

November 11, 2005

Non-Consolidated Financial Results for the Fiscal Year Ending September 30, 2005

Company name: **FUJI PHARMACEUTICAL Co., Ltd.**
 Code number: 4554
 (URL <http://www.fuji-pharma.jp>)
 Stock Exchange listing: JQ
 Company Domicile: Tokyo, Japan
 Representative: Hirofumi Imai
 Representative Director and President
 Contact: Shigeru Hongo
 Director and General Manager of Administration Department
 Tel: 81-(3)-3556-3344

Date of board meeting for approving financial results: November 11, 2005

Date of regular shareholders meeting: December 20, 2005

Interim dividend: The Company issues an interim dividend.

Scheduled start date of dividend: December 21, 2005

Trading Unit: 100 shares

1. Financial Results for the Fiscal Year Ending September 2005 (October 1, 2004 to September 30, 2005)

(1) Operating Results

	Net sales		Operating income		Ordinary income	
	Million Yen	YoY change (%)	Million Yen	YoY change (%)	Million Yen	YoY change (%)
Fiscal Year ended Sep. 2005	10,128	4.5	987	-31.2	996	-31.2
Fiscal Year ended Sep. 2004	9,694	11.7	1,435	15.0	1,447	-0.6

	Net income		Net income per share	Diluted net income per share
	Million Yen	YoY change (%)	Yen	Yen
Fiscal Year ended Sep. 2005	577	-32.4	47.33	-
Fiscal Year ended Sep. 2004	853	6.3	71.12	-

	Return on equity	Return on assets	Profit margin on sales
	(%)	(%)	(%)
Fiscal Year ended Sep. 2004	5.4	7.0	9.8
Fiscal Year ended Sep. 2003	8.4	10.6	14.9

Notes: 1. Earnings on investments in equity-method affiliates:

Fiscal year ended Sep. 2005: None

Fiscal year ended Sep. 2004: None

2. Average number of shares outstanding:
 - Fiscal year ended Sep. 2005: 11,866,390 shares
 - Fiscal year ended Sep. 2004: 11,867,929 shares
3. Changes in accounting principles applied: None
4. The percentage change of sales, operating income, ordinary income and net income represents the percentage change over the same period of the previous year.

(2) Dividends

	Dividends per share			Total amount of dividends paid (annual)	Dividend payout ratio	Ratio of dividends to shareholders' equity
	Yen					
	Annual	1H	2H	Million yen	(%)	(%)
Fiscal year ended Sep. 2005	14.00	7.00	7.00	166	29.6	1.5
Fiscal year ended Sep. 2004	14.00	6.00	8.00	166	19.7	1.6

(Note) The dividends paid in the fiscal year ended Sep. 2004 included 2 yen of memorial dividend for the fortieth anniversary of the company's founding.

(3) Financial Positions

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million Yen	Million Yen	(%)	Yen
Fiscal year ended Sep. 2005	14,190	10,936	77.1	920.32
Fiscal year ended Sep. 2004	14,226	10,528	74.0	886.42

Notes: 1. Number of shares outstanding: 11,866,390 shares as of Sep. 30, 2005

11,866,390 shares as of Sep. 30, 2004

2. Number of treasury stock shares: 1,003,610 shares as of Sep. 30, 2005

1,003,610 shares as of Sep. 30, 2004

(4) Cash Flows

	Net cash used by			Cash and cash equivalents balance at end of the fiscal year
	Operating activities	Investing activities	Financing activities	
	Million Yen	Million Yen	Million Yen	Million Yen
Fiscal year ended Sep. 2005	338	-1,336	-178	2,683
Fiscal year ended Sep. 2004	854	-787	-171	3,860

2. Forecast for the Fiscal Year Ending September 2006 (October 1, 2005 to September 30, 2006)

	Net sales	Ordinary income	Net income	Annual dividend per share (Interim dividend per share)
	Million Yen	Million Yen	Million Yen	Yen
First half ended Mar. 2006	5,400	700	430	14.00
Fiscal year ended Sep. 2006	11,100	1,500	930	(7.00)

Reference: Estimated net income per share for the fiscal year ending Sep. 2006: ¥ 78.37

Note: The above forecasts are based on the information available as of the date of this release and the assumption of several factors which may affect the company's results in the future. Actual results could significantly differ from the above estimates because of subsequent changes in the circumstances.

. Group Organization

The Company neither forms nor belongs to any corporate group. Furthermore, we do not have any ongoing or close business relationship with any party. Therefore, this item is not applicable.

. Management Policies

1. Fundamental Management Policy

Our corporate mission is "Making a contribution to society through the economical and stable supply of effective and safe pharmaceutical products which facilitate the improvement and cure of medical conditions and disorders". Under this mission, we intend to fulfil our responsibility to our customers, shareholders, employees and other stakeholders by supplying good-quality pharmaceutical products and to expand our corporate value.

2. Profit Allocation Policy

The key management aim is to achieve a consecutive dividend or dividend per share increase. We determine profit allocation based on the net profit generated during the period concerned, but also comprehensively taking into account future company performance and earnings to be retained for future business operation. We plan to re-invest retained earnings in ways to enhance operating foundations and to expand corporate value including the strengthening of research and development and the expansion and upgrading of production facilities.

3. Opinion on the Change of Trading Unit

We reduced the trading unit from 1,000 shares to 100 shares on January 4, 2005, recognizing that the maintenance of appropriate trading units is a useful measure to facilitate the investment from private investors and to improve the liquidity of our company shares. We will take other approaches for investing in environmental improvement protection.

4. Performance Indicator and Targets

Maximum effort will be made to generate earnings sufficient to realize our dividend policy and to cover the cost of upgrading or expansion of production facilities and improvement of our research and development system. We set measurable targets in our “Mid-term Business Plan” for the four-year period ended September 30, 2009 as follows: 2,870 million yen of “Ordinary Profit” (996 million yen for the fiscal year ended September 30, 2005); 19.5% of “Ordinary Profit to Sales” (9.8% as of the fiscal year ended September 30, 2005); 10.0% of “Return on Assets” (Ordinary Profit / Total Assets, 4.1% of the fiscal year ended September 30, 2005). Furthermore, with reference to the rise in shareholder value, we also regard “Net Income per Share” as an important performance indicator and will target on 150 yen or more as of the fiscal year ended September 30, 2009 (47.33 yen as of the fiscal year ended September 30, 2005).

