
Income taxes-deferred	(2,146)	**1,610**	**19,955**
Total income taxes	14,975	**13,755**	**170,488**
Income before minority interests	—	**18,623**	**230,825**
Minority interests	173	**184**	**2,281**
Net income	20,956	**18,439**	**228,545**

Consolidated Statements of Comprehensive Income

Years ended February 28, 2011 and February 29, 2012

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Income before minority interests	—	**18,623**	**230,825**
Other comprehensive income			
Valuation difference on available-for-sale securities	—	**607**	**7,524**
Revaluation reserve for land	—	**270**	**3,347**
Foreign currency translation adjustment	—	**(1,508)**	**(18,691)**
Share of other comprehensive income of associates accounted for under the equity method	—	**(534)**	**(6,619)**
Total other comprehensive income (Note 2)	—	**(1,165)**	**(14,440)**
Comprehensive income (Note 1)	—	**17,458**	**216,386**
Comprehensive income attributable to:			
Owners of the parent	—	**17,287**	**214,266**
Minority interests	—	**171**	**2,119**

Consolidated Statements of Changes in Shareholders' Equity

Years ended February 28, 2011 and February 29, 2012

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Shareholders' equity			
Common stock			
Balance at the end of the previous period	8,473	**8,473**	**105,020**
Changes of items during the period			
Total changes of items during the period	—	**—**	**—**
Balance at the end of the current period	8,473	**8,473**	**105,020**
Capital surplus			
Balance at the end of the previous period	8,396	**8,396**	**104,065**
Changes of items during the period			
Total changes of items during the period	—	**—**	**—**
Balance at the end of the current period	8,396	**8,396**	**104,065**
Retained earnings			
Balance at the end of the previous period	132,298	**147,272**	**1,825,384**
Changes of items during the period			
Cash dividends	(5,982)	**(6,033)**	**(74,777)**
Net income	20,956	**18,439**	**228,545**
Revaluation reserve for land	(0)	**—**	**—**
Total changes of items during the period	14,973	**12,405**	**153,756**
Balance at the end of the current period	147,272	**159,677**	**1,979,140**
Treasury stock			
Balance at the end of the previous period	(18,521)	**(18,525)**	**(229,611)**
Changes of items during the period			
Purchase of treasury stock	(4)	**(3,319)**	**(41,138)**
Total changes of items during the period	(4)	**(3,319)**	**(41,138)**
Balance at the end of the current period	(18,525)	**(21,844)**	**270,749**
Total shareholders' equity			
Balance at the end of the previous period	130,647	**145,616**	**1,804,859**
Changes of items during the period			
Cash dividends	(5,982)	**(6,033)**	**(74,777)**
Net income	20,956	**18,439**	**228,545**
Purchase of treasury stock	(4)	**(3,319)**	**(41,138)**
Revaluation reserve for land	(0)	**—**	**—**
Total changes of items during the period	14,969	**9,086**	**112,618**
Balance at the end of the current period	145,616	**154,702**	**1,917,476**

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities			
Balance at the end of the previous period	(780)	**(564)**	**(6,991)**
Changes of items during the period			
Net changes of items other than shareholders' equity	215	**611**	**7,573**
Total changes of items during the period	215	**611**	**7,573**
Balance at the end of the current period	(564)	**47**	**583**
Revaluation reserve for land			
Balance at the end of the previous period	3,188	**3,189**	**39,527**
Changes of items during the period			
Net changes of items other than shareholders' equity	0	**270**	**3,347**
Total changes of items during the period	0	**270**	**3,347**
Balance at the end of the current period	3,189	**3,459**	**42,873**
Foreign currency translation adjustments			
Balance at the end of the previous period	(2,968)	**(7,949)**	**(98,525)**
Changes of items during the period			
Net changes of items other than shareholders' equity	(4,981)	**(2,034)**	**(25,211)**
Total changes of items during the period	(4,981)	**(2,034)**	**(25,211)**
Balance at the end of the current period	(7,949)	**(9,983)**	**(123,736)**
Total accumulated other comprehensive income			
Balance at the end of the previous period	(560)	**(5,324)**	**(65,989)**
Changes of items during the period			
Net changes of items other than shareholders' equity	(4,764)	**(1,152)**	**(14,279)**
Total changes of items during the period	(4,764)	**(1,152)**	**(14,279)**
Balance at the end of the current period	(5,324)	**(6,476)**	**(80,268)**
Minority interests			
Balance at the end of the previous period	889	**930**	**11,527**
Changes of items during the period			
Net changes of items other than shareholders' equity	40	**106**	**1,314**
Total changes of items during the period	40	**106**	**1,314**
Balance at the end of the current period	930	**1,036**	**12,841**
Total net assets			
Balance at the end of the previous period	130,976	**141,222**	**1,750,397**
Changes of items during the period			
Cash dividends	(5,982)	**(6,033)**	**(74,777)**
Net income	20,956	**18,439**	**228,545**
Purchase of treasury stock	(4)	**(3,319)**	**(41,138)**
Revaluation reserve for land	(0)	**—**	**—**
Net changes of items other than shareholders' equity	(4,723)	**(1,045)**	**(12,952)**
Total changes of items during the period	10,246	**8,040**	**99,653**
Balance at the end of the current period	141,222	**149,263**	**1,850,062**

Consolidated Statements of Cash Flows

Years ended February 28, 2011 and February 29, 2012

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Cash flows from operating activities			
Income before taxes and minority interests	36,104	**32,379**	**401,326**
Depreciation and amortization	6,374	**6,188**	**76,698**
Amortization of goodwill	779	**711**	**8,813**
Increase (decrease) in provision for retirement benefits	198	**21**	**260**
Increase (decrease) in provision for directors' retirement benefits	26	**29**	**359**
Increase (decrease) in provision for bonuses	185	**79**	**979**
Increase (decrease) in allowance for doubtful accounts	(29)	**59**	**731**
Increase (decrease) in provision for sales returns	(61)	**22**	**273**
Interest and dividends income	(415)	**(464)**	**(5,751)**
Interest expenses	125	**92**	**1,140**
Foreign exchange losses (gains)	71	**2**	**25**
Equity in losses (earnings) of affiliates	(4,539)	**(6,881)**	**(85,288)**
Subsidy income	(19)	**(4,611)**	**(57,152)**
Insurance income	—	**(3,403)**	**(42,179)**
Advanced depreciation deduction of fixed assets	—	**4,611**	**57,152**
Loss on disaster	—	**2,584**	**32,028**
Loss (gain) on sales of investment securities	(39)	**(34)**	**(421)**
Loss (gain) on valuation of investment securities	138	**1,940**	**24,046**
Loss (gain) on disposal of tangible fixed assets	83	**189**	**2,343**
Decrease (increase) in notes and accounts receivable-trade	5,140	**2,979**	**36,924**
Decrease (increase) in inventories	702	**(2,168)**	**(26,872)**
Decrease (increase) in other current assets	(568)	**(1,004)**	**(12,444)**
Increase (decrease) in notes and accounts payable-trade	(3,184)	**790**	**9,792**
Increase (decrease) in other current liabilities	494	**(1,022)**	**(12,667)**
Other, net	742	**1,449**	**17,960**
Sub-total	42,310	**34,543**	**428,148**
Interest and dividends received	5,954	**6,982**	**86,539**
Interest expenses paid	(125)	**(92)**	**(1,140)**
Proceeds from insurance income	—	**3,403**	**42,179**
Payments for loss on disaster	—	**(793)**	**(9,829)**
Income taxes paid	(11,796)	**(18,484)**	**(229,103)**
Net cash provided by (used in) operating activities	36,342	**25,558**	**316,782**

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Cash flows from investment activities			
Net decrease (increase) in time deposits	(259)	**189**	**2,343**
Decrease (increase) in long-term deposits	150	**(1,000)**	**(12,395)**
Payments for purchase of tangible fixed assets	(5,947)	**(9,858)**	**(122,186)**
Proceeds from sales of tangible fixed assets	37	**3**	**37**
Payments for purchase of intangible fixed assets	(217)	**(5,921)**	**(73,389)**
Payments for purchase of investment securities	(2,428)	**(3,735)**	**(46,294)**
Proceeds from sales and redemption of investment securities	189	**234**	**2,900**
Payments of loans receivable	(9)	**(11)**	**(136)**
Collection of loans receivable	216	**13**	**161**
Proceeds from subsidy	19	**4,611**	**57,152**
Net cash provided by (used in) investment activities	(8,248)	**(15,473)**	**(191,782)**
Cash flows from financing activities			
Increase (decrease) in short-term loans payable	(4,549)	**881**	**10,920**
Proceeds from long-term loans payable	270	**1,065**	**13,200**
Repayment of long-term loans payable	(5,216)	**(5,401)**	**(66,943)**
Proceeds from stock issuance to minority shareholders	2	**—**	**—**
Cash dividends paid to minority shareholders	(114)	**(65)**	**(806)**
Purchase of treasury stock	(3)	**(3,317)**	**(41,113)**
Cash dividends paid	(5,980)	**(6,031)**	**(74,752)**
Other, net	(67)	**(140)**	**(1,735)**
Net cash provided by (used in) financing activities	(15,659)	**(13,010)**	**(161,254)**
Effect of exchange rate changes on cash and cash equivalents	(1,011)	**(506)**	**(6,272)**
Net increase (decrease) in cash and cash equivalents	11,422	**(3,431)**	**(42,526)**
Cash and cash equivalents, beginning of year	26,232	**37,654**	**466,708**
Cash and cash equivalents, end of year (Note 1)	37,654	**34,222**	**424,170**

Basis of Preparation of Consolidated Financial Statements

The Company has prepared consolidated financial statements in accordance with the Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28, 1976; hereinafter, Regulations for Consolidated Financial Statements).

