



Consolidated Financial Results
for the Half Year ended
September 30, 2006

Consolidated Financial Forecasts
for the Year ending March 2007

November 2, 2006

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Consolidated Financial Results for the Half Year ended September 30, 2006



Consolidated Performance Summary

(Billions of yen)

	Half year ended September 30, 2005 Actual	Half year ended September 30,2006		
		Actual	Change from Sep. 2005	% change from Sep. 2005
Net sales	49.7	51.3	1.6	3.2 %
Operating income	12.0	12.1	0.1	0.2 %
Ordinary income	12.3	12.2	-0.1	-0.4 %
Net income	7.1	7.7	0.6	9.1 %



Consolidated Performance Forecasts : Difference Between the Original Forecasts of May 10

(Billions of yen)

	Half year ended September 30,2006			
	Forecast as of May 10	Actual	Change from May 10	% change from May 10
Net sales	50.5	51.3	0.8	1.7 %
Operating income	10.2	12.1	1.9	18.7 %
Ordinary income	10.2	12.2	2.0	20.1 %
Net income	6.7	7.7	1.0	15.6 %



Net Sales by Business Segment / Overseas Sales

Net Sales by Business Segment

(Billions of yen)

	Half year ended September 2006					
	Japan		Overseas		Total	
	Net sales	% change from Sep. 2005	Net sales	% change from Sep. 2005	Net sales	% change from Sep. 2005
Prescription pharmaceuticals	40.87	0.7 %	6.17	24.1 %	47.05	3.3 %
Ophthalmic	36.06	0.3 %	5.97	22.8 %	42.03	2.9 %
Anti-rheumatic	4.69	4.3 %	0.17	-	4.86	6.0 %
Others	0.11	2.2 %	0.03	-	0.15	7.5 %
OTC pharmaceuticals	2.73	-1.0 %	0.01	-	2.75	-0.7 %
Medical devices	0.26	-19.3 %	0.01	-	0.27	-18.3 %
Others	0.25	-29.3 %	1.04	38.7 %	1.30	16.7 %
Total	44.12	0.2 %	7.25	26.1 %	51.38	3.2 %

Overseas Sales

(Billions of yen)

	Half year ended Sep. 2005 Actual	Half year ended September 2006		
		Actual	Change from Sep. 2005	% change from Sep. 2005
Europe	3.04	3.37	0.33	11.0 %
North America	0.69	1.19	0.50	71.7 %
Others	2.00	2.67	0.67	33.3 %
Total	5.75	7.25	1.50	26.1 %



Consolidated Net Sales: Variances

Net sales for the half year ended September 2005

49.78 billion yen

+1.6 billion yen

Net sales for the half year ended September 2006

51.38 billion yen

Japan +0.1 billion yen

[Increase]

- ⊕ Prescription ophthalmics + 0.1 billion yen
- ⊕ RA drugs + 0.19 billion yen
- [Decrease]
- ⊕ OTC pharmaceuticals - 0.03 billion yen
- ⊕ Medical devices - 0.06 billion yen
- ⊕ Others - 0.1 billion yen

Prescription ophthalmics in Japan

- ⊕ Anti-infective - 0.36 billion yen
- ⊕ Corneal disease + 0.36 billion yen
- ⊕ Glaucoma - 0.18 billion yen
- ⊕ Allergy + 0.2 billion yen
- ⊕ Others + 0.08 billion yen

Overseas + 1.5 billion yen

[Increase]

- ⊕ Europe + 0.33 billion yen
- ⊕ U.S. + 0.5 billion yen
- ⊕ Asia & Others + 0.67 billion yen
- Korea + 0.35 billion yen
- China + 0.26 billion yen

Europe

- ⊕ Prescription ophthalmics + 0.43 billion yen
- Finland + 0.07 billion yen
- Sweden + 0.1 billion yen
- Germany + 0.04 billion yen
- Poland + 0.03 billion yen
- ⊕ Contract manufacturing - 0.01 billion yen

U.S.