5. Medium- and Long-term Management Strategy

The comprehensive inpatient cost calculation system based on the diagnosis procedure combination was introduced to university hospitals and advanced treatment hospitals in 2003 and its application is now being applied to some ordinary hospitals on a trial basis. Therefore, the demand for generic drugs is expected to gradually rise. Additionally, as a result of the enforcement of the amendatory Pharmaceutical Affairs Law in April 2005, the approval system for pharmaceutical manufacturing and distribution was changed. While the Health, Labour and Welfare Ministry gave the approval for pharmaceutical manufacturing and distribution only to entities having production facilities before the enforcement, the Ministry now gives approval to entities bearing final responsibility for the market under the amended law. This means that the Ministry expects pharmaceutical companies to further improve product quality control and strengthen post-marketing surveillance.

Under these circumstances, we determined to be responsible for the whole process of research & development, manufacturing, marketing & sales and post-marketing surveillance. In order to realize this policy, we will implement the following actions:

- 1) We will take a company-wide approach to expand our shares in the national, public and advanced treatment hospital market: e.g. recruiting and developing professional MRs, forming project teams, supporting scholarly activities and strengthening inter-department cooperation.
- 2) Because we expect growth of our sales with the expansion of the generic drug market, we will increase our production capacity and build a stable supply system.
- 3) Meeting the requirements set under the amendatory Pharmaceutical Affairs Law enforced in April 2005, we will further improve and upgrade our quality assurance system.
- 4) We will actively take approaches to support women’s health care.

6. Key Issues to be Resolved

Under the current difficult business environment and with the increasing competition, we will focus on resolving the following issues to achieve our mid-term business plan:

- 1) We will strengthen our research and development ability through our alliance with other pharmaceutical companies.
- 2) We will shore up our sales force through staffing more MRs and building logistical support.
- 3) Responding to tightening and internationalizing of GMP and the reform of the Pharmaceutical Affairs Law, we will increase our production capacity through active investments such as factory construction for the production of new medicines.
- 4) The importance of corporate social responsibility has been gradually recognized. We will adopt thoroughgoing measures to secure product quality/safety and environmental protection, and to educate our employees to comply with pharmaceutical business related laws/regulations and ethical standards.

7. Fundamental Policy and Measures for Corporate Governance

Our company is supported by many stakeholders including shareholders, customers and suppliers. Therefore, we have to continue our trend of stable business performance in order to meet our social obligations to our shareholders. Moreover, we regard establishing a management system which can respond appropriately and quickly to changes in the business environment as one of our most important management challenges.

Company management consists of the Board of Directors and the Board of Auditors, who are responsible for supervising and auditing the management respectively. The former consists of seven members (including two outside directors). They determine management policy, matters stipulated in the Commercial Code and significant matters of management as well as supervising business operations. The latter consists of three outside auditors. Based on the auditing policy and task assignment determined by the Board of Auditors, each member audits the business activities of the directors through attendance at meetings of the Board of Directors and by surveying the operational and financial conditions at the Headquarters and branch offices.

Our accounting auditor is Azsa & Co. We are subject to their audits and exchange opinions with them periodically. Furthermore, we consult the auditor about important accounting issues in order to adopt appropriate accounting procedures.

The Board of Directors had thirteen meetings to determine basic management policy, matters stipulated in the Commercial Code and significant management matters during the fiscal year concerned. Moreover, the Board monitored the progress of the operations of each function and performed other tasks of supervising business transactions of the company.

Our company's internal control system is based on effective mutual supervision. The Internal Auditor, controlled directly by the president, conducts internal auditing to confirm whether the operational management in each department is appropriate or not and reports the results of the internal auditing to the senior management. The Auditor also conducts follow-up auditing in order to confirm whether corrective actions for the significant matters identified in the initial auditing have been taken.

Our company does not have any special relations in human resources, capital and business transactions with any of the directors and auditors. The president, directors and the manager of each function have a liaison meeting once a month in order to share our company policy with the senior management.

8. Parent Company Related Issues

Not applicable.

9. Internal Control System Building and Operation

1) Mutual supervision system, organizational structure of administrative division and company rules

Under our company's mutual supervision system, the Internal Auditor, controlled directly by the president, periodically conduct internal auditing to confirm whether each department's operation complies with laws and regulations, and company rules. The Auditor reports the results of the internal auditing to the president as well as giving advice and instructions to the department audited.

Our administrative division consists of the Corporate Planning Department, responsible for business planning and budgetary control and the Administrative Department, responsible for general administration, human resource management, accounting, financing and sales affairs. Both of the two departments make ongoing efforts to maintain and improve their internal control systems.

Our company prepares corporate rules, consulting any related laws and regulations. Moreover, we make revisions to the rules, responding to amendments to the laws and regulations, and changes in corporate conditions.

2) Measures to improve the internal control system in the past year

In order to meet the requirements stipulated by the "Personal Information Protection Law" enforced in April 2005, the Administrative Department made additions and revisions to the existing rules related to personal information as well as preparing operational practices of the rules. Furthermore, the department has been providing our employees with opportunities to fully understand the details and concept of the "Personal Information Protection Law", and the company rules and practices related to the law. Our company also emphasises to our employees' the importance of insider dealing protection.

10. Other Significant Information on Management

Our company entered into a licensing agreement on a joint development and a distributorship grant for renal anemia agents with Jcr Pharmaceuticals Co., Ltd. in November 2004. However, we cancelled the agreement on November 11, 2005.

. Review of Operating Performance and Financial Conditions

1. Review of Operations

We recorded 10,128 million yen of sales (4.5% year-on-year increase), 987 million yen of operating income (31.2% year-on-year decrease) and 996 million yen of ordinary income (31.2% year-on-year decrease) for the fiscal ended September 30, 2005.

(1) Analysis of Sales

The breakdown of sales being reviewed - diagnostic agents, including key urography and anigiography contract agents, "Oypalomin" and "Iopaque", and infertility therapeutic agents, including an endometriosis therapeutic agent, "Buserecur", and a pituitary gonadotropic hormone drug, "Human Menopausal Gonadotropin" showed favorable sales results. While the former increased by 4.8% on a year on year basis to 3,867 million yen, the latter and other hormone drugs increased by 9.8% on a year on year basis to 2,725 million yen. However, the sales of circulatory drugs, in vitro diagnostic drugs and antibiotics & chemotherapeutics drugs, decreased by 2.1%, 4.1% and 3.6% on a year on year basis to 1,001 million yen, 571 million yen and 524 million yen respectively. The decrease in the sales of drugs in these three areas weighed heavily on the total sales.