However, the consolidated financial statements for Fiscal 2011 (March 1, 2010 – February 28, 2011) were prepared based on the Regulations for Consolidated Financial Statements prior to revision, whereas the consolidated financial statements for Fiscal 2012 (March 1, 2011 – February 29, 2012) were prepared based on the Regulations for Consolidated Financial Statements after revision.

Significant Accounting Policies Concerning the Preparation of Consolidated Financial Statements

Fiscal 2012 (March 1, 2011 – February 29, 2012)

I. Scope of consolidation

(a) Consolidated subsidiaries: 17

Names of consolidated subsidiaries:

CRCC Media Co., Ltd.
Saga City-Vision Co., Ltd.
Taiyo Co., Ltd
Kyudo Co., Ltd
Hisamitsu Agency Co., Ltd.
Hisamitsu U.S., Inc.
Hisamitsu America, Inc.
Noven Pharmaceuticals, Inc.
Hisamitsu Farmaceutica do Brasil Ltda.
Hisamitsu UK Ltd.
Hisamitsu Vietnam Pharmaceutical Co., Ltd.
Hisamitsu Pharmaceutical Technology Consulting (Beijing) Co., Ltd.
P.T. Hisamitsu Pharma Indonesia
4 other companies

Hisamitsu Pharmaceutical Technology Consulting (Beijing) Co., Ltd., upon its formation, has been included in the scope of consolidation. One consolidated subsidiary has been excluded from the scope of consolidation, as a result of its liquidation.

(b) Non-consolidated subsidiaries: 2

Names of non-consolidated subsidiaries:

Kokusai Pappu-zai Kenkyusho Co., Ltd.
Taiyo Kaihatsu Co., Ltd.

Reason why non-consolidated subsidiaries have been excluded from the scope of consolidation

Non-consolidated subsidiaries have been excluded from the scope of consolidation because they are small, and neither their total assets, net sales, net income (proportion attributable to the Group) nor retained earnings (proportion attributable to the Group) would have a material impact on the consolidated financial statements.

II. Investments accounted for under the equity method

(a) Equity-method non-consolidated subsidiaries: 0

(b) Equity-method affiliates: 3

Yutoku Pharmaceutical Ind. Co., Ltd.
Maruto Sangyo Co., Ltd.
Novogyne Pharmaceuticals
Yutoku Pharmaceutical Ind. Co., Ltd., upon the acquisition of shares, has been accounted for under the equity method.

Reason why non-consolidated subsidiaries have not been accounted for under the equity method

The above non-consolidated subsidiaries have not been accounted for under the equity method because their impacts on items such as net income and retained earnings is negligible, and is not material in the context of the total. There are no affiliated companies for which the equity method is not being used.

III. Information concerning business years, etc., of consolidated subsidiaries

The fiscal years of the 12 overseas consolidated subsidiaries end on December 31. Since there is less than three months' difference between that date and the end of the consolidated fiscal year, we use financial statements as of the date of the end of the fiscal years of the consolidated subsidiaries. We make the required consolidated adjustments if any major transactions occur between the end of the fiscal years of the consolidated subsidiaries and end of the consolidated fiscal year.

IV. Accounting standards

A. Valuation standards and methods for significant assets

1. Securities

a) Held-to-maturity bonds

Valued under amortized cost method.

b) Available-for-sale securities

1) Securities with market value

Valued at market price, using the market price at the balance sheet date.

All valuation differences are directly charged or credited to shareholders' equity, and costs of securities sold are computed using the moving average method.

2) Securities without market value

Valued at cost, determined by the moving average method.

2. Inventories

Calculated by the average cost method (book value on the balance sheet is written down according to the decline in profitability).

B. Depreciation methods for significant depreciable assets

1. Tangible fixed assets (excluding lease assets)

a) Company and domestic consolidated subsidiaries

Mainly the declining balance method.

b) Overseas consolidated subsidiaries

Mainly straight-line method.

2. Intangible fixed assets (excluding lease assets) and long-term prepaid expenses

Measured by the straight line method.

Within intangible fixed assets, software for internal use is depreciated over its useful life (5 years) using the straight line method.

3. Lease assets

For finance lease transactions other than those for which the right of ownership of the lease assets transfers to the lessee at the end of the lease period, depreciation is calculated by the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero. The accounting treatment of finance lease transactions other than those for which the right of ownership of the lease assets transfers to the lessee at the end of the lease period and whose lease period commenced before February 28, 2009 is similar to that of normal rental transactions.

C. Standards for significant reserves and allowances

1. Allowance for doubtful accounts

In order to provide against losses from doubtful receivables, estimated irrecoverable amounts are recorded as a provision.

a) General receivables

Based on historical bad debt experience.

b) Receivables at risk of default and in bankruptcy reorganization

Based on an assessment of the financial position.

2. Provision for sales returns

In order to provide against losses from product returns after the balance sheet date, the company makes a provision up to the maximum amount allowed under the Corporation Tax Law.

3. Provision for bonuses

To provide for the payment of bonuses to employees, the Company and its certain subsidiaries record a provision equal to the portion of expected future bonus payments incurred during the term under review.

4. Provision for loss on disaster

The Company makes a provision prepared for the estimated amount of loss as at the end of FY2/12, associated with the restoration of assets affected by the Great East Japan Earthquake.

5. Provision for retirement benefits

The Company and certain subsidiaries, to prepare for the payment of retirement benefits to employees, provide a reserve at an amount based on estimated retirement benefit obligations and pension assets at the end of the consolidated fiscal year.

Actuarial differences are amortized starting in the next consolidated fiscal year in equal amounts for a fixed number of years (five years) that is less than the average remaining years of service of employees when incurred.

6. Provision for directors' retirement benefits

The Company makes a provision for estimated retirement payments to directors and corporate auditors in accordance with its internal regulations.

D. Translation of significant foreign currency denominated assets and liabilities used in preparing the financial statements of consolidated companies on which the consolidated financial statements are based

Assets and liabilities denominated in foreign currencies are translated into yen using the spot exchange rate for final day of the fiscal year, and translation differences are booked as gains or losses. Note that the assets and liabilities of overseas subsidiaries and other like entities are translated into yen using the spot exchange rate for final day of the fiscal year, while revenues and expenses are translated using the average exchange rate for the period, and these translation differences are booked on the Foreign Currency Translation Adjustment and Minority Interests under Net Assets.

E. Method and period of amortization of goodwill

Goodwill is amortized evenly over a five to ten-year period which is expected to show an effect. If the value of goodwill is small, it is amortized in full in the fiscal year when it accrues.

F. Scope of funds in the Consolidated Statements of Cash Flows

Funds (cash & cash equivalents) in the Consolidated Statements of Cash Flows consist of cash in hand, demand deposits and easily realizable short-term investments with high liquidity and maturity dates not more than three months from the date of purchase, and which carry negligible risks of price fluctuation.

G. Other significant accounting policies used in the preparation of the consolidated financial statements

Treatment of Consumption Tax etc.

The accounts are prepared excluding Consumption Tax and Local Consumption Tax.

Financial Section

Significant Changes In Accounting Policies Concerning the Preparation Of Consolidated Financial Statements

Adoption of Accounting Standard for Asset Retirement Obligations

The Company adopted the “Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18; March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21; March 31, 2008) from FY2/12. This change has no impact on profit and loss.

Adoption of Accounting Standard for Equity Method of Accounting for Investments, and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

The Company adopted the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16; issued on March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (PITF No. 24; March 10, 2008) from FY2/12. This adoption has no impact on profit and loss.

Adoption of Accounting Standard for Business Combinations and other Standards

The Company adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21; December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22; December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23; December 26, 2008), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7; December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16; issued on December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10; December 26, 2008) from FY2/12.

Changes in Presentation

Consolidated statements of income

The Company adopted the “Cabinet Office Ordinance to Partially Amend Regulations Concerning Terminology, Forms and Methods of Preparation of Financial Statements” (Cabinet Office Ordinance No. 5; March 24, 2009) as based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22; December 26, 2008), and “income before minority interests” is presented as an independent item.

Consolidated statements of cash flows

“Advanced depreciation deduction of fixed assets” has been separately presented, in consideration of an increase in its significance from FY2/12. For information, “advanced depreciation deduction of fixed assets” in the amount of ¥9 million in the FY2/11, was included in “other, net” in cash flows from operating activities.

