JASDAQ

Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2009

November 9, 2009

Company name: Fuji Pharma Co., Ltd. Stock Exchange listing: JQ
Stock code: 4554 (URL: http://www.fujipharma.jp)
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Scheduled date of annual shareholders' meeting: December 18, 2009
Scheduled start date of dividend: December 21, 2009
Scheduled submission date of annual securities report: December 21, 2009

(All amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Year Ended September 30, 2009 (October 1, 2008 to September 30, 2009)

(1) Operating results

(Percentages shown for net sales, operating income, ordinary income and net income represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Sep. 30, 2009	17,198	15.1	2,462	19.2	2,477	18.7	1,525	21.9
Fiscal year ended Sep. 30, 2008	14,937	12.7	2,066	(1.8)	2,086	(2.0)	1,251	4.9

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Profit margin on sales
	Yen	Yen	%	%	%
Fiscal year ended Sep. 30, 2009	118.57	-	9.8	11.5	14.3
Fiscal year ended Sep. 30, 2008	97.26	-	8.6	10.5	13.8

Note: Earnings on investments in equity-method affiliates (millions of yen) Sep. 30, 2009: - Sep. 30, 2008: -

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended Sep. 30, 2009	22,862	16,221	71.0	1,260.42
Fiscal year ended Sep. 30, 2008	20,355	14,971	73.6	1,163.31

Reference: Shareholders' equity (millions of yen) Sep. 30, 2009: 16,221 Sep. 30, 2008: 14,971

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Sep. 30, 2009	1,816	(1,859)	(270)	2,668
Fiscal year ended Sep. 30, 2008	952	(1,331)	(283)	2,981

2. Dividends

	Dividend per share					Total cash dividends	Dividend payout ratio	Dividends on equity
	1Q-end	2Q-end	3Q-end	Yearend	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Sep. 30, 2008	-	10.00	-	10.00	20.00	257	20.6	1.8
Fiscal year ended Sep. 30, 2009	-	11.00	-	13.00	24.00	308	20.2	2.0
Fiscal year ending Sep. 30, 2010 (Estimated)	-	13.00	-	13.00	26.00		19.9	

3. Forecast for the Fiscal Year Ending September 30, 2010 (October 1, 2009 to September 30, 2010)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	9,360	23.5	1,380	46.3	1,380	44.8	840	53.5	65.27
Full year	19,100	11.1	2,725	10.7	2,740	10.6	1,680	10.1	130.54

4. Supplementary Information

(1) Changes in significant accounting policies

1) Changes resulting from revision of accounting standards: Yes

2) Changes other than 1) above: None

Note: Please refer to "Significant Accounting Policies" on page 14 and "Changes in Significant Accounting Policies" on page 16 for further information.

(2) Number of issued shares

1) Number of issued shares as of the end of period (including treasury stocks)

Sep. 30, 2009:	12,870,000 shares	Sep. 30, 2008:	12,870,000 shares

2) Number of treasury stock as of the end of period

Sep. 30, 2009:	10 shares	Sep. 30, 2008:	10 shares

Note: For the number of shares used for the calculation of net income per share, please see "Per Share Data" on page 25.

* Cautionary statement with respect to forward-looking statements

Notations regarding the future, including performance outlook contained in these materials are based on information currently available at the Company and certain assumptions that are deemed to be reasonable and it is possible that the actual performance and the like may vary significantly due to variety of factors.

Please refer to the section "1. Review of Operations, (1) Analysis of Operating Results" on page 3 for details on the above forecasts.

1. Review of Operations

(1) Analysis of Operating Results

1) Summary

In the current fiscal year, there was a severe downturn in Japan's economy due to the impact on the real economy of global turmoil in financial markets caused by the U.S. subprime loan problem. Economies are returning to normal because of economic stimulus measures worldwide and progress in lowering inventories. As a result, there are signs of a rebound in Japan's exports and some industries. However, the Japanese economy remains weak due to the negative impact of the sharp downturn in corporate earnings on employment and personal income.

In Japan's ethical drug industry, there was more progress in measures to increase the use of generic drugs due to the tight finances of the National Health Insurance System. The number of hospitals subject to DPC (Diagnosis Procedure Combination) increased by 335 in April 2009 and by another 232 in July 2009 to a total of 1,283. Because of this, competition is becoming even more intense as Japanese pioneer drug manufacturers, major overseas generic drug manufacturers and other companies enter the generic drug market.

Against this background, the Company focused on the marketing of the new drug "LUNABELL tablets" (treatment drug for dysmenorrhea associated with endometriosis) in its core field of obstetrics and gynecology, as well as on expanding its market share in infertility treatment drugs and other core products. Given growth in the number of hospitals subject to DPC, we also bolstered marketing activities aimed at capturing new business and increasing business with existing customers, mainly via our core hospital team.

As a result, net sales increased 15.1% to a record-setting 17,198 million yen. Earnings also rose to all-time highs. Operating income was up 19.2% to 2,462 million yen, ordinary income climbed 18.7% to 2,477 million yen and net income increased 21.9% to 1,525 million yen.

Diagnostic drugs centering on the urinary tract angiographic agents "OYPALOMIN," "IOPAQUE," which are the principal products of the Company, accounted for 6,983 million yen in net sales (a 20.3% increase over the previous fiscal year). Hormonal agents composed principally of infertility treatment drugs such as the hypophysical gonadal stimulus hormone agent "Human Menopausal Gonadotropin," "Folyrmon-P Injection," the endometriosis treatment drug "Buserecur" and the new drug "LUNABELL tablets" accounted for sales of 4,815 million yen (a 21.2% increase). There were similarly strong results in other drug efficacy areas, resulting in an overall increase in net sales of 15.1% over the previous fiscal year.

2) Outlook for the Next Fiscal Year

In the next fiscal year ending on September 30, 2010, Japan's generic drug market is expected to continue growing mainly because of an increase in generic drug use at hospitals subject to DPC. However, performance is also expected to be affected by National Health Insurance drug price revisions that are planned to take place in April 2010. In response to this situation, the Company started a new medium-term business plan in the next fiscal year. One goal is to use synergies from generic drugs and the new drug "LUNABELL tablets" to achieve market expansion in the field of medical care for women. Another goal is to achieve further growth in sales of generic injection agents, chiefly urinary tract angiographic agents, in the field of acute medical treatment. Under the business plan, the Company will also launch strategic products, build a factory for injection agents and take other actions.

As a result, the Company expects net sales of 19,100 million yen (an 11.1% increase over the previous fiscal year), operating income of 2,725 million yen (a 10.7% increase), ordinary income of 2,740 million yen (a 10.6% increase) with net income of 1,680 million yen (a 10.1% increase).

