

## Financial Summary

January 28, 2011

### Consolidated Financial Results for the Nine Months Ended December 31, 2010 (Q3 FY2010)

(Amounts of less than one million yen are rounded to the nearest million yen.)

#### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2010 (April 1, 2010 - Dec. 31, 2010)

##### (1) Consolidated Operating Results (Accumulated Total)

(Percentage shows year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Nine Months Ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Dec 31, 2010	10,513	1.5	1,329	(12.1)	1,297	(17.7)	788	(36.6)
Dec 31, 2009	10,353	18.6	1,513	756.4	1,577	428.6	1,242	460.3

  

	Net income Per Share (basic)		Net Income Per Share (diluted)	
Nine Months Ended	Yen		Yen	
Dec 31, 2010	24.68		24.33	
Dec 31, 2009	50.03		44.78	

##### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
As of	Million yen	Million yen	%	Yen
Dec. 31, 2010	29,902	22,542	75.1	696.11
Mar. 31, 2010	29,148	20,483	70.2	700.80

Reference: Shareholders' Equity      As of Dec. 31, 2010: 22,471 million yen  
 As of Mar. 31, 2010: 20,462 million yen

#### 2. Dividends

	Dividend Per Share				
(Base date)	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
		Yen	Yen	Yen	Yen
FY 2009	—	5.00	—	10.00	15.00
FY 2010	—	6.00	—		
FY 2010 (Forecast)				6.00	12.00

Note: Revisions to dividend forecasts made during the current quarter: None

#### 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2011 (April 1, 2010 - March 31, 2011)

(Percentage figures for the fiscal year represent the changes from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2011	14,600	1.5	1,530	(23.8)	1,470	(21.0)	1,000	(23.2)	31.22

Note: Revisions to dividend forecasts made during the current quarter: Yes

#### ※ Explanations and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements such as a result forecasts in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on various factors.

## I. Qualitative Information and Financial Statements, etc.

### Qualitative Information Concerning the Consolidated Operating Results

During the nine-month period ended December 31, 2010, in May 2010 the Company launched **Epoetin Alfa BS Inj. JCR** in Japan, a drug co-developed with Kissei Pharmaceutical Co., Ltd. for treatment of renal anemia in dialysis patients. In July 2010, the Company terminated the co-marketing agreement on human growth hormone, **Growject®**, with Dainippon Sumitomo Pharma, Co., Ltd. (DSP), and **Growject®** business was transferred from DSP to the Company. As a consolidation of such business, the Company has taken in 43 seconded employees from DSP to strengthen and streamline the marketing activities of **Growject®**.

As a result, the consolidated sales of the Company during the nine-month period ended December 31, 2010, increased 1.5 % (159 million yen) year-on-year to 10,513 million yen.

In terms of sales in pharmaceutical business, the sales volume of **Growject®** increased 3.7% year-on-year, however, sales of **Growject®** fell 3.2% (290 million yen) year-on-year to 6,291 million yen due to NHI price reduction implemented in April 2010 and deduction of commission fee payable to dealerships from the sales. Sales of bulk substance of anticancer drug and urine derived products declined compared to the previous year. On the other hand, sales of **Epoetin Alfa BS Inj. JCR** contributed to the overall growth. As a result, sales of final products including **Growject®** increased 5.7% (510 million yen) year-on-year. The license revenue decreased 36.4% (400 million yen) compared to the previous year when the initial payment from GlaxoSmithKline Group was recorded. As a result, sales of pharmaceutical business increased 1.1% (110 million yen) year-on-year to 10,220 million yen.

Sales in the medical devices and laboratory equipment business increased 20.2% (49 million yen) year-on-year to 292 million yen.

In terms of profit and loss, although the research and development expenses reduced 22.1% (380 million yen) year-on-year, decrease in license revenue and increase in tax payment were largely attributed to the Company, resulting in its operating income of 1,329 million yen, (a decrease of 12.1% year-on-year), ordinary income of 1,297 million yen (a decrease of 17.7% year-on-year) and net income of 788 million yen (a decrease of 36.6% year-on-year).

As described in the above, the consolidated sales of the Company increased compared to the same period of the previous year, meanwhile the operating income, ordinary income and net income decreased compared to one year earlier. However, as the incomes excelled the consolidated forecast made at the beginning of this fiscal year, the consolidated forecast for the Fiscal Year Ending March 31, 2011 was revised.

Net Sales by business segments are as shown below.

