May 10, 2007

Non-Consolidated Interim Financial Results for the Fiscal Year Ending September 30, 2007

Company name: **Fuji Pharma Co., Ltd.**

Code number: 4554 (URL http://www.fujipharma.jp)

Stock Exchange listing: JQ

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Scheduled submission date of semi-annual report: June 20, 2007

Starting date of dividend payment: June 1, 2007

1. Financial Results for the First Half of the Fiscal Year Ending September 30, 2007 (October 1, 2006 to March 31, 2007)

(1) Operating Results

	Net sales		Operating income		Ordinary income	
	Million Yen	YoY change (%)	Million Yen	YoY change (%)	Million Yen	YoY change (%)
First Half ended Mar. 2007	6,410	21.8	1,053	52.1	1,058	49.2
First Half ended Mar. 2006	5,263	7.4	693	273.8	709	275.2
Fiscal Year ended Sep. 2006	11,240		1,532		1,556	

	Net income		Net income per share	Diluted net income per share
	Million Yen	YoY change (%)	Yen	Yen
First Half ended Mar. 2007	594	38.6	46.22	-
First Half ended Mar. 2006	429	232.3	35.87	-
Fiscal Year ended Sep. 2006	915		73.78	-

Note: Earnings on investments in equity-method affiliates:

First half period ended March 2007: None

First half period ended March 2006: None

Fiscal year ended September 2006: None

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million Yen	Million Yen	(%)	Yen
First half ended March 2007	17,667	13,512	76.5	1,049.94
First half ended March 2006	16,945	12,622	74.5	980.80
Fiscal year ended September 2006	16,989	13,013	76.6	1,011.12

Note: Shareholders' equity:

First half period ended March 2007: 13,512 million yen

First half period ended March 2006: 12,622 million yen

Fiscal year ended September 2006: 13,013 million yen

(3) Cash Flow

	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
First half ended March 2007	802	339	-89	3,309
First half ended March 2006	603	-1,592	1,762	3,456
Fiscal year ended September 2006	767	-2,364	1,172	2,258

2. Dividends

	Dividend per share (Yen)		
	First half	Second half	Annual
Fiscal year ended September 2006	7.00	7.00	14.00
Fiscal year ended September 2007	7.00	12.00 (Estimated)	19.00 (Estimated)

3. Forecast for the Fiscal Year Ending September 2007 (October 1, 2006 to September 30, 2007)

Net sales	Operating income	Ordinary income	Net income	Net income per share
Million Yen	Million Yen	Million Yen	Million Yen	Yen
13,300 (18.3%)	2,020 (31.8%)	2,030 (30.5%)	1,190 (29.9%)	92.46

Note: The percentage presents the year-on-year change.

4. Supplementary Information

(1) Changes in accounting principles and presentation standards applied (to be described in the "Significant Accounting Policies" section)

(i) Changes in accordance with amendments to accounting principles: None

(ii) Those other than changes which fall under (i): None

(2) Shares outstanding (ordinary shares)

(i) Number of shares outstanding as of the end of each (interim) fiscal year (including treasury stock shares):

Fiscal half-year period ended March 2007: 12,870,000 shares

Fiscal half-year period ended March 2006: 12,870,000 shares

Fiscal year ended September 2006: 12,870,000 shares

(ii) Number of treasury stock shares as of the end of each (interim) fiscal year:

Fiscal half-year period ended March 2007: 10 shares

Fiscal half-year period ended March 2006: 10 shares

Fiscal year ended September 2006: 10 shares

(Note to our future outlook)

Our outlook for the future, including earnings forecasts, is based on the information available and on the assumptions which we regard as reasonable at the date of this release. Actual results could significantly differ from our estimates because of many factors including subsequent changes in circumstances. For the assumed factors which may affect the company's results and notes to our earnings forecasts, please see "I. Review of Operating Performance and Financial Conditions, 1. Analysis of Operating Performance" on Page 3.

I. Review of Operating Performance and Financial Conditions

1. Analysis of Operating Performance

During the interim period concerned, the Japanese economy has been modestly recovering, as indicated by increased corporate earnings, expanded capital spending and improved employment conditions. The ethical pharmaceutical industry experienced the NHI (National Health Insurance) drug price reduction (the industry average reduction rate was 6.7%). However, we also recognized some supports for the generic drugs market, such as the introduction of a new prescription formula and the number of hospitals adopting the diagnosis procedure combination (DPC) system increased to 360. In these circumstances, the Company reinforced its team dedicated to key hospitals (e.g. public, university and other major hospitals) and improved its support to academic research, with the aim of winning hospitals introducing DPC as new customers and increasing sales to existing customers. The Company also has a dedicated team for its other focus area of fertility treatment drugs. The Company's efforts to expand its shares in its key products were led by these two teams during the period.

The sales for the interim period concerned recorded 6,410 million yen (21.8% YoY growth). On the profit side, the Company recorded 1,053 million yen of operating income (52.1% YoY increase), 1,058 million yen of ordinary income (49.2% YoY increase) and 594 million yen of interim net income (38.6 % YoY increase).

In light of the above results for the first half, the Company projects its sales, operating income, ordinary income and net income for the fiscal year ending September 30, 2007 to be 13,300 million yen (18.3% YoY increase), 2,020 million yen (31.8% YoY increase), 2,030 million yen (30.5% YoY increase) and 1,190 million yen (29.9% increase) respectively.

2. Financial Conditions

(Assets, Liabilities and Shareholders' Equity)

The closing balance of assets as at the end of the period concerned increased by 677 million yen from the opening balance to 17,667 million yen. Within current assets, the closing balance of cash on hand/at bank, inventories and trade accounts receivable increased by 650 million yen, 207 million yen and 133 million yen respectively. On the other hand, the closing balance of marketable securities decreased by 99 million yen. The closing balance of fixed assets decreased by 114 million yen from the opening balance, mainly due to the depreciation of existing plants and equipment surpassing capital expenditure.

The closing balance of liabilities as at the end of the period concerned increased by 178 million yen from the opening balance to 4,155 million yen. While trade accounts payable increased by 176 million yen, accrued bonuses and accrued income taxes decreased by 80 million yen and 39 million yen respectively.

The closing balance of shareholder's equity as of the end of the period concerned increased by 499 million yen from the opening balance to 13,512 million yen. This is attributable to 504 million yen increase in earned surplus carried forward, which was the result of 594 million yen of net income and a 90 million yen dividend payment.