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Total assets were 22,862 million yen as of the end of the fiscal year under review, an increase of 2,507 million yen over the end of the previous fiscal year.

Current assets totaled 15,099 million yen, an increase of 1,886 million yen, as notes and accounts receivable-trade increased by 1,237 million yen and inventories by 648 million yen while cash and deposits decreased by 114 million yen.

Noncurrent assets totaled 7,763 million yen, an increase of 621 million yen. In terms of property, plant and equipment, equipment investment was made for the expansion of production capacity at the tablet agent line at the Toyama Plant.

Liabilities increased by 1,258 million yen to 6,641 million yen. Current liabilities increased by 1,213 million yen consisting of an increase in notes and accounts payable-trade of 864 million yen and an increase in income taxes payable of 337 million yen, which was offset partially by a reduction in accounts payable-other of 99 million yen.

Noncurrent liabilities increased by 44 million yen, mainly due to an increase in provision for retirement benefits of 55 million yen.

Net assets increased by 1,249 million yen over the total net assets as of the end of the previous fiscal year to 16,221 million yen. The principal contributing factor was an increase of 1,255 million yen in retained earnings under the shareholders' equity resulting from the recording of net income.

2) Cash Flows

Cash and cash equivalents (hereinafter, "Cash") as of the end of the fiscal year under review decreased by 312 million yen to 2,668 million yen.

The cash flow components as of the end of the current fiscal year and the factors are as described below.

Cash Flow from Operating Activities

Net cash provided by operating activities totaled 1,816 million yen (a 90.7% increase over the previous fiscal year). This was the net result of adding 952 million yen in depreciation and amortization and an 864 million yen increase in notes and accounts payable-trade to the net income before income taxes of 2,469 million yen, which was offset by a 1,237 million yen increase in notes and accounts receivable-trade and a 648 million yen increase in inventories.

Cash Flow from Investing Activities

Net cash used in investing activities was 1,859 million yen (a 39.6% increase over the previous fiscal year). Purchase of property, plant and equipment was 1,288 million yen, and purchase of intangible assets was 458 million yen.

Cash Flow from Financing Activities

Net cash used in financing activities decreased by 4.6% over the previous fiscal year to 270 million yen due to cash dividends paid.

Trends of the Company's cash flow indicators are as follows:

	FY9/05	FY9/06	FY9/07	FY9/08	FY9/09
Equity ratio (%)	77.1	76.6	72.9	73.6	71.0
Market value basis equity ratio (%)	90.8	103.5	146.7	101.2	103.9
Interest-bearing debt to cash flow ratio (%)	60.6	27.2	12.8	22.3	10.9
Interest coverage ratio (Times)	183.1	332.5	706.2	339.9	2,929.5

- Equity ratio: Shareholders' equity / Total assets
- Market value basis equity ratio: Market capitalization / Total assets
- Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flow
- Interest coverage ratio: Operating cash flow / Interest expenses

* "Guarantee deposits received" in the Liabilities section of the Balance Sheets is used as interest-bearing debt.

* "Net cash provided by operating activities" in the Statements of Cash Flows and "Interest expenses" in the Statements of Income are used as Operating cash flow and Interest expenses, respectively.

(3) Profit Allocation Policy and Dividend Payment Plan for the Current and Next Fiscal Years

One of our highest priorities is to pay a consistent dividend to shareholders and increase the dividend.

Our policy concerning the allocation of earnings is to increase retained earnings to fund future business operations while paying a stable and consistent dividend that reflects earnings in each fiscal year, the dividend payout ratio and all other applicable items. The goal is to maintain a dividend payout ratio of 20%.

We plan to reinvest retained earnings to strength research and development, improve production capacity and efficiency, and increase our sales force in order to strengthen our base of operations and increase corporate value.

There are no plans to change the frequency of dividend payments.

For dividends applicable to the fiscal year that ended on September 30, 2009, the year-end dividend is to be 13 yen per share. This is one yen higher than originally planned because earnings exceeded the target in the fiscal year business plan. With the interim dividend of 11 yen per share, this will result in an annual dividend of 24.00 yen per share and a dividend payout ratio of 20.2%. For the fiscal year ending on September 30, 2010, we plan to pay an annual dividend of 26 yen per share, the sum of interim and year-end dividends of 13 yen each.

(4) Operational Risk

Risks related to information that may have a material impact on investors' decisions that is contained in the financial statements for the fiscal year under review are as follows. Forward-looking statements in these materials are based on the judgment of management as of September 30, 2009.

1) Statutory Regulations

Our company manufactures and distributes pharmaceutical products under the Pharmaceutical Affairs Law and related regulations. Revisions in laws/regulations related to the pharmaceutical industry, which may be made in future, may influence our financial condition and business performance.

2) Research and Development for Pharmaceutical Products

There is a possibility of delays in our research and development projects and extensions, suspensions or even terminations of new product development projects. These events may have an impact on our business performance.

3) Competition

Our policy is to sell our products at reasonable prices that take into account the profitability of products. However, some of our products have been under considerable market price pressure due to fierce competition from many competitors. Moreover, some Japanese pioneer drug manufacturers may take aggressive actions to preserve their market shares. These events may prevent us from achieving our forecasts.

2. Group Organization

The Company has no subsidiaries or affiliates. Therefore, this item is not applicable.

3. Management Policies

(1) Fundamental Management Policy

Fuji Pharma bases its operations on the management philosophies of “contributing to healthy living by supplying outstanding pharmaceuticals: and “the growth of the company is directly linked to the development of its employees.” By continuing to adhere to these philosophies, the Company is dedicated achieving more progress and growth. We will accomplish this by developing, manufacturing and selling outstanding pharmaceuticals in order to fulfill our obligations to all stakeholders, including shareholders, employees, communities and society.

(2) Performance Indicators and Targets

Maximum efforts will be made to generate sufficient earnings for distributions to shareholders as well as to upgrade and expand production facilities and increase research and development expenditures for future growth. We have established specific targets in the new medium-term business plan that will end on the fiscal year ending on September 30, 2014. Our goals are to increase net sales to 35 billion yen, ordinary income to 7.0 billion yen, net income to 4.3 billion yen, and the return on assets to at least 15%. Furthermore, for the purpose of increasing shareholder value, we are aiming to increase net income per share and to increase the dividend per share with the goal of reaching a dividend payout ratio of 30% in the final year of the new medium-term business plan.

(3) Medium- and Long-term Management Strategy

The new medium-term business plan is designed to achieve further growth based on the theme of “Good to Great.”