Additional Information

From FY2/12, the Company adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25; June 30, 2010). Though, the amounts of "valuation and translation adjustment" and "total valuation and translation adjustments" are posted as the amounts of "accumulated other comprehensive income" and "total accumulated other comprehensive income" in FY2/11, respectively.

Notes to Consolidated Financial Statements

Fiscal 2011 (March 1, 2010 – February 28, 2011) and Fiscal 2012 (March 1, 2011 – February 29, 2012)

CONSOLIDATED BALANCE SHEETS

*1 Investment securities for non-consolidated subsidiaries and affiliated companies are as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Investment securities (stocks)	13,592	**14,738**	**182,672**

*2 Assets pledged as collateral are as follows.

Pledged assets			
Buildings and structures	736 (book value)	**1,370 (book value)**	**16,981**
Machinery, equipment and vehicles	13 (book value)	**32 (book value)**	**397**
Tools, furniture and fixtures	90 (book value)	**192 (book value)**	**2,380**
Land	59 (book value)	**59 (book value)**	**731**
Total	900 (book value)	**1,655 (book value)**	**20,513**
Assets provided for factory foundation mortgage			
Buildings and structures	461 (book value)	**1,128 (book value)**	**13,981**
Machinery, equipment and vehicles	3 (book value)	**28 (book value)**	**347**
Tools, furniture and fixtures	90 (book value)	**192 (book value)**	**2,380**
Total	555 (book value)	**1,349 (book value)**	**16,720**

Liabilities related to the above assets			
Short-term loans payable	119	**182**	**2,256**
Long-term loans payable	407	**1,164**	**14,427**
Total	526	**1,346**	**16,683**
Liabilities provided for factory foundation mortgage			
Short-term loans payable	54	**119**	**1,475**
Long-term loans payable	169	**989**	**12,258**
Total	223	**1,108**	**13,733**

*3 Advanced depreciation of government subsidies is ¥1,220 million and ¥5,830 million in FY2/11 and FY2/12, respectively. This figure is not included in the consolidated balance sheets.

*4 Application of the Land Revaluation Law

Land used for business purposes has been revalued in accordance with the "Act on revaluation of land" (Law 34 of 1998, promulgated on March 31, 1998) and the "Law Partially Amending the Act on Revaluation of Land" (revision of March 31, 1999). The portion of the revaluation gain equivalent to corporation tax and other taxes with tax bases linked to corporate profits has been recorded under liabilities as “Deferred tax liabilities on revaluation,” while the net sum after this transfer to the deferred tax liability account is recorded under net assets as “Revaluation reserve for land.”

Revaluation method

The land value used as the basis for calculation of the tax base under the Land Value Tax, stipulated in Article 16 of the Land Value Tax Law (Law No. 69 of 1991), has been calculated by making rational adjustments to the price calculated by the method determined and publicly announced by the Commissioner of the National Tax Agency, as stipulated in Article 2.4 of the “Regulations for Applying the Land Revaluation Law” (Government Ordinance No. 119 of 1998, promulgated March 31, 1998).

Revaluation date	February 28, 2001

The market value of commercial land revalued in accordance with Article 10 of the Land Revaluation Law at the end of FY2/11 and FY2/12 was ¥2,810 million and ¥3,103 million lower than the book value after revaluation.

CONSOLIDATED STATEMENTS OF INCOME

*1 Main items and the amounts under “Selling, general and administrative expenses” are as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Advertising expenses	8,581	**9,565**	**118,555**
Sales promotion expenses	11,702	**12,415**	**153,880**
Packing and transportation expenses	2,399	**2,502**	**31,011**
Provision of allowance for doubtful accounts	10	**1**	**12**
Salaries and allowances	6,875	**6,755**	**83,726**
Provision for bonuses	921	**941**	**11,663**
Provision for retirement benefits	449	**639**	**7,920**
Provision for directors’ retirement benefits	26	**101**	**1,252**
Amortization of goodwill	779	**711**	**8,813**
Business consignment expenses	3,127	**3,097**	**38,386**
Research and development expenses, of which:	13,809	**14,758**	**182,920**
Provision for bonuses	267	**263**	**3,260**
Provision for retirement benefits	148	**216**	**2,677**

*2 General and administrative expenses include research and development expenses of ¥13,809 million and ¥14,758 million in FY2/11 and FY2/12, respectively.
Manufacturing costs do not include research and development expenses.

*3 In FY2/11 and FY2/12, manufacturing costs include provision for bonuses of ¥350 million and ¥333 million and provision for retirement benefits of ¥266 million and ¥358 million, respectively.

*4 Breakdown of losses on the disposal of fixed assets

	(Millions of yen)		(Thousands of U.S. dollars)
Loss on retirement	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Buildings and structures	29	**122**	**1,512**
Machinery, equipment and vehicles	38	**57**	**706**
Tools, furniture and fixtures	14	**8**	**99**
Software	—	**0**	**0**
Total	82	**189**	**2,343**

*5 Loss on disaster represents the loss resulting from the Great East Japan Earthquake which occurred on March 11, 2011 comprising primarily costs for retirement and restoration of tangible fixed assets, loss on disposal of inventories, and fixed expenses during the period of suspended operation. Of these, provision for loss on disaster is ¥147 million.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Fiscal 2012 (March 1, 2011 – February 29, 2012)

1. Comprehensive income in the fiscal year preceding FY2/12

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal 2012	**Fiscal 2012**
Comprehensive income attributable to owners of the parent	**16,191**	**200,682**
Comprehensive income attributable to minority interests	**161**	**1,996**
Total	**16,352**	**202,677**

2. Other comprehensive income in the fiscal year preceding FY2/12

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal 2012	**Fiscal 2012**
Valuation difference on available-for-sale securities	**214**	**2,652**
Foreign currency translation adjustment	**(3,339)**	**(41,386)**
Share of other comprehensive income of associates accounted for using equity method	**(1,652)**	**(20,476)**
Total	**(4,777)**	**(59,209)**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Fiscal 2011 (March 1, 2010 – February 28, 2011)

1. Shares issued

Type of shares	End of fiscal 2010	Increase	Decrease	End of fiscal 2011
Common stock	95,164,895	—	—	95,164,895

2. Treasury shares

Type of shares	End of fiscal 2010	Increase	Decrease	End of fiscal 2011
Common stock	8,493,446	1,311	—	8,494,757

Reasons for changes

Shares increased for the following main reasons

Increase from purchasing shares in less than one unit	991 shares
Company portion of treasury shares purchased by equity method affiliates	320 shares

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Payment date
May 26, 2010 Annual general meeting of shareholders	Common stock	2,947	34	February 28, 2010	May 27, 2010
October 4, 2010 Board of Directors meeting	Common stock	3,034	35	August 31, 2010	November 8, 2010

(2) Dividends with a record date in fiscal 2011 but a payment date in fiscal 2012

Resolution	Type of shares	Source of dividend	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Payment date
May 26, 2011 Annual general meeting of Shareholders	Common stock	Retained earnings	3,034	35	February 28, 2011	May 27, 2011

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Fiscal 2012 (March 1, 2011 – February 29, 2012)

1. Shares issued

Type of shares	End of fiscal 2011	Increase	Decrease	End of fiscal 2012
Common stock	95,164,895	—	—	95,164,895

2. Treasury shares

Type of shares	End of fiscal 2011	Increase	Decrease	End of fiscal 2012
Common stock	8,494,757	1,000,867	—	9,495,624

Reasons for changes

Shares increased for the following main reasons

Acquisition in compliance with the Articles of Association under the provisions of Paragraph 2, Article 165 of the Companies Act	1,000,000 shares
Increase from purchasing shares in less than one unit	538 shares
Company portion of treasury shares purchased by equity method affiliates	329 shares

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Payment date
May 26, 2011 Annual general meeting of shareholders	Common stock	3,034	35	February 28, 2011	May 27, 2011
October 12, 2011 Board of Directors meeting	Common stock	2,999	35	August 31, 2011	November 8, 2011

Resolution	Type of shares	Total dividends (Thousands of U.S. dollars)	Dividends per share (U.S. dollars)	Record date	Payment date
May 26, 2011 Annual general meeting of shareholders	Common stock	37,605	0.43	February 28, 2011	May 27, 2011
October 12, 2011 Board of Directors meeting	Common stock	37,172	0.43	August 31, 2011	November 8, 2011

(2) Dividends with a record date in fiscal 2012 but a payment date in fiscal 2013

Resolution	Type of shares	Source of dividend	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Payment date
May 24, 2012 Annual general meeting of Shareholders	Common stock	Retained earnings	2,999	35	February 29, 2012	May 25, 2012

Resolution	Type of shares	Source of dividend	Total dividends (Thousands of U.S. dollars)	Dividends per share (U.S. dollars)	Record date	Payment date
May 24, 2012 Annual general meeting of Shareholders	Common stock	Retained earnings	37,172	0.43	February 29, 2012	May 25, 2012