(Cash Flow)

The closing balance of cash and cash equivalents as at the end of the period increased by 1,051 million yen from the opening balance to 3,309 million yen. The Company’s cash flow is represented as follows:

ｉ）**Net cash provided by operating activities**

272 million yen of depreciation and 178 million yen of trade payable were added to 1,008 million yen of net income before income taxes for the interim period concerned. On the other hand, negative factors for the cash flow in operating activities were as follows: 207 million yen increase in inventories; 131 million yen increase in trade receivable; 80 million yen decrease in accrued bonuses. Consequently, net cash provided by operating activities for the period concerned was 802 million yen.

ⅱ） **Net cash used in investing activities**

The Company spent 149 million and 99 million yen for the purchase of tangible fixed assets and marketable securities respectively. On the other hand, the Company received 600 million proceeds from the sale of marketable securities. Consequently, net cash used in investment activities was 339 million yen.

ⅲ**) Net cash used in financing activities**

Net cash used in financing activities, which was mainly the payment of dividends, was 89 million yen.

[Trends observed in the company’s cash flow indicators are as follows]

	FY2005H1	FY2006H1	FY2007H1	FY2005	FY2006
Equity ratio (%)	75.5	74.5	76.5	77.1	76.6
Market value basis equity ratio (%)	146.8	107.1	113.6	90.8	103.5
Cash flow to debt (%)	426.8	58.6	13.2	60.6	27.2
Interest coverage ratio (Times)	22.9	672.5	768.6	183.1	332.5

- Equity ratio: Shareholders’ equity / Total assets
- Market value basis equity ratio: Market capitalization / Total assets
- Cash flow to debt: Interest-bearing debt / Cash flow
  (in the case of interim periods, operating cash flow×2)
- Interest coverage ratio: Cash flow / Interest paid

※ “Short-term borrowings” and “Guaranteed deposit received” in the Liability Section of the Balance Sheet are 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 Cash flow and Interest paid respectively.

3. Profit Allocation Policy and Dividends Paid in the Fiscal Year Ending September 30, 2007

One of our key tasks is to achieve a stable dividend payment or dividend per share increase. We determine profit allocation based on the net profit generated during the period concerned, comprehensively taking into account future company performance and earnings to be retained for future business operations. We plan to re-invest retained earnings in ways to strengthen research and development for the enhancement of operational foundations and the expansion of corporate value, to improve production capacity and efficiency, and to increase our sales force.

On the grounds that the net income per share for the interim period concerned was 46.22 yen, we determined our interim cash dividend per share to be 7 yen. We currently plan to pay 12 yen per share as the end-year cash dividend per share. As a result, our annual cash dividend per share should be 19 yen. There are no plans to change the frequency of dividend payments.

4. Operational Risk

Risks related to the information contained in the financial statements for the interim period concerned which may have significant influence on investors' decisions are as follows:

(1) Statutory Regulation

Our company manufactures and distributes pharmaceutical products under the Pharmaceutical Affairs Law and related regulations. Amendments and revisions to the 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 fierce competition from our 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.

The above represents our opinion of our future prospects as of the end of the interim period concerned.

II. Group Organization

This item is not applicable because the Company does not have any subsidiaries and affiliates.

III. Management Policies

1. Fundamental Management Policy

Our corporate mission is “Making a contribution to society by developing, producing and supplying pharmaceutical products useful for improving and overcoming diseases and disorders”. Under this mission, we intend to continue to provide high-quality pharmaceutical products and to fulfil our responsibilities to our customers, shareholders, employees, society and other stakeholders.

2. Performance Indicators and Targets

In order to meet shareholders’ expectations about profit allocation as well as preparing for the upgrading or expansion of production facilities, and the increase in research and development costs which will be accompanied by future business expansion, we will pursue the profit-oriented management style. We set 2,840 million yen of ordinary income, 16.1% of “Ordinary Income to Sales” and 10.0% of “Return on total capital” (1,556 million yen, 13.8% and 5.9% as of the fiscal year ended September 30, 2006 respectively) as the goal of our “Medium-term Business Plan” for the four-year period ended September 30, 2010. Furthermore, with regard to the rise in shareholder value, we see the “Net Income per Share” as an important performance indicator and will target on 137 yen as of the fiscal year ended September 30, 2010 (73.78 yen as of the fiscal year ended September 30, 2006).

3. Medium- and Long-term Management Strategy

We will invest our management resources in a focused way in our strong areas: injectable solutions in terms of drug types, obstetrics and gynecology in terms of the medical examination field, and hormone drugs and diagnostic drugs in terms of medicinal benefits. We will also allocate a strategic budget to these areas for proactive measures such as business alliances, license agreements, product development and investment in facilities.

As for injectable solutions and diagnostic drugs, we plan to launch new products used for inpatient hospital care, responding to the increasing introduction of DPC. We will also reinforce the sales systems by forming a team dedicated to key hospitals and strengthen our support to academic research. Furthermore, we plan to increase our supply capacity. With regard to the obstetric and gynecologic area, we will make efforts to secure the licensing-in of new drugs, including combination drugs, in order to improve our product portfolio, which mainly consists of proprietary generic products at present, and to efficiently increase our sales to existing customers. For hormone drugs, we plan to establish a production system at the new factory which started its operation in the previous fiscal year, in preparation for receiving orders for new combination drugs, and to develop a sustained-release (drug delivery system) product by using our skills and techniques related to drug formation.

4. Key Challenges

The generic product market has been expanding amid calls for a cut in national medical expenses. Meanwhile, more and more newcomers, including leading domestic and foreign drug makers, have entered into Japan's growing generic product market. In addition, medical institutions' needs for quality assurance, stable product supply and information provision are further increasing. Under these circumstances, in order to maintain and improve our competitive position in the market, and to increase the effectiveness of our active growth strategies, such as new development investment plans, we will address the following key challenges:

1) We will strengthen our research and development ability through our alliance with both domestic and foreign pharmaceutical manufacturers.
2) We will reinforce the marketing and sales systems for key hospitals by improving the expertise of MRs in the dedicated teams and strengthening our support to academic research.
3) We will build marketing and sales systems for our new drugs.
4) Responding to the increasing need for quality improvement and the demand for expansion, we will upgrade and expand our production systems.

5) The importance of corporate social responsibility is now 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.
6) We will develop an internal control structure in order to meet reporting standards for the evaluation of internal controls on financial reporting, commonly known as the Japanese SOX Act.
7) We will develop and ensure high-quality human resources.

