



Consolidated Financial Results  
for the nine months ended  
December 31, 2005

January 31, 2006



# Consolidated Performance Summary

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(Billions of yen)

	Year ended March 2005	Year ending March 2006		
	3Q Actual	3Q Actual	Change	% Change
Net Sales	70.2	76.7	6.5	9.3 %
Operating income	16.3	19.1	2.8	17.3 %
Ordinary income	16.2	19.5	3.3	20.2 %
Net income	8.8	11.7	2.9	32.4 %



# Net Sales by Business Segment / Overseas Sales

## Net Sales by Business Segment

(Billions of yen)

	Year ending March 2006, 3Q Actual					
	Japan		Overseas		Total	
	Net sales	Change	Net sales	Change	Net sales	Change
Prescription pharmaceutical	63.08	8.3 %	7.49	39.0 %	70.58	10.9 %
Ophthalmic	55.83	8.3 %	7.30	38.7 %	63.14	11.1 %
Anti-rheumatic	7.08	8.5 %	0.15	-	7.23	9.4 %
Others	0.16	1.9 %	0.03	-	0.20	1.5 %
OTC pharmaceuticals	4.08	1.3 %	0.01	-	4.09	1.3 %
Medical devices	0.47	-18.4 %	0.01	-	0.48	-19.2 %
Others	0.52	15.3 %	1.05	-29.4 %	1.58	-18.9 %
Total	68.17	7.7 %	8.57	23.9 %	76.75	9.3 %

## Overseas Sales

(Billions of yen)

	Year ended March 2005, 3Q Actual	Year ending March 2006, 3Q		
		Actual	Change	% Change
North America	1.14	0.99	-0.15	-13.2 %
Europe	3.61	4.68	1.07	29.9 %
Others	2.17	2.89	0.72	33.4 %
Total	6.92	8.57	1.65	23.9 %



# Consolidated Net Sales: Variances

Net sales for the nine months ended Dec. 2004 (3Q)  
70.25 billion yen

+6.5 billion yen

Net sales for the nine months ended Dec. 2005 (3Q)  
76.75 billion yen

## Japan +4.85 billion yen

[Increase]

- + Prescription ophthalmics + ¥4.28 billion
- + RA drugs + ¥0.56 billion
- + OTC pharmaceuticals + ¥0.05 billion

[Decrease]

- + Others - ¥0.04 billion

## Overseas +1.65 billion yen

[Increase]

- + Europe + ¥1.07 billion
- + Asia & Others + ¥0.72 billion
  - China + ¥0.22 billion
  - Korea + ¥0.38 billion

[Decrease]

- + U.S. - ¥0.15 billion

### Prescription ophthalmics in Japan

- + Anti-infective - ¥ 0.12 billion
- + Corneal disease + ¥1.36 billion
- + Glaucoma + ¥2.55 billion
  - Rescula* + ¥2.51 billion
- + Allergy + ¥0.02 billion
- + *Opegan* + ¥0.43 billion
- + Others + ¥ 0.04 billion

### Europe

- + Prescription ophthalmics + ¥1.09 billion
  - + Russia + ¥0.39 billion
  - + Germany + ¥0.24 billion
  - + Finland + ¥0.09 billion
- + Contract manufacturing - ¥0.02 billion

### U.S.

- + Prescription ophthalmics + ¥0.29 billion
- + Contract manufacturing - ¥0.44 billion



# Summary of Changes in Income Statements (1)

(Billions of yen)

	March 2005 3Q Actual	Year ending March 2006		Major factor
		3Q Actual	Change	
<b>Net sales</b>	70.20	76.70	6.50	
<b>Cost of Sales</b> (% of net sales)	25.30 36.0%	26.60 34.8%	1.30 -1.2 ppt	<ul style="list-style-type: none"> <li>• Change in product mix (-0.1ppt)</li> <li>• Improve operating rate (-0.3ppt)</li> <li>• Cost reduction (-0.3ppt)</li> <li>• EU subsidiaries (-0.4ppt)</li> </ul>
<b>Selling, general and administrative expenses</b> (% of net sales)	28.5 40.7%	30.8 40.2%	2.3 -0.4 ppt	
SGA expenses excl. R&D (% of net sales)	19.9 28.4%	21.3 27.9%	1.4 -0.5 ppt	<ul style="list-style-type: none"> <li>• Japan Selling expenses increased (+ 0.9 billion)</li> <li>• Asia Selling expenses increased (+0.2 billion)</li> </ul>
<b>R&amp;D expenditures</b> (% of net sales)	8.6 12.3%	9.5 12.4%	0.9 0.1 ppt	<ul style="list-style-type: none"> <li>• Glaucoma treatments (+0.7billion)</li> <li>• Cornea disorders (+0.2billion)</li> </ul>
<b>Operating income</b> (% of net sales)	16.3 23.3%	19.1 25.0%	2.8 1.7 ppt	



## Summary of Changes in Income Statements (2)

(Billions of yen)

