

Financial Report

Second Quarter Results for the Fiscal Year Ending March 31, 2010

October 30, 2009

(Any fraction sum of less than a million yen is discarded.)

1. Consolidated Business Performance (From April 1, 2009 to September 30, 2009) for the Fiscal Year Ending March 31, 2010

(1) Consolidated Operating Results (aggregated) (% indicates percent change to the same period of previous fiscal year.)
(Amount in millions except *)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Six Months Ended Sep. 30, 2009	¥ 6,035	16.6 %	¥ 324	—	¥ 360	—	¥ 115	—
Six Months Ended Sep 30, 2008	¥ 5,178	(7.7) %	¥ (425)	—	¥ (310)	—	¥ (342)	—

	Earning Per Share *	Diluted Earning Per Share *
Six months ended Sep 30, 2009	¥ 4.57	¥ 4.56
Six months ended Sep 30, 2008	¥ (12.68)	—

(2) Consolidated Financial Condition

(Amount in millions except *)

	Total Assets	Total Net Assets	Equity Ratio	Book Value Per Share*
As of Sep 30, 2009	¥ 24,359	¥ 15,412	62.8 %	¥ 635.70
As of March 31, 2009	¥ 24,767	¥ 16,984	68.2 %	¥ 635.20

Note: Equity As of September 30, 2009 15,293 million yen As of March 31, 2009 16,879 million yen

2. Dividends

(Amount in millions except *)

	Dividend Per Share *				
(Record date)	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
FY 2008	—	¥ 5.00	—	¥ 5.00	¥ 10.00
FY 2009	—	¥ 5.00	—	—	—
FY 2009 (Forecast)	—	—	—	¥ 5.00	¥ 10.00

Note: Modifications in the dividend forecasts for Fiscal 2009: None

3. Consolidated Business Forecast (From April 1, 2009 to March 31, 2010)

(% indicates percentage change to the same period of the previous fiscal year)

(Amount in millions except *)

	Net sales		Operating Income		Ordinary Income		Net Income		Earning Per Share *
Full fiscal year	¥ 13,000	7.6 %	¥ 760	39.1 %	¥ 760	18.4 %	¥ 340	(37.0) %	¥ 14.13

Note: Modifications in forecasts of consolidated business performance for Fiscal 2009: Modified

※ Explanation on appropriate use of “Business Forecast” and other special instructions
The aforementioned forecast is based on available data as at the issue date of this document.
Actual results may differ from those anticipated in the forecast due to various factors.

I. Descriptive Information and Financial Statements

Descriptive Information on Consolidated Operating Results

During the six months ended September 30, 2009, sales of the Company's main product, Growject ®, a recombinant human growth hormone product, reached ¥4,311 million, an increase of ¥305 million from the same period of the previous year. Sales of urine-derived products and bulk substance of anticancer drug, etc. remained at a satisfactory level. As a result, sales of pharmaceutical business reached ¥5,871 million, an increase of ¥880 million over the same period of the previous year. In contrast, sales of medical devices and laboratory equipment business resulted ¥163 million yen, a decrease of ¥22 million over the same period of the previous year. As a result, the consolidated sales of the Company during the six months ended September 30, 2009 reached ¥6,035 million, an increase of ¥857 million from the same period of the previous year.

In terms of profit and loss, selling, general and administrative expenses decreased by ¥65 million to ¥3,913 million over the same period of the previous year. As a result, the Company recorded operating income of ¥324 million (compared to an operating loss of ¥425 million in the same period of the previous year) and ordinary income of ¥360 million (compared to an ordinary loss of ¥310 million in the same period of the previous year). The Company recorded net income of ¥115 million (compared to a net loss of ¥342 million in the same period of the previous year) after posting a loss of ¥270 million on valuation of investments in securities.

Sales by business segments are as shown below.