IV. Financial Statements

Ⅳ. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	As of March 31, 2006			As of March 31, 2007				As of September 30, 2006		
	Amount		Ratio (%)	Amount		Ratio (%)	Change in amount	Amount		Ratio (%)
Assets										
I Current assets										
1. Cash on hand and bank deposits	3,256,697			2,108,729				1,457,905		
2. Trade notes receivable ※2	644,252			656,445				658,262		
3. Trade accounts receivable	3,282,366			4,407,842				4,274,348		
4. Marketable securities	200,147			1,200,995				1,300,119		
5. Inventories	2,428,904			2,736,425				2,528,476		
6. Other current assets	1,007,292			364,212				462,987		
Allowance for doubtful receivables	-1,177			-1,519				-1,479		
Total current assets		10,818,483	63.8		11,473,131	64.9	654,648		10,680,619	62.9
II Fixed assets										
1) Property, plant and equipment ※1										
1. Buildings	2,864,662			2,665,935				2,763,764		
2. Machinery and equipment	819,945			670,597				727,981		
3. Other property, plant and equipment	656,889			698,137				635,321		
Total property, plant and equipment	4,341,498			4,034,670				4,127,067		
2) Intangible fixed assets	184,322			607,114				630,344		
3) Investments and other assets	1,601,102			1,552,859				1,551,774		
Total fixed assets		6,126,922	36.2		6,194,644	35.1	67,721		6,309,187	37.1
Total assets		16,945,406	100.0		17,667,776	100.0	722,370		16,989,806	100.0
Liabilities										
I Current liabilities										
1. Trade notes payable※2	247,916			239,154				237,450		
2. Trade accounts payable	1,538,311			1,821,545				1,644,666		
3. Short-term loans	500,000			-				-		
4. Other accounts payable	765,139			394,686				394,065		
5. Current portion of long-term other accounts payable	31,507			-				-		
6. Accrued income taxes	201,516			380,253				419,492		
7. Accrued bonuses for employees	262,494			384,448				464,857		
8. Accrued bonuses for directors	4,482			8,920				15,300		
9. Allowance for sales return	6,346			8,055				8,736		
10. Other current liabilities	160,550			237,094				160,816		
Total current liabilities		3,718,265	21.9		3,474,158	19.7	-244,106		3,345,384	19.7
II Fixed liabilities										
1. Guaranteed deposits received	208,279			211,381				208,646		
2. Accrued retirement benefits for employees	348,232			397,401				371,227		
3. Accrued retirement benefits for directors	47,802			72,168				51,491		
Total fixed liabilities		604,314	3.6		680,951	3.8	76,636		631,365	3.7
Total liabilities		4,322,580	25.5		4,155,110	23.5	-164,470		3,976,750	23.4

(Thousands of yen)

	As of March 31, 2006			As of March 31, 2007				As of September 30, 2006		
	Amount		Ratio (%)	Amount		Ratio (%)	Change in amount	Amount		Ratio (%)
Stockholders' equity										
I Common stock		1,616,950	9.5		-		-		-	-
II Capital reserve										
1. Additional paid-in capital	2,226,020			-				-		
2. Profit from disposal of treasury stock	615,567			-				-		
Total of capital reserve		2,841,587	16.8		-		-		-	-
III Retained earnings										
1. Legal reserve	164,079			-				-		
2. Voluntary reserve	5,000,000			-				-		
3. Unappropriated retained earnings	2,969,852			-				-		
Total of retained earnings		8,133,931	48.0		-		-		-	-
IV Net unrealized holding gain on securities		30,364	0.2		-		-		-	-
V Treasury stock		-7	-0.0		-		-		-	-
Total stockholders' equity		12,622,825	74.5		-		-		-	-
Total liabilities and shareholders' equity		16,945,406	100.0		-		-		-	-
Net assets										
I Stockholders' equity										
1. Common stock		-	-		1,616,950	9.2	-		1,616,950	9.5
2. Capital surplus										
1) Additional paid-in capital	-			2,226,020				2,226,020		
2) Other capital surplus	-			615,567				615,567		
Total of capital surplus		-	-		2,841,587	16.1	-		2,841,587	16.8
3. Retained earnings										
1) Legal reserve	-			164,079				164,079		
2) Other retained earnings										
Contingent reserve	-			5,000,000				5,000,000		
Earned surplus carried forward	-			3,871,351				3,366,639		
Total of retained earnings		-	-		9,035,433	51.1	-		8,530,718	50.2
4. Treasury stock		-	-		-7	-0.0	-		-7	-0.0
Total stockholders' equity		-	-		13,493,963	76.4	-		12,989,248	76.5
II Valuation and translation adjustments										
1. Net unrealized holding gain on securities	-			18,702				23,808		
Total valuation and translation adjustments		-	-		18,702	0.1	-		23,808	0.1
Total net assets		-	-		13,512,666	76.5	-		13,013,056	76.6
Total liabilities and net assets		-	-		17,667,776	100.0	-		16,989,806	100.0

(2) Income Statement

(Thousands of yen)

	First half ended March 31, 2006			First half ended March 31, 2007				Fiscal year ended September 30, 2006		
	Amount		Ratio (%)	Amount		Ratio (%)	Change in amount	Amount		Ratio (%)
I Net sales		5,263,487	100.0		6,410,840	100.0	1,147,353		11,240,639	100.0
II Cost of sales		3,023,167	57.4		3,530,843	55.1	507,675		6,405,467	57.0
Gross profit		2,240,319	42.6		2,879,997	44.9	639,677		4,835,172	43.0
Provision for allowance for sales returns		6,346	0.2		-681	-0.0	-7,028		8,736	0.1
Net gross profit		2,233,972	42.4		2,880,678	44.9	646,706		4,826,435	42.9
III Selling, general and administrative expenses※1		1,540,964	29.2		1,826,846	28.5	285,881		3,293,863	29.3
Operating Income		693,007	13.2		1,053,832	16.4	360,824		1,532,572	13.6
IV Non-operating income ※2		23,395	0.4		9,496	0.2	-13,898		35,350	0.3
V Non-operating expenses ※3		6,679	0.1		4,339	0.1	-2,339		11,912	0.1
Ordinary income		709,723	13.5		1,058,989	16.5	349,265		1,556,010	13.8
VI Extraordinary gains		34	0.0		-	-	-34		-	-
VII Extraordinary losses※4		25,386	0.5		50,406	0.8	25,019		101,445	0.9
Income before income taxes		684,371	13.0		1,008,583	15.7	324,212		1,454,564	12.9
Income taxes - current	191,354			367,247				592,325		
Income taxes - deferred	64,016	255,370	4.8	46,531	413,778	6.4	158,407	-53,637	538,687	4.8
Net income		429,000	8.2		594,805	9.3	165,804		915,877	8.1
Retained earnings at the beginning of the period		2,536,743			-				-	
Reversal of earned surplus appropriated as bonuses for directors in the previous fiscal year		4,108			-				-	
Interim dividends		-			-				-	
Unappropriated retained earnings at the end of the period		2,969,852			-				-	