The plan has three central goals. First is to extend operations to cover more targeted diseases, mainly by using new injection agents. Second is to become the leading company in the field of medical care for women. And third is to build a new operating framework for success in the next half century. Overall, the objective is to achieve rapid growth in market sectors where we are strongest in order to be a company that can sustain growth forever.

Our strategies to accomplish this objective are to establish a base of operations centered on R&D and to enlarge our strategic pipeline over the medium and long terms. Furthermore, we plan to enhance our presence in the strategic disease domains of acute medical care and medical care for women. With regard to manufacturing, our goal is to complete work on a network of factories that make highly activated drugs and can serve as a GMP (Good Manufacturing Practice) model for Japan as well as for the EU and United States. Executing these strategies will require reinforcing our human resources pipeline, such as by upgrading training and recruiting activities. The aim is to create new systems for reaching decisions and translating those decisions into actions.

(4) Key Issues

Japan’s market for generic drugs has been expanding steadily in recent years. The government has enacted numerous measures aimed at increasing the use of these drugs as a key method of holding down health care expenses. For example, the Ministry of Health, Labour and Welfare has established the goal of increasing the market share of generic drugs to at least 30% by fiscal 2012.

Following the October 2007 start of the Action Program for the Safe Use of Generic Drugs, there have been even greater demands for quality assurance and the stable supply of these drugs. In response, suppliers have been required to reinforce activities that can make generic drugs more reliable.

Competition is becoming more intense as both Japanese pioneer drug manufacturers and foreign affiliated pharmaceutical companies enter the generic drug market. To succeed, we must act quickly to use distinctive strengths to build a base of operations that is not vulnerable to changes in the operating environment.

In this challenging operating environment, Fuji Pharma is concentrating on the following goals in order to accomplish the goals of the new medium-term business plan quickly.

1) Expand the pipeline by using strategic alliances with pharmaceutical manufacturers in Japan and other countries.
2) Quickly introduce strategic products in the acute medical care field.
3) Increase support for hormone treatments in the field of obstetrics and gynecology.
4) Upgrade and expand our production systems to supply products with even better quality and provide a stable supply of products to meet rising demand.
5) Quickly start operations at highly activated drug factories and achieve stable operations.
6) Strengthen administrative and management systems (more powerful internal controls, rigorous compliance programs and establishment of risk management system).
7) Provide training to give employees skills for management and starting new businesses.

4. Non-consolidated Financial Statements

(1) Balance Sheets

(Thousands of yen)

	FY9/08 (As of Sep. 30, 2008)	FY9/09 (As of Sep. 30, 2009)
Assets		
Current assets		
Cash and deposits	2,275,671	2,161,361
Notes receivable-trade	746,777	746,636
Accounts receivable-trade	5,544,478	6,782,207
Short-term investment securities	705,481	706,832
Merchandise and finished goods	1,310,914	1,415,259
Work in process	760,037	844,773
Raw materials and supplies	1,209,357	1,668,493
Advance payments-trade	14,472	64,017
Prepaid expenses	222,591	213,469
Deferred tax assets	316,534	415,515
Accounts receivables-other	92,571	70,771
Accrued income	615	286
Other	14,607	11,658
Allowance for doubtful accounts	(1,887)	(2,258)
Total current assets	13,212,222	15,099,024
Noncurrent assets		
Property, plant and equipment		
Buildings	4,376,849	4,690,289
Accumulated depreciation	(1,757,295)	(1,995,026)
Buildings, net	2,619,554	2,695,263
Structures	105,425	108,685
Accumulated depreciation	(69,903)	(77,425)
Structures, net	35,522	31,260
Machinery and equipment	2,898,166	3,270,537
Accumulated depreciation	(2,048,279)	(2,332,648)
Machinery and equipment, net	849,886	937,888
Vehicles	27,259	35,384
Accumulated depreciation	(22,833)	(26,434)
Vehicles, net	4,425	8,950
Tools, furniture and fixtures	686,272	757,648
Accumulated depreciation	(527,830)	(610,509)
Tools, furniture and fixtures, net	158,442	147,139
Land	527,658	634,361
Construction in progress	47,069	475,562
Total property, plant and equipment	4,242,558	4,930,427
Intangible assets		
Right of trademark	187	137
Distributorship	1,298,000	1,231,543
Software	66,135	84,203
Telephone subscription right	7,976	7,976
Total intangible assets	1,372,300	1,323,861

(Thousands of yen)

	FY9/08 (As of Sep. 30, 2008)	FY9/09 (As of Sep. 30, 2009)
Investments and other assets		
Investment securities	148,090	138,171
Investment in capital	450	100
Long-term prepaid expenses	427,301	438,415
Deferred tax assets	197,074	224,834
Guaranteed deposits	542,273	593,580
Insurance funds	12,842	14,554
Long-term time deposits	200,000	100,000
Total investments and other assets	1,528,033	1,509,656
Total noncurrent assets	7,142,892	7,763,945
Total assets	20,355,114	22,862,969
Liabilities		
Current liabilities		
Notes payable-trade	443,407	488,608
Accounts payable-trade	2,237,412	3,056,271
Accounts payable-other	774,481	675,386
Accrued expenses	186,185	121,034
Income taxes payable	358,299	695,739
Accrued consumption taxes	27,237	94,146
Deposits received	13,611	19,184
Provision for bonuses	571,135	651,870
Provision for directors' bonuses	15,600	14,100
Provision for sales returns	11,913	14,374
Notes payable-facilities	-	21,633
Total current liabilities	4,639,283	5,852,351
Noncurrent liabilities		
Guarantee deposits received	212,450	197,836
Provision for retirement benefits	461,802	517,749
Long-term accounts payable-other	69,788	73,436
Total noncurrent liabilities	744,041	789,022
Total liabilities	5,383,325	6,641,373
Net assets		
Shareholders' equity		
Capital stock	1,616,950	1,616,950
Capital surplus		
Legal capital surplus	2,226,020	2,226,020
Other capital surplus	615,567	615,567
Total capital surplus	2,841,587	2,841,587
Retained earnings		
Legal retained earnings	164,079	164,079
Other retained earnings		
General reserve	5,000,000	5,000,000
Retained earnings brought forward	5,348,613	6,604,302
Total retained earnings	10,512,692	11,768,381
Treasury stock	(7)	(7)
Total shareholders' equity	14,971,222	16,226,911
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	567	(5,315)
Total valuation and translation adjustments	567	(5,315)
Total net assets	14,971,789	16,221,596
Total liabilities and net assets	20,355,114	22,862,969

(2) Statements of Income

(Thousands of yen)

	FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)	FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)
Net sales		
Net sales of finished goods	13,535,519	14,769,522
Net sales of goods	1,401,997	2,429,253
Total net sales	14,937,516	17,198,775
Cost of sales		
Beginning merchandise and finished goods	1,183,974	1,310,914
Cost of purchased goods	977,923	1,154,771
Transfer from other account	*1 -	*1 13,689
Cost of products manufactured	7,632,599	8,430,500
Total	9,794,497	10,909,875
Ending merchandise and finished goods	*2 1,310,914	*2 1,415,259
Transfer to other account	*3 18,234	*3 93,755
Total cost of sales	8,465,349	9,400,860
Gross profit	6,472,167	7,797,915
Provision for sales returns	3,022	2,461
Gross profit-net	6,469,145	7,795,453
Selling, general and administrative expenses		
Total selling, general and administrative expenses	*4,*5 4,403,055	*4,*5 5,333,291
Operating income	2,066,089	2,462,162
Non-operating income		
Interest income	4,904	2,030
Interest on securities	4,676	2,876
Dividends income	456	410
Fiduciary obligation fee	13,261	4,418
Miscellaneous income	9,812	10,060
Total non-operating income	33,111	19,796
Non-operating expenses		
Interest expenses	2,802	620
Sales discounts	2,331	2,756
Commission fee	3,302	-
Compensation expenses	1,560	-
Miscellaneous expenses	2,210	956
Total non-operating expenses	12,208	4,333
Ordinary income	2,086,993	2,477,624
Extraordinary income		
Gain on prior period adjustment	*6 -	*6 22,386
Gain on sales of noncurrent assets	*7 -	*7 32,721
Total extraordinary income	-	55,107
Extraordinary loss		
Loss on retirement of noncurrent assets	*8 395	*8 1,910
Loss on valuation of inventories	-	54,337
Loss on abandonment of inventories	56,568	-
Settlement package	-	6,500
Other	-	606
Total extraordinary losses	56,964	63,354
Income before income taxes	2,030,028	2,469,378
Income taxes-current	776,562	1,066,124
Income taxes-deferred	1,751	(122,704)
Total income taxes	778,314	943,420
Net income	1,251,714	1,525,958

Manufacturing Statement

(Thousands of yen)

		FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)			FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)		
	Note	Amount		%	Amount		%
I Cost of materials	*1		5,347,624	68.7		6,098,288	71.4
II Labor cost	*2		781,633	10.0		841,536	9.9
III Overheads							
Depreciation and amortization		614,628			566,795		
Supplies expenses		198,830			168,347		
Other		844,353	1,657,812	21.3	860,506	1,595,649	18.7
Total manufacturing costs			7,787,070	100.0		8,535,475	100.0
Beginning work in process			662,011			760,037	
Total			8,449,081			9,295,512	
Ending work in process	*1		760,037			844,773	
Transfer to other account	*3		56,444			20,238	
Cost of products manufactured			7,632,599			8,430,500	

(Thousands of yen)

FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)	FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)
The Company applied the simple process costing method on the basis of historical for cost accounting.	Same as on the left.
*1. ――――――	*1. Ending inventories are shown after written down on the book values to reflect declines in profitability, and following loss on valuation of inventories are included in the cost of products manufactured. 17,140
*2. The amount of provisions for allowances included in the labor cost is as follows: Provision for bonuses 152,791 Provision for retirement benefits 14,758	*2. The amount of provisions for allowances included in the labor cost is as follows: Provision for bonuses 174,328 Provision for retirement benefits 14,933
*3. Breakdown of transfer to other account is as follows: Loss on abandonment of inventories 49,210 Other 7,234 Total 56,444	*3. Breakdown of transfer to other account is as follows: Cost of sales 13,207 Loss on valuation of inventories 7,031 Total 20,238

(3) Statements of Changes in Net Assets

(Thousands of yen)

	FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)	FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,616,950	1,616,950
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	1,616,950	1,616,950
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	2,226,020	2,226,020
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	2,226,020	2,226,020
Other capital surplus		
Balance at the end of previous period	615,567	615,567
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	615,567	615,567
Total capital surplus		
Balance at the end of previous period	2,841,587	2,841,587
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	2,841,587	2,841,587
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	164,079	164,079
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	164,079	164,079
Other retained earnings		
General reserve		
Balance at the end of previous period	5,000,000	5,000,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	5,000,000	5,000,000
Retained earnings brought forward		
Balance at the end of previous period	4,380,038	5,348,613
Changes of items during the period		
Dividends from surplus	(283,139)	(270,269)
Net income	1,251,714	1,525,958
Total changes of items during the period	968,574	1,255,688
Balance at the end of current period	5,348,613	6,604,302
Total retained earnings		
Balance at the end of previous period	9,544,117	10,512,692
Changes of items during the period		
Dividends from surplus	(283,139)	(270,269)
Net income	1,251,714	1,525,958
Total changes of items during the period	968,574	1,255,688
Balance at the end of current period	10,512,692	11,768,381

(Thousands of yen)

	FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)	FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)
Treasury stock		
Balance at the end of previous period	(7)	(7)
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	(7)	(7)
Total shareholders' equity		
Balance at the end of previous period	14,002,647	14,971,222
Changes of items during the period		
Dividends from surplus	(283,139)	(270,269)
Net income	1,251,714	1,525,958
Total changes of items during the period	968,574	1,255,688
Balance at the end of current period	14,971,222	16,226,911
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	6,016	567
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,449)	(5,882)
Total changes of items during the period	(5,449)	(5,882)
Balance at the end of current period	567	(5,315)
Total valuation and translation adjustments		
Balance at the end of previous period	6,016	567
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,449)	(5,882)
Total changes of items during the period	(5,449)	(5,882)
Balance at the end of current period	567	(5,315)
Total net assets		
Balance at the end of previous period	14,008,663	14,971,789
Changes of items during the period		
Dividends from surplus	(283,139)	(270,269)
Net income	1,251,714	1,525,958
Net changes of items other than shareholders' equity	(5,449)	(5,882)
Total changes of items during the period	963,125	1,249,806
Balance at the end of current period	14,971,789	16,221,596

(4) Statements of Cash Flows

(Thousands of yen)

	FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)	FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)
Net cash provided by (used in) operating activities		
Income before income taxes	2,030,028	2,469,378
Depreciation and amortization	803,048	952,274
Increase (decrease) in provision for retirement benefits	51,069	55,947
Increase (decrease) in provision for directors' retirements benefits	(77,110)	-
Increase (decrease) in allowance for doubtful accounts	251	371
Increase (decrease) in provision for bonuses	(3,950)	80,734
Increase (decrease) in provision for directors' bonuses	(1,700)	(1,500)
Increase (decrease) in provision for sales returns	3,022	2,461
Interest and dividends income	(10,037)	(5,317)
Loss (gain) on sales of property, plant and equipment	-	(32,721)
Loss on retirement of noncurrent assets	395	1,910
Decrease (increase) in notes and accounts receivable-trade	(839,263)	(1,237,587)
Decrease (increase) in inventories	(163,671)	(648,216)
Decrease (increase) in accounts receivable-other	(82,030)	21,799
Decrease (increase) in prepaid expenses	(44,407)	9,121
Decrease (increase) in long-term prepaid expenses	(32,774)	(11,113)
Increase (decrease) in notes and accounts payable-trade	255,972	864,060
Increase (decrease) in accounts payable-other	56,496	66,027
Increase (decrease) in long-term accounts payable-other	69,788	3,647
Increase (decrease) in accrued expenses	6,207	(65,150)
Increase (decrease) in accrued consumption taxes	(94,118)	66,908
Increase in guarantee deposits received	477	(14,613)
Other	14,427	(21,158)
Subtotal	1,942,120	2,557,264
Interest and dividends income received	9,722	8,522
Interest expenses paid	-	(3,709)
Income taxes paid	(999,211)	(739,332)
Other, net	-	(6,000)
Net cash provided by (used in) operating activities	952,631	1,816,744
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	200,000	-
Payments into time deposits	-	(100,000)
Purchase of property, plant and equipment	(656,614)	(1,288,015)
Proceeds from sales of property, plant and equipment	-	38,683
Purchase of intangible assets	(926,899)	(458,383)
Purchase of lease assets	(222,550)	-
Proceeds from sales of lease assets	326,550	-
Payments for guarantee deposits	(50,112)	(50,112)
Other	(1,712)	(1,362)
Net cash provided by (used in) investing activities	(1,331,338)	(1,859,190)
Net cash provided by (used in) financing activities		
Cash dividends paid	(283,492)	(270,512)
Net cash provided by (used in) financing activities	(283,492)	(270,512)
Net increase (decrease) in cash and cash equivalents	(662,199)	(312,957)
Cash and cash equivalents at beginning of period	3,643,351	* 2,981,152
Cash and cash equivalents at end of period	* 2,981,152	* 2,668,194

Notes Regarding Assumptions for Company as Ongoing Concern

Not applicable.

Significant Accounting Policies

Item	FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)	FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)
1. Valuation criteria and methods for inventories	Primarily by the first-in, first-out cost method.	Primarily by the first-in, first-out cost method. (The carrying value on the Balance Sheets is written down to reflect declines in profitability). (Changes in accounting policies) The Company has adopted “Accounting Standards for Measurement of Inventories” (Accounting Standards Board of Japan (ASBJ) Statement No. 9, July 5, 2006) from the current fiscal year. This caused declines in operating income and ordinary income by 112,019 thousand yen each, and income before income taxes by 86,093 thousand yen.
2. Depreciation and amortization of noncurrent assets	(1) 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 (Additional information) In accordance with the revisions to the Corporation Tax Law, with respect to assets acquired on or before March 31, 2007, applying the depreciation method based on the Corporation Tax Law prior to the revision, from the fiscal year immediately succeeding the fiscal year in which 5% of acquisition cost is reached, the difference between the amount corresponding to 5% of the purchase price and the residual value is amortized by the straight-line method over 5 years and recorded as a part of the depreciation and amortization. As a result, operating income, ordinary income and income before income taxes have been reduced by 9,208 thousand yen each. (2) Intangible assets Straight-line method. Amortization of software used within the Company is calculated by the straight-line method over a period of 5 years. For distributorship, 5-year straight-line amortization method has been applied.	(1) Property, plant and equipment (excluding lease assets) 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 8 years (Additional information) In accordance with the 2008 revisions of the Corporation Tax Law, the useful life of the Company’s machinery and equipment has been changed in the current fiscal year from previously-applied 7 years to 8 years. As a result, operating income, ordinary income and income before income taxes have been increased by 30,285 thousand yen each. (2) Intangible assets (excluding lease assets) Same as on the left.

Item	FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)	FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)
	――――― (3) Long-term prepaid expenses Straight-line method.	(3) Lease assets Lease assets associated with finance lease transactions where there is no transfer of ownership The straight-line method with no residual value is applied with the lease period used as the useful life of the assets. For finance lease transactions where there is no transfer of ownership beginning on or before March 31, 2008, depreciation is calculated using an accounting method that is based on the method used for ordinary lease transactions. (4) Long-term prepaid expenses Same as on the left.
3. Accounting for lease transactions	Finance leases other than those, which are deemed to transfer the ownership of the lease assets to the lessees, are accounted for by the method based on the method used for ordinary lease transactions.	―――――

The information other than the above is not presented since there are no significant changes from the most recent Annual Securities Report (filed on December 22, 2008).

Changes in Significant Accounting Policies

FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)	FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)
―――――	(Accounting standards for lease transactions) In prior years, the Company accounted for finance lease transactions where there is no transfer of ownership as ordinary lease transactions for accounting purpose. However, the Company has adopted "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13: originally issued on June 17, 1993 by Section 1 of the Business Accounting Deliberation Counsel, and revised on March 30, 2007 by Accounting Standards Board of Japan), and "Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No. 16: originally issued on January 18, 1994 by Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, and revised on March 30, 2007 by Accounting Standards Board of Japan) in the current fiscal year, and using an accounting method for leases that is based on the method used for ordinary purchases and sales. For finance lease transactions where there is no transfer of ownership beginning on or before March 31, 2008, the Company continues to use an accounting method that is based on the method used for ordinary lease transactions. There is no effect of this change on earnings.

Reclassifications

FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)	FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)
―――――	(Balance Sheets) With the adoption of "Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation Methods of Financial Statements" (Cabinet Office Ordinance No. 50, August 7, 2008), "Merchandise," "Finished goods" are reclassified and presented as "Merchandise and finished goods," and "Raw materials," "Supplies" are reclassified and presented as "Raw materials and supplies" in the current fiscal year. The amount of "Merchandise," "Finished goods," "Raw materials" and "Supplies" in the current fiscal year was 315,253 thousand yen, 1,100,006 thousand yen, 1,540,515 thousand yen, and 127,977 thousand yen, respectively.