Sales by business segments:

Business segment	Six months ended September 30, 2008 (Apr.1, 2008 - Sep. 30, 2008)		Six months ended September 30, 2009 (Apr.1, 2009 - Sep. 30, 2009)		Increase and decrease
	JPY Thousand	Composition ratio (%)	JPY Thousand	Composition ratio (%)	
Pharmaceuticals	4,991,261	96.4	5,871,906	97.3	880,645
Medical devices & laboratory equipment	186,900	3.6	163,970	2.7	(22,929)
Total	5,178,162	100.0	6,035,877	100.0	857,715

II. Consolidated Quarterly Financial Statements**(1) Consolidated Balance Sheets**

Yen in thousands

	As of September 30, 2009	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	1,800,188	2,032,785
Notes and accounts receivable-trade	3,053,226	3,000,487
Short-term investment securities	3,380,284	3,919,851
Merchandise and finished goods	1,935,977	1,352,911
Work in process	766,653	822,692
Raw materials and supplies	1,117,159	1,038,937
Other	804,941	2,067,438
Allowance for doubtful accounts	(302)	(178)
Total current assets	12,858,129	14,234,926
Noncurrent assets		
Property, plant and equipment		
Land	3,495,170	3,492,049
Other, net	4,652,075	3,942,989
Total property, plant and equipment	8,147,245	7,435,038
Intangible assets	86,140	59,336
Investments and other assets		
Investment securities	2,627,082	2,503,379
Other	798,413	714,756
Allowance for doubtful accounts	(157,300)	(180,250)
Total investments and other assets	3,268,195	3,037,885
Total noncurrent assets	11,501,581	10,532,261
Total assets	24,359,710	24,767,187
Liabilities		
Current liabilities		
Notes and accounts payable-trade	955,041	808,920
Short-term loans payable	1,626,400	1,547,200
Income taxes payable	49,797	33,574
Provision for bonuses	251,101	198,783
Provision for directors' bonuses	18,750	37,500
Other	2,556,366	1,867,648
Total current liabilities	5,457,456	4,493,627
Noncurrent liabilities		
Bonds payable	2,000,000	2,000,000
Long-term loans payable	985,200	832,000
Provision for retirement benefits	39,443	46,872
Other	465,011	409,973
Total noncurrent liabilities	3,489,654	3,288,846
Total liabilities	8,947,111	7,782,473

(Continued)

Yen in thousands

	As of September 30, 2009	As of March 31, 2009
Net assets		
Shareholders' equity		
Capital stock	7,504,866	7,504,866
Capital surplus	8,410,558	8,411,316
Retained earnings	1,456,302	1,474,082
Treasury stock	(2,123,390)	(515,545)
Total shareholders' equity	15,248,337	16,874,721
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	91,202	(38,327)
Deferred gains or losses on hedge	(122,379)	(18,751)
Foreign currency translation adjustments	76,141	62,265
Total valuation and translation adjustments	44,964	5,186
Subscription rights to shares	119,189	100,000
Minority interests	107	4,805
Total net assets	15,412,598	16,984,713
Total liabilities and net assets	24,359,710	24,767,187

(2) Consolidated Statements of Income

Six months ended September 30, 2009 (From April 1, 2009 to September 30, 2009)

Yen in thousands

	Six months ended Sep. 30, 2008 (Apr. 1, 2008 to Sep. 30, 2008)	Six months ended Sep. 30, 2009 (Apr. 1, 2009 to Sep. 30, 2009)
Net sales	5,178,162	6,035,877
Cost of sales	1,624,581	1,797,105
Gross profit	3,553,580	4,238,771
Selling, general and administrative expenses		
Total selling, general and administrative expenses	3,979,473	3,913,963
Operating income (loss)	(425,893)	324,808
Non-operating income		
Interest income	30,503	23,375
Dividends income	9,852	9,592
Insurance return	—	24,542
Income from product development investment	100,000	—
Other	20,677	18,104
Total non-operating income	161,034	75,615
Non-operating expenses		
Interest expenses	32,478	35,195
Other	12,758	4,649
Total non-operating expenses	45,237	39,844
Ordinary income (loss)	(310,096)	360,579
Extraordinary income		
Gain on sales of investment securities	—	13,914
Reversal of allowance for doubtful accounts	112	—
Total extraordinary income	112	13,914
Extraordinary loss		
Loss on disposal of noncurrent assets	961	4,020
Loss on valuation of investment securities	3,515	270,775
Provision of allowance for doubtful accounts of golf club membership	3,600	—
Provision of allowance for doubtful accounts	12,677	—
Other	—	1,300
Total extraordinary loss	20,754	276,095
Income (loss) before income taxes and minority interests	(330,738)	98,398
Income taxes-current	5,534	32,041
Income taxes-deferred	7,338	(49,327)
Total income taxes	12,872	(17,285)
Minority interests in income (loss)	(933)	592
Net income (loss)	(342,677)	115,091