

## Non-consolidated Information

# Non-consolidated income statements

(Millions of yen)

Year ended March 31	2002	2003	2004	2005	2006	% Change 2006/2005
<b>Net sales</b>	<b>82,990</b>	<b>82,372</b>	<b>80,227</b>	<b>86,340</b>	<b>90,840</b>	5.2
Cost of sales	29,829	28,901	27,653	29,964	30,798	2.8
(Percentage of net sales)	35.9%	35.1%	34.5%	34.7%	33.9%	
<b>Gross profit</b>	<b>53,161</b>	<b>53,471</b>	<b>52,573</b>	<b>56,376</b>	<b>60,042</b>	6.5
(Percentage of net sales)	64.1%	64.9%	65.5%	65.3%	66.1%	
Selling, general and administrative expenses	37,575	36,141	35,103	36,684	39,397	7.4
(Percentage of net sales)	45.3%	43.9%	43.7%	42.5%	43.4%	
R&D expenses	12,809	12,109	12,023	13,302	14,553	9.4
(Percentage of net sales)	15.4%	14.7%	15.0%	15.4%	16.0%	
<b>Operating income</b>	<b>15,586</b>	<b>17,329</b>	<b>17,469</b>	<b>19,692</b>	<b>20,644</b>	4.8
(Percentage of net sales)	18.8%	21.0%	21.8%	22.8%	22.7%	
Non-operating income	932	719	2,651	809	888	9.8
Non-operating expenses	458	1,037	1,439	234	156	-33.3
<b>Ordinary income</b>	<b>16,060</b>	<b>17,011</b>	<b>18,680</b>	<b>20,266</b>	<b>21,376</b>	5.5
(Percentage of net sales)	19.3%	20.7%	23.3%	23.5%	23.5%	
Extraordinary gain	952	16	682	766	41	-94.6
Extraordinary loss	263	14,728	5,058	1,080	1,035	-4.2
<b>Income before income taxes</b>	<b>16,749</b>	<b>2,299</b>	<b>14,305</b>	<b>19,952</b>	<b>20,382</b>	2.2
(Percentage of net sales)	20.2%	2.8%	17.8%	23.1%	22.4%	
Income taxes - current	6,515	442	8,662	6,362	7,987	25.5
Income taxes - deferred	300	985	-1,533	987	-723	-173.3
<b>Net income</b>	<b>9,932</b>	<b>871</b>	<b>7,176</b>	<b>12,602</b>	<b>13,118</b>	4.1
(Percentage of net sales)	12.0%	1.1%	8.9%	14.6%	14.4%	

### ■ Selling, general and administrative expenses

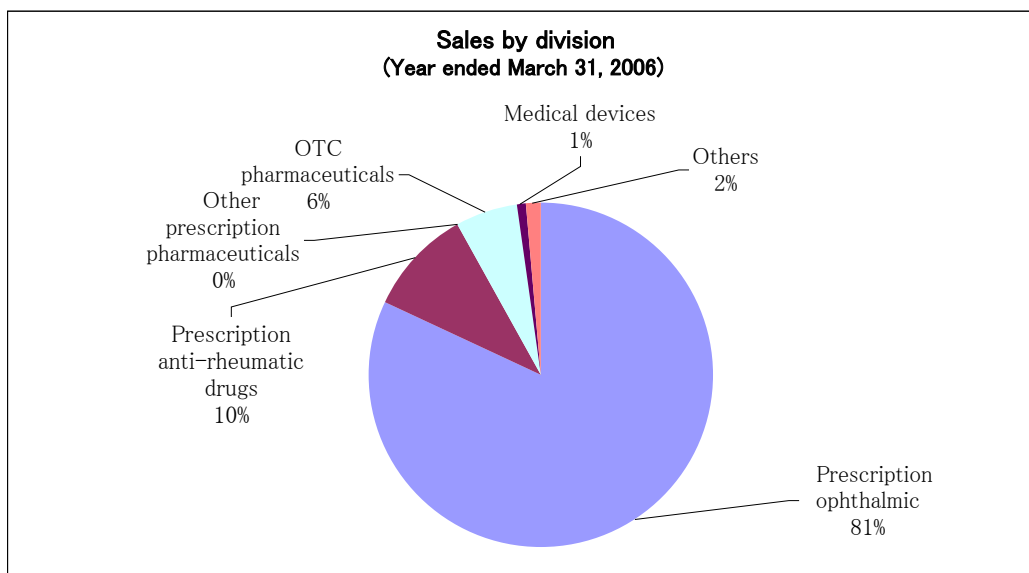
(Millions of yen)