(2) Analysis of Operating Income

The sales margin for the fiscal year concerned declined by 0.4% on a year on year basis to 55.3 % because we successfully offset the increase in labor and depreciation costs by the reduction in materials cost and the increased production volume. The selling and administration cost increased by 23.6% on a year on year basis to 3,537 million yen, mainly due to a substantial increase in research and development cost amounting to 955 million yen (87.7% YoY increase). The rise in labor costs due to additional staffing, is another factor for the increase in selling and administration costs.

(3) Analysis of Non-operating Income and Extraordinary Losses

We booked 94 million yen of extraordinary losses in the fiscal year concerned. The breakdown of the losses is 47 million yen of loss on retirement of facilities resulting from the upgrading of injection drug production facilities in Toyama, 23 million yen of loss on disposal of inventories and 17 million yen of loss on revaluation of unlisted securities.

2. Financial Conditions

(1) Financial Conditions

The closing balance of assets as at the end of the fiscal year concerned decreased by 35 million yen to 14,190 million yen, compared to the opening balance. While the closing balance of cash and cash equivalents decreased by 1,176 million yen, that of inventories and trade receivables increased by 486 million yen and 150 million yen respectively. As a result, the closing balance of current assets decreased by 539 million yen to 9,270 million yen, compared to the opening balance.

The closing balance of fixed assets increased by 503 million yen to 4,920 million yen. The factors for the increase in tangible and intangible fixed assets are the investment in a building for tablet pharmaceuticals production and the acquisition of distributorship of a hormone drug. The increase in investments and other assets is attributable to the increased restricted fund.

The closing balance of liabilities at the end of the fiscal year concerned decreased by 443 million yen from the opening balance to 3,254 million yen due to the decrease in current liabilities. This resulted from a 465 million yen decrease in accounts payable and accrued income taxes.

The closing balance of shareholders' equity as at the end of the fiscal year concerned increased by 407 million yen from the opening balance to 10,936 million yen. The accumulation of retained earnings was due to 577 million yen of net profit, in spite of 178 million yen of dividend payments.

(2) Cash Flow

The closing balance of cash and cash equivalents decreased by 1,176 million yen to 2,683 million yen from the opening balance. Details of the cash flows of operating, investing and financing activities and the factors for the increase or decrease in the cash flows are as follows:

i) Net cash provided by operating activities

429 million yen of depreciation and 58 million yen of increase in trade payable were added to 902 million yen of net income before income tax for the fiscal year concerned. On the other hand, negative factors for the cash flow in operating activities were as follows: 602 million yen of income tax payment; 486 million yen of increase in inventories; 150 million yen of increase in trade receivables. Consequently, net cash provided by operating activities for the fiscal year concerned was 338 million yen (60.4% YoY decrease).

ii) Net cash used in investing activities

We received 100 million yen and 90 million yen as the reimbursement of time deposits and proceeds from sales of leased assets respectively. On the other hand, we spent 1,053 million yen, 200 million yen, 180 million yen and 90 million yen for the purchase of tangible fixed assets, the pay-in of a time deposit, the purchase of intangible fixed assets and the purchase of leased assets

respectively. Consequently, net cash used in investment activities was 1,336 million yen (69.8% YoY increase).

iii) Net cash used in financing activities

Net cash used in financing activities was 178 million yen (4.2% YoY increase) due to the payment of a dividend.

Trends of the company’s cash flow indicators are as follows:

	FY2001	FY2002	FY2003	FY2004	FY2005
Equity ratio (%)	78.1	78.2	75.7	74.0	77.1
Market value basis equity ratio (%)	42.9	48.8	116.7	110.9	90.8
Debt redemption period (Years)	0.4	1.5	0.3	0.2	0.6
Interest coverage ratio (Times)	1,694.9	481.5	620.2	632.6	183.1

- Equity ratio: Shareholders’ equity / Total assets
- Market value basis equity ratio: Market capitalization / Total assets
- Debt redemption period: Interest-bearing debt / Operating cash flow
- Interest coverage ratio: Operating cash flow / Interest paid

“Guaranteed deposit received” in the Liability Section of the Balance Sheet is used as interest-bearing debt.

“Net cash provided by operating activities” in Cash Flow Statements and “Interest paid” in Notes to Income Statements are used as Operating cash flow and Interest paid.

3. Operational Risk

Risks related to the information contained in the financial statements for the fiscal year concerned which may have significant influences on investors’ decision are as follows:

(1) Statutory Regulation

Our company manufactures and distributes pharmaceutical products under the Pharmaceutical Affairs Law and related regulations. In April 2005, the amended Pharmaceutical Affairs Law was enforced. This amendment and the revision in other laws/regulations related to the pharmaceutical industry, which may be made in future, may have influences on our financial condition and business performance.

(2) Research and Development for Pharmaceutical Products

There is a possibility that our research and development projects will be behind schedule, a new product development period will be extended and the projects will be suspended or even terminated. These events may have an impact on our business performance.

(3) Competition

Our policy is to sell our products at reasonable prices taking into account the profitability of products. However, some of our products have been suffering from considerable market price decline because of the hard competition from many competitors. Moreover, some original drug manufacturers have taken an aggressive approach to maintain their market share. Therefore, there is a possibility that we will not manage to achieve our projected forecasts.

4. Outlook

We expect that the generic product markets will continue expanding, backed by more of the large hospitals introducing of the comprehensive inpatient cost calculation method. However, there are some negative factors, including the reform of the medical insurance system scheduled in April 2006, the NHI price revision scheduled next year, and the product price decline caused by intensified company competition. Reflecting these conditions, we project the sales, ordinary income and net income for the fiscal year ended September 2006 at 11,100 million yen, 1,500 million yen and 930 million yen respectively. We expect that urography and anigiography contract agents, infertility therapeutic agents and new products launched in July of 2005 will contribute to the increase in sales. On the profit side, we also project growth as we will cover the increase in the depreciation cost, resulting from new investment in production facilities, with the reduction in materials costs and well-managed administration costs.