(3) Statements of Changes in Stockholders' Equity

First Half Ended March 31, 2007 (From October 1, 2006 to March 31, 2007)

(Thousands of yen)

	Stockholders' equity							
		Capital surplus			Retained earnings			
	Common stock	Additional paid-in capital	Other capital surplus: Profit from disposal of treasury stock	Total capital surplus	Legal reserve	Other retained earnings: Contingent reserve	Other retained earnings: Earned surplus carried forward	Total retained earnings
Balance at beginning of period	1,616,950	2,226,020	615,567	2,841,587	164,079	5,000,000	3,366,639	8,530,718
Changes in the term								
Dividends from surplus							-90,089	-90,089
Net income							594,805	594,805
Net change of items other than stockholders' equity								
Total changes in the term	-	-	-	-	-	-	504,715	504,715
Balance at end of period	1,616,950	2,226,020	615,567	2,841,587	164,079	5,000,000	3,871,354	9,035,433

	Stockholders' equity		Valuation and translation adjustments		
	Treasury stock	Total stockholders' equity	Net unrealized holding gain on securities	Total valuation and translation adjustments	Total net assets
Balance at beginning of period	-7	12,989,248	23,808	23,808	13,013,056
Changes in the term					
Dividends from surplus		-90,089			-90,089
Net income		594,805			594,805
Net change of items other than stockholders' equity			-5,105	-5,105	-5,105
Total changes in the term	-	504,715	-5,105	-5,105	499,609
Balance at end of period	-7	13,493,963	18,702	18,702	13,512,666

Fiscal Year Ended September 30, 2006 (From October 1, 2005 to September 30, 2006)

(Thousands of yen)

	Stockholders' equity							
		Capital surplus			Retained earnings			
	Common stock	Additional paid-in capital	Other capital surplus: Profit from disposal of treasury stock	Total capital surplus	Legal reserve	Other retained earnings: Contingent reserve	Other retained earnings: Earned surplus carried forward	Total retained earnings
Balance at beginning of period	1,616,950	2,226,020	-	2,226,020	164,079	5,000,000	2,635,308	7,799,387
Changes in the term								
Dividends from surplus							-173,154	-173,154
Bonus for directors							-15,500	-15,500
Reversal of bonus for directors							4,108	4,108
Net income							915,877	915,877
Disposal of treasury stock			615,567	615,567				
Net change of items other than stockholders' equity								
Total changes in the term	-	-	615,567	615,567	-	-	731,331	731,331
Balance at end of period	1,616,950	2,226,020	615,567	2,841,587	164,079	5,000,000	3,366,639	8,530,718

	Stockholders' equity		Valuation and translation adjustments		
	Treasury stock	Total stockholders' equity	Net unrealized holding gain on securities	Total valuation and translation adjustments	Total net assets
Balance at beginning of period	-729,264	10,913,093	23,314	23,314	10,936,408
Changes in the term					
Dividends from surplus		-173,154			-173,154
Bonus for directors		-15,500			-15,500
Reversal of bonus for directors		4,108			4,108
Net income		915,877			915,877
Disposal of treasury stock	729,256	1,344,824			1,344,824
Net change of items other than stockholders' equity			493	493	493
Total changes in the term	729,256	2,076,155	493	493	2,076,648
Balance at end of period	-7	12,989,248	23,808	23,808	13,013,056

(4) Cash Flow Statement

(Thousands of yen)

	Fiscal year ended Mar. 31, 2006	Fiscal year ended Mar. 31, 2007	Change in	Fiscal year ended Sep. 30, 2006
	Amount	Amount	Amount	Amount
I Cash flows from operating activities				
Income before income taxes	684,371	1,008,583		1,454,564
Depreciation and amortization	253,407	272,712		575,540
Increase in retirement benefits for employees	20,196	26,174		43,190
Increase (decrease) in retirement benefits for directors	-29,195	20,676		-25,506
Increase (decrease) in allowance for doubtful receivables	-34	39		267
Decrease in accrued bonuses for employees	-167,094	-80,408		35,267
Increase (decrease) in accrued bonuses for directors	4,482	-6,380		15,300
Increase (decrease) in allowance for sales return	6,346	-681		8,736
Interest and dividends income	-1,944	-5,064		-4,785
Gain on sales of investment securities	-6,628	-		-6,628
Loss on disposal of capital assets	18,830	5,604		20,915
Decrease (increase) in trade receivable	113,513	-131,677		-892,478
Increase in inventories	-209,077	-207,948		-308,649
Decrease in advanced money	24,310	6,273		18,582
Decrease (increase) in other accounts receivable	-429	2,340		-4,337
Decrease (increase) in long-term prepaid expenses	-179,292	3,240		-127,360
Increase in trade payable	266,739	178,584		362,628
Increase in other accounts payable	106,938	3,655		73,947
Increase (decrease) in accrued expenses	-20,764	-17,004		13,538
Increase (decrease) in accrued consumption taxes	-13,553	74,230		-11,548
Increase in consumption taxes receivable	-57,502	-		-
Increase in guaranteed deposits received	3,326	2,734		3,694
Payments of bonuses to directors	-11,391	-		-11,391
Others	-95,402	47,536		-143,868
Sub total	710,152	1,203,221	493,069	1,089,618
Interests and dividends received	1,941	4,275		4,475
Funds transferred to defined contribution pension account	-	-		-31,507
Income taxes paid	-108,140	-405,399		-295,296
Net cash used by operating activities	603,953	802,097	198,144	767,290
II Cash flows from investing activities				
Purchase of marketable securities	-	-99,883		-499,361
Proceeds from sales of marketable securities	-	600,000		-
Purchase of investment securities	-	-10,000		-
Proceeds from sales of investment securities	11,922	-		11,922
Purchase of property, plant and equipment	-913,952	-149,402		-1,333,152
Purchase of intangible fixed assets	-5,353	-720		-485,998
Purchase of leased assets	-847,723	-		-847,723
Proceeds from sales of leased assets	213,465	-		847,723
Payment of guaranteed deposits	-50,112	-		-50,112
Others	-856	-856		-7,671
Net cash used in investing activities	-1,592,610	339,137	1,931,748	-2,364,373
III Cash flows from financing activities				
Borrowing of short-term loan	500,000	-		500,000
Repayment of short-term borrowings	-	-		-500,000
Proceeds from sales of treasury stock	1,344,824	-		1,344,824
Cash dividends paid	-82,753	-89,860		-172,823
Net cash provided by financing activities	1,762,070	-89,860	-1,851,931	1,172,000
IV Decrease in cash and cash equivalents	773,413	1,051,375	277,962	-425,082
V Opening balance of cash and cash equivalents	2,683,431	2,258,349	-425,082	2,683,431
VI Closing balance of cash and cash equivalents	3,456,844	3,309,725	-147,119	2,258,349

