



Consolidated Financial Results for
the FY2005/1Q

Consolidated Financial Forecasts for
FY2005 (Year ending March 2006)

July 29, 2005



Consolidated Financial Results for FY2005/1Q



Consolidated Performance Summary

(Billions of yen)

	FY2004/1Q Actual	FY2005		
		1Q Actual	Change from previous year	% change from previous year
Net sales	22.5	25.2	2.7	12.3 %
Operating income	4.8	6.5	1.7	37.5 %
Ordinary income	4.8	6.7	1.9	38.2 %
Net income	3.0	4.2	1.2	42.3 %



Net Sales by Business Segment / Overseas Sales

Net Sales by Business Segment

(Billions of yen)

	FY2005/1Q Actual					
	Japan		Overseas		Total	
	Net sales	% change from previous year	Net sales	% change from previous year	Net sales	% change from previous year
Prescription pharmaceuticals	20.83	13.4 %	2.46	31.1 %	23.30	15.0 %
Ophthalmic	18.43	13.5 %	2.41	30.9 %	20.84	15.3 %
Anti-rheumatic	2.35	12.5 %	0.04	—	2.39	13.4 %
Others	0.05	0.3 %	0.01	—	0.06	-9.0 %
OTC pharmaceuticals	1.30	8.5 %	0.00	—	1.31	8.8 %
Medical devices	0.15	-17.3 %	0.00	—	0.16	-19.9 %
Others	0.18	-7.4 %	0.27	-54.3 %	0.45	-42.4 %
Total	22.49	12.6 %	2.75	10.4 %	25.24	12.3 %