. Financial Statements

(1) Balance Sheets

(Thousands of yen)

	As of Sep. 30, 2004		As of Sep. 30, 2005		YoY change in amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Assets					
Current assets					
Cash on hand and bank deposits	2,359,924		2,083,090		-276,834
Trade notes receivable	704,100		735,107		31,006
Trade accounts receivable	3,185,315		3,305,024		119,709
Marketable securities	1,500,289		600,341		-899,948
Purchased goods	87,541		123,474		35,932
Products	702,037		765,816		63,779
Raw materials	667,203		689,325		22,122
Products in progress	241,657		599,389		357,731
Inventory goods	34,529		41,821		7,292
Advance payment	28,319		26,274		-2,044
Prepaid expenses	68,214		72,268		4,053
Deferred tax assets	211,915		225,787		13,871
Other accounts receivable	9,381		278		-9,103
Accrued income	120		304		183
Other current assets	11,013		3,576		-7,436
Allowance for doubtful receivables	-1,166		-1,212		-45
Total current assets	9,810,398	69.0	9,270,668	65.3	-539,730
Fixed assets					
Property, plant and equipment 1					
Buildings	1,974,137		1,874,358		-99,779
Structures	13,011		15,463		2,452
Machinery and equipment	521,415		487,763		-33,651
Vehicles and other transportation equipment	11,984		6,263		-5,721
Tools, furniture and fixtures	118,893		131,168		12,274
Land	456,748		483,721		26,972
Construction in progress	18,320		350,700		332,379
Total property, plant and equipment	3,114,511	21.9	3,349,438	23.6	234,926
Intangible fixed assets					
Trade Mark	387		387		-50
Distributorship	-		110,000		110,000
Software	67,890		81,239		13,349
Telephone subscription rights	7,976		7,976		-
Total intangible assets	76,254	0.5	199,554	1.4	123,299
Investments and other assets					
Investment securities	180,384		193,829		13,444
Investments in anonymous association	470		450		-20
Long-term prepaid expenses	213,714		233,758		20,044
Deferred tax assets	143,918		151,408		7,489
Guaranteed deposits	380,851		384,118		3,267
Insurance reserve fund	6,336		7,705		1,368
Restricted fund	300,000		400,000		100,000
Total investments and other assets	1,225,675	8.6	1,371,271	9.7	145,595
Total fixed assets	4,416,442	31.0	4,920,263	34.7	503,821
Total assets	14,226,841	100.0	14,190,931	100.0	-35,909

(Thousands of yen)

	As of Sep. 30, 2004		As of Sep. 30, 2005		YoY change in amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Liabilities					
Current liabilities					
Trade notes payable	262,736		245,145		-17,590
Trade accounts payable	1,198,128		1,274,342		76,214
Other accounts payable	639,814		339,517		-300,297
Current portion of long-term other accounts payable	31,683		31,507		-176
Accrued expenses	105,203		135,740		30,537
Accrued income taxes	351,702		126,634		-225,068
Accrued consumption taxes	26,415		13,553		-12,862
Deposits received	11,305		12,046		741
Accrued bonuses	376,396		429,589		53,193
Notes payable for purchase of Equipment	71,868		1,509		-70,359
Other current liabilities	34,964		34,949		-15
Total current liabilities	3,110,219	21.9	2,644,536	18.6	-465,683
Long-term liabilities					
Long-term other accounts payable	31,683		-		-31,683
Guaranteed deposits received	197,209		204,952		7,742
Accrued retirement benefits for employees	285,781		328,036		42,255
Accrued retirement benefits for directors	73,302		76,997		3,695
Total long-term liabilities	587,977	4.1	609,987	4.3	22,009
Total liabilities	3,698,196	26.0	3,254,523	22.9	-443,673
Common stock	1,616,950	11.4	1,616,950	11.4	-
Capital reserve					
Additional paid-in capital	2,226,020		2,226,020		-
Total of capital reserve	2,226,020	15.6	2,226,020	15.7	-
Retained earnings					
Legal reserve	164,079		164,079		-
Voluntary reserve					
General reserve	5,000,000		5,000,000		-
Unappropriated retained earnings	2,246,141		2,635,308		389,166
Total of retained earnings	7,410,220	52.1	7,799,387	55.0	389,166
Unrealized holding gain on securities	4,717	0.0	23,314	0.1	18,596
Treasury stock	-729,264	-5.1	-729,264	-5.1	-
Total shareholders' equity	10,528,644	74.0	10,936,408	77.1	407,763
Total liabilities and shareholders' equity	14,226,841	100.0	14,190,931	100.0	-35,909

(2) Income Statement

(Thousands of yen)

	Fiscal year ended Sep. 30, 2004			Fiscal year ended Sep. 30, 2005			YoY change in amount
	Amount		Ratio (%)	Amount		Ratio (%)	
Net sales							
Sales of goods	8,951,487			9,380,789			
Sales of merchandise	743,274	9,694,761	100.0	747,855	10,128,644	100.0	433,883
Cost of sales							
Opening balance of merchandise and goods stocked	733,333			789,579			
Goods purchased for the period	352,663			403,452			
Cost of goods manufactured for the period	5,110,679			5,338,855			
Total	6,196,676			6,531,886			
Closing balance of merchandise and goods stocked	789,579			889,291			
Transfer to other accounts 1	10,539	5,396,557	55.7	39,858	5,602,737	55.3	206,179
Gross profit		4,298,203	44.3		4,525,907	44.7	227,704
Selling, general and administrative expenses 2, 6		2,862,241	29.5		3,537,951	34.9	675,710
Operating income		1,435,962	14.8		987,956	9.8	-448,005
Non-operating income 3		18,310	0.2		20,430	0.2	2,119
Non-operating expenses 3		6,974	0.1		12,155	0.2	5,180
Ordinary income		1,447,298	14.9		996,231	9.8	-451,066
Extraordinary gains 4		4,530	0.1		-	-	-4,530
Extraordinary losses 4		40,997	0.4		94,210	0.9	53,212
Income before income taxes		1,410,830	14.6		902,020	8.9	-508,809
Income taxes – current	584,931			358,983			
Income taxes – deferred	-28,089	556,841	5.8	-34,125	324,858	3.2	-231,983
Net income		853,989	8.8		577,162	5.7	-276,826
Retained earnings at the beginning of the period		1,463,360			2,141,210		677,849
Interim dividends		71,208			83,064		11,855
Unappropriated retained earnings at the end of the period		2,246,141			2,635,308		389,166

(4) Cash Flow Statements

(Thousands of yen)