Significant Accounting Policies

	First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
1. Valuation Criteria and Methods for Assets	**1) Securities Holding:** **i 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.) **ii Non-marketable securities:** Moving average cost method **2) Inventories:** First-in, first-out cost method	**1) Securities Holding:** **i 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 net assets and the cost price of securities sold is calculated by the moving average method.) **ii Non-marketable securities:** Same as left **2) Inventories:** Same as left	**1) Securities Holding:** **i 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 net assets and the cost price of securities sold is calculated by the moving average method.) **ii Non-marketable securities:** Same as left **2) Inventories:** Same as left
2. Depreciation and Amortization of Fixed Assets	**1) Depreciation on property, plant and equipment:** Declining-balance method: However, depreciation on the buildings which we bought after April 1, 1998 (excluding the facilities attached to the buildings) 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 our 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	**1) Depreciation on property, plant and equipment:** Same as left **2) Amortization of intangible fixed assets:** Same as left **3) Amortization of long-term prepaid expenses:** Same as left.	**1) Depreciation on property, plant and equipment:** Same as left **2) Amortization of intangible fixed assets:** Same as left **3) Amortization of long-term prepaid expenses:** Same as left.
3. 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) is applied and for specific uncollectible receivables such as those of high default risk, we examine the possibility of recovery of the respective account.	**1) Allowance for doubtful receivables:** Same as left.	**1) Allowance for doubtful receivables:** Same as left.

	First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
	2) Accrued bonuses for employees: Accrued bonuses are provided for the payment of bonuses to employees based on estimated amounts of future payments, which is attributable to the interim fiscal year concerned. **3) Accrued retirement benefits for employees:** Accrued retirement benefits for employees are provided for possible payment of employees' post-retirement benefits at the amount to be accrued at the balance sheet date and are calculated based on an estimate of the projected benefit obligation and the employees' pension plan assets. **4) Accrued retirement benefits for directors:** Accrued retirement benefits for directors are provided with the amount estimated as of the end of the interim fiscal year concerned to be paid in accordance with the internal rules for such retirement benefits for directors. Provision for this allowance reserve is prescribed by Article 43 in the enforcement regulations of Commercial Law. **5) Allowance for sales returns:** Allowance for sales returns is provided with expected gross profit from volume of returns calculated based on past rejection rates in preparation for sales returns. **6) Accrued bonuses for directors:** Accrued bonuses are provided for bonuses with the amount estimated as of the end of the interim fiscal year concerned to be paid to directors in subsequent periods.	**2) Accrued bonuses for employees:** Same as left. **3) Accrued retirement benefits for employees:** Same as left. **4) Accrued retirement benefits for directors:** Accrued retirement benefits for directors are provided with the amount estimated to be paid as of the end of the interim fiscal year concerned in accordance with the internal rules for such retirement benefits for directors. **5) Allowance for sales returns:** Same as left. **6) Accrued bonuses for directors:** Same as left.	**2) Accrued bonuses for employees:** Accrued bonuses are provided for the payment of bonuses to employees based on estimated amounts of future payments. **3) Accrued retirement benefits for employees:** Accrued retirement benefits for employees are provided for possible payment of employees' post-retirement benefits at the amount to be accrued at the balance sheet date and are calculated based on an estimate of the projected benefit obligation and the employees' pension plan assets. **4) Accrued retirement benefits for directors:** Accrued retirement benefits for directors are provided with the amount estimated as of the end of the fiscal year concerned to be paid in accordance with the internal rules for such retirement benefits for directors. **5) Allowance for sales returns:** Same as left. **6) Accrued bonuses for directors:** Accrued bonuses are provided for bonuses with the amount estimated as of the end of the fiscal year concerned to be paid to directors in subsequent periods.
4. Accounting for Lease Transactions	The accounting procedures conform to the accounting method for the usual lease contract are applied to finance lease agreements excluding those stipulating the transfer of ownership of the leased assets to the lessee.	Same as left.	Same as left.

	First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
5. 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 be easily converted to cash and are exposed to little risk of change in value.	Same as left.	Same as left.
6. Other Significant Items	**(Accounting for Consumption Tax)** Tax-exclusive method is applied to the accounting for transactions subject to consumption tax. The net balance between consumption taxes paid tentatively and those received tentatively is represented as “Other current assets" in Current assets.	**(Accounting for Consumption Tax)** Tax-exclusive method is applied to the accounting for transactions subject to consumption tax. The net balance between consumption taxes paid tentatively and those received tentatively is represented as “Other current liabilities" in Current liabilities.	**(Accounting for Consumption Tax)** Tax-exclusive method is applied to the accounting for transactions subject to consumption tax.

Changes in Significant Accounting Policies

First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
(Accounting for the Impairment of Fixed Assets) The Company started to account for the impairment of fixed assets (suggested in "Opinion Paper on the Establishment of Accounting Standards for Impairment Loss on Fixed Assets released by the Financial Services Agency's Business Accounting Council on August 9, 2002) and "the implementation guidelines for asset impairment accounting" (Business Accounting Application Guideline No. 6 released by the Accounting Standards Board of Japan on October 31, 2003) in the interim fiscal year concerned. This adoption had no significant impact on the Company's financial performance. **(Accounting for bonuses for directors)** The Company started to account for bonuses for directors (Business Accounting Standard No. 4 released on November 29, 2005) in the interim fiscal year concerned. Before the adoption, the Company had recognized bonuses for directors as the decrease in unappropriated profits as of the date of a general meeting of stockholders. However, the Company started to book bonuses for directors on an accrual basis in the interim fiscal year concerned. This adoption decreased operating income, ordinary income and net income before tax by 4,482 thousand yen each.	―――――― ――――――	**(Accounting for the Impairment of Fixed Assets)** The Company started to account for the impairment of fixed assets (suggested in "Opinion Paper on the Establishment of Accounting Standards for Impairment Loss on Fixed Assets released by the Financial Services Agency's Business Accounting Council on August 9, 2002) and "the implementation guidelines for asset impairment accounting" (Business Accounting Application Guideline No. 6 released by the Accounting Standards Board of Japan on October 31, 2003) in the fiscal year concerned. This adoption had no significant impact on the Company's financial performance. **(Accounting for bonuses for directors)** The Company started to account for bonuses for directors (Business Accounting Standard No. 4 released on November 29, 2005) in the interim fiscal year concerned. Before the adoption, the Company had recognized bonuses for directors as the decrease in unappropriated profits as of the date of a general meeting of stockholders. However, the Company started to book bonuses for directors on an accrual basis in the fiscal year concerned. This adoption decreased operating income, ordinary income and net income before tax by 15,300 thousand yen each. **(Accounting Standards for Presentation**

First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
―――――――	―――――――	**of Net Assets in the Balance Sheet)** The Company started to apply the Accounting Standards for Presentation of Net Assets in the Balance Sheet (Business Accounting Standards No. 5 released on December 9, 2005) and Business Accounting Application Guideline No. 8 released by the Accounting Standards Board of Japan in December 9, 2005) in the fiscal year concerned. The total amount of stockholders' equity for the fiscal year concerned on the previous accounting standards basis is 13,013,056 thousand yen. The regulations of financial statements were amended in April 2006. The Company prepared the section of net assets in the balance sheet for the fiscal year concerned in accordance with the amended regulations.