CONSOLIDATED STATEMENTS OF CASH FLOWS

***1 Relationship between year-end balances of cash and cash equivalents and amounts stated in the consolidated balance sheets**

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Cash and deposits	33,186	**27,789**	**344,435**
Short-term investment securities	5,380	**7,083**	**87,791**
Total	38,567	**34,872**	**432,226**
Term deposits longer than three months	(912)	**(649)**	**(8,044)**
Cash and cash equivalents	37,654	**34,222**	**424,170**

LEASE TRANSACTIONS

Lease transactions other than finance leases in which ownership of the leased asset is deemed to have passed to the lessee and whose lease period commenced before February 28, 2009

1. Purchase price equivalent, accumulated depreciation equivalent, and book value equivalent

	(Millions of yen)		
	Fiscal 2011		
	Purchase value equivalent	Accumulated depreciation equivalent	Book value equivalent
Machinery, equipment and vehicles	403	280	122
Tools, furniture and fixtures	959	687	271
Software	41	30	10
Total	1,404	999	405

	(Millions of yen)			(Thousands of U.S. dollars)		
	Fiscal 2012			**Fiscal 2012**		
	Purchase value equivalent	Accumulated depreciation equivalent	Book value equivalent	Purchase value equivalent	Accumulated depreciation equivalent	Book value equivalent
Machinery, equipment and vehicles	**192**	**164**	**27**	**2,380**	**2,033**	**335**
Tools, furniture and fixtures	**749**	**604**	**144**	**9,284**	**7,486**	**1,785**
Software	**34**	**29**	**4**	**421**	**359**	**50**
Total	**976**	**799**	**176**	**12,097**	**9,903**	**2,181**

Note: The purchase price equivalent was computed by including interest paid because the ratio of future lease payment obligations to the year-end balance of tangible fixed assets is not material.

2. Book value equivalent of future lease payments

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Within one year	228	**124**	**1,537**
Over one year	176	**52**	**645**
Total	405	**176**	**2,181**

Note: Future lease payment obligations were computed by including interest paid because the ratio of the year-end balance of future lease payments to the year-end balance of tangible fixed assets is not material.

3. Lease payments and depreciation equivalent

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Lease payments	259	**231**	**2,863**
Depreciation equivalent	259	**231**	**2,863**

4. Method of calculating depreciation equivalent

The value is calculated using the straight-line method whereby the lease period equals the useful life of the lease asset, and the residual value of the lease asset is zero.

FINANCIAL INSTRUMENTS

Fiscal 2011 (March 1, 2010 – February 28, 2011)

1. Outline of financial instruments

(1) Policy for financial instruments

Our Group raises funds necessary to conduct mainly the manufacturing and sales of pharmaceuticals through bank loans or issuance of bonds. Temporary cash surpluses are invested in low risk financial assets. Derivatives are used within the scope of actual requirements and not for speculative purposes.

(2) Nature and extent of risks arising from financial instruments, and risk management for financial instruments

Although operating receivables such as notes and accounts receivable-trade are exposed to customer credit risk, this risk is managed through regular checks on the business and credit position of customers.

Short-term investment securities and investment securities, mainly consisting of stocks of corporations that the Company has business relationships with, are exposed to the risk of market price fluctuations. This risk is managed through periodic monitoring of market value and the financial status of the related issuers. With respect to stocks in companies that have a business relationship, the Company checks necessity for holding them, taking into account the business relationship.

Payment terms of operating payables, such as notes and accounts payable-trade, accounts payable, and income taxes payable are less than one year. Loans were mainly used to procure the funds needed for mergers and acquisitions. Although operating payables and borrowings are exposed to liquidity risk, this risk is managed through methods such as preparing cash flow planning on a monthly basis.

Derivatives transactions are undertaken by the Finance Department after authorization by the Board of Directors or the General Manager of the Finance Department, depending on the importance of the transaction, and details are appropriately reported to the Board of Directors.

2. Market values of financial instruments

Carrying amount, market value and unrealized gain/loss of the financial instruments as of February 28, 2011 are as follows: Financial instruments whose market values are not readily determinable are excluded from the following table (See (Note 2)):

(Millions of yen)

	Carrying amount	Market value	Unrealized gain (loss)
(1) Cash and deposits	33,186	33,186	—
(2) Notes and accounts receivable-trade	36,860	36,860	—
(3) Short-term investment securities and investment securities			
Available-for-sale securities	22,956	22,956	—
Stock of affiliated companies	1,329	663	(666)
(4) Long-term deposits	2,000	1,967	(32)
Total assets	96,332	95,634	(698)
(1) Notes and accounts payable-trade	11,279	11,279	—
(2) Short-term loans payable	770	770	—
(3) Accounts payable	7,192	7,192	—
(4) Income taxes payable	10,239	10,239	—
(5) Long-term loans payable (*)	8,375	8,380	5
Total liabilities	37,856	37,861	5
Derivative transactions	—	—	—

(*) Includes current portion of long-term loans payable.

Note 1: Calculation method of market values of financial instruments and securities

Assets

(1) Cash and deposits and (2) Notes and accounts receivable-trade

These assets are recorded using book values because market values approximate book values because of their short-term maturities.

(3) Short-term investment securities and investment securities

Certificates of deposit are recorded using book values because market values approximate book values because of their short-term maturities. The market values of stocks are determined using the quoted market price on applicable stock exchanges.

(4) Long-term deposits

Long-term deposits are stated using the quoted prices obtained from financial institutions.

Liabilities

(1) Notes and accounts payable-trade, (2) Short-term loans payable, (3) Accounts payable, and (4) Income taxes payable

These payables are recorded using book values because market values approximate book values because of their short-term maturities.

(5) Long-term loans payable (including current portion of long-term loans payable)

Long-term loans payable with floating interest rates are recorded using book values because market values approximate book values as these rates reflect market interest rates over the short-term. For long-term loans payable with fixed interest rates, market values are determined by discounting the aggregated values of the principal and interest using an assumed interest rate based on the interest rate that would be applied to a new loan of a similar nature.

Note 2: Financial instruments whose market values are not readily determinable

Category	(Millions of yen) Carrying amount
Unlisted equity securities	12,812
Other	81

These items are not included in "(3) Short-term investment securities and investment securities," because there is no market price, and it is very difficult to identify market values.

Note 3: Redemption schedule of monetary assets and securities with contractual maturities after the balance sheet date

	(Millions of yen)			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	33,186	—	—	—
Notes and accounts receivable-trade	36,860	—	—	—
Short-term investment securities and investment securities:				
Available-for-sale securities with contractual maturities:				
Negotiable certificates of deposit	2,500	—	—	—
Other	—	—	505	341
Long-term deposits	—	2,000	—	—
Total	72,547	2,000	505	341

Note 4: Redemption schedule of long-term loans payable after the balance sheet date

	(Millions of yen)			
	Within one year	One to five years	Five to ten years	Over ten years
Long-term loans payable	5,285	3,034	28	26
Total	5,285	3,034	28	26

Additional information

The Company adopted the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10; March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19; March 10, 2008) from FY2/11.

FINANCIAL INSTRUMENTS

Fiscal 2012 (March 1, 2011 – February 29, 2012)

1. Outline of financial instruments

(1) Policy for financial instruments

Our Group raises funds necessary to conduct mainly the manufacturing and sales of pharmaceuticals through bank loans or issuance of bonds. Temporary cash surpluses are invested in low risk financial assets. Derivatives are used within the scope of actual requirements and not for speculative purposes.

(2) Nature and extent of risks arising from financial instruments, and risk management for financial instruments

Although operating receivables such as notes and accounts receivable-trade are exposed to customer credit risk, this risk is managed through regular checks on the business and credit position of customers.

Short-term investment securities and investment securities, mainly consisting of stocks of corporations that the Company has business relationships with, are exposed to the risk of market price fluctuations. This risk is managed through periodic monitoring of market value and the financial status of the related issuers. With respect to stocks in companies that have a business relationship, the Company checks necessity for holding them, taking into account the business relationship.

Payment terms of operating payables, such as notes and accounts payable-trade, accounts payable, and income taxes payable are less than one year. Loans were mainly used to procure the funds needed for mergers and acquisitions. Although operating payables and borrowings are exposed to liquidity risk, this risk is managed through methods such as preparing cash flow planning on a monthly basis.

Derivatives transactions are undertaken by the Finance Department after authorization by the Board of Directors or the General Manager of the Finance Department, depending on the importance of the transaction, and details are appropriately reported to the Board of Directors.