Business segment	Nine-month period of previous fiscal year (Apr. 1, 2009 – Dec. 31, 2009)		Nine-month period of current fiscal year (Apr. 1, 2010 – Dec. 31, 2010)		Change
	Thousand yen	Component ratio %	Thousand yen	Component ratio %	Thousand yen
Pharmaceuticals	10,110,660	97.7	10,220,934	97.2	110,273
Medical devices and laboratory equipment	243,170	2.3	292,204	2.8	49,033
Total	10,353,831	100.0	10,513,139	100.0	159,307

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

Yen in thousands

	As of December 31, 2010	As of March, 31 2010
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,712,628	1,901,996
Notes and accounts receivable-trade	4,447,232	3,043,201
Short-term investment securities	1,890,896	4,333,929
Merchandise and finished goods	1,189,531	1,807,461
Work in process	1,062,447	1,133,298
Raw materials and supplies	2,492,717	1,156,600
Other	1,129,911	1,579,429
Allowance for doubtful accounts	(6,962)	(4,944)
<b>Total current assets</b>	<b>13,918,404</b>	<b>14,950,973</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures, net	3,565,584	3,027,395
Land	3,604,920	3,604,920
Other, net	3,190,848	2,279,383
Total property, plant and equipment	10,361,352	8,911,699
Intangible assets	127,379	118,883
Investments and other assets		
Investment securities	4,398,935	4,522,796
Other	1,268,992	816,388
Allowance for doubtful accounts	(172,539)	(172,539)
Total investments and other assets	5,495,388	5,166,645
<b>Total noncurrent assets</b>	<b>15,984,120</b>	<b>14,197,229</b>
<b>Total assets</b>	<b>29,902,524</b>	<b>29,148,202</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,322,086	914,855
Short-term loans payable	1,759,000	1,782,800
Income taxes payable	176,709	553,220
Provision for bonuses	175,890	225,679
Provision for directors' bonuses	52,125	74,500
Other	1,583,383	1,811,057
<b>Total current liabilities</b>	<b>5,069,196</b>	<b>5,362,113</b>
<b>Noncurrent liabilities</b>		
Bonds payable	—	2,000,000
Long-term loans payable	675,200	634,800
Provision for retirement benefits	49,380	51,913
Other	1,565,981	615,604
<b>Total noncurrent liabilities</b>	<b>2,290,561</b>	<b>3,302,318</b>
<b>Total liabilities</b>	<b>7,359,757</b>	<b>8,664,431</b>

(Continued)

Yen in thousands

	As of December 31, 2010	As of March, 31 2010
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	9,061,866	8,061,866
Capital surplus	10,778,544	9,779,147
Retained earnings	2,826,208	2,523,798
Treasury stock	(86,711)	(83,912)
<b>Total shareholders' equity</b>	<b>22,579,909</b>	<b>20,280,899</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	(24,118)	111,404
Deferred gains or losses on hedge	(129,673)	4,998
Foreign currency translation adjustments	45,286	65,410
<b>Total valuation and translation adjustments</b>	<b>(108,506)</b>	<b>181,814</b>
Subscription rights to shares	71,066	20,825
Minority interests	297	231
<b>Total net assets</b>	<b>22,542,766</b>	<b>20,483,771</b>
<b>Total liabilities and net assets</b>	<b>29,902,524</b>	<b>29,148,202</b>

**(2) Quarterly Consolidated Statements of Income**

	Yen in thousands	
	Nine months ended Dec.31, 2009 (Apr. 1, 2009 to Dec. 31, 2009)	Nine months ended Dec.31, 2010 (Apr. 1, 2010 to Dec. 31, 2010)
Net sales	10,353,831	10,513,139
Cost of sales	2,784,724	3,517,693
<b>Gross profit</b>	<b>7,569,106</b>	<b>6,995,445</b>
Selling, general and administrative expenses		
Total selling, general and administrative expenses	6,055,908	5,665,881
<b>Operating income</b>	<b>1,513,198</b>	<b>1,329,564</b>
<b>Non-operating income</b>		
Interest income	30,997	42,273
Dividends income	16,900	18,379
Insurance return	24,542	—
Income from product development investment	32,530	—
Compensation income	15,000	—
Amortization of negative goodwill	6,305	—
Other	12,263	35,485
Total non-operating income	<b>138,539</b>	<b>96,137</b>
<b>Non-operating expenses</b>		
Interest expenses	52,309	43,557
Foreign exchange losses	15,899	23,750
Equity in losses of affiliates	—	56,706
Other	6,218	4,234
Total non-operating expenses	<b>74,427</b>	<b>128,250</b>
<b>Ordinary income</b>	<b>1,577,311</b>	<b>1,297,451</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	14,487	5,225
Total extraordinary income	<b>14,487</b>	<b>5,225</b>
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	4,004	4,013
Loss on valuation of investment securities	267,117	—
Provision of allowance for doubtful accounts of golf club membership	475	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	14,783
Other	1,300	—
Total extraordinary loss	<b>272,896</b>	<b>18,796</b>
Income before income taxes	1,318,902	1,283,880
Income taxes-current	348,174	426,417
Income taxes-deferred	(272,790)	69,299
Total income taxes	<b>75,383</b>	495,717
Income before minority interests	—	788,162
Minority interests in income	1,236	66
<b>Net income</b>	<b>1,242,282</b>	<b>788,096</b>