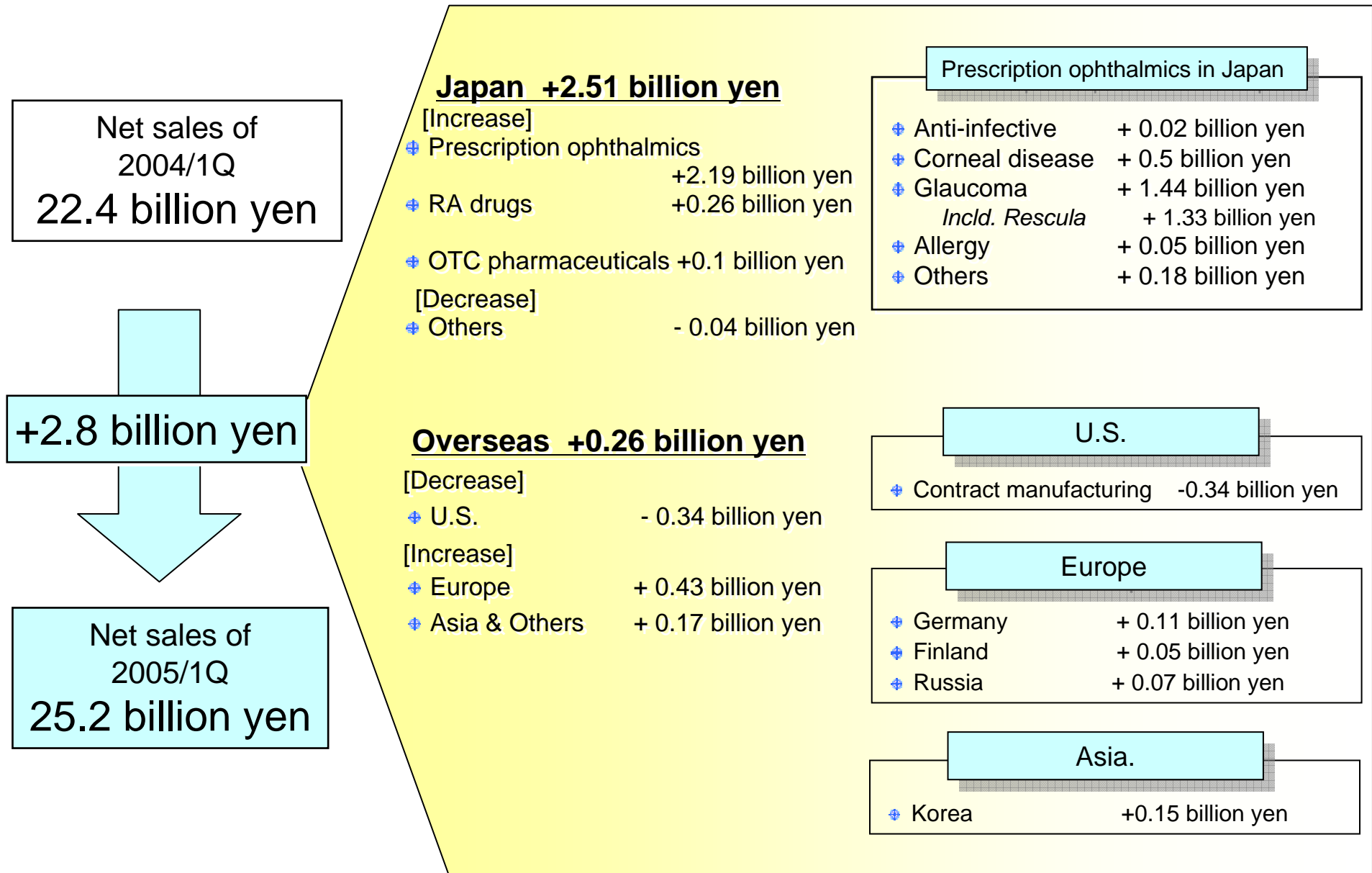
Overseas Sales

(Billions of yen)

	FY2004/1Q Actual	FY2005		
		1Q Actual	Change from previous year	% change from previous year
North America	0.51	0.17	-0.34	-66.8 %
Europe	1.20	1.63	0.43	35.6 %
Others	0.77	0.94	0.17	22.5 %
Total	2.49	2.75	0.26	10.4 %



Consolidated Net Sales: Variances





Summary of Changes in Income Statements (1)

(Billions of yen)

	FY2004/1Q	FY2005		Major factors for changes
	Actual	Actual	Change From prev. year	
Net sales	22.5	25.2	2.7	
Cost of Sales	8.3	8.9	0.6	-Change in product mix (+0.3ppt) -improved operating rate (-1.0ppt)
(% of net sales)	36.7%	35.1%	▲ 1.6 ppt	-Cost reduction (-0.3ppt) -US & Europe subsidiaries (-0.4ppt)
Selling, General & Administrative expenses	9.5	9.9	0.4	
(% of net sales)	42.1%	39.0%	▲ 3.1 ppt	
SGA expenses excl. R&D	6.3	6.9	0.6	-SGA expenses in Japan (+0.3 billion) -Selling expenses increased in Europe (+0.1 billion)
(% of net sales)	27.8%	27.3%	▲ 0.5 ppt	
R&D expenditures	3.2	3.0	▲ 0.2	-Decreased in Glaucoma clinical trials (-0.2 billion)
(% of net sales)	14.3%	11.8%	▲ 2.6 ppt	
Operating income	4.8	6.5	1.7	
(% of net sales)	21.2%	25.9%	4.6 ppt	



Summary of Changes in Income Statements (2)

(Billions of yen)

	FY2004/1Q	FY2005/1Q		Major factors
	Actual	Actual	Change	
Non-operating income/expenses	0.1	0.2	0.1	
Non-operating income	0.3	0.3	0.0	[FY04/1Q] -Interest income (0.1billion) - Receipt of matured insurance (0.1billion) [FY05/1Q] -Interest income (0.1billion) - Receipt of matured insurance (0.1billion)
Non-operating expenses	0.2	0.1	-0.1	[FY04/1Q] -Interest expenses (0.2 billion) [FY05/1Q] -Interest expenses (0.1 billion)
Ordinary income	4.8	6.7	1.9	
Extraordinary gain/loss	0.2	0.0	-0.2	
Extraordinary gain	0.2	0.0	-0.2	[FY04/1Q] -Gain on sale of fixed assets (0.2 billion)
Extraordinary loss	0.0	0.0	0.0	
Net income before tax	5.1	6.7	1.6	
Income taxes	2.1	2.5	0.4	Tax rate: [FY04/1Q] 41.6% [FY05/1Q] 37.2%
Net income	3.0	4.2	1.2	