- ⊕ Prescription ophthalmics + 0.11 billion yen
- ⊕ Contract manufacturing + 0.39 billion yen



Summary of Changes in Income Statements (1)

(Billions of yen)

	Half year ended Sep. 2005	Half year ended Sep. 2006		Major changes
		Actual	% change from 2005	
Net sales	49.7	51.3	1.6	
Cost of sales (% of net sales)	17.4 35.0%	18.0 35.2%	0.6 0.2 ppt	<ul style="list-style-type: none"> • NHI drug price reduction (+0.6ppt) • Cost reduction (-0.5ppt) • Improved operating rate (+0.3ppt) • Change in product mix (-0.1ppt) • EU subsidiaries (-0.1ppt)
Selling, general and administration expenses (% of net sales)	20.2 40.7%	21.1 41.2%	0.9 0.5 ppt	
SGA expenses excl. R&D (% of net sales)	14.2 28.7%	14.8 28.9%	0.6 0.2 ppt	<ul style="list-style-type: none"> • Japan Selling expenses increased (+0.3billion) • Asia Selling expenses increased (+0.2billion) • EU Selling expenses increased (+0.1 billion)
R&D expenses (% of net sales)	5.9 12.0%	6.3 12.3%	0.4 0.3 ppt	<ul style="list-style-type: none"> • Increased in cornea disorder treatments (+0.3 billion) and Retina (+0.1 billion)
Operating income (% of net sales)	12.0 24.3%	12.1 23.6%	0.1 -0.7 ppt	

< Exchange rates >

	Sep. 2005	Sep. 2006
US\$	¥109.79	¥115.25
Euro	¥136.15	¥144.56



Summary of Changes in Income Statements (2)

(Billions of yen)

	Half year ended Sep. 2005 Actual	Half year ended Sep.2006		Major items and factors
		Actual	% change from 2005	
Non-operating income/expenses	0.2	0.1	-0.1	
Non-operating income	0.4	0.4	0.0	[9/05] Interest income (0.1 billion) Currency exchange gain (0.1 billion) Others (0.1 billion) [9/06] Interest income (0.1 billion) Others (0.2 billion)
Non-operating expenses	0.2	0.3	0.1	[9/05] Amortization expenses of goodwill (0.15billion) [9/06] Currency exchange loss (0.1 billion) Amortization expenses of goodwill (0.15 billion)
Ordinary income	12.3	12.2	-0.1	
Extraordinary gain/loss	-1.0	0.2	1.2	
Extraordinary gain	0.0	0.2	0.2	[9/06] Gain on sale of fixed assets (0.2 billion)
Extraordinary loss	1.0	0.0	-1.0	[9/05] Loss on impairment of fixed assets (0.9billion) Additional amount for retirement benefit (0.1billion)
Net income before tax	11.2	12.4	1.2	
Income taxes	4.1	4.7	0.6	Tax rate [9/05] 36.8% [9/06] 37.9%
Net income	7.1	7.7	0.6	

< Exchange rates >

	Sep. 2005	Sep. 2006
US\$	¥109.79	¥115.25
Euro	¥136.15	¥144.56



Performance by Geographic Segment

【 Net sales 】

(Billions of yen)

	Half year ended Sep.2005	Half year ended Sep.2006	
		Actual	Change from 2005
Japan	45.7	46.4	0.7
Europe	3.7	4.6	0.9
Europe	3.1	3.4	0.3
United States	0.6	1.1	0.5
Others 1	0.2	0.3	0.1
Total	49.7	51.3	1.6

【 Operating income 】

(Billions of yen)

	Half year ended Sep.2005	Half year ended Sep.2006	
		Actual	Change from 2005
Japan	13.0	12.4	-0.6
Europe	0.2	0.6	0.4
Europe	0.0	0.0	0.0
United States	0.2	0.5	0.3
Others 1	-0.2	-0.2	0.0
Elimination	-1.0	-0.6	0.4
Total	12.0	12.1	0.1

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

Sales: Prescription pharmaceuticals in Korea and Taiwan

Expenses: R&D expenses for medical devices in the U.S.