	Fiscal year ended Sep. 30, 2004	Fiscal year ended Sep. 30, 2005	YoY change in amount
Cash flows from operating activities			
Income before income taxes	1,410,830	902,020	-508,809
Depreciation and amortization	340,997	429,632	88,635
Increase in retirement benefits for employees	39,222	42,255	3,033
Increase in retirement benefits for directors	5,117	3,695	-1,421
Increase in allowance for doubtful receivables	56	45	-11
Increase in accrued bonuses	6,792	53,193	46,400
Interest and dividends income	-3,291	-3,842	-550
Foreign exchange gain	-2,744	-	2,744
Foreign exchange loss	-	0	0
Gain on sales of investment securities	-4,211	-	4,211
Loss on revaluation of investment securities	-	17,916	17,916
Loss on disposal of capital assets	4,829	47,658	42,829
Increase in trade receivable	-237,236	-150,716	86,520
Increase in inventories	-67,059	-486,858	-419,798
Decrease in other accounts receivable	5,770	9,103	3,333
Increase in long-term prepaid expenses	-117,951	-2,539	115,412
Increase in trade payables	137,215	58,623	-78,592
Increase in other accounts payable	17,379	30,927	13,548
Increase in accrued expenses	2,615	30,537	27,922
Decrease in accrued consumption taxes	-86,452	-12,862	73,590
Increase (decrease) in guaranteed deposits received	-9,143	7,742	16,886
Payments of bonuses to directors and auditors	-11,000	-10,000	1,000
Other	46,279	2,638	-43,641
Sub total	1,478,014	969,174	-508,840
Interests and dividends received	3,224	3,658	433
Funds transferred to defined contribution pension account	-36,166	-31,860	4,306
Income taxes paid	-590,958	-602,914	-11,955
Net cash used by operating activities	854,114	338,058	-516,056
Cash Flows from Investing Activities			
Pay-in of time deposits	-100,000	-200,000	-100,000
Reimbursement of time deposits	-	100,000	100,000
Purchase of investment securities	-30,000	-	30,000
Proceeds from sales of investment securities	4,611	-	-4,611
Purchase of property, plant and equipment	-640,013	-1,053,286	-413,272
Loss on disposal of property, plant and equipment	-1,176	-1,618	-442
Purchase of intangible fixed assets	-18,664	-180,499	-161,835
Purchase of leased assets	-340,200	-90,142	250,057
Proceeds from sales of leased assets	340,200	90,142	-250,057
Other	-2,056	-1,199	856
Net cash used in investing activities	-787,298	-1,336,603	-549,304
Cash Flows from Financing Activities			
Purchase of treasury stock	-3,364	-	3,364
Cash dividends paid	-167,721	-178,236	-10,514
Net cash provided by financing activities	-171,086	-178,236	-7,149
Effect of exchange rate changes on cash and cash equivalents	2,744	0	-2,745
Increase (Decrease) in cash and cash equivalents	-101,526	-1,176,782	-1,075,256
Opening balance of cash and cash equivalents balance	3,961,741	3,860,214	-101,526
Closing balance of cash and cash equivalents balance	3,860,214	2,683,431	-1,176,782

(5) Appropriation Statement

(Thousands of yen)

	Fiscal year ended Sep. 30, 2004	Fiscal year ended Sep. 30, 2005
Unappropriated retained earnings at the end of the period	2,246,141	2,635,308
The above shall be appropriated as follows:		
Cash dividends	94,931 (8.00 per share)	83,064 (7.00 per share)
Bonuses for directors and corporate auditors (of which for Corporate Auditors)	10,000 (1,770)	15,500 (3,200)
Unappropriated retained earnings carried forward	2,141,210	2,536,743

Dividends per share

(Yen)

	Fiscal year ended Sep. 30, 2004			Fiscal year ended Sep. 30, 2005		
	First half	Second half	Annual	First half	Second half	Annual
Ordinary dividend	6.00	6.00	12.00	7.00	7.00	14.00
Anniversary dividend	-	2.00	2.00	-	-	-
Total	6.00	8.00	14.00	7.00	7.00	14.00

(6) Significant Accounting Policies

1. Valuation Methods for Securities Holding:

1) Marketable securities:

Market value method on the basis of market price as of the balance sheet date

(Changes in unrealized gain or loss are included directly in shareholders' equity and the cost price of securities sold is calculated by the moving average method.)

2) Non-marketable securities: Moving average cost method

2. Valuation Methods for Inventories: First-in, first-out cost method

3. Depreciation and Amortization of Fixed Assets

1) Depreciation on property, plant and equipment:

Declining-balance method. However, depreciation on buildings bought after April 1, 1998 (excluding the facilities attached to the building) is calculated by the straight-line method. The useful lives of property, plant and equipment are summarized as follows:

Buildings 7 to 50 years

Machinery and equipment 7 years

2) Amortization of intangible fixed assets:

Straight-line method. Amortization of the computer software utilized within the company is calculated by the straight-line method on the basis of the available duration (5 years).

3) Amortization of long-term prepaid expenses: Straight-line method

4. Basis for Significant Allowances

1) Allowance for doubtful receivables

The allowance for doubtful receivables is provided for possible losses on bad debts at an amount determined by the following methods:

For ordinary receivables: loan loss ratio method (the historical experience of bad debts)

For receivables of high default risk, bankruptcy claim and reorganization claim: examining the possibility of recovery of the respective receivables.

2) Accrued bonuses

Accrued bonuses are provided for bonuses with the amount estimated to be paid to employees.

3) Accrued retirement benefits for employees

Accrued retirement benefits for employees are provided for retirement benefits to be paid with the amount calculated based on the potential retirement benefit obligation as of the end of the fiscal year concerned.

4) Accrued retirement benefits for directors

Accrued retirement benefits for directors are provided with the amount estimated to be paid in accordance with the internal rules for such retirement benefits for directors.

5. Accounting for Lease Transactions

The accounting procedures conforming to the accounting method for the usual lease contract are applied to the finance lease agreements excluding those stipulating the transfer of ownership of the leased assets to the lessee.

6. Cash and Cash Equivalents in Cash Flow Statements

Cash and cash equivalents consist of cash on hand and bank deposits which can be withdrawn at any time and short-term investments with the duration of three months or less which can easily be converted to cash and are exposed to little risk of change in value.

7. Accounting for Consumption Tax

The tax-exclusive method is adopted for the accounting of transactions subject to consumption tax.

(7) Supplementary Information

(Pro Forma Standard Taxation)

“Local Taxation Reform Law” (No. 9 issued in 2003) was promulgated on March 31, 2003. Under this law, the pro forma standard taxation shall be applied to any corporation for any fiscal year commencing April 1, 2004 or after. Our company booked corporate tax calculated by added-value and capital basis method in the section of selling, general and administrative expense for the fiscal year concerned in accordance with “Accounting Practices for the Booking of Pro Forma Basis Tax in Income Statements” (Accounting

Practices issued by the Corporate Accounting Standards Committee on February 13, 2004). This adoption increased the selling, general and administrative expenses by 18,862 thousand yen and decreased operating income, ordinary income and net income before tax by the same amount.