2. Market values of financial instruments

Carrying amount, market value and unrealized gain/loss of the financial instruments as of February 29, 2012 are as follows: Financial instruments whose market values are not readily determinable are excluded from the following table (See (Note 2)):

	(Millions of yen)			(Thousands of U.S. dollars)		
	Carrying amount	Market value	Unrealized gain (loss)	Carrying amount	Market value	Unrealized gain (loss)
(1) Cash and deposits	**27,789**	**27,789**	**—**	**344,435**	**344,435**	**—**
(2) Notes and accounts receivable-trade	**33,635**	**33,635**	**—**	**416,894**	**416,894**	**—**
(3) Short-term investment securities and investment securities						
Available-for-sale securities	**25,862**	**25,862**	**—**	**320,550**	**320,550**	**—**
Stock of affiliated companies	**1,382**	**612**	**(769)**	**17,129**	**7,586**	**(9,531)**
(4) Long-term deposits	**3,000**	**2,986**	**(13)**	**37,184**	**37,010**	**(161)**
Total assets	**91,669**	**90,885**	**(783)**	**1,136,205**	**1,126,487**	**(9,705)**
(1) Notes and accounts payable-trade	**11,932**	**11,932**	**—**	**147,893**	**147,893**	**—**
(2) Short-term loans payable	**1,651**	**1,651**	**—**	**20,464**	**20,464**	**—**
(3) Accounts payable	**6,177**	**6,177**	**—**	**76,562**	**76,562**	**—**
(4) Income taxes payable	**3,839**	**3,839**	**—**	**47,583**	**47,583**	**—**
(5) Long-term loans payable (*)	**4,018**	**4,032**	**14**	**49,802**	**49,975**	**174**
Total liabilities	**27,620**	**27,634**	**14**	**342,340**	**342,514**	**174**
Derivative transactions	**—**	**—**	**—**	**—**	**—**	**—**

(*) Includes current portion of long-term loans payable.

Note 1: Calculation method of market values of financial instruments and securities Assets

Assets

(1) Cash and deposits and (2) Notes and accounts receivable-trade

These assets are recorded using book values because market values approximate book values because of their short-term maturities.

(3) Short-term investment securities and investment securities

Certificates of deposit are recorded using book values because market values approximate book values because of their short-term maturities. The market values of stocks are determined using the quoted market price on applicable stock exchanges.

(4) Long-term deposits

Long-term deposits are stated using the quoted prices obtained from financial institutions.

Liabilities

(1) Notes and accounts payable-trade, (2) Short-term loans payable, (3) Accounts payable, and (4) Income taxes payable

These payables are recorded using book values because market values approximate book values because of their short-term maturities.

(5) Long-term loans payable (including current portion of long-term loans payable)

Long-term loans payable with floating interest rates are recorded using book values because market values approximate book values as these rates reflect market interest rates over the short-term. For long-term loans payable with fixed interest rates, market values are determined by discounting the aggregated values of the principal and interest using an assumed interest rate based on the interest rate that would be applied to a new loan of a similar nature.

Note 2: Financial instruments whose market values are not readily determinable

Category	(Millions of yen)	(Thousands of U.S. dollars)
	Carrying amount	
Unlisted equity securities	14,388	178,334

These items are not included in "(3) Short-term investment securities and investment securities," because there is no market price, and it is very difficult to identify market values.

Note 3: Redemption schedule of monetary assets and securities with contractual maturities after the balance sheet date

	(Millions of yen)				(Thousands of U.S. dollars)			
	Within one year	One to five years	Five to ten years	Over ten years	Within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	**27,789**	—	—	—	**344,435**	—	—	—
Notes and accounts receivable-trade	**33,635**	—	—	—	**416,894**	—	—	—
Short-term investment securities and investment securities:								
Available-for-sale securities with contractual maturities:								
Negotiable certificates of deposit	**2,000**	—	—	—	**24,789**	—	—	—
Other	—	—	**433**	**282**	—	—	**5,367**	**3,495**
Long-term deposits	—	**3,000**	—	—	—	**37,184**	—	—
Total	**63,424**	**3,000**	**433**	**282**	**786,118**	**37,184**	**5,367**	**3,495**

Note 4: Redemption schedule of long-term loans payable after the balance sheet date

	(Millions of yen)				(Thousands of U.S. dollars)			
	Within one year	One to five years	Five to ten years	Over ten years	Within one year	One to five years	Five to ten years	Over ten years
Long-term loans payable	**2,793**	**576**	**356**	**292**	**34,618**	**7,139**	**4,412**	**3,619**
Total	**2,793**	**576**	**356**	**292**	**34,618**	**7,139**	**4,412**	**3,619**

SECURITIES

Fiscal 2011 (March 1, 2010 – February 28, 2011)

1. Available-for-sale securities (February 28, 2011)

(Millions of yen)

	Fiscal 2011		
Category	Carrying amount	Acquisition cost	Difference
Carrying amount higher than acquisition cost			
(1) Stocks	5,795	4,299	1,496
(2) Bonds	—	—	—
(3) Other	—	—	—
Subtotal	5,795	4,299	1,496
Carrying amount lower than acquisition cost			
(1) Stocks	11,779	14,445	(2,665)
(2) Bonds	—	—	—
(3) Other	5,380	5,380	—
Subtotal	17,160	19,825	(2,665)
Total	22,956	24,124	(1,168)

2. Available-for-sale securities sold during fiscal 2011 (March 1, 2010 – February 28, 2011)

(Millions of yen)

	Fiscal 2011		
Category	Sale value	Profit from sale	Loss from sale
(1) Stocks	189	39	—
(2) Bonds	—	—	—
(3) Other	—	—	—
Total	189	39	—

3. Impairment loss on securities (March 1, 2010 – February 28, 2011)

In FY2/11, the Group recognized an impairment loss of ¥138 million on stocks under available-for-sale securities.

Note that when the market value at the end of FY2/11 declines more than approximately 30% of its acquisition cost, the market value is considered to have diminished sharply. An impairment loss is recognized when the market value declines more than 50% of its acquisition cost, as it is not considered possible for market value to be recovered. When the market value declines between 30% and 50% of the acquisition cost, the amount considered to be necessary, taking into account the recoverability in light of the market value and the financial position of the issuer of the security, is recognized as an impairment loss.

SECURITIES

Fiscal 2012 (March 1, 2011 – February 29, 2012)

1. Available-for-sale securities (February 29, 2012)

	(Millions of yen)			(Thousands of U.S. dollars)		
	Fiscal 2012			Fiscal 2012		
Category	Carrying amount	Acquisition cost	Difference	Carrying amount	Acquisition cost	Difference
Carrying amount higher than acquisition cost						
(1) Stocks	**7,833**	**6,414**	**1,419**	**97,087**	**79,499**	**17,588**
(2) Bonds	—	—	—	—	—	—
(3) Other	—	—	—	—	—	—
Subtotal	**7,833**	**6,414**	**1,419**	**97,087**	**79,499**	**17,588**
Carrying amount lower than acquisition cost						
(1) Stocks	**10,229**	**11,615**	**(1,386)**	**126,785**	**143,964**	**(17,179)**
(2) Bonds	—	—	—	—	—	—
(3) Other	**7,083**	**7,083**	—	**87,791**	**87,791**	—
Subtotal	**17,312**	**18,699**	**(1,386)**	**214,576**	**231,767**	**(17,179)**
Total	**25,145**	**25,113**	**32**	**311,663**	**311,267**	**397**

2. Available-for-sale securities sold during fiscal 2012 (March 1, 2011 – February 29, 2012)

	(Millions of yen)			(Thousands of U.S. dollars)		
	Fiscal 2012			Fiscal 2012		
Category	Sale value	Profit from sale	Loss from sale	Sale value	Profit from sale	Loss from sale
(1) Stocks	**234**	**34**	—	**2,900**	**421**	—
(2) Bonds	—	—	—	—	—	—
(3) Other	—	—	—	—	—	—
Total	**234**	**34**	—	**2,900**	**421**	—

3. Impairment loss on securities (March 1, 2011 – February 29, 2012)

In FY2/12, the Group recognized an impairment loss of ¥1,940 million on securities.

Note that when the market value at the end of FY2/12 declines more than approximately 30% of its acquisition cost, the market value is considered to have diminished sharply. An impairment loss is recognized when the market value declines more than 50% of its acquisition cost, as it is not considered possible for market value to be recovered. When the market value declines between 30% and 50% of the acquisition cost, the amount considered to be necessary, taking into account the recoverability in light of the market value and the financial position of the issuer of the security, is recognized as an impairment loss.

DERIVATIVE TRANSACTIONS

Fiscal 2011 (March 1, 2010 – February 28, 2011)

1. Derivative transactions to which hedge accounting is not applied

Not applicable.

2. Derivative transactions to which hedge accounting is applied

Not applicable.

DERIVATIVE TRANSACTIONS

Fiscal 2012 (March 1, 2011 – February 29, 2012)

1. Derivative transactions to which hedge accounting is not applied

Not applicable.

2. Derivative transactions to which hedge accounting is applied

Not applicable.

RETIREMENT BENEFITS

1. Overview of retirement benefit plans

Corporate pension plan:

The Company previously used the Hisamitsu Pharmaceutical Welfare Pension Plan to cover a portion of retirement benefits starting on July 1, 1995, but it switched to the Hisamitsu Pharmaceutical Corporate Pension Plan on July 1, 2005.