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



Balance Sheets

(Billions of yen)

	Year ended Mar. 2006		Half year ended Sep 30, 2006		
	Actual	% of total	Actual	% of total	Change
Current assets	93.8	62.4 %	97.9	63.5 %	4.1
Fixed assets	56.5	37.6 %	56.2	36.5 %	-0.3
Total assets	150.4	100.0 %	154.2	100.0 %	3.8
Current liabilities	24.1	16.0 %	21.6	14.0 %	-2.5
Noncurrent liabilities	7.7	5.1 %	7.7	5.1 %	0.0
Total liabilities	31.8	21.1 %	29.4	19.1 %	-2.4
Total net assets	118.6	78.9 %	124.8	80.9 %	6.2
Total liabilities and net assets	150.4	100.0 %	154.2	100.0 %	3.8

【Major changes】

Current assets: Cash and deposits -1.8 billion yen, Notes and accounts receivable-trade +3.1 billion yen, Marketable securities +4.0 billion yen, Inventories -1.0 billion yen

Fixed assets: Impairment loss on the property for the distribution center -0.3 billion yen

Current liabilities: Accounts payable-trade -0.5 billion yen, Other payables -0.9 billion yen, Income taxes payable -0.3 billion yen, Reserve for bonuses -0.2 billion yen

Net assets:

[Increase] Net income + 7.7billion yen, Unrealized holding gains on securities +0.6 billion yen

[Decrease] Cash dividends -3.0 billion yen



Summary of Cash Flows

(Billions of yen)

	September, 2006 Actual	Major items
Cash and cash equivalents, beginning of the year	46.1	
Net increase/decrease in cash and cash equivalents	1.0	
Cash flows from operating activities	5.8	• Income before income taxes (12.4 billion) • Depreciation and amortization (2.3 billion) • Increase/decrease in trade receivable (-2.9 billion) • Increase/decrease in trade accounts payable (-0.6 billion) • Income taxes paid (-4.8 billion)
Cash flows from investing activities	-1.9	• Payments for acquisition of fixed assets (-1.7 billion)
Cash flows from financing activities	-3.0	• Cash dividends paid (-3.0 billion)
Cash and cash equivalents, end of the year	47.1	

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)

	Half year ended Sep. 2005 Actual	Half year ended Sep. 2006	
		Actual	% change from 2005
Capital expenditure	0.7	1.5	0.8
Depreciation and amortization	1.6	1.5	-0.1
Lease expenses	0.5	0.5	0.0

Major capital expenditures for the half year ended Sep. 2006

- Investment in constructing a manufacturing plant in China
- Remodeling of existing production facilities
- Replacing of machinery for R&D



Consolidated Financial Forecasts
for the Year
ending March 2007



Consolidated Performance Forecasts

(Billions of yen)

	Year ended March 2006 Actual	Year ending March 2007				
		Actual for First half of the year	Forecast for Second half of the year	Forecast	Change	% Change
Net sales	98.3	51.3	49.2	100.5	2.2	2.1 %
Opearting income	20.9	12.1	8.6	20.7	-0.2	-1.4 %
Ordinary income	21.5	12.2	8.7	20.9	-0.6	-2.8 %
Net income	13.0	7.7	5.5	13.2	0.2	1.4 %



Consolidated Performance Forecasts : Difference from the initial Forecasts (May 10)

(Billions of yen)

	Year ending March 2007			
	Forecast from beginning of the term	Forecast	Change v. from the initial forecast	% change v. from the initial forecast
Net sales	100.0	100.5	0.5	0.5 %
Operating income	20.0	20.7	0.7	3.5 %
Ordinary income	20.0	20.9	0.9	4.5 %
Net income	13.0	13.2	0.2	1.5 %