Notes to Non-consolidated Financial Statements

Notes to Statements of Income

(Thousands of yen)

FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)		FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)	
*1. ――――――		*1. Breakdown of transfer from other account	
		Transfer from cost of products manufactured	13,689
*2. ――――――		*2. Ending inventories are shown after written down on the book values to reflect declines in profitability. The amount written down on the book values due to decline in profitability of normal inventories for sale are as follows.	
		Cost of sales	63,433
		Extraordinary loss	54,337
*3. Breakdown of transfer to other account		*3. Breakdown of transfer to other account	
Selling, general and administrative expenses	10,876	Loss on valuation of inventories	47,306
Loss on abandonment of inventories	7,358	Loss on prior period adjustment	36,352
Total	18,234	Selling, general and administrative expenses	10,096
		Total	93,755
*4. Significant components of selling, general and administrative expenses		*4. Significant components of selling, general and administrative expenses	
Salaries and bonuses	1,182,221	Salaries and bonuses	1,326,626
Research and development expenses	625,544	Research and development expenses	918,821
Provision for bonuses	364,265	Sales commission	489,432
Sales commission	300,087	Provision for bonuses	411,569
Welfare expenses	252,940	Depreciation and amortization	327,650
Traveling and transportation expenses	241,620	Provision for retirement benefits	45,959
Provision for retirement benefits	39,996	Provision for directors' bonuses	14,100
Provision for directors' bonuses	15,600		
Provision for directors' retirement benefits	473		
*5. Total amount of research and development expenses		*5. Total amount of research and development expenses	
Research and development expenses included in general and administrative expenses	625,544	Research and development expenses included in general and administrative expenses	918,821
*6. ――――――		*6. Gain on prior period adjustment The gain on prior period adjustment is the sum of two items. First is the difference between (1) the amount of goods purchased in the previous fiscal year in association with the retroactive revision of the prior-year procurement unit price (50,480 thousand yen) and (2) inventories of goods at the end of the fiscal year (36,352 thousand yen). Second is the partial reversal of selling expenses in the previous fiscal year (8,258 thousand yen).	
*7. ――――――		*7. Gain on sales of noncurrent assets	
		Land	32,721
*8. Breakdown of loss on retirement of noncurrent assets		*8. Breakdown of loss on retirement of noncurrent assets	
Tools, furniture and fixtures	395	Buildings	1,160
		Machinery and equipment	513
		Tools, furniture and fixtures	236
		Total	1,910

Notes to Statements of Changes in Net Assets

FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)

1. Type and number of issued shares and treasury stock (Shares)

	Number of shares as of Sep. 30, 2007	Increase	Decrease	Number of shares as of Sep. 30, 2008
Issued shares				
Common stock	12,870,000	-	-	12,870,000
Total	12,870,000	-	-	12,870,000
Treasury stock				
Common stock	10	-	-	10
Total	10	-	-	10

2. Items related to acquisition rights for new shares and treasury stock
Not applicable.

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on Dec. 20, 2007	Common stock	154,439	12	Sep. 30, 2007	Dec. 21, 2007
Board of Directors' meeting on May 9, 2008	Common stock	128,699	10	Mar. 31, 2008	Jun. 2, 2008

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on Dec. 19, 2008	Common stock	128,699	Retained earnings	10	Sep. 30, 2008	Dec. 22, 2008

FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)

1. Type and number of issued shares and treasury stock (Shares)

	Number of shares as of Sep. 30, 2008	Increase	Decrease	Number of shares as of Sep. 30, 2009
Issued shares				
Common stock	12,870,000	-	-	12,870,000
Total	12,870,000	-	-	12,870,000
Treasury stock				
Common stock	10	-	-	10
Total	10	-	-	10

2. Items related to acquisition rights for new shares and treasury stock
Not applicable.

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on Dec. 19, 2008	Common stock	128,699	10	Sep. 30, 2008	Dec. 22, 2008
Board of Directors' meeting on Mar. 26, 2009	Common stock	141,569	11	Mar. 31, 2009	Jun. 1, 2009

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Annual shareholders' meeting on Dec. 18, 2009	Common stock	167,309	Retained earnings	13	Sep. 30, 2009	Dec. 21, 2009

Notes to Statements of Cash Flows

(Thousands of yen)

FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)		FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)	
Relationship between the cash and cash equivalents at end of the period and the amount booked in the balance sheets		Relationship between the cash and cash equivalents at end of the period and the amount booked in the balance sheets	
	(As of Sep. 30, 2008)		(As of Sep. 30, 2009)
Cash and deposits	2,275,671	Cash and deposits	2,161,361
Short-term investment securities	705,481	Short-term investment securities	706,832
Cash and cash equivalents	2,981,152	Time deposit with maturities over 3 months	(200,000)
		Cash and cash equivalents	2,668,194

Notes to Lease Transactions

(Thousands of yen)

FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)		FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)	
1. Finance lease transactions other than those in which the title of the leased property is transferred to the lessee		1. Finance lease transactions other than those in which the title of the leased property is transferred to the lessee	
(1) The pro forma amounts of the acquisition costs, accumulated depreciation and closing balance of the lease assets.		(1) The pro forma amounts of the acquisition costs, accumulated depreciation and closing balance of the lease assets.	
Machinery and equipment		Machinery and Equipment	
Acquisition costs	2,069,108	Acquisition costs	2,069,108
Accumulated depreciation	969,190	Accumulated depreciation	1,183,492
Closing balance	1,099,918	Closing balance	885,615
Vehicles		Vehicles	
Acquisition costs	76,166	Acquisition costs	66,400
Accumulated depreciation	26,390	Accumulated depreciation	39,117
Closing balance	49,776	Closing balance	27,283
Tools, furniture and fixtures		Tools, furniture and fixtures	
Acquisition costs	60,699	Acquisition costs	6,771
Accumulated depreciation	52,797	Accumulated depreciation	4,737
Closing balance	7,901	Closing balance	2,033
Total		Total	
Acquisition costs	2,205,974	Acquisition costs	2,142,280
Accumulated depreciation	1,048,378	Accumulated depreciation	1,227,347
Closing balance	1,157,595	Closing balance	914,932
(2) The pro forma amounts of closing balance of the unexpired lease payments		(2) The pro forma amounts of closing balance of the unexpired lease payments	
Due in one year or less	243,815	Due in one year or less	423,087
Due after one year	961,193	Due after one year	528,727
Total	1,205,008	Total	951,814
(3) Lease payment, and pro forma amounts of depreciation and interest expenses		(3) Lease payment, and pro forma amounts of depreciation and interest expenses	
Lease payments	275,062	Lease payments	304,695
Depreciation	246,599	Depreciation	233,108
Interest expenses	24,925	Interest expenses	20,163
(4) Methods of calculation of pro forma amounts of depreciation Depreciation of lease 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.		(4) Methods of calculation pro forma amounts of depreciation Same as on the left.	
(5) Methods of calculation of pro forma amounts interests The difference between the total amount of the lease payments (excluding maintenance and administration costs) and the acquisition cost of the lease assets is treated as interest and the way of allocating the interest to the respective fiscal years applied is by the interest method.		(5) Methods of calculation of pro forma amounts interests Same as on the left.	
2. Operating lease transactions		2. Operating lease transactions	
Unexpired lease payments:		Unexpired lease payments:	
Due in one year or less	90,792	Due in one year or less	90,792
Due after one year	266,706	Due after one year	175,914
Total	357,498	Total	266,706
(Loss on impairment) There is no loss on impairment allocated to lease assets.		(Loss on impairment) Same as on the left.	