(8) Notes to Financial Statements

(Notes to Balance Sheets)

	As of Sep. 30, 2004	As of Sep. 30, 2005
1. Accumulated depreciation of property, plant and equipment 1	3,006,073 thousand yen	2,891,707 thousand yen
2. Dividend restriction	The assets specified in Clause 3, Article 124 in rules of practice for the Commercial Code was reassessed at market value and the increase in net asset value caused by this reassessment was 4,717 thousand yen.	The assets specified in Clause 3, Article 124 in rules of practice for the Commercial Code was reassessed at market value and the increase in net asset value caused by this reassessment was 23,314 thousand yen.

(Notes to Income Statements)

(Thousands of yen)

	For the fiscal year ended Sep. 30, 2004	For the fiscal year ended Sep. 30, 2005
1. Details of transfer to other accounts		
1:		
Loss on disposal of inventories	-	23,191
Selling, general and administrative expenses	4,048	12,727
Loss on revaluation of inventories	4,759	3,939
Miscellaneous losses	1,734	-
2. Breakdown of selling, general and administrative expenses 2:		
Research and development expenses	508,978	955,359
Salaries and bonuses	775,660	814,890
Provision for bonuses	233,504	265,347
Sales commission	224,204	237,063
Welfare expense	206,317	192,946
Rent	154,736	154,902
Packaging and transportation expense	145,456	146,700
Provision for retirement benefits	31,486	30,895
3. Major items of non-operating income and expenses 3:		
(1) Non-operating income		
Interest received and discount income	1,598	1,907
Gain on sales of investment securities	1,374	1,634
Dividends received	318	300
Gain on sales of investment securities	4,211	-
Exchange rate gain	2,744	-
Subcontracting income	-	5,200
(2) Non-operating expenses		
Interest paid	1,350	1,846
Sales discount	1,832	2,224
Exchange rate loss	-	0

	For the fiscal year ended Sep. 30, 2004	For the fiscal year ended Sep. 30, 2005
4. Major items of extraordinary profits and losses 4:		
(1) Extraordinary profits		
Subsidy	4,530	-
(2) Extraordinary losses		
Loss on revaluation of inventories	36,168	3,939
Loss on disposal of inventories	-	24,696
Loss on disposal of property, plant and equipment	4,829	47,658
Loss on revaluation of investment securities	-	17,916
5. Breakdown of loss on disposal of property, plant and equipment:		
Buildings	2,911	11,428
Machinery and equipment	660	31,706
Vehicles and other transportation equipment	-	1,699
Tools, furniture and fixtures	1,256	2,824
	508,978	955,359
6. Research and development expenses 5:		
7. Depreciation and amortization recognized		
Tangible fixed assets	312,266	391,008
Intangible fixed assets	28,731	38,624

(Notes to Cash Flow Statements)

Cash and cash equivalents balance at the end of the fiscal year and the relationship between the balance and the amount booked in the balance sheets:

	(As of Sep. 30, 2004)	(As of Sep. 30, 2005)
Cash on hand and bank deposits	2,359,924 thousand yen	2,083,090 thousand yen
<u>Securities holding</u>	<u>1,500,289 thousand yen</u>	<u>600,341 thousand yen</u>
Cash and cash equivalents	3,860,214 thousand yen	2,683,431 thousand yen

(Notes to Lease Transactions)

(Thousands of yen)

	For the fiscal year ended Sep. 30, 2004	For the fiscal year ended Sep. 30, 2005
1. Finance lease transactions except for those agreements stipulating the transfer of ownership of the leased assets to the lessee		
(1) The pro forma amounts of the acquisition costs, accumulated depreciation and net book value of the leased assets	(Vehicles and other transportation equipment)	(Vehicles and other transportation equipment)
	Acquisition costs: 96,844	Acquisition costs: 95,486
	<u>Accumulated depreciation: 46,755</u>	<u>Accumulated depreciation: 50,863</u>
	Net book value: 50,089	Net book value: 44,623
	(Machinery and equipment)	(Machinery and equipment)
	Acquisition costs: 1,258,807	Acquisition costs: 1,348,149
	<u>Accumulated depreciation: 247,017</u>	<u>Accumulated depreciation: 386,214</u>
	Net book value: 1,011,789	Net book value: 961,934

	For the fiscal year ended Sep. 30, 2004	For the fiscal year ended Sep. 30, 2005
	(Tools, furniture and fixtures) Acquisition costs: 49,110 <u>Accumulated depreciation: 14,084</u> Net book value: 35,026	(Tools, furniture and fixtures) Acquisition costs: 49,110 <u>Accumulated depreciation: 22,406</u> Net book value: 26,704
	(Total) Acquisition costs: 1,404,761 <u>Accumulated depreciation: 307,857</u> Net book value: 1,096,904	(Total) Acquisition costs: 1,492,746 <u>Accumulated depreciation: 459,483</u> Net book value: 1,033,262
(2) The pro forma amounts of unexpired lease payments	Due in one year or less: 165,509 <u>Due after one year: 965,021</u> Total 1,130,530	Due in one year or less: 177,595 <u>Due after one year: 894,384</u> Total 1,071,979
(3) Lease payment, depreciation of lease assets and interest paid	Lease payments: 160,629 Depreciation: 130,085 Interest paid: 17,144	Lease payments: 196,619 Depreciation: 165,990 Interest paid: 17,138
(4) Methods of calculation of depreciation	Depreciation of leased assets is calculated on the basis of the straight-line method assuming the respective lease terms as the useful lives. As for the residual value, in the case of agreements stipulating the residual value assured, the residual value concerned is adopted and in any other cases, the residual value is assumed at zero.	Same as left.
(5) Methods of calculation of interests	The difference between the total amount of the lease payments and the acquisition cost is treated as interest and the way of allocating the interest to the respective fiscal years applied is by the interest method.	Same as left.
2. Operating lease transactions	(Unexpired lease payments) Due in one year or less: 24,000 <u>Due after one year: 143,980</u> Total 167,980	(Unexpired lease payments) Due in one year or less: 24,000 <u>Due after one year: 119,980</u> Total 143,980

(Notes to Securities Holding)

1. Breakdown of marketable securities

As of the fiscal year ended September 30, 2004

(Thousands of yen)

		Acquisition cost	Value booked in the balance sheets	Unrealized gain (loss)
Securities whose value booked exceeds their acquisition cost	(1) Stock	42,248	50,039	7,790
	(2) Debt securities			
	1. Government bonds	99,980	100,145	165
	2. Corporate bonds	-	-	-
	3. Others	-	-	-
	(3) Others	-	-	-
	Sub Total	142,228	150,184	7,956
Securities whose value booked does not exceed their acquisition cost	(1) Stock	-	-	-
	(2) Debt securities			
	1. Government bonds	-	-	-
	2. Corporate bonds	-	-	-
	3. Others	-	-	-
	(3) Others	-	-	-
	Sub Total	-	-	-
	Total	142,228	150,184	7,956