Changes in the Presentation in Financial Statements

First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
―――――――	―――――――	**(Cash Flow Statements)** "Increase in prepaid expenses" in the section of cash flows from operating activities, which is the item included in "Other" in the cash flow statement for the previous fiscal year, is presented separately in the cash flow statement for the fiscal year concerned. The amount of "Increase in prepaid expenses" included in "Other" in the cash flow statement for the previous fiscal year is -4,053 thousand yen.

Supplementary Information

First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
(Allowance for sales return) The Company had recognized loss on sales returns as a sales deduction on an accrual basis until the previous fiscal year. However, the Company started to provide the allowance for sales return in preparation for possible returns in the interim fiscal year concerned. The adoption of this accounting is attributable to the increasing significance of sales returns in line with expanding sales. The Company believes that we can reflect more accurately the impact of sales returns in our financial statements by adopting this accounting. This adoption decreased operating income, ordinary income and net income by 6,346 each.	―――――――	**(Allowance for sales return)** The Company had recognized loss on sales returns as a sales deduction on an accrual basis until the previous fiscal year. However, the Company started to provide the allowance for sales return in preparation for possible returns in the fiscal year concerned. The adoption of this accounting is attributable to the increasing significance of sales returns in line with expanding sales. The Company believes that we can reflect more accurately the impact of sales returns in our financial statements by adopting this accounting. This adoption decreased operating income, ordinary income and net income by 8,736 each.

Notes to Financial Statements

(Notes to Balance Sheets)

First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
※ 1 Accumulated depreciation of property, plant and equipment 3,010,765 thousand yen ※ 2 ______	※ 1 Accumulated depreciation of property, plant and equipment 3,488,886 thousand yen ※ 2 Notes receivable and payable due on the interim fiscal year end Notes receivable and payable due on the interim fiscal year end are accounted for based on the nominal maturity date, although the interim fiscal year concerned was a holiday for financial institutions. The amount of notes receivable and payable due on the fiscal year end is as follows: Notes receivable: 83,053 thousand yen Notes payable: 10,492 thousand yen	※ 1 Accumulated depreciation of property, plant and equipment 3,290,890 thousand yen ※ 2 Notes receivable and payable due on the interim fiscal year end Notes receivable and payable due on the interim fiscal year end are accounted for based on the nominal maturity date, although the interim fiscal year concerned was a holiday for financial institutions. The amount of notes receivable and payable due on the fiscal year end is as follows: Notes receivable: 78,387 thousand yen Notes payable: 5,389 thousand yen

(Notes to Income Statements)

First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
※1 Breakdown of selling, general and administrative expenses: (Thousands of yen) Salaries and bonuses: 368,526 Research and development expenses: 292,496 Provision for bonuses: 163,124 Sales commission: 108,326 Welfare expenses: 89,938 Rent: 83,454 Packaging and transportation expenses: 70,717 Provision for retirement benefits: 17,226 ※2 Major items of non-operating income: (Thousands of yen) Subcontracting fees: 9,200 Gain on sale of investment securities: 6,628 Interest received and discount income: 1,173 Interest on securities: 624 ※ 3 Major items of non-operating expenses: (Thousands of yen) Clients' inventory compensation: 2,000 Sales discount: 927 Interests paid: 898 Depreciation expense: 827	※1 Breakdown of selling, general and administrative expenses: (Thousands of yen) Salaries and bonuses: 410,183 Research and development expenses: 339,305 Provision for bonuses: 233,461 Sales commission: 155,498 Welfare expenses: 104,896 Rent: 94,581 Packaging and transportation expenses: 79,753 Provision for retirement benefits: 17,947 ※2 Major items of non-operating income: (Thousands of yen) Interest on securities: 3,091 Interest received and discount income: 1,849 ※ 3 Major items of non-operating expenses: (Thousands of yen) Penalty for breach of lease agreements: 1,649 Sales discount: 1,176 Interests paid: 1,043 Depreciation expense: 381	※1 Breakdown of selling, general and administrative expenses: (Thousands of yen) Salaries and bonuses: 878,739 Research and development expenses: 601,711 Provision for bonuses: 290,245 Sales commission: 238,749 Welfare expenses: 199,139 Rent: 168,367 Packaging and transportation expenses: 151,030 Provision for retirement benefits: 32,467 ※2 Major items of non-operating income: (Thousands of yen) Subcontracting fees: 11,150 Interest on investment securities: 6,628 Interest received and discount income: 2,407 Interest on securities: 2,013 ※ 3 Major items of non-operating expenses: (Thousands of yen) Interest paid:: 2,307 Sales discount: 2,294 Clients’ inventory compensation: 2,000 Depreciation expense: 1,730

First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
※4 Major items of extraordinary losses: (Thousands of yen) Loss on retirement of fixed assets: 18,830 Retirement benefits for directors: 6,555	※4 Major items of extraordinary losses: (Thousands of yen) Provision for retirement benefits for directors in prior periods: 24,101 Loss on disposal of inventories: 20,700 Loss on retirement of fixed assets: 5,604	※4 Major items of extraordinary losses: (Thousands of yen) Loss on disposal of inventories: 59,497 Loss on retirement of fixed assets: 20,915 Loss on revaluation of investment securities: 12,083 Retirement benefits for directors: 6,555 Loss on revaluation of inventories: 2,392
5 Depreciation and amortization recognized: (Thousands of yen) Tangible fixed assets: 225,307 Intangible fixed assets 28,099	5 Depreciation and amortization recognized: (Thousands of yen) Tangible fixed assets: 248,761 Intangible fixed assets 23,950	5 Depreciation and amortization recognized: (Thousands of yen) Tangible fixed assets: 520,332 Intangible fixed assets 55,207

(Notes to Statements of Changes in Stockholders' Equity for the First Half Ended Mar. 31, 2007)

1. Notes to Classes and Number of Outstanding Shares

Class	Number of shares as of Sep. 30, 2006	Increase in number of shares during the period	Decrease in number of shares during the period	Number of shares as of Mar. 31, 2007
Outstanding shares				
Common stock	12,870,000	-	-	12,870,000
Total	12,870,000	-	-	12,870,000
Treasury stocks				
Common stock	10	-		10
Total	10	-	-	10

2. Notes to share warrants and own share options

Not applicable.