< Exchange rates >		
	FY04/1Q	FY05/1Q
US\$	¥108.59	¥107.70
Euro	¥132.00	¥135.61



Performance by Geographic Segment

[Net sales]

(Billions of yen)

	FY2004/1Q Actual	FY2005/1Q	
		Actual	Change from previous year
Japan	20.7	23.3	2.6
Europe	1.6	1.8	0.2
Europe	1.3	1.6	0.3
U.S.	0.3	0.2	-0.1
Others *1	0.2	0.1	-0.1
Total	22.5	25.2	2.7

[Operating income]

(Billions of yen)

	FY2004/1Q Actual	FY2005/1Q	
		Actual	Change from previous year
Japan	5.4	7.1	1.7
Europe	0.1	0.1	0.0
Europe	0.0	0.1	0.1
U.S.	0.1	0.0	-0.1
Others *1	-0.1	-0.1	0.0
Elimination	-0.6	-0.6	0.0
Total	4.8	6.5	1.7

*1: "Others" are U.S., Taiwan and Korea. Details of major sales and expenses of "Others" are as noted below.

Sales: Prescription pharmaceuticals in Taiwan and Korea

Expenses: R&D expense of medical device in the U.S.

Note: Sales by geographic region differ from overseas sales (i.e. sales by destination).



Balance Sheets

(Billions of yen)

	As of end of March 2005		As of end of June 2005		
	Actual	% of total	Actual	% of total	Change from previous year
Current assets	82.7	59.1 %	81.3	59.1 %	-1.4
Fixed assets	57.2	40.9 %	56.3	40.9 %	-0.8
Total assets	139.9	100.0 %	137.6	100.0 %	-2.2
Current liabilities	22.2	15.9 %	18.8	13.7 %	-3.3
Noncurrent liabilities	9.5	6.8 %	9.3	6.8 %	-0.1
Total liabilities	31.7	22.7 %	28.2	20.5 %	-3.5
Total shareholders' equity	108.2	77.3 %	109.4	79.5 %	1.2
Total liabilities and shareholders' equity	139.9	100.0 %	137.6	100.0 %	-2.2

【Major changes】

Current assets : Cash and deposits -3.3billion yen, Notes receivable and accounts receivable +1.4billion yen
 Marketable securities: +1.3billion yen, Deferred tax assets: -0.6billion yen

Fixed assets: Tangible assets -0.3billion yen, Intangible assets: -0.1billion yen

Current liabilities: Other payables -1.1billion yen, Reserve for bonuses -1.3billion yen, Income tax payable 1.4billion yen

Shareholders' equity: [Increase] Net income +4.2billion yen

[Decrease] Cash dividends -2.5billion yen



Summary of Cash Flows

(Billions of yen)

	FY2005/1Q Actual	Major items
Cash and cash equivalents, beginning of year	32.3	
Net increase/decrease in cash and cash equivalents	-1.3	
Cash flows from operating activities	1.2	<ul style="list-style-type: none">- Income before income taxes (6.6billion)- Depreciation and amortization (1.1billion)- Increase in trade receivables (-1.3billion)- Decrease in inventories (-0.4billion)- Income taxes paid (-3.3billion)
Cash flows from investing activities	-0.07	<ul style="list-style-type: none">- Proceeds from increase/decrease in fixed deposits (0.1billion)- Proceeds from sale of marketable securities (0.4billion)- Payments for acquisition of fixed assets (-0.7billion)
Cash flows from financing activities	-2.4	<ul style="list-style-type: none">- Cash dividends paid (-2.4billion)
Cash and cash equivalents, end of year	31.0	

Note: "Cash and cash equivalents" include cash equivalents, and thus differ from "cash and deposits" shown in the Balance Sheets.