As of the fiscal year ended September 30, 2005

(Thousands of yen)

		Acquisition cost	Value booked in the balance sheets	Unrealized gain (loss)
Securities whose value booked exceeds their acquisition cost	(1) Stock	42,248	80,931	38,683
	(2) Debt securities			
	1. Government bonds	99,980	100,613	633
	2. Corporate bonds	-	-	-
	3. Others	-	-	-
	(3) Others	-	-	-
	Sub Total	142,228	181,545	39,316
Securities whose value booked does not exceed their acquisition cost	(1) Stock	-	-	-
	(2) Debt securities			
	1. Government bonds	-	-	-
	2. Corporate bonds	-	-	-
	3. Others	-	-	-
	(3) Others	-	-	-
	Sub Total	-	-	-
	Total	142,228	181,545	39,316

2. Marketable securities sold during the fiscal year concerned

(Thousands of yen)

	Fiscal year ended September 30, 2004	Fiscal year ended September 30, 2005
Sales Proceeds	4,611	-
Total gain	4,211	-

3. Breakdown of nonmarketable securities

(Thousands of yen)

	Fiscal year ended September 30, 2004	Fiscal year ended September 30, 2005
	Value booked in the balance sheets	Value booked in the balance sheets
Other securities		
Free Financial Fund	800,187	400,204
Money Management Fund	200,115	200,136
Commercial paper	499,986	-
Unlisted stock (excluding over-the-counter shares)	30,200	12,284

4. Estimated redemption amount of fixed-term securities

(Thousands of yen)

	Fiscal year ended September 30, 2004				Fiscal year ended September 30, 2005			
	Less than 1 year	1-5 years	5- 10 years	Over 10 years	Less than 1 year	1-5 years	5- 10 years	Over 10 years
1. Debt securities								
(1) Government Bonds	-	-	100,145	-	-	-	100,613	-
(2) Corporate Bonds	-	-	-	-	-	-	-	-
(3) Others	499,986	-	-	-	-	-	-	-
2. Others	-	-	-	-	-	-	-	-
Total	499,986	-	100,145	-	-	-	100,613	-

(Notes to Derivative Transactions)

The company did not have any derivative transactions.

(Notes to Retirement Benefit System)

1. Description of the retirement benefit system

We provide a retirement benefit system in accordance with internal rules. Furthermore, we are a member of the Mutual Aid Corporation for the Retirement Benefit of Small Size Companies. We may provide the premium severance pay depending on the reason for an employee's resignation.

In April 2003, we amended the Retirement Benefit System and introduced the Defined Contribution Pension Plan and the Retirement Benefit Prepayment Plan.

2. Breakdown of the retirement benefit obligation

(Thousands of yen)

	As of Sep. 30, 2004	As of Sep. 30, 2005
1. Retirement benefit obligation	489,912	539,434
2. Estimated retirement benefit provided by Mutual Aid Corporation	<u>204,131</u>	<u>211,397</u>
3. Accrued retirement benefit (1-2)	285,781	328,036

(Note) The pension assets to be transferred to the defined contribution pension account amounts to 132,712 thousand yen and the transfer is scheduled to be completed in four years. Outstanding amounts to be transferred as of the fiscal year ended September 30, 2005 was 31,507 thousand yen and booked as "Current portion of long-term other accounts payable".

3. Breakdown of expenses related to retirement benefit

(Thousands of yen)

	As of Sep. 30, 2004	As of Sep. 30, 2005
1. Retirement benefit paid on the basis of service years	53,424	49,772
2. Premium severance pay	5,905	632
3. Premiums paid to the Defined Contribution Pension Fund	16,018	16,710
4. Prepaid retirement benefit	4,358	4,856
5. Total expenses	79,707	71,972

4. Method for calculating the retirement benefit obligation

We applied the simplified method for the calculation of the retirement benefit obligation. Therefore, we do not provide the assumptions of estimating the obligation.

(Notes to Tax Effect Accounting)

1. Breakdown of deferred tax assets and liabilities

(Deferred tax assets)	(As of Sep. 30, 2004)	(As of Sep. 30, 2005)
Nondeductible provision for bonuses	153,193	174,843
Nondeductible provision for retirement benefits for employees	99,424	125,066
Nondeductible provision for retirement benefits for directors	29,834	31,338
Nondeductible accrued enterprise tax	26,700	8,073
Accrued retirement benefits which had not been transferred to the Defined Contribution Pension System	25,790	12,823
Others	24,129	41,052
Total of the deferred tax assets	359,072	393,197
(Deferred tax liabilities)		
Disparity in the estimated value of other marketable securities	-3,238	-16,001
Net value of deferred tax assets	355,834	377,195

2. Disparity between the effective tax rate and the rate of corporate tax based on the tax effect accounting method

	Fiscal year ended September 30, 2004	Fiscal year ended September 30, 2005
Statutory tax rate	42.1%	40.7%
(Disparity)		
Deductible research and development cost	-4.1	-6.2
Provincial tax to be levied for the fiscal year concerned	0.7	1.1
Permanent nondeductible items such as entertainment expenses	0.5	0.6
Revision of the deferred tax assets as of the end of the fiscal year because of the change in tax rate applied	0.5	-
Others	-0.2	-0.2
Statutory tax rate based on the tax effect accounting	39.5	36.0

(Notes to Equity in Income of Affiliates)

Not applicable.

(Transactions with the Parties Concerned)

Fiscal year ended Sep. 30, 2004 (From Oct. 1, 2003 to Sep. 30, 2004)

Directors and major individual shareholders

Name	Details of Transaction	
Hirofumi Imai	<u>Category</u> Director*1 <u>Occupation</u> President of the Company <u>Voting interest</u> 26.98%	<u>Description of transaction</u> Lease of a building*2 <u>Transaction value</u> 1,263 thousands
Michiko Imai	<u>Category</u> Director*1 <u>Occupation</u> Director of the Company <u>Voting interest</u> 11.71%	<u>Description of transaction</u> Lease of a building*2 <u>Transaction value</u> 8,571 thousands yen
Michiko Imai	<u>Category</u> Director*1 <u>Occupation</u> Director of the Company <u>Voting interest</u> 11.71%	<u>Description of transaction</u> Sale of the headquarters building*3 <u>Transaction value</u> 315,871 thousands yen
Tadahiro Kozawa	<u>Category</u> Director <u>Occupation</u> Director of the Company and President of Inter-Business Associates Corporation	<u>Description of transaction</u> Employee training and recruitment support services*4 <u>Transaction value</u> 1,320 thousand yen
Yoshifumi Taguchi	<u>Category</u> Director <u>Occupation</u> Auditor of the Company and President of Image Plan Co., Ltd.	<u>Description of transaction</u> Consulting, and employee education and training services*4 <u>Transaction value</u> 11,400 thousand yen <u>Payment due</u> 1,102 thousand yen

(Notes)

1. Hirofumi Imai and Michiko Imai also fall into the category of major individual shareholders.
2. The rent of the building concerned was set on the basis of the neighbouring reasonable rent level.
3. The seller and buyer agreed the selling price of the headquarters building, consulting a property assessment based on the prices of neighborhood real estate.
4. Tadahiro Kozawa and Yoshifumi Taguchi conducted the transactions concerned with the Company as the representative of a disinterested party. The conditions of the transactions including fees were provided on the basis of reasonable transaction practices.
5. The amounts of money mentioned above do not include consumption tax.