3. Notes to dividends

(1) Dividend paid

Resolution	Type of stock	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting on December 20, 2006	Common stock	90,089	7	September 30, 2006	December 21, 2006

(2) Of the dividends for which the record date was included in the interim fiscal year concerned, those for which the effective date occurs after the closing of the period

Resolution	Type of stock	Total dividends (Thousands of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Board of directors' meeting on May 10, 2007	Common stock	90,089	Retained earnings	7	March 31, 2007	June 1, 2007

(Notes to Statements of Changes in Stockholders' Equity for the Fiscal Year Ended Sep. 30, 2006)

1. Notes to Classes and Number of Outstanding Shares

Class	Number of shares as of Sep. 30, 2005	Increase in number of shares during the period	Decrease in number of shares during the period	Number of shares as of Sep. 30, 2006
Outstanding shares				
Common stock	12,870,000	-	-	12,870,000
Total	12,870,000	-	-	12,870,000
Treasury stocks				
Common stock	1,003,610	-	1,003,600*	10
Total	1,003,610	-	1,003,600*	10

*The decrease is attributable to sales of treasury stocks.

2. Notes to share warrants and own share options

Not applicable.

3. Notes to dividends

(1) Dividend paid

Resolution	Type of stock	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting on December 20, 2005	Common stock	83,064	7	September 30, 2005	December 21, 2005
Board of directors' meeting on May 17, 2006	Common stock	90,089	7	March 31, 2006	June 9, 2006

(2) Of the dividends for which the record date was included in the fiscal year concerned, those for which the effective date occurs after the closing of the period

Resolution	Type of stock	Total dividends (Thousands of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting on December 20, 2006	Common stock	90,089	Retained earnings	7	September 30, 2006	December 21, 2006

(Notes to Cash Flow Statements)

Cash and cash equivalents balance at end of the period and the relationship between the balance and the amount booked in the balance sheets: (Thousands of yen)

As of Mar. 31, 2006		As of Mar. 31, 2007		As of Sep. 30, 2006	
Cash on hand and at banks	3,256,697	Cash on hand and at banks	2,108,729	Cash on hand and at banks	1,457,905
Securities	200,147	Securities	1,200,995	Securities	1,300,119
Cash and cash equivalents	3,456,844	Cash and cash equivalents	3,309,725	Securities not expired within three months	-499,674
				Cash and cash equivalents	2,258,349

(Notes to Lease Transactions)

(Thousands of yen)

First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
1. Finance lease transactions except for those agreements stipulating the transfer of ownership of the leased assets to the lessee	1. Finance lease transactions except for those agreements stipulating the transfer of ownership of the leased assets to the lessee	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 (Machinery and equipment) Acquisition costs: 2,156,589 Accumulated depreciation: 471,513 Net book value: 1,685,075 (Vehicles and other transportation equipment) Acquisition costs: 99,287 Accumulated depreciation: 57,857 Net book value: 41,430 (Tools, furniture and fixtures) Acquisition costs: 49,110 Accumulated depreciation: 26,567 Net book value: 22,543 (Total) Acquisition costs: 2,304,986 Accumulated depreciation: 555,937 Net book value: 1,749,049	(1) The pro forma amounts of the acquisition costs, accumulated depreciation and net book value of the leased assets (Machinery and equipment) Acquisition costs: 2,156,589 Accumulated depreciation: 696,202 Net book value: 1,460,386 (Vehicles and other transportation equipment) Acquisition costs: 95,500 Accumulated depreciation: 55,434 Net book value: 40,066 (Tools, furniture and fixtures) Acquisition costs: 49,110 Accumulated depreciation: 34,889 Net book value: 14,221 (Total) Acquisition costs: 2,301,199 Accumulated depreciation: 786,525 Net book value: 1,514,673	(1) The pro forma amounts of the acquisition costs, accumulated depreciation and net book value of the leased assets (Machinery and equipment) Acquisition costs: 2,156,589 Accumulated depreciation: 583,858 Net book value: 1,572,731 (Vehicles and other transportation equipment) Acquisition costs: 96,723 Accumulated depreciation: 55,076 Net book value: 41,646 (Tools, furniture and fixtures) Acquisition costs: 49,110 Accumulated depreciation: 30,728 Net book value: 18,382 (Total) Acquisition costs: 2,302,422 Accumulated depreciation: 669,662 Net book value: 1,632,759
(2) The pro forma amounts of unexpired lease payments Due in one year or less: 253,497 Due after one year: 1,535,658 Total 1,789,156	(2) The pro forma amounts of unexpired lease payments Due in one year or less: 254,861 Due after one year: 1,308,504 Total 1,563,365	(2) The pro forma amounts of unexpired lease payments Due in one year or less: 270,617 Due after one year: 1,465,661 Total 1,736,278
(3) Lease payments and depreciation of leased assets Lease payments: 116,099 Depreciation: 99,435 Interest paid: 10,151	(3) Lease payments and depreciation of leased assets Lease payments: 144,299 Depreciation: 126,266 Interest paid: 12,598	(3) Lease payments and depreciation of leased assets Lease payments: 271,413 Depreciation: 224,650 Interest paid: 23,678
(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 usual 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.	(4) Methods of calculation of depreciation Same as left.	(4) Methods of calculation of depreciation Same as left.

First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
(5) Methods of calculation of interest The difference between the total amount of the lease payments (excluding maintenance and administration costs) 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. 2. Operating lease transaction (Unexpired lease payment) Due in one year or less: 24,000 Due after one year: 107,980 131,980 (Impairment loss on leased assets) Not applicable.	(5) Methods of calculation of interest Same as left. 2. Operating lease transaction (Unexpired lease payment) Due in one year or less: 24,000 Due after one year: 83,980 107,980 (Impairment loss on leased assets) Same as left.	(5) Methods of calculation of interest Same as left. 2. Operating lease transaction (Unexpired lease payment) Due in one year or less: 24,000 Due after one year: 95,980 119,980 (Impairment loss on leased assets) Same as left.