The Company previously used a qualified pension plan to augment its retirement benefit plans from March 1, 1966, but this plan was terminated on April 1, 2007 and integrated into the corporate pension plan.

Lump sum retirement allowance:

The Company and domestic consolidated subsidiaries provide lump sum retirement allowances based on retirement benefit regulations. In some cases, employees may receive an additional retirement allowance upon retirement.

2. Retirement benefit obligations

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
(1) Retirement benefit obligations	(11,369)	**(11,604)**	**(143,827)**
(2) Pension assets	9,239	**9,024**	**111,849**
(3) Subtotal (1) + (2)	(2,129)	**(2,580)**	**(31,978)**
(4) Unrecognized actuarial differences	1,800	**1,648**	**20,426**
(5) Total (3) + (4)	(329)	**(931)**	**(11,539)**
(6) Prepaid pension costs	(4,581)	**(3,995)**	**(49,517)**
(7) Provision for retirement benefits (5) + (6)	(4,910)	**(4,927)**	**(61,068)**

3. Retirement benefit costs

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
(1) Service costs	521	**548**	**6,792**
(2) Interest costs	216	**223**	**2,764**
(3) Expected return on plan assets	(252)	**(267)**	**(3,309)**
(4) Amortization of actuarial differences	394	**728**	**9,023**
(5) Retirement benefit expenses	880	**1,232**	**15,270**

Notes: 1. Excludes employee contributions to the corporate pension plan.
2. Retirement benefit expenses at consolidated subsidiaries using the simplified method are recorded under "(1) Service costs."

4. Basis for calculating retirement benefit obligations

(1) Allocation of expected retirement benefits	Straight-line method
(2) Discount rate	2.00%
(3) Expected return on plan assets	2.90%

(4) Amortization period of prior service costs

Two years (amortized in equal amounts for a fixed number of years that is less than the average remaining years of service of employees when incurred)

(5) Amortization period of actuarial differences

Five years (amortized starting in the next consolidated fiscal year in equal amounts for a fixed number of years that is less than the average remaining years of service of employees when incurred.)

TAX EFFECT ACCOUNTING

1. Main reasons for deferred tax assets and deferred tax liabilities.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Deferred tax assets			
Provision for retirement benefits	1,960	**1,724**	**21,368**
Provision for directors' retirement benefits	485	**434**	**5,379**
Accrued enterprise tax	712	**344**	**4,264**
Allowance for doubtful accounts	158	**236**	**2,925**
Valuation difference on available-for-sale securities	597	**—**	**—**
Inventories	252	**181**	**2,243**
Excess depreciation	797	**645**	**7,995**
Intangible fixed assets	3,138	**2,886**	**35,771**
Valuation losses on memberships	322	**265**	**3,285**
Loss on valuation of investment securities	555	**946**	**11,725**
Provision for bonuses	384	**373**	**4,623**
Outsourced research and development	1,760	**1,376**	**17,055**
Other	937	**1,551**	**19,224**
Sub-total deferred tax assets	12,062	**10,966**	**135,920**
Valuation allowance	(850)	**(2,202)**	**(27,293)**
Total deferred tax assets	11,212	**8,764**	**108,627**
Deferred tax liabilities			
Stock and investments in affiliated companies	(3,135)	**(2,580)**	**(31,978)**
Prepaid pension costs	(1,852)	**(1,413)**	**(17,514)**
Other	(739)	**(1,966)**	**(24,368)**
Total deferred tax liabilities	(5,727)	**(5,960)**	**(73,872)**
Net deferred tax assets	5,485	**2,803**	**34,742**

Note: The net value of deferred tax assets are included in the following consolidated balance sheet categories:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Current assets – deferred tax assets	3,620	**2,896**	**35,895**
Noncurrent assets – deferred tax assets	3,833	**1,402**	**17,377**
Noncurrent liabilities – deferred tax liabilities	(1,968)	**(1,495)**	**(18,530)**

2. Main reasons for difference in statutory tax rate and income tax rate after application of tax effect accounting

	Fiscal 2011	**Fiscal 2012**
Statutory tax rate	40.4%	**40.4%**
(Adjustments)		
Non-deductible expenses, such as entertainment expenses	1.2%	**1.3%**
Non-taxable income, such as dividend income	(0.2)%	**(0.3)%**
Special tax exemption for experimental research and development	(2.4)%	**(3.8)%**
Amortization of goodwill	2.1%	**—**
Valuation allowance	—	**4.2%**
Other	0.4%	**0.7%**
Income tax rate after application of tax effect accounting	41.5%	**42.5%**

3. Adjustment to the amount of deferred tax assets and deferred tax liabilities, due to changes in income tax rate

Income tax rate has been changed effective from the fiscal year commencing on or after April 1, 2012, as a result of the promulgation on December 2, 2011, of "Law for Partial Amendment of the Income Tax Law, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Law No. 114; 2011) and "Law on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Law No. 117; 2011).

Following the above change, statutory tax rates used in the calculation of deferred tax assets and deferred tax liabilities are as follows, subject to the timing of the reversal of the temporary difference involved.

To February 28, 2013	40.43%
From March 1, 2013 to February 29, 2016	37.75%
After March 1, 2016	35.38%

As a result of the above changes in tax rate, net amount of deferred tax assets decreased by ¥144 million, while income taxes-deferred recorded as expenses in FY 2/12, increased by ¥214 million

INVESTMENT AND RENTAL PROPERTY

Fiscal 2011 (March 1, 2010 – February 28, 2011)

Because the total amount of investment and rental property is not material, this item is not stated.

Additional information

The Company adopted "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Statement No. 20; November 28, 2008) and "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23; November 28, 2008) from FY2/11.

INVESTMENT AND RENTAL PROPERTY

Fiscal 2012 (March 1, 2011 – February 29, 2012)

Because the total amount of investment and rental property is not material, this item is not stated.

SEGMENT INFORMATION

Business segment information

Fiscal 2011 (March 1, 2010 – February 28, 2011)

The Company and its consolidated subsidiaries, in consideration of the types of products sold and their qualitative similarities, operate the three business segments of "pharmaceuticals and related products," "cable television broadcasting," and "other businesses." Segment information is omitted because "pharmaceuticals and related products" account for more than 90% of the total sales, operating income, and assets of all business segments.

Geographic segment information

Fiscal 2011 (March 1, 2010 – February 28, 2011)

(Millions of yen)

	Japan	North America	Other	Total	Eliminations	Consolidated
Net sales and operating income (loss)						
Net sales						
Sales to third parties	122,042	10,847	4,294	137,184	—	137,184
Intra-sales and transfer	1,761	173	288	2,224	(2,224)	—
Total Sales	123,804	11,021	4,582	139,408	(2,224)	137,184
Operating expenses	91,333	15,499	4,441	111,273	(2,283)	108,990
Operating Income (loss)	32,470	(4,477)	141	28,134	59	28,193
Assets	194,431	42,919	4,607	241,958	(47,171)	194,787

Notes: 1. Segmentation by country or territory is based on geographical proximity.
2. Significant countries or territories classified in other segments than Japan
(1) North America ....America
(2) Other ....Brazil, Vietnam, Indonesia, and others

Overseas sales

Fiscal 2011 (March 1, 2010 – February 28, 2011)

(Millions of yen)

	North America	Other	Total
Overseas sales	9,979	7,693	17,672
Consolidated net sales	—	—	137,184
Ratio of overseas sales to consolidated net sales (%)	7.3	5.6	12.9

Notes: 1. Segmentation by country or territory is based on geographical proximity.
2. Significant countries or territories in each segment
(1) North America ....America
(2) Other ....Brazil, Vietnam, Indonesia, and others
3. Overseas sales consist of sales conducted by the Company and its subsidiaries in countries or regions outside Japan.

SEGMENT INFORMATION

1. Outline of reportable segments

The Company engages in business activities primarily research and development, manufacturing, purchase, and sales of pharmaceuticals, where "Pharmaceuticals" is the concerned reportable segment.

"Pharmaceuticals" is conducting business related to ethical and OTC pharmaceuticals both in Japan and overseas.

2. Method to calculate the amount of net sales, profit or loss, assets, liabilities and other items by reportable segment

Because the reportable segment of the Company is "Pharmaceuticals" only, this item is not stated.

3. Information regarding the amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment

Because the reportable segment of the Company is "Pharmaceuticals" only, this item is not stated.

4. Difference between the aggregate of all reportable segments and the consolidated financial statements amount, and the details of such difference (items concerning the adjustment of difference)

Because the reportable segment of the Company is "Pharmaceuticals" only, this item is not stated.

Additional information

The Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No. 17; March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Guidance No. 20; March 21, 2008) from FY2/12.

RELATED INFORMATION

Fiscal 2012 (March 1, 2011 – February 29, 2012)

1. Information by product/service segment

This information is omitted, as net sales to external customers in single product/service segment accounts for more than 90% of net sales in the consolidated statements of income.