Net Sales by Business Segment / Overseas Sales

Sales by business Segment

(Billions of yen)

	Year ending March 2007					
	Japan		Overseas		Total	
	Net sales	% change from previous year	Net sales	% change from previous year	Net sales	% change from previous year
Prescription pharmaceutical	80.84	0.7 %	10.94	10.1 %	91.79	1.7 %
Ophthalmic	71.43	0.3 %	10.67	10.0 %	82.10	1.5 %
Anti-rheumatic	9.18	3.6 %	0.21	-	9.40	4.0 %
Others	0.22	2.7 %	0.05	-	0.28	0.0 %
OTC pharmaceuticals	5.27	0.9 %	0.02	-	5.30	1.0 %
Medical devices	0.58	-6.1 %	0.02	-	0.60	-6.0 %
Others	0.66	5.7 %	2.13	31.1 %	2.80	24.1 %
Total	87.36	0.7 %	13.13	13.1 %	100.50	2.1 %

Overseas sales

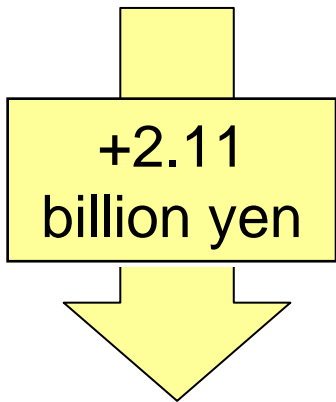
(Billions of yen)

	Year ended March 2006 Actual	Year ending March 2007		
		Forecast	Change	% Change
North America	6.08	6.59	0.51	8.3 %
Europe	1.91	2.25	0.34	17.7 %
Others	3.60	4.28	0.68	18.8 %
Total	11.61	13.13	1.52	13.1 %



Consolidated Net Sales: Variances

Net sales of the Year ended March 2006
98.39 billion yen



Net sales of the Year ending March 2007
100.5 billion yen

Japan +0.59 billion yen

- [Increase]
- ⊕ Prescription ophthalmics +0.22 billion yen
 - ⊕ RA drugs +0.32 billion yen
 - ⊕ OTC +0.05 billion yen
 - ⊕ Others +0.03 billion yen
- [Decrease]
- ⊕ Medical devices -0.03 billion yen

Overseas +1.52 billion yen

- [Increase]
- ⊕ Europe +0.51 billion yen
 - ⊕ USA +0.34 billion yen
 - ⊕ Asia and Others +0.68 billion yen
 - Korea +0.40 billion yen
 - China +0.27 billion yen

Prescription ophthalmics in Japan

- ⊕ Anti-infective -1.12 billion yen
- ⊕ Corneal disorder +0.66 billion yen
- ⊕ Glaucoma -0.17 billion yen
- ⊕ Anti-allergy +0.47 billion yen
- ⊕ Adjuvant for ophthalmic operations *Opegan* +0.16 billion yen
- ⊕ Others +0.22 billion yen

Europe

- ⊕ Prescription ophthalmics +0.53 billion yen
 - Finland +0.12 billion yen
 - Sweden +0.13 billion yen
 - Germany +0.07 billion yen
 - Poland +0.08 billion yen
- ⊕ Contract manufacturing and Others -0.02 billion yen

U.S.

- ⊕ Prescription ophthalmics -0.19 billion yen
- ⊕ Contract manufacturing and Others +0.53 billion yen



Summary of Changes in Income Statements (1)

(Billions of yen)