Fiscal year ended Sep. 30, 2005 (From Oct. 1, 2004 to Sep. 30, 2005)

Directors and major individual shareholders

Name	Details of Transaction	
Yoshifumi Taguchi*1	<u>Category</u>	<u>Description of transaction</u>
	Director	Consulting and employee training service*2
	<u>Occupation</u>	<u>Transaction value</u>
	Auditor of the Company and President of Image Plan Co., Ltd.	3,150 thousand yen
	<u>Payment due</u>	1,102 thousand yen

(Notes)

1. Yoshifumi Taguchi retired from the outside auditor of the Company on December 17, 2004 and the transaction was conducted during his incumbency and the above payment due was the balance as of his retirement date.
2. Yoshifumi Taguchi conducted the transactions concerned with the Company as the representative of a disinterested party. The conditions of the transactions including fees were provided on the basis of reasonable transaction practices.
3. The amounts of money mentioned above do not include consumption tax.

(Significant Subsequent Events)

Our company entered into a licensing agreement on a joint development and a distributorship grant for renal anemia agents with Jcr Pharmaceuticals Co., Ltd in November 2004. Under this agreement, our company and the partner had carried out joint development activities. However, the two companies recognized differences in views on the budgetary planning for the development and the licensing of new products when they reviewed the development structure and terms of the agreement. The two companies also realized differences in future direction for the alliance. Consequently, Jcr Pharmaceuticals and our company cancelled the agreement on November 11, 2005. This cancellation will not have any significant impact on financial results for the fiscal year ended September 30, 2006.

6. Goods Manufactured, Orders Received and Sales

(1) Breakdown of goods manufactured

(Thousands of yen)

Business segment	Fiscal year ended Sep. 30 2004		Fiscal year ended Sep. 30 2005	
	Amount	(%)	Amount	(%)
Diagnostic drugs	3,822,511	41.7	3,872,854	39.7
Hormone drugs	2,520,223	27.5	2,944,508	30.1
Circulatory drugs	1,064,706	11.6	1,009,657	10.3
Antibiotics & Chemotherapeutics	550,449	6.0	445,638	4.6
Urogenital & genital organ drugs	301,768	3.3	443,950	4.5
Dermatological preparation	280,923	3.1	300,993	3.1
Others	627,636	6.8	748,228	7.7
Total	9,168,218	100.0	9,765,830	100.0

(Notes) 1. The above amounts are calculated based on selling prices and do not include consumption tax.

2. Fractions less than one thousand yen are omitted.

(2) Breakdown of goods purchased

(Thousand of yen)

Business segment	Fiscal year ended Sep. 30 2004		Fiscal year ended Sep. 30 2005	
	Amount	(%)	Amount	(%)
In vitro diagnostic	307,836	87.2	283,764	70.3
Dermatological preparation	31,395	8.9	47,428	11.8
Hormone drugs	5,526	1.6	11,007	2.7
Antibiotics & Chemotherapeutics	7,720	2.2	-	-
Others	635	0.1	61,251	15.2
Total	352,663	100.0	403,452	100.0

(Notes) 1. The above amounts are calculated based on selling prices and do not include consumption tax.

2. Fractions less than one thousand yen are omitted.

(3) Manufacturing based on the orders received

The Company manufactures products not on a build-to-order basis, but on a sales projection basis.

(4) Breakdown of sales

(Thousand of yen)

Business segment	Fiscal year ended Sep. 30 2004		Fiscal year ended Sep. 30 2005	
	Amount	(%)	Amount	(%)
Goods manufactured				
Diagnostic drugs	3,690,203	38.1	3,867,817	38.2
Hormone drugs	2,469,819	25.5	2,712,619	26.8
Circulatory drugs	1,023,405	10.5	1,001,446	9.9
Antibiotics & Chemotherapeutics	526,039	5.4	507,852	5.0
Urogenital & genital organ drugs	327,859	3.4	309,416	3.0
Dermatological preparation	285,808	2.9	280,398	2.8
Others	628,350	6.5	701,237	6.9
Sub total	8,951,487	92.3	9,380,789	92.6
Goods purchased				
In vitro diagnostic	596,435	6.2	571,931	5.6
Dermatological preparation	106,030	1.1	106,737	1.1
Antibiotics & Chemotherapeutics	17,504	0.2	16,289	0.2
Hormone drugs	13,907	0.1	13,359	0.1
Others	9,397	0.1	39,538	0.4
Sub total	743,274	7.7	747,855	7.4
Total	9,694,761	100.0	10,128,644	100.0

(Notes) 1. The above amounts are calculated based on selling prices and do not include consumption tax.

2. Fractions less than one thousand yen are omitted.

(Information on major clients)

Client	Fiscal year ended September 30, 2004	Fiscal year ended September 30, 2005
Konica Minolta Medical & Graphics, Inc.	Transaction amount (%)	Transaction amount (%)
	2,506,142 thousand yen (25.9%)	2,717,209 thousand yen (26.8%)

. Reshuffle in the Board of Directors and the Board of Auditors

We will implement the following reshuffle in the Board of Directors and the Board of Auditors after obtaining the approval of shareholders in the regular shareholder meeting scheduled on December 20, 2005.

(1) Change of representative director

Not applicable.

(2) Reshuffle of other board members

1. Newly-appointed auditor

Akira Sato, Outside Auditor (The current representative director of Value Create Inc.)

(Note) Mr. Akira Sato will be appointed as the outside auditor prescribed in Article 18-1 of “The Law Concerning Special Exceptions to the Auditing of Public Companies”

2. Retiring auditor

Hitoshi Nakamura, Full-time Auditor