Notes to Securities Holding

Securities

1. Breakdown of available-for-sale securities

(Thousands of yen)

	Item	FY9/08 (As of Sep. 30, 2008)			FY9/09 (As of Sep. 30, 2009)		
		Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	Stock	36,954	36,993	38	-	-	-
	Debt securities						
	Government bonds, etc.	99,980	100,897	917	99,980	102,564	2,584
	Corporate bonds	-	-	-	-	-	-
	Other	-	-	-	-	-	-
	Other	-	-	-	-	-	-
	Subtotal	136,934	137,890	956	99,980	102,564	2,584
Securities whose carrying value does not exceed their acquisition cost	Stock	-	-	-	36,954	25,407	(11,547)
	Debt securities						
	Government bonds, etc.	-	-	-	-	-	-
	Corporate bonds	-	-	-	-	-	-
	Other	-	-	-	-	-	-
	Other	-	-	-	-	-	-
	Subtotal	-	-	-	36,954	25,407	(11,547)
Total		136,934	137,890	956	136,934	127,971	(8,963)

2. Breakdown of nonmarketable securities

(Thousands of yen)

Item	FY9/08 (As of Sep. 30, 2008)	FY9/09 (As of Sep. 30, 2009)
	Carrying value	Carrying value
Other securities		
Free Financial Fund	503,690	504,528
Money Management Fund	201,790	202,304
Unlisted stock	10,200	10,200

Note: 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.

3. Estimated redemption amount of available-for-sale securities with maturity dates

(Thousands of yen)

	FY9/08 (As of Sep. 30, 2008)				FY9/09 (As of Sep. 30, 2009)			
	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, etc.	-	100,000	-	-	-	100,000	-	-
(2) Corporate bonds	-	-	-	-	-	-	-	-
(3) Other	-	-	-	-	-	-	-	-
2. Other	-	-	-	-	-	-	-	-
Total	-	100,000	-	-	-	100,000	-	-

Notes to Derivative Transactions

Not applicable because the company did not have any derivative transactions.

Notes to Retirement Benefit Plan

1. Description of the retirement benefit plan

The Company provides a lump-sum pension plan in accordance with internal rules. Furthermore, the Company is a member of the Smaller Enterprise Retirement Allowance Mutual Aid Corporation. The Company may provide a premium severance pay depending on the reason for an employee's resignation.

In April 2003, the Company amended the lump-sum pension plan and introduced the defined contribution pension plan and the prepaid retirement benefit plan.

2. Breakdown of the retirement benefit obligations

(Thousands of yen)

	FY9/08 (As of Sep. 30, 2008)	FY9/09 (As of Sep. 30, 2009)
(1) Retirement benefit obligations	655,180	700,141
(2) Estimated retirement benefit to be provided by Mutual Aid Corporation	193,378	182,391
(3) Provision for retirement benefits (1-2)	461,802	517,749

3. Breakdown of the retirement benefit expenses

(Thousands of yen)

	FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)	FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)
(1) Service costs	66,723	72,304
(2) Premium severance allowance paid temporarily	1,601	995
(3) Premiums paid to the Defined Contribution Pension Fund	19,782	24,500
(4) Prepaid retirement benefits	7,374	8,207
(5) Retirement benefit expenses	95,481	106,007

4. Method for calculating the retirement benefit obligations, etc.

The Company applied the simplified method for the calculation of the retirement benefit obligations, etc. Therefore, the Company does not provide the assumptions used in estimating the obligations.

Notes to Stock Options

Not applicable.

Notes to Tax Effect Accounting

(Thousands of yen)

FY9/08 (As of Sep. 30, 2008)		FY9/09 (As of Sep. 30, 2009)	
1. Breakdown of deferred tax assets and liabilities		1. Breakdown of deferred tax assets and liabilities	
(Deferred tax assets)		(Deferred tax assets)	
Nondeductible provision for bonuses	232,452	Nondeductible provision for bonuses	265,311
Nondeductible provision for retirement benefits	187,953	Nondeductible provision for retirement benefits	210,724
Nondeductible accrued enterprise tax	30,607	Nondeductible accrued enterprise tax	58,167
Other	62,984	Loss on valuation of inventories	36,904
Total deferred tax assets	513,997	Valuation difference on available-for-sale securities	3,648
		Other	65,594
		Total deferred tax assets	640,350
(Deferred tax liabilities)			
Valuation difference on available-for-sale securities	(389)		
Net value of deferred tax assets	513,608		
2. Difference between the effective tax rate and the rate of income tax based on the tax effect accounting		2. Difference between the effective tax rate and the rate of income tax based on the tax effect accounting	
Statutory tax rate	40.7%	Statutory tax rate	40.7%
(Disparity)		(Disparity)	
Deductible research and development expenses	(2.7)%	Deductible research and development expenses	(3.9)%
Provincial tax to be levied for the fiscal year concerned	0.6%	Provincial tax to be levied for the fiscal year concerned	0.5%
Permanent nondeductible items such as entertainment expenses	0.8%	Permanent nondeductible items such as entertainment expenses	0.9%
Other	(1.1)%	Other	0.0%
Statutory tax rate based on the tax effect accounting	38.3%	Statutory tax rate based on the tax effect accounting	38.2%

Notes to Equity in Income of Affiliates

Not applicable.