	March 2005 3Q Actual	Year ending March 2006		Major factors
		3Q Actual	Change	
Non-operating income/expenses	-0.1	0.3	0.4	
Non-operating income	0.6	0.7	0.1	[05/3] Interest income (0.2billion) Receipt of matured insurance (0.1billion) [06/3] Interest income (0.2billion) Currency exchange gain (0.2billion)
Non-operating expenses	0.7	0.3	-0.4	[05/3] Currency exchange loss (0.3billion) Interest expenses (0.1billion) [06/3] Interest expenses (0.1billion)
Ordinary income	16.2	19.5	3.3	
Extraordinary gain/loss	-1.2	-1.0	0.2	
Extraordinary gain	0.3	0.0	-0.3	[05/3] Gain on disposition of fixed assets (0.3billion)
Extraordinary loss	1.5	1.0	-0.5	[05/3] Loss on impairment of fixed assets (0.8billion) US business restructuring (0.5billion) [06/3] Loss on impairment of fixed assets (0.9billion) Additional amount for retirement benefit (0.1billion)
Net income before tax	15.0	18.4	3.4	
income taxes	6.1	6.7	0.6	Tax rate [05/3] 40.9% [06/3] 36.4%
Net income	8.8	11.7	2.9	



## Performance by Geographic Segment

**【Net sales】** (Billions of yen)

	Year ended March 2005 3Q Actual	Year ending March 2006	
		3Q Actual	Change
Japan	65.2	70.7	5.5
Europe	4.5	5.7	1.2
For Europe	3.7	4.7	1.0
For U.S.	0.8	0.9	0.1
Others ※1	0.4	0.2	-0.2
<b>Total</b>	<b>70.2</b>	<b>76.7</b>	<b>6.5</b>

**【Operating income】** (Billions of yen)

	Year ended March 2005 3Q Actual	Year ending March 2006	
		3Q Actual	Change
Japan	18.7	20.5	1.8
Europe	-0.1	0.4	0.5
For Europe	-0.4	0.0	0.4
For U.S.	0.2	0.4	0.2
Others ※1	-0.5	-0.3	0.2
Elimination	-1.7	-1.4	0.3
<b>Total</b>	<b>16.3</b>	<b>19.1</b>	<b>2.8</b>

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

Sales: Prescription pharmaceuticals in Taiwan and Korea

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. 2005		Year ending March 2006, 3Q		
	Actual	% of total	Actual	% of total	Change
Current assets	82.7	59.1 %	90.1	61.7 %	7.4
Fixed assets	57.2	40.9 %	56.0	38.3 %	-1.1
Total assets	139.9	100.0 %	146.2	100.0 %	6.2
Current liabilities	22.2	15.9 %	20.8	14.3 %	-1.4
Concurrent liabilities	9.5	6.8 %	8.8	6.0 %	-0.6
Total liabilities	31.7	22.7 %	29.6	20.3 %	-2.1
Total shareholders' equity	108.2	77.3 %	116.6	79.7 %	8.3
Total liabilities and shareholders' equity	139.9	100.0 %	146.2	100.0 %	6.2

**【Major changes】**

Current assets : Cash and deposit +¥5.7billion, Notes and accounts + ¥2.7 billion, Marketable securities + ¥1.1 billion  
Inventories -¥1.1 billion, Deferred tax assets -¥0.5 billion

Fixed assets: [Increase] Investment securities + ¥1.7billion, Tangible and intangible assets + ¥1.1 billion  
[Decrease] Impairment loss on the property for the distribution service -¥0.9 billion,  
Depreciation and amortization -¥3.5 billion

Current liabilities: Accounts payable trade -¥1.0 billion

Fixed liabilities: Long-term debt -¥0.6 billion

Shareholders' equity: [Increase] Net income for the 3Q + ¥11.7 billion, Unrealized holding gains on securities + ¥1.1 billion  
[ Decrease] Cash dividends and others -¥4.7 billion





# Summary of Cash Flows

( Billions of yen )

	Year ending Mar.2006 3Q Actual	Major items
Cash and cash equivalents, beginning of the year	32.3	
Net increase/decrease in cash and cash equivalents	7.0	
Cash flows from operating activities	13.0	<ul style="list-style-type: none"> <li>• Income before income taxes (18.4 billion)</li> <li>• Depreciation and amortization (3.5 billion)</li> <li>• Loss on impairment of fixed assets (0.9 billion)</li> <li>• Increase in trade receivables (-2.5 billion)</li> <li>• Decrease in inventory (1.1 billion)</li> <li>• Decrease in purchasing liability (-1.0 billion)</li> <li>• Income taxes paid (-6.4 billion)</li> </ul>
Cash flows from investing activities	-1.3	<ul style="list-style-type: none"> <li>• Deposits (-0.2 billion)</li> <li>• Payments for acquisition of fixed assets (-1.6 billion)</li> <li>• Proceeds from sales of marketable securities (0.5 billion)</li> </ul>
Cash flows from financing activities	-4.7	<ul style="list-style-type: none"> <li>• Long-term debt (-0.1 billion)</li> <li>• Cash dividends paid (-4.6 billion)</li> </ul>
Cash and cash equivalents, end of the year	39.3	

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

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Billions of yen

	Year ended March 2005, 3Q Actual	Year ending March 2006	
		3Q Actual	% change
Capital expenditure	1.3	0.8	-0.5
Depreciation and amortization	2.7	2.4	-0.3
Lease expenses	0.7	0.8	0.1

Major capital expenditures for the nine months ended Dec.2005

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

Major increase in lease expenses for the nine months ended Dec.2005

- Manufacturing lines for new bottle (*Dimple Bottles*)