Capital Expenditures / Depreciation and Amortization / Lease Expenses

(Billions of yen)

	FY2004/1Q Actual	FY2005/1Q	
		Actual	Change from previous year
Capital expenditure	0.4	0.4	0.0
Depreciation and amortization	0.9	0.8	-0.1
Lease expenses	0.2	0.2	0.0

Major capital expenditures for FY2005/1Q

- Renewal of Japanese & overseas manufacturing equipments and R&D devices



Consolidated Financial Forecasts for FY2005 (Year ending March 2006)



Consolidated Performance Forecasts

(Billions of yen)

	FY2004 Actual	FY2005		
		Forecast	Change	% change
Net sales	92.7	97.5	4.8	5.2 %
Operating income	18.9	20.8	1.9	9.6 %
Ordinary income	18.8	21.0	2.2	11.5 %
Net income	11.0	12.5	1.5	13.4 %



Consolidated Performance Forecasts: Difference from the forecasts (May 9)

(Billions of yen)

	FY2005 (Year ending March 2006)							
	FY2005/1-2Q				FY2005/1-4Q			
	Forecast (May 9)	Forecast (July 29)	Change	% change	Forecast (May 9)	Forecast (July 29)	Change	% change
Net sales	47.8	49.2	1.4	2.9 %	96.1	97.5	1.4	1.5 %
Operating income	9.4	10.7	1.3	13.8 %	19.5	20.8	1.3	6.7 %
Ordinary income	9.4	10.9	1.5	16.0 %	19.5	21.0	1.5	7.7 %
Net income	5.5	6.7	1.2	21.8 %	11.3	12.5	1.2	10.6 %



Net Sales by Business Segment / Overseas Sales

Sales by business Segment

(Billions of yen)

	FY2005					
	Japan		Overseas		Total	
	Net sales	% change from previous year	Net sales	% change from previous year	Net sales	% change from previous year
Prescription pharmaceuticals	81.18	5.6 %	8.57	15.9 %	89.76	6.5 %
Ophthalmic	72.18	5.6 %	8.38	15.8 %	80.57	6.5 %
Anti-rheumatic	8.75	6.1 %	0.12	-	8.88	6.3 %
Others	0.24	-7.6 %	0.06	-	0.31	-3.1 %
OTC pharmaceuticals	5.23	-0.4 %	0.02	-	5.26	-0.3 %
Medical devices	0.63	-13.3 %	0.01	-	0.65	-13.9 %
Others	0.51	-9.3 %	1.31	-26.8 %	1.83	-22.7 %
Total	87.56	4.9 %	9.94	7.6 %	97.50	5.2 %

Overseas sales

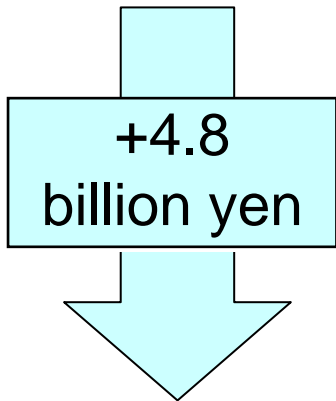
(Billions of yen)

	FY2004 Actual	FY2005		
		Forecast	Change	% change
North America	1.70	1.12	-0.58	-34.2 %
Europe	4.79	5.73	0.94	19.6 %
Others	2.75	3.08	0.33	12.0 %
Total	9.25	9.94	0.69	7.6 %



Consolidated Net Sales: Variances

Net sales of FY2004
92.7 billion yen



Net sales of FY2005
97.5 billion yen

Japan +4.12 billion yen

[Increase]

- + Prescription ophthalmics +3.8 billion yen
- + RA drugs +0.51 billion yen

[Decrease]

- + OTC pharmaceuticals -0.02 billion yen
- + Others -0.18 billion yen

Overseas + 0.69 billion yen

[Decrease]

- + U.S. -0.58 billion yen

[Increase]

- + Europe + 0.94 billion yen
- + Asia and Others + 0.33 billion yen

Prescription ophthalmics in Japan

- + Anti-infective +0.16 billion yen
- + Corneal disease +1.69 billion yen
- + Glaucoma +3.01 billion yen
Incl. Rescula +2.66 billion yen
- + Anti-allergy -0.75 billion yen
- + Opegan +0.21 billion yen

U.S.

