

## Financial Summary

October 29, 2010

### Consolidated Financial Results for the Six Months Ended September 30, 2010 (Q2 FY2010)

(Amounts of less than one million yen are rounded to the nearest million yen.)

#### 1. Consolidated Financial Results for the Six Months Ended September 30, 2010 (April 1, 2010 - Sep. 30, 2010)

(1) Consolidated Operating Results (Accumulated Total) (Percentage shows year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six Months Ended								
Sep 30, 2010	7,036	16.6	1,046	222.1	1,009	180.0	605	426.3
Sep 30, 2009	6,035	16.6	324	—	360	—	115	—

Six Months Ended	Net income Per Share (basic)		Net Income Per Share (diluted)	
	Yen		Yen	
Sep 30, 2010	19.07		18.71	
Sep 30, 2009	4.57		4.56	

#### (2) Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Million yen	Million yen	%	Yen
Sep. 30, 2010	29,882	22,593	75.4	697.77
Mar. 31, 2010	29,148	20,483	70.2	700.80

Reference: Shareholders' Equity As of Sep. 30, 2010: 22,525 million yen  
As of Mar. 31, 2010: 20,462 million yen

#### 2. Dividends

(Base date)	Dividend Per Share				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
		Yen	Yen	Yen	Yen
FY 2009	—	5.00	—	10.00	15.00
FY 2010	—	6.00			
FY 2010 (Forecast)			—	6.00	12.00

Note: Revisions to dividend forecasts made during the current quarter: None

#### 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2011 (April 1, 2010 - March 31, 2011)

(Percentage figures for the fiscal year represent the changes from the previous year)

Year ending	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
March 31, 2011	14,400	0.1	1,320	(34.3)	1,320	(29.1)	830	(36.3)	25.92

Note: Revisions to dividend forecasts made during the current quarter: None

#### ※ Explanations and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements such as a result forecasts in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on various factors.

## I. Qualitative Information and Financial Statements, etc.

### Qualitative Information Concerning the Consolidated Operating Results

During the six-month period ended September 30, 2010, in May the Company launched **Epoetin Alfa BS Inj. JCR** in Japan, a drug co-developed with Kissei Pharmaceuticals Co., Ltd. for treatment of renal anemia in dialysis patients. In July, the Company terminated the co-marketing agreement on human growth hormone, **Growject®**, with Dainippon Sumitomo Pharma, Co., Ltd. (DSP), and **Growject®** business was transferred from DSP to the Company. As a consolidation of such business, the Company has taken in 43 seconded employees from DSP to strengthen as well as to streamline the marketing activities of **Growject®**.

Sales of **Growject®**, affected by the reduction in National Health Insurance price applied from April, decreased 3.2% year-on-year to 4,175 million yen but still achieved the forecast announced at the beginning of this period. Sales of bulk substance of anticancer drug and urine derived products declined compared to the previous year. On the other hand, sales of **Epoetin Alfa BS Inj. JCR** and revenues from licenses which did not occur during the same period of the previous year, contributed to the overall growth. As a result, sales in the pharmaceutical business increased 16.7% (977 million yen) year-on-year to 6,849 million yen.

Sales in the medical devices and laboratory equipment business resulted 186 million yen, an increase of 13.8% (22 million yen) year-on-year.

As a result, the consolidated sales of the Company during the six-month period ended September 30, 2010, increased 16.6% (1,000 million yen) year-on-year to 7,036 million yen.

In terms of profit and loss, increased sales as well as reduced research and development expenses attributed to the Company to record its operating income of 1,046 million yen, (increase of 721 million yen year-on-year), ordinary income of 1,009 million yen (increase of 648 million year-on-year yen) and net income of 605 million yen (increase of 490 million yen year-on-year).

As a consequence of the consolidation of **Growject®** business, sales commissions payable to dealerships were deducted from the sales, and sales and selling, general and administrative expenses declined 27 million yen, respectively. However, there had been no impact on the operating income, ordinary income and income before income taxes.

Net Sales by business segments are as shown below.