	Year ended March 2006 Actual	Year ending March 2007		Major factors
		Forecast	Change	
Net sales	98.3	100.5	2.2	
Cost of Sales (% of net sales)	34.5 35.1%	35.4 35.2%	0.9 0.1 ppt	<ul style="list-style-type: none"> · NHI drug price reduction (+0.6ppt) · Cost reduction (-0.3ppt)
Selling, general and administrative expenses (% of net sales)	42.8 43.6%	44.4 44.2%	1.6 0.6 ppt	
SGA expenses excl. R&D (% of net sales)	28.8 29.4%	30.8 30.6%	2.0 1.3 ppt	<ul style="list-style-type: none"> · Japan Selling expenses increase (+1.1billion) · Asia Selling expenses increase (+0.3billion) · EU Selling expenses increase (+0.4billion)
R&D expenditures (% of net sales)	13.9 14.2%	13.6 13.5%	-0.3 -0.7 ppt	<ul style="list-style-type: none"> · Increase in Glaucoma treatments (-0.9billion) · Increase in Cornea disorder treatments (+0.3billion) · Increase in Vitreoretinal disorder treatments (+0.1billion) · Decrease in Rheumatoid arthritis treatments (+0.1billion)
Operating income (% of net sales)	20.9 21.3%	20.7 20.6%	-0.2 -0.7 ppt	

< Exchange rates >		
	Sep. 2006	Sep. 2007
US\$	¥113.42	¥114.50
Euro	¥137.77	¥144.80



Summary of Changes in Income Statements (2)

(Billions of yen)

	Year ended March 2006 Actual	Year ending March 2007		Major factors
		Forecast	Change	
Non-operating income/expenses	0.5	0.2	-0.3	
Non-operating income	1.0	0.8	-0.2	(06/3) Interest income (0.2billion) Currency exchange gain(0.1billion) Gains on distribution of investment limited partnership (0.1billion) Others(0.3billion) (07/3) Interest income (0.3billion) Receipt of matured insurance (0.1billion) Others (0.3billion)
Non-operating expenses	0.5	0.6	0.1	(06/3) Amortization expenses of goodwill(0.3billion) (07/3) Amortization expenses of goodwill(0.3billion) Currency exchange loss (0.1billion)
Ordinary income	21.5	20.9	-0.6	
Extraordinary gain/loss	-1.2	0.2	1.4	
Extraordinary gain	0.0	0.3	0.3	(07/3) Gain on sale of fixed assets (0.3 billion)
Extraordinary loss	1.2	0.1	-1.1	(06/3) Loss on impairment of fixed assets(0.9billion) Additional amount for retirement benefit(0.1billion)
Net income before tax	20.3	21.1	0.8	
income taxes	7.3	7.9	0.6	Tax reate (06/3) 36.0% (07/3) 37.4%
Net income	13.0	13.2	0.2	

< Exchange rates >

	Sep. 2005	Sep. 2006
US\$	¥113.42	¥114.50
Euro	¥137.77	¥144.80



Forecast by Geographic Segment

【Net sales】

(Billions of yen)

	Year ended March 2006 Actual	Year ending March 2007	
		Forecast	Change
Japan	89.8	90.8	1.0
Europe	8.1	8.9	0.8
For Europe	6.3	6.7	0.4
For U.S.	1.7	2.2	0.5
Others 1	0.3	0.7	0.4
Total	98.3	100.5	2.2

【Operating income】

(Billions of yen)

	Year ended March 2006 Actual	Year ending March 2007	
		Forecast	Change
Japan	22.6	22.0	-0.6
Europe	0.9	0.9	0.0
For Europe	-0.1	-0.2	-0.1
For U.S.	1.0	1.1	0.1
Others 1	-0.7	-0.6	0.1
Elimination	-1.8	-1.6	0.2
Total	20.9	20.7	-0.2

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

Sales: Prescription pharmaceuticals in Korea and Taiwan

Expenses: R&D expenses for medical devices 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)

	Year ended March 2006 Actual	Year ending March 2007	
		Forecast	Change
Capital Expenditures	1.4	2.7	1.3
Depreciation and amortization	3.3	3.2	-0.1
Lease expenses	1.1	1.0	-0.1

Major capital expenditures for the year ending March 2007

- Investment in constructing a manufacturing plant in China
- Remodeling of existing production facilities
- Replacing of machinery for R&D