Transactions with Concerned Parties

FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)

(1) Parent company and major corporate shareholders

Attribute	Major corporate shareholder	
Company name	Mitsui & Co., Ltd.	
Address	Chiyoda-ku, Tokyo	
Capital or invested amount	339,619,739 thousand yen	
Business details or occupation	General trading company	
Proportion of voting rights held (or being held)	(Being owned) Directly 15.0%	
Details of relationship	Concurrent directors	None
	Business relationship	Supply of raw materials and merchandise

		Transaction amount (Thousands of yen)	Account	Closing balance (Thousands of yen)
Transaction details	Supply of raw materials and merchandise (Notes 1, 2)	1,582,619	Accounts payable-trade	477,012
	Purchase of development bulk pharmaceuticals (Notes 1, 2)	5,170	Accounts payable-other	1,006
	Fees and other (Notes 1, 2)	23,105	Accounts payable-other	3,683

(2) Directors and major individual shareholders

Attribute	Director	
Company name	Fujiaki Mimura	
Address	-	
Capital or invested amount	-	
Business details or occupation	Auditor of the Company, Lawyer	
Proportion of voting rights held (or being held)	-	
Details of relationship	Concurrent directors	-
	Business relationship	-

		Transaction amount (Thousands of yen)	Account	Closing balance (Thousands of yen)
Transaction details	Legal fees (Note 3)	2,982	-	-

Attribute	Director	
Company name	Masayuki Uchida	
Address	Kita-ku, Tokyo	
Capital or invested amount	200,000 thousand yen	
Business details or occupation	Director of the Company, and President of Miyarisan Pharmaceutical Co., Ltd.	
Proportion of voting rights held (or being held)	-	
Details of relationship	Concurrent directors	1 concurrent director
	Business relationship	Sales of the Company's products

		Transaction amount (Thousands of yen)	Account	Closing balance (Thousands of yen)
Transaction details	Sales of the Company's products (Notes 1, 2)	6,789	Accounts payable-trade	7,129

Notes: 1. The terms and conditions of the above transactions were decided on the basis of the same criteria used for other usual transactions.
2. The transaction value based on arm-length transactions.
3. With respect to the legal fees above, determined through negotiations based on the compensation rules prepared by Bingham McCutchen Murase LLP, Sakai Mimura Aizawa Law Office (foreign law joint office).
4. The amounts of the above transaction values do not include consumption tax, while closing balances include consumption tax.

FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)

(Additional information)

Effective from the current fiscal year, the Company has adopted "Accounting Standard for Related Party Disclosure" (ASBJ Statement No. 11, October 17, 2006) and the "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No. 13, October 17, 2006).
As a result, transactions with Company directors are no longer subject to disclosure.

Parent company, major corporate shareholders etc. of the Company

Attribute	Major shareholders
Company name	Mitsui & Co., Ltd.
Address	Chiyoda-ku, Tokyo
Capital or invested amount	339,626,747 thousand yen
Business details or occupation	General trading company
Proportion of voting rights held (or being held)	(Being owned) Directly 15.0%
Details of relationship	Supply of raw materials and merchandise

		Transaction amount (Thousands of yen)	Account	Closing balance (Thousands of yen)
Transaction details	Supply of raw materials and merchandise (Notes 1, 2)	2,025,887	Accounts payable-trade	711,363

Notes: 1. The amounts of the above transaction values do not include consumption tax, while closing balances include consumption tax.
2. Supply of raw materials and merchandise was based on arm-length transactions.

Per Share Data

(Yen)

FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)		FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)	
Net assets per share	1,163.31	Net assets per share	1,260.42
Net income per share	97.26	Net income per share	118.57
Diluted net income per share is not presented because there are no latent shares, such as convertible bonds issued by the Company.		Diluted net income per share is not presented because there are no latent shares, such as convertible bonds issued by the Company.	

Note: The basis of calculating the net income per share is as follows:

	FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)	FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)
Net income (Thousands of yen)	1,251,714	1,525,958
Amount not applicable to ordinary shareholders (Thousands of yen)	-	-
Net income applicable to Common stock (Thousands of yen)	1,251,714	1,525,958
Average number of shares outstanding (Shares)	12,869,990	12,869,990

Material Subsequent Events

Not applicable.

5. Others

(1) Changes in Directors

1) Change of Representative Director

Not applicable.

2) Change of other board members

Candidate for director appointment (Effective December 18, 2009)
Director Kenichi Tokunaga (Currently Executive Officer, Manager of Business Strategy Office)

(2) Other Information

Goods Manufactured, Orders Received and Sales

1. Breakdown of goods manufactured

(Thousands of yen)

	FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)		FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)		YoY change (%)
	Amount	%	Amount	%	
Diagnostic drugs	5,887,835	41.5	7,099,194	44.2	20.6
Hormone drugs	3,881,895	27.3	4,264,418	26.6	9.9
Circulatory drugs	1,254,018	8.8	1,300,201	8.1	3.7
Antibiotics & Chemotherapeutics	627,119	4.4	858,314	5.3	36.9
Urogenital & genital organ drugs	369,608	2.6	317,088	2.0	(14.2)
Dermatological preparation	214,518	1.5	227,697	1.4	6.1
Other	1,965,892	13.9	1,995,415	12.4	1.5
Total	14,200,888	100.0	16,062,330	100.0	13.1

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

(Thousands of yen)

	FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)		FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)		YoY change (%)
	Amount	%	Amount	%	
In vitro diagnostic	499,412	51.1	667,565	57.8	33.7
Hormone drugs	351,557	35.9	321,469	27.8	(8.6)
Dermatological preparation	49,570	5.1	50,236	4.4	1.3
Antibiotics & Chemotherapeutics	3,499	0.4	2,534	0.2	(27.6)
Other	73,883	7.5	112,966	9.8	52.9
Total	977,923	100.0	1,154,771	100.0	18.1

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. Orders received

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

4. Breakdown of sales

(Thousands of yen)

	FY9/08 (Oct. 1, 2007 – Sep. 30, 2008)		FY9/09 (Oct. 1, 2008 – Sep. 30, 2009)		YoY change (%)
	Amount	%	Amount	%	
(Goods manufactured)					
Diagnostic drugs	5,803,755	38.9	6,983,814	40.6	20.3
Hormone drugs	3,731,114	25.0	3,806,844	22.1	2.0
Circulatory drugs	1,231,402	8.2	1,161,931	6.8	(5.6)
Antibiotics & Chemotherapeutics	623,136	4.2	636,988	3.7	2.2
Urogenital & genital organ drugs	332,475	2.2	364,297	2.1	9.6
Dermatological preparation	225,470	1.5	196,741	1.1	(12.7)
Others	1,588,164	10.6	1,618,903	9.4	2.0
Subtotal	13,535,519	90.6	14,769,522	85.9	9.1
(Goods purchased)					
In vitro diagnostic	873,980	5.9	1,124,533	6.5	28.7
Hormone drugs	242,105	1.6	1,008,255	5.9	316.5
Dermatological preparation	103,820	0.7	91,338	0.5	(12.0)
Antibiotics & Chemotherapeutics	11,763	0.1	9,694	0.1	(17.6)
Others	170,327	1.1	195,431	1.1	14.7
Subtotal	1,401,997	9.4	2,429,253	14.1	73.3
Total	14,937,516	100.0	17,198,775	100.0	15.1

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.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.