Year ended March 31	2002	2003	2004	2005	2006	% Change 2006/2005
Personnel expenses	8,626	8,746	8,432	9,149	9,240	1.0
Sales promotion expenses	2,676	2,399	2,212	2,345	2,952	25.9
Royalty expenses	2,358	1,951	1,943	1,941	1,862	-4.0
Advertising expenses	1,869	1,655	1,542	1,457	1,469	0.8
R&D expenses	12,809	12,109	12,023	13,302	14,553	9.4

■ Sales by division

(Millions of yen)

Year ended March 31	2002	2003	2004	2005	2006	% Change 2006/2005
Prescription pharmaceuticals	74,221	74,130	72,781	79,380	83,586	5.3
Ophthalmic	66,379	66,207	64,749	70,987	74,520	5.0
Anti-rheumatic drugs	7,291	7,631	7,969	8,353	9,041	8.2
Other prescription pharmaceuticals	551	291	62	40	24	-39.6
OTC pharmaceuticals	6,592	5,656	4,672	5,277	5,247	-0.6
Medical devices	842	855	877	726	618	-14.9
Others	1,334	1,730	1,896	955	1,387	45.3
Total net sales	82,990	82,372	80,227	86,340	90,840	5.2



■ Sales of merchandises and products

(Millions of yen)

Year ended March 31	2002	2003	2004	2005	2006	% Change 2006/2005
Sales of products	63,742	62,606	60,936	61,979	63,223	2.0
Sales of merchandises	19,248	19,765	19,290	24,360	27,616	13.4
Total	82,990	82,372	80,227	86,340	90,840	5.2
Sales of products ratio(%)	76.8	76.0	75.9	71.8	69.6	—

# Non-consolidated balance sheets

## ■ Assets

(Millions of yen)

March 31	2002		2003		2004		2005		2006	
		%		%		%		%		%
<b>Current assets</b>	<b>78,800</b>	<b>49.7</b>	<b>75,794</b>	<b>51.3</b>	<b>84,293</b>	<b>56.1</b>	<b>78,075</b>	<b>54.7</b>	<b>88,004</b>	<b>57.4</b>
Cash and deposits	19,594		18,353		28,577		21,924		31,655	
Notes and accounts receivable-trade	37,852		31,300		30,874		34,572		33,022	
Income taxes receivable	—		2,114		—		—		—	
Marketable securities	4,797		7,745		9,303		9,046		11,201	
Inventories	10,997		10,348		8,860		8,328		8,613	
Deferred tax assets	1,859		1,138		2,298		1,609		1,647	
Other current assets	3,765		4,934		4,657		2,612		1,864	
Allowance for doubtful receivables	-66		-141		-258		-18		-0	
<b>Fixed assets</b>	<b>79,656</b>	<b>50.3</b>	<b>72,075</b>	<b>48.7</b>	<b>65,946</b>	<b>43.9</b>	<b>64,687</b>	<b>45.3</b>	<b>65,296</b>	<b>42.6</b>
<b>Tangible assets</b>	<b>37,539</b>	<b>23.7</b>	<b>36,304</b>	<b>24.5</b>	<b>32,660</b>	<b>21.7</b>	<b>28,459</b>	<b>19.9</b>	<b>26,489</b>	<b>17.3</b>
Buildings and structures	16,040		17,887		18,289		16,483		14,854	
Machinery, equipment and vehicles	965		857		805		981		1,058	
Tools, furniture and fixtures	1,724		1,932		1,875		1,611		1,520	
Land	10,666		10,666		10,343		9,227		8,786	
Construction in progress	8,142		4,959		1,346		156		269	
<b>Intangible assets</b>	<b>3,446</b>	<b>2.2</b>	<b>3,129</b>	<b>2.1</b>	<b>2,700</b>	<b>1.8</b>	<b>2,073</b>	<b>1.5</b>	<b>1,961</b>	<b>1.3</b>
Patents	887		736		584		432		280	
Trademarks	962		839		717		596		477	
Goodwill	692		449		206		0		0	
Software	797		719		1,111		966		828	
Other intangibles	106		384		80		78		374	
<b>Investments and other assets</b>	<b>38,670</b>	<b>24.4</b>	<b>32,641</b>	<b>22.1</b>	<b>30,585</b>	<b>20.4</b>	<b>34,154</b>	<b>23.9</b>	<b>36,845</b>	<b>24.0</b>
Investment securities	9,991		10,819		11,425		14,309		17,711	
Investments in subsidiaries and affiliates	15,567		4,618		13,201		13,148		13,855	
Long-term loans	4,671		9,346		1		—		—	
Deferred tax assets	2,185		2,052		1,669		948		312	
Other assets	6,253		5,803		4,288		5,748		4,967	
<b>Total assets</b>	<b>158,456</b>	<b>100.0</b>	<b>147,869</b>	<b>100.0</b>	<b>150,240</b>	<b>100.0</b>	<b>142,762</b>	<b>100.0</b>	<b>153,300</b>	<b>100.0</b>