2. Information by geographic segment

(1) Net sales

(Millions of yen)

Japan	North America	Other	Total
116,644	**12,541**	**8,608**	**137,794**

(Thousands of U.S. dollars)

Japan	North America	Other	Total
1,445,761	**155,441**	**106,693**	**1,707,908**

(2) Tangible fixed assets

(Millions of yen)

Japan	North America	Other	Total
37,029	**4,495**	**1,832**	**43,357**

(Thousands of U.S. dollars)

Japan	North America	Other	Total
458,961	**55,714**	**22,707**	**537,395**

3. Information by significant customer

(Millions of yen)

Name of customers	Net sales	Related segment
Medipal Holdings Corporation	**25,066**	Pharmaceuticals
Alfresa Holdings Corporation	**24,531**	Pharmaceuticals

(Thousands of U.S. dollars)

Name of customers	Net sales	Related segment
Medipal Holdings Corporation	**310,684**	Pharmaceuticals
Alfresa Holdings Corporation	**304,053**	Pharmaceuticals

Information on the impairment loss of noncurrent assets by reportable segment

Fiscal 2012 (March 1, 2011 – February 29, 2012)

Because the reportable segment of the Company is “pharmaceuticals” only, this item is not stated.

Information on the amortization of goodwill and unamortized balance by reportable segment

Fiscal 2012 (March 1, 2011 – February 29, 2012)

Because the reportable segment of the Company is “pharmaceuticals” only, this item is not stated.

Information on the gain on negative goodwill by reportable segment

Fiscal 2012 (March 1, 2011 – February 29, 2012)

Because the reportable segment of the Company is “pharmaceuticals” only, this item is not stated.

RELATED PARTY INFORMATION

Fiscal 2011 (March 1, 2010 – February 28, 2011)

1. Transactions with related parties

Not applicable.

2. Notes to parent entities or significant affiliated companies

Not applicable.

RELATED PARTY INFORMATION

Fiscal 2012 (March 1, 2011 – February 29, 2012)

1. Transactions with related parties

Not applicable.

2. Notes on parent entities or significant affiliated companies

Summarized financial statements of significant affiliated companies

For FY2/12, the significant affiliated company is Novogyne Pharmaceuticals and its summarized financial statement is as follows.

	(Millions of yen)	(Thousands of U.S. dollars)
Total current assets	**5,363**	**66,472**
Total noncurrent assets	**523**	**6,482**
Total current liabilities	**1,854**	**22,980**
Total net assets	**4,031**	**49,963**
Net sales	**20,262**	**251,140**
Income before income taxes	**13,852**	**171,691**

PER SHARE INFORMATION

	(Yen)		(U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Net assets per share	1,618.69	**1,730.22**	**21.45**
Net income per share	241.80	**215.09**	**2.67**

Diluted net income per share is not listed due to the absence of residual securities.

Note: Basis of calculation

1. Net assets per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Total net assets in the consolidated balance sheets	141,222	**149,263**	**1,850,062**
Net assets attributable to common shareholders	140,291	**148,226**	**1,837,209**
Main differences Minority interests	930	**1,036**	**12,841**
Common stock issued (Thousands of shares)	95,164	**95,164**	—
Common stock held in treasury (Thousands of shares)	8,494	**9,495**	—
Common stock used in calculating net assets per share (Thousands of shares)	86,670	**85,669**	—

2. Net income per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal 2011	**Fiscal 2012**	**Fiscal 2012**
Net income	20,956	**18,439**	**228,545**
Amount not attributable to common shareholders	—	—	—
Net income attributable to common shareholders	20,956	**18,439**	**228,545**
Average common stock during year (Thousands of shares)	86,670	**85,726**	—

SIGNIFICANT SUBSEQUENT EVENTS

Fiscal 2012 (March 1, 2011 – February 29, 2012)

Not applicable.

Supplementary Schedule

Supplementary schedule of bonds payable

Not applicable.

Supplementary schedule of loans payable

	(Millions of yen)		(Thousands of U.S. dollars)	(%)	
Category	Balance as of February 28, 2011	**Balance as of February 29, 2012**	**Balance as of February 29, 2012**	Average interest rate	Due date
Short-term loans	770	**1,651**	**9,424**	0.82	—
Current position of long-term loans due within one year	5,285	**2,793**	**64,680**	0.83	—
Current position of long-term lease obligation due within one year	103	**111**	**1,261**	—	—
Long-term loans (excluding current portion)	3,089	**1,224**	**37,804**	1.05	March 1, 2013 to March 31, 2026
Lease obligation (excluding current portion)	375	**304**	**4,589**	—	March 1, 2013 to January 31, 2019
Other liabilities	—	**—**	**—**	—	—
Total	9,624	**6,085**	**117,782**	—	—

Notes: 1. Average interest rate is the weighted average interest rate for the year-end balances of loans, etc.

2. Repayments of long-term loans due within one year, include ¥111 million in interest free loans from the Development Bank of Japan Inc.
3. The average interest rate on lease obligations is not listed, mainly because lease obligations are stated in the consolidated balance sheet mainly as a total before deduction of the equivalent of interest contained in the total lease payment.
4. Repayments of long-term loans (excluding those due within one year), include ¥230 million in interest free loans from the Development Bank of Japan Inc.
5. Yearly repayments of long-term loans and lease obligations (both excluding those due within one year) within five years after the consolidated balance sheet date are as follows:

	(Millions of yen)			
Category	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
Long-term loans	235	153	108	78
Lease obligations	112	94	82	11

	(Thousands of U.S. dollars)			
Category	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
Long-term loans	2,913	1,896	1,339	967
Lease obligations	1,388	1,165	1,016	136

Supplementary schedule of asset retirement obligations

Not applicable.

Other

Consolidated sales and income by quarter, Fiscal 2012

	(Millions of yen)			
	First quarter (March 1 – May 31, 2011)	Second quarter (June 1 – August 31, 2011)	Third quarter (September 1 – November 30, 2011)	Fourth quarter (December 1 – February 29, 2012)
Net sales	33,039	36,120	34,612	34,020
Income before income taxes	5,189	7,415	12,545	7,229
Net income	2,758	4,329	7,581	3,769
Net income per share (yen)	32.11	50.54	88.49	44.00

Consolidated sales and income by quarter, Fiscal 2012

	(Thousands of U.S. dollars)			
	First quarter (March 1 – May 31, 2011)	Second quarter (June 1 – August 31, 2011)	Third quarter (September 1 – November 30, 2011)	Fourth quarter (December 1 – February 29, 2012)
Net sales	409,507	447,695	429,003	421,666
Income before income taxes	64,316	91,906	155,491	89,601
Net income	34,184	53,656	93,964	46,715
Net income per share (U.S. dollars)	0.40	0.63	1.10	0.55

Corporate Information

Stock Information

(1) Total number of shares

1) Total number of shares

Type of shares	Total authorized shares
Common stock	380,000,000
Total	380,000,000

2) Shares issued

Type of shares	Shares issued at end-Fiscal 2012 (February 29, 2012)	Shares issued on filing date (May 25, 2012)	Names of listing stock exchanges or registered securities dealers associations	Details
Common stock	95,164,895	95,164,895	Tokyo Stock Exchange (First Section) Nagoya Stock Exchange (First Section) Fukuoka Stock Exchange	All voting shares, standard shares with unlimited rights (Voting units: 100 shares)
Total	95,164,895	95,164,895	—	—

(2) Status of share subscription rights to shares

Not applicable.

(3) Execution of warrant bonds, etc. with clause allowing change in exercise price

Not applicable.

(4) Details of rights plans

Not applicable.

(5) Changes in shares issued, common stock, and other items

Date	Change in shares issued (Shares)	Shares issued (Shares)	Change in capital stock (Millions of yen)	Capital stock (Millions of yen)	Change in additional paid-in capital (Millions of yen)	Additional paid-in capital (Millions of yen)
July 5, 2002 (Note)	—	95,164,895	—	8,473	(6,123)	2,118

Date	Change in shares issued (Shares)	Shares issued (Shares)	Change in common stock (Thousands of U.S. dollars)	Capital stock (Thousands of U.S. dollars)	Change in additional paid-in capital (Thousands of U.S. dollars)	Additional paid-in capital (Thousands of U.S. dollars)
July 5, 2002 (Note)	—	95,164,895	—	105,020	(75,892)	26,252

Note: The decrease in additional paid-in capital was based on provisions in Article 289-2 of the former Commercial Code (creditor protection procedures were completed on July 5, 2002).

(6) Details of shareholders

As of February 29, 2012

Category	Status of shares (investment unit comprises 100 shares)								
	National and local government	Financial institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and other	Total	Shares under one unit (shares)
					Non-individuals	Individuals			
Shareholders (entities)	1	51	23	180	263	5	4,932	5,455	—
Shares owned (units)	100	457,986	3,199	167,856	124,896	319	196,822	951,178	47,095
Ratio (%)	0.01	48.15	0.34	17.65	13.13	0.03	20.69	100.00	—

Note: Treasury stock of 9,469,205 are listed as 94,692 units in the individuals and other column and as 5 shares in the shares under one unit column. The 9,469,205 treasury share figure is the number of shares listed in the shareholder registry.