(Notes to Securities Holding)

1. Breakdown of marketable securities (Thousands of yen)

	As of Mar. 31, 2006			As of Mar. 31, 2007			As of Sep. 30, 2006		
	Acquisition cost	Value booked	Unrealized gain (loss)	Acquisition cost	Value booked	Unrealized gain (loss)	Acquisition cost	Value booked	Unrealized gain (loss)
Stock	36,954	90,021	53,067	36,954	68,627	31,672	36,954	77,365	40,411
Debt securities	99,980	98,117	-1,862	99,980	99,846	-133	199,924	199,662	-262
Total	136,934	188,139	51,204	136,934	168,473	31,539	236,879	277,028	40,148

2. Breakdown of non-marketable securities (Thousands of yen)

	As of Mar. 31, 2006	As of Mar. 31, 2007	As of Sep. 30, 2006
Other securities			
Money Management Fund	200,147	200,544	200,275
Commercial paper	-	499,608	499,674
Free Financial Fund	-	500,842	500,229
Unlisted stock	12,284	10,200	200

Note: The Company recorded 12,083 thousand yen of impairment losses on part of securities holdings, which are unlisted and not measured at a fair value, for the fiscal year ended September 30, 2006. In the event that the value of securities is estimated to decline 50% or more from the book value due to the deterioration of the issuer’s financial conditions, the Company applies the impairment accounting method to the securities.

(Notes to Derivative Transactions) The Company did not have any derivative transactions.

(Notes to Earnings on investments in equity-method affiliates) Not applicable.

(Notes to Stock Options) Not applicable.

(Notes to Business Combination Accounting) Not applicable.

(Per Share Data)

First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
Net assets per share: 980.80 yen Net income per share: 35.87 yen Fully-diluted net income per share is not presented because there are no residual securities, such as convertible bonds, issued by the Company.	Net assets per share: 1,049.94 yen Net income per share: 46.22 yen Same as left.	Net assets per share: 1,011.12 yen Net income per share: 73.78 yen Same as left.

(Note) The basis of calculating the above figures is as follows: (Thousands of yen)

	First half ended Mar. 31, 2006	First half ended Mar. 31, 2007	Fiscal year ended Sep. 30, 2006
Net income for the (interim) fiscal year	429,000	594,805	915,877
Amount not applicable to ordinary shareholders	-	-	-
Net income applicable to ordinary shareholders	429,000	594,805	915,877
Average number of shares outstanding	11,960,133	12,869,990	12,413,558

(Significant Subsequent Events)

There is no event to be reported.

V. Goods Manufactured, Orders Received and Sales

(1) Breakdown of goods manufactured

(Thousands of yen)

Business segment	First half ended March 31, 2006		First half ended March 31, 2007		YOY Change	Fiscal year ended September 30, 2006	
	Amount	(%)	Amount	(%)	Amount	Amount	(%)
Diagnostic drugs	2,180,821	42.9	2,561,270	42.7	380,449	4,462,620	41.8
Hormone drugs	1,413,355	27.8	1,696,292	28.3	282,937	3,004,521	28.1
Circulatory drugs	539,092	10.6	526,946	8.8	-12,145	1,033,994	9.7
Antibiotics & Chemotherapeutics	279,042	5.5	337,190	5.6	58,147	625,381	5.9
Urogenital & genital organ drugs	149,434	2.9	163,520	2.7	14,085	309,535	2.9
Dermatological preparation	178,031	3.5	158,549	2.7	-19,482	281,664	2.6
Others	346,851	6.8	551,305	9.2	204,453	957,165	9.0
Total	5,086,630	100.0	5,995,076	100.0	908,446	10,674,882	100.0

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

2. Fractions less than one thousand yen are omitted.

(2) Breakdown of goods purchased

(Thousands of yen)

Business segment	First half ended March 31, 2006		First half ended March 31, 2007		YOY Change	Fiscal year ended September 30, 2006	
	Amount	(%)	Amount	(%)	Amount	Amount	(%)
In vitro diagnostics	162,802	69.6	199,124	66.7	36,322	328,856	71.3
Dermatological preparation	18,839	8.1	31,682	10.6	12,843	38,205	8.3
Hormone drugs	19,117	8.2	11,406	3.8	-7,711	32,456	7.0
Antibiotics & Chemotherapeutics	5,952	2.5	-	-	-5,952	5,952	1.3
Others	27,076	11.6	56,343	18.9	29,267	55,769	12.1
Total	233,788	100.0	298,557	100.0	64,769	461,240	100.0

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

2. Fractions less than one thousand yen are omitted.

(3) Manufacturing based on orders received

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

(4) Breakdown of sales

(Thousands of yen)

Business segment	First half ended March 31, 2006		First half ended March 31, 2007		YOY Change	Fiscal year ended September 30, 2006	
	Amount	(%)	Amount	(%)	Amount	Amount	(%)
Goods manufactured							
Diagnostic drugs	2,120,489	40.3	2,498,019	39.0	377,529	4,489,708	39.9
Hormone drugs	1,329,005	25.3	1,613,262	25.2	284,256	2,883,480	25.7
Circulatory drugs	486,157	9.2	557,253	8.7	71,096	993,246	8.8
Antibiotics & Chemotherapeutics	256,321	4.9	307,834	4.8	51,513	552,423	4.9
Urogenital drugs & genital organ drugs	147,960	2.8	148,313	2.3	352	308,405	2.8
Dermatological preparation	137,082	2.6	143,308	2.2	6,225	293,848	2.6
Others	401,358	7.6	666,977	10.4	265,619	874,909	7.8
Sub total	4,878,375	92.7	5,934,969	92.6	1,056,593	10,396,022	92.5
Goods purchased							
In vitro diagnostic	291,176	5.5	322,380	5.0	31,204	597,356	5.3
Dermatologic preparation	44,966	0.9	48,998	0.8	4,031	101,969	0.9
Hormone drugs	10,806	0.2	15,041	0.2	4,235	29,586	0.3
Antibiotics & Chemotherapeutics	7,490	0.1	6,263	0.1	-1,226	14,664	0.1
Others	30,671	0.6	83,187	1.3	52,515	101,050	0.9
Sub total	385,111	7.3	475,871	7.4	90,760	844,617	7.5
Total	5,263,487	100.0	6,410,840	100.0	1,147,353	11,240,639	100.0

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

2. Fractions less than one thousand yen are omitted.

(Information on major clients) (Thousands of yen, %)

Client	First half ended March 31, 2006		First half ended March 31, 2007		YOY Change	Fiscal year ended September 30, 2006	
	Amount	(%)	Amount	(%)	Amount	Amount	(%)
Konica Minolta Medical &Graphics Inc.	1,556,897	29.6	1,707,173	26.6	150,276	3,152,109	28.0