### 【Major variances between March 31, 2005 and March 31, 2006】

<b>Cash and deposits :</b>	Due to the increase in income before income taxes and the decrease in the payment of income taxes.
<b>Notes and accounts receivable-trade:</b>	Due to the decrease in the sales of anti-allergy ophthalmics for the 4 <sup>th</sup> quarter, 2006 mainly.
<b>Marketable securities:</b>	Due to the purchase of commercial paper of 1,800 million yen.
<b>Tangible assets:</b>	Due to the impairment loss of 908 million yen on the property for the distribution service.
<b>Investment securities:</b>	Due to the increase in fair value of investment securities.

■ Liabilities and shareholders' equity

(Millions of yen)

March 31	2002		2003		2004		2005		2006	
		%		%		%		%		%
<b>Current liabilities</b>	<b>24,094</b>	<b>15.2</b>	<b>38,055</b>	<b>25.7</b>	<b>24,337</b>	<b>16.2</b>	<b>20,686</b>	<b>14.5</b>	<b>22,573</b>	<b>14.7</b>
Accounts payable-trade	4,335		5,122		4,436		5,469		5,115	
Current portion of convertible bonds	—		19,945		—		—		—	
Current portion of long-term debt	1,416		416		416		268		168	
Other payables	11,242		9,449		8,228		8,732		9,672	
Income taxes payable	3,412		—		8,075		3,372		4,910	
Consumption taxes payable	478		275		556		460		465	
Reserves	2,886		2,609		2,458		2,237		2,070	
Other current liabilities	323		237		165		145		172	
<b>Noncurrent liabilities</b>	<b>29,654</b>	<b>18.7</b>	<b>9,530</b>	<b>6.5</b>	<b>19,102</b>	<b>12.7</b>	<b>8,983</b>	<b>6.3</b>	<b>7,231</b>	<b>4.7</b>
Convertible bonds	19,945		—		—		—		—	
Long-term debt	3,102		2,686		12,270		6,614		5,446	
Retirement and severance benefits	5,580		5,724		5,744		1,823		1,520	
Other liabilities	1,026		1,120		1,088		546		265	
<b>Total liabilities</b>	<b>53,749</b>	<b>33.9</b>	<b>47,586</b>	<b>32.2</b>	<b>43,440</b>	<b>28.9</b>	<b>29,670</b>	<b>20.8</b>	<b>29,804</b>	<b>19.4</b>
Common stock	6,214	3.9	6,214	4.2	6,214	4.1	6,247	4.4	6,319	4.1
Capital surplus reserves	6,908	4.4	6,908	4.6	6,908	4.6	6,942	4.9	7,014	4.6
Additional paid-in capital	6,908		6,908		6,908		6,942		7,013	
Other capital surplus reserves	—		—		0		0		0	
Retained earnings	91,115	57.5	90,143	61.0	92,291	61.4	97,927	68.6	106,256	69.3
Earnings reserve	1,551		1,551		1,551		1,551		1,551	
Reserve for retirement benefits	372		372		372		372		372	
Special depreciation reserve	250		180		325		294		301	
General reserve	82,109		84,109		84,109		84,109		89,109	
Undivided profits	6,833		3,930		5,933		11,600		14,922	
Unrealized holding gains on securities	474	0.3	293	0.2	1,426	1.0	2,048	1.4	3,995	2.6
Treasury stock at cost	-5	-0.0	-3,276	-2.2	-40	-0.0	-74	-0.1	-90	-0.0
<b>Total shareholders' equity</b>	<b>104,706</b>	<b>66.1</b>	<b>100,283</b>	<b>67.8</b>	<b>106,800</b>	<b>71.1</b>	<b>113,092</b>	<b>79.2</b>	<b>123,495</b>	<b>80.6</b>
<b>Total liabilities and shareholders' equity</b>	<b>158,456</b>	<b>100.0</b>	<b>147,869</b>	<b>100.0</b>	<b>150,240</b>	<b>100.0</b>	<b>142,762</b>	<b>100.0</b>	<b>153,300</b>	<b>100.0</b>

【Major variances between March 31, 2005 and March 31, 2006】

**Income taxes payable:** Due to the increase in income taxes driven by the increase in income before income taxes.

**Long-term debt:** Due to the repayment of the bank loan ahead of schedule.