(7) Principal shareholders

As of February 29, 2012

Name	Address	Shares owned (thousand shares)	Percentage of shares outstanding (%)
Japan Trustee Service Bank, Ltd. (trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	5,886	6.19
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	4,887	5.14
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	4,555	4.79
The Nomura Trust and Banking Co., Ltd. (The Bank of Tokyo-Mitsubishi UFJ, Ltd. pension trust account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	4,387	4.61
Japan Trustee Service Bank, Ltd. (Resona Bank, Ltd. retrust account, The Nishi-Nippon City Bank, Ltd. pension trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	4,370	4.59
Fukuoka Bank	2-13-1 Tenjin, Chuo-ku, Fukuoka	3,871	4.07
The Bank of Saga, Ltd.	2-7-20 Tojin, Saga	3,356	3.53
Japan Trustee Service Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd. retrust account, Sumitomo Mitsui Banking Corporation pension trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	2,064	2.17
Japan Trustee Service Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd. retrust account ; Resona Bank, Limited pension trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	2,000	2.10
BBH for Matthews Asian Growth and Income Fund (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	Four Embarcadero Center Suite 550 San Francisco, CA 94111 U.S.A. (2-7-1 Marunouchi, Chiyoda-ku, Tokyo)	1,983	2.08
Total		37,362	39.26

Notes: 1. The number of the foregoing shares related to fiduciary services is as follows.
Japan Trustee Service Bank, Ltd.: 14,320 thousand shares
The Master Trust Bank of Japan, Ltd.: 4,555 thousand shares
The Nomura Trust and Banking Co., Ltd.: 4,387 thousand shares
2. In addition to the shares listed above, the company owns treasury stock of 9,469 thousand shares (9.95%).

Corporate Information

(8) Information on transfer of the Company's stock

Stock exchange listings	First sections of the Tokyo Stock Exchange, and Nagoya Stock Exchange, and the Fukuoka Stock Exchange (stock code: 4530)
Stock registrar	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Annual general meeting of shareholders	May each year
Ex dividend date	End of February (August 31 for interim dividend)
Record date	Record date for the annual general meeting of shareholders is the end of February. Report in advance if otherwise needed.
Newspaper for public announcements	Nihon Keizai Shimbun
Stock related inquiries	Stock Section, General Affairs Department, Kyushu Head Office 408 Tashiro Daikan-machi, Tosu-shi Saga Tel: +81 942-83-2101 Fax: +81 942-83-6119 Website: http://www.hisamitsu.co.jp

Corporate Information

Group Companies

Our corporate group comprises Hisamitsu Pharmaceutical, 17 consolidated subsidiaries, two non-consolidated subsidiaries, and three equity-method affiliates.

Name	Location	Capital or investment	Main business activities	Voting rights (%)	Relationship					Remarks
					Concurrent employees		Capital support from Hisamitsu	Business transactions	Other	
					Hisamitsu officers (Persons)	Hisamitsu employees (Persons)				
Consolidated subsidiaries										
CRCC Media Co., Ltd.	Kurume, Fukuoka	¥1,115 million	Other businesses	69.50	1	4	Debt guarantees	—	—	Note 3
Saga City-Vision Co., Ltd.	Saga, Saga	¥605 million	Other businesses	70.12	—	3	Debt guarantees	—	—	
Taiyo Co., Ltd.	Tosu, Saga	¥50 million	Other businesses	100	1	3	—	Agent for casualty insurance contracts for Hisamitsu	Hisamitsu leases land	
Kyudo Co., Ltd.	Tosu, Saga	¥10 million	Other businesses	100	1	2	—	Provide laboratory animals and equipment to Hisamitsu	Hisamitsu leases land & buildings	
Hisamitsu Agency Co., Ltd.	Kurume, Fukuoka	¥25 million	Other businesses	100 (100)	—	3	—	Provide advertising agency services to Hisamitsu	Hisamitsu leases part of a lease building	
Hisamitsu U.S., Inc.	Delaware USA	USD 10	Pharmaceuticals	100	1	—	—	—	—	Note 3
Hisamitsu America, Inc.	California, USA	USD 3,000,000	Pharmaceuticals	100 (100)	1	1	Working capital loans	Selling products supplied by Hisamitsu	—	
Noven Pharmaceuticals, Inc.	Florida, USA	USD 10	Pharmaceuticals	100 (100)	2	—	—	Hisamitsu outsources development	—	Note 3
Hisamitsu Farmaceutica do Brasil Ltda.	Manaus, Brazil	BRL 15 million	Pharmaceuticals	100	—	3	Working capital loans	Manufacture and sell products in Brazil, with products and some raw materials supplied by Hisamitsu	—	Note 3
Hisamitsu UK Ltd.	London, UK	GPB 120,000	Pharmaceuticals	100	—	2	—	Hisamitsu outsources development	—	
Hisamitsu Vietnam Pharmaceutical Co., Ltd.	Bien Hoa, Vietnam	VND 258,775 million	Pharmaceuticals	100	—	2	Debt guarantees	Manufacture and sell products in Vietnam, with some raw materials supplied by Hisamitsu	—	Note 3
Hisamitsu Pharmaceutical Technology Consulting (Beijing) Co., Ltd.	Beijing, China	CNY 1,846 thousand	Pharmaceuticals	100	1	3	—	Hisamitsu outsources medical marketing	—	
PT. Hisamitsu Pharma Indonesia	Surabaya, Indonesia	IDR 32,518 million	Pharmaceuticals	75	—	3	—	Manufacture and sell products in Indonesia, with products and some raw materials supplied by Hisamitsu	—	
4 other companies	—	—	—	—	—	—	—	—	—	

Corporate Information

Name	Location	Capital or investment	Main business activities	Voting rights (%)	Relationship					Remarks
					Concurrent employees		Capital support from Hisamitsu	Business transactions	Other	
					Hisamitsu officers (Persons)	Hisamitsu employees (Persons)				
Equity-method affiliates										
Yutoku Pharmaceutical Ind. Co., Ltd.	Kashima, Saga	¥120 million	Pharmaceuticals	15.0	—	—	—	Manufacture and sell products with some products supplied by Hisamitsu, supply some products of Hisamitsu	—	
Maruto Sangyo Co., Ltd.	Ogori, Fukuoka	¥1,807 million	Other businesses	39.76	1	2	—	Supplies raw materials to Hisamitsu	—	Note 4
Novogyne Pharmaceuticals	Delaware, USA	USD 32 million	Pharmaceuticals	49.0 (49.0)	—	—	—	—	—	—

Notes: 1. Main business activities column lists names of business segments.
2. There are no companies in accounting insolvency that would significantly affect the consolidated financial statements.
3. Specified subsidiary.
4. Listed and files financial statements.
5. Figures in parenthesis in the voting rights column indicate indirect ownership.
6. Key earnings information for the foregoing consolidated subsidiaries is not listed because sales at these companies account for less than 10% of consolidated sales (excluding internal sales between consolidated subsidiaries).

Management

President & CEO	NAKATOMI, Hirotaka
Senior Managing Director	YOSHIDA, Tsukasa
Senior Managing Director	NAKATOMI, Kazuhide
Managing Director	HADATE, Hidenori
Managing Director	YOSHIDA, Minoru
Managing Director	NODA, Takehiko
Director	AKIYAMA, Tetsuo
Director	SUGIYAMA, Kousuke
Director	KABASHIMA, Mitsumasa
Director	TSURUDA, Toshiaki

Standing Corporate Auditor	NAKATOMI, Nobuyuki
Standing Corporate Auditor	UEDA, Masahiro
Standing Corporate Auditor	HIRANO, Munehiko
Corporate Auditor	ONO, Keinosuke
Corporate Auditor	ICHIKAWA, Isao
Corporate Auditor	TOKUNAGA, Tetsuo

Notes: 1. NAKATOMI Nobuyuki, Standing Corporate Auditor, is the younger brother of NAKATOMI Hirotaka, President & CEO.
2. NAKATOMI Kazuhide, Senior Managing Director, is the first son of NAKATOMI Hirotaka, President & CEO.
3. Corporate Auditors ONO Keinosuke, ICHIKAWA Isao, and TOKUNAGA Tetsuo are Outside Corporate Auditors provided for under Article 2, Paragraph 16, of the Companies Act.

Corporate Information

Company Profile

Company name	Hisamitsu Pharmaceutical Co., Inc.
Founded	1847
Established	May 22, 1944
Head office	408 Tashiro Daikan-machi, Tosu, Saga
Representative	NAKATOMI, Hirotaka, President & CEO
Capital	¥8,473,839,816
Fiscal year	March 1 – End of February

Number of employees

Business segment	Employees (As of February 29, 2012)
Pharmaceuticals	2,561 (448)
Other businesses	157 (55)
Total	2,718 (503)

Note: Employee figures are for full-time employees. Temporary employees are shown in parentheses; these figures are averages for the fiscal year and are not included in totals.

Hisamitsu Pharmaceutical Co., Inc.

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