Business segment	First six-month period of previous fiscal year (Apr. 1, 2009 – Sep. 30, 2009)		First six-month period of current fiscal year (Apr. 1, 2010 – Sep. 30, 2010)		Change Thousand yen
	Thousand yen	Component ratio %	Thousand yen	Component ratio %	
Pharmaceuticals	5,871,906	97.3	6,849,764	97.3	977,857
Medical devices and laboratory equipment	163,970	2.7	186,518	2.7	22,548
Total	6,035,877	100.0	7,036,283	100.0	1,000,406

### III. Consolidated Quarterly Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

Yen in thousands

	End of second quarter of current fiscal year (As of September 30, 2010)	End of previous fiscal year As of March, 31 2010)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,870,768	1,901,996
Notes and accounts receivable-trade	3,520,560	3,043,201
Short-term investment securities	2,889,002	4,333,929
Merchandise and finished goods	1,343,458	1,807,461
Work in process	1,120,546	1,133,298
Raw materials and supplies	2,142,732	1,156,600
Other	1,157,740	1,579,429
Allowance for doubtful accounts	(5,649)	(4,944)
<b>Total current assets</b>	<b>14,039,160</b>	<b>14,950,973</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures, net	3,593,540	3,027,395
Land	3,604,920	3,604,920
Other, net	3,073,960	2,279,383
Total property, plant and equipment	10,272,421	8,911,699
Intangible assets	120,629	118,883
Investments and other assets		
Investment securities	4,355,845	4,522,796
Other	1,266,914	816,388
Allowance for doubtful accounts	(172,539)	(172,539)
Total investments and other assets	5,450,220	5,166,645
<b>Total noncurrent assets</b>	<b>15,843,271</b>	<b>14,197,229</b>
<b>Total assets</b>	<b>29,882,431</b>	<b>29,148,202</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	921,268	914,855
Short-term loans payable	1,704,800	1,782,800
Income taxes payable	369,538	553,220
Provision for bonuses	274,850	225,679
Provision for directors' bonuses	28,000	74,500
Other	1,736,722	1,811,057
<b>Total current liabilities</b>	<b>5,035,179</b>	<b>5,362,113</b>
<b>Noncurrent liabilities</b>		
Bonds payable	—	2,000,000
Long-term loans payable	584,400	634,800
Provision for retirement benefits	48,131	51,913
Other	1,621,334	615,604
<b>Total noncurrent liabilities</b>	<b>2,253,865</b>	<b>3,302,318</b>
<b>Total liabilities</b>	<b>7,289,044</b>	<b>8,664,431</b>

(Continued)

Yen in thousands

	End of second quarter of current fiscal year (As of September 30, 2010)	End of previous fiscal year As of March, 31 2010)
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	9,061,866	8,061,866
Capital surplus	10,778,123	9,779,147
Retained earnings	2,837,536	2,523,798
Treasury stock	(84,702)	(83,912)
<b>Total shareholders' equity</b>	<b>22,592,824</b>	<b>20,280,899</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	4,690	111,404
Deferred gains or losses on hedge	(128,227)	4,998
Foreign currency translation adjustments	56,186	65,410
Total valuation and translation adjustments	(67,350)	181,814
Subscription rights to shares	67,659	20,825
Minority interests	253	231
<b>Total net assets</b>	<b>22,593,387</b>	<b>20,483,771</b>
<b>Total liabilities and net assets</b>	<b>29,882,431</b>	<b>29,148,202</b>

**(2) Quarterly Consolidated Statements of Income**

First six-month period

	Yen in thousands	
	First six-month period of previous fiscal year (Apr. 1, 2009 - Sep. 30, 2009)	First six-month period of current fiscal year (Apr. 1, 2010 - Sep. 30, 2010)
Net sales	6,035,877	7,036,283
Cost of sales	1,797,105	2,209,412
<b>Gross profit</b>	<b>4,238,771</b>	<b>4,826,870</b>
Selling, general and administrative expenses		
Total selling, general and administrative expenses	3,913,963	3,780,586
<b>Operating income</b>	<b>324,808</b>	<b>1,046,284</b>
<b>Non-operating income</b>		
Interest income	23,375	27,687
Dividends income	9,592	11,056
Insurance return	24,542	—
Foreign exchange gains	8,974	—
Other	9,129	20,066
Total non-operating income	<b>75,615</b>	<b>58,810</b>
<b>Non-operating expenses</b>		
Interest expenses	35,195	27,929
Foreign exchange losses	—	15,815
Equity in losses of affiliates	—	48,846
Other	4,649	3,060
Total non-operating expenses	<b>39,844</b>	<b>95,652</b>
<b>Ordinary income</b>	<b>360,579</b>	<b>1,009,442</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	13,914	—
Reversal of allowance for doubtful accounts	—	20
Total extraordinary income	<b>13,914</b>	<b>20</b>
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	4,020	3,978
Loss on valuation of investment securities	270,775	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	14,783
Other	1,300	—
Total extraordinary loss	<b>276,095</b>	<b>18,761</b>
Income before income taxes	98,398	990,700
Income taxes-current	32,041	345,505
Income taxes-deferred	(49,327)	39,443
Total income taxes	<b>(17,285)</b>	384,948
Income before minority interests	—	605,752
Minority interests in income	592	21
<b>Net income</b>	<b>115,091</b>	<b>605,730</b>