- + Prescription ophthalmics - 0.09billion yen
- + Contract manufacturing -0.39billion yen

Europe

- + Germany + 0.36 billion yen
- + Finland + 0.09billion yen
- + Russia + 0.22billion yen



Summary of Changes in Income Statements (1)

(Billions of yen)

	FY2004	FY2005		Major factors for changes
	Actual	Actual	Change From prev. year	
Net sales	92.7	97.5	4.8	
Cost of Sales	33.7	34.3	0.6	-Change in product mix (-0.4ppt) -improved operating rate (-0.1ppt)
(% of net sales)	36.4%	35.2%	▲ 1.2 ppt	-Cost reduction (-0.1ppt) -Europe subsidiaries (-0.4ppt)
Selling, General&Administrative expenses	40.0	42.4	2.4	
(% of net sales)	43.1%	43.5%	0.4 ppt	
SGA expenses excl.R&D	27.3	29.1	1.8	-SGA expenses in Japan (+1.0 billion)
(% of net sales)	29.5%	29.8%	0.3 ppt	-Selling expenses increased in Europe (+0.1billion) -Operating expenses in China and Korea (+0.3billion)
R&D expenditures	12.6	13.3	0.7	-Increase in Glaucoma clinical trials (+0.9 billion)
(% of net sales)	13.6%	13.6%	0.0 ppt	-Increase in Cornea treatment (+0.3 billion) -Decrease in RA treatment (-0.5 billion)
Operating income	18.9	20.8	1.9	
(% of net sales)	20.5%	21.3%	0.8 ppt	



Summary of Changes in Income Statements (2)

(Billions of yen)

	FY2004 Actual			Major items
		Forecast	Change	
Non-operating income/expenses	-0.1	0.2	0.3	
Non-operating income	0.8	0.6	-0.2	[FY04] - Interest income (0.2 billion) - Receipt of matured insurance (0.1 billion) [FY05] - Interest income (0.2 billion)
Non-operating expenses	0.9	0.4	-0.5	[FY04] -Currency exchange loss (0.4 billion), Interest expenses (0.1 billion) [FY05] - Interest expenses (0.1 billion)
Ordinary income	18.8	21.0	2.2	
Extraordinary gain/loss	-0.4	-0.5	-0.1	
Extraordinary gain	1.1	0.0	-1.1	[FY04] -Gain on sale of fixed assets (0.3 billion) - Change of retirement benefits scheme (0.3 billion) - Establishment of retirement benefit trust (0.2 billion) - Prior-period adjustment (0.3 billion)
Extraordinary loss	1.5	0.5	-1.0	[FY04] - Loss on impairment of fixed assets (0.8 billion) - Change for U.S. business restructuring (0.4 billion) [FY05] - Loss on sale of fixed assets (0.5 billion)
Net income before tax	18.4	20.5	2.1	
Income taxes	7.4	8.0	0.6	Tax rate: [FY04] 40.2% [FY05] 39.0%
Net income	11.0	12.5	1.5	

< Exchange rates >		
	FY2004	FY2005
US\$	¥107.19	¥105.68
Euro	¥134.64	¥137.40



Forecast by Geographic Segment

[Net sales]

(Billions of yen)

	FY2004 Actual	FY2005	
		Focast	Change
Japan	85.8	90.2	4.4
Europe	6.4	7.0	0.6
Europe	5.1	5.9	0.8
U.S.	1.3	1.1	-0.2
Others *1	0.5	0.3	-0.2
Total	92.7	97.5	4.8

[Operating income]

(Billions of yen)

	FY2004 Actual	FY2005	
		Focast	Change
Japan	22.1	23.9	1.8
Europe	-0.1	0.0	0.1
Europe	-0.7	-0.3	0.4
U.S.	0.6	0.3	-0.3
Others *1	-0.7	-0.6	0.1
Elimination	-2.3	-2.5	-0.2
Total	18.9	20.8	1.9

*1: "Others" are U.S., Taiwan and Korea. Details of major sales and expenses of "Others" are as noted below.

Sales: Prescription pharmaceuticals in Taiwan and Korea

Expenses: R&D expense of medical device in the U.S.

Note: Sales by geographic region differ from overseas sales (i.e. sales by destination).



Capital Expenditures / Depreciation and Amortization / Lease Expenses

(Billions of yen)

	FY2004 Actual	FY2005	
		Forecast	Change
Capital expenditure	1.6	1.7	0.1
Depreciation and amortization	3.6	3.3	-0.3
Lease expenses	1.0	1.1	0.1

Major capital expenditures for the year ending March 2006

- Renewal of Japanese & overseas manufacturing equipments, R&D devices and IT equipments