

May 23, 2007

Press Release

Fiscal Year through March 2007 – Consolidated Results

I. Consolidated results for year ended March 2007 (April 1, 2006 to March 31, 2007)

1) Operating results (JPY million)

	2007	2006	Year-on-year change
Net sales	853,948	753,139	13.4%
Operating income	91,490	58,849	55.5%
Ordinary income	113,983	70,658	61.3%
Net income	52,874	26,593	98.8%

2) Financial position (JPY million)

	2007	2006	Year-on-year change
Total assets	982,113	881,134	11.5%
Net assets	667,781	392,170	70.3%
Equity capital ratio	45.8%	44.5%	-
Net assets per share	34,158. ⁵³	29,709. ¹⁴	15.0%

Net assets per share: Yen

3) Statement of cash flow (JPY million)

	2007	2006
Cash flow from operating activities	82,217	56,982
Cash flow from investing activities	(67,633)	(42,748)
Cash flow from financing activities	(3,229)	(11,903)
Cash and cash equivalents at end of year	201,476	188,101

4) Expenditures (JPY million)

	2007	2006	Year-on-year change
Research and development expenses	105,255	103,703	1.5%

5) Scope of consolidation

Consolidated subsidiaries: 42

Companies accounted for under the equity method: 12

6) Changes in scope of consolidation

Consolidated subsidiaries (new): 4

Soma Beverage, LLC, Sichuan Otsuka Pharmaceutical Co., Ltd., Cambridge Isotope Laboratories (Europe) GmbH, Advanced Biochemical Compounds GmbH

Consolidated subsidiaries (name change): 1

From Otsuka Maryland Research Institute, Inc. to Otsuka Pharmaceutical Development & Commercialization, Inc.

Companies accounted for under the equity method (new): 3
Earth Environmental Service Co., Ltd., MicroPort Medical (Shanghai) Co., Ltd.,
MicroPort Scientific Corporation

II. Consolidated companies: 54

Consolidated subsidiaries: 42

1	Otsuka Pharmaceutical Factory, Inc.	Manufacture and sales of pharmaceutical/nutritional products
2	Otsuka Techno Corporation	Manufacture and sales of synthetic resin molded products
3	Otsuka Electronics Co., Ltd.	Manufacture and sales of analysis and measurement equipment
4	JIMRO Co., Ltd.	Development of medical treatment systems for treating intractable diseases
5	Otsuka Beverage Co., Ltd.	Manufacture, import and sales of beverages
6	EN Otsuka Pharmaceutical Co., Ltd.	Manufacture and sales of pharmaceutical products
7	Otsuka Warehouse Co., Ltd.	Warehousing and transport business
8	Taiho Pharmaceutical Co., Ltd.	Manufacture and sales of pharmaceutical products
9	Otsuka Packaging Industries Co., Ltd.	Manufacture and sales of paper products
10	Otsuka America, Inc.	Holding company
11	Otsuka America Pharmaceutical, Inc.	Manufacture and sales of pharmaceutical products
12	Otsuka Pharmaceutical Development & Commercialization, Inc.	Clinical development and commercialization of pharmaceutical products
13	Otsuka Maryland Medicinal Laboratories, Inc.	Commissioned research and development of pharmaceutical products
14	Pharmavite LLC	Manufacture and sales of nutritional products
15	Ridge Vineyards, Inc.	Wine manufacture and sales
16	Crystal Geyser Water Company	Manufacture and sales of beverages
17	Cambridge Isotope Laboratories Inc.	Manufacture and sales of reagents for research such as stable isotopes
18	CIL Isotope Separations, Inc.	Manufacture of reagents for research such as stable isotopes
19	Meretek Diagnostics, Inc.	Sales of reagents for diagnostics, analysis
20	Soma Beverage LLC	Manufacture and export of cool drinks and non-essential beverages
21	2768691 Canada, Inc.	Manufacture of reagents for research such as stable isotopes
22	Otsuka Pharmaceutical Europe Ltd.	Manufacture and sales of pharmaceutical products
23	Otsuka Pharmaceuticals (UK) Ltd.	Purchasing and sales of pharmaceutical products
24	Otsuka Pharmaceutical, S.A.	Manufacture and sales of pharmaceutical products
25	Otsuka Pharma GmbH	Purchasing and sales of pharmaceutical products
26	Cambridge Isotope Laboratories (Europe), GmbH	Holding company
27	Advanced Biochemical Compounds, GmbH	Development and manufacture of reagents for research such as stable isotopes
28	Otsuka Pharma Scandinavia AB	Purchasing and sales of pharmaceutical products
29	Euriso-Top S.A.S	Manufacture of reagents for research such as stable isotopes
30	Korea Otsuka Pharmaceutical Co., Ltd.	Manufacture and sales of pharmaceutical products
31	Guangdong Otsuka Pharmaceutical Co., Ltd.	Manufacture and sales of pharmaceutical products
32	Tianjin Otsuka Beverage Co., Ltd.	Manufacture and sales of beverages
33	Zhejiang Otsuka Pharmaceutical Co., Ltd.	Manufacture and sales of pharmaceutical products

34	Otsuka (China) Investment Co., Ltd.	Holding company
35	Sichuan Otsuka Pharmaceutical Co., Ltd.	Manufacture and sales of pharmaceutical products
36	Taiwan Otsuka Pharmaceutical Co., Ltd.	Manufacture and sales of pharmaceutical products
37	P.T. Otsuka Indonesia	Manufacture and sales of pharmaceutical products
38	P.T. Otsuka Jaya Indah	Purchasing and sales of beverages and agricultural products
39	P.T. Merapi Utama Pharma	Purchasing and sales of pharmaceutical products and medical equipment
40	P.T. Widatra Bhakti	Manufacture and sales of pharmaceutical products
41	P.T. Amerta Indah Otsuka	Manufacture and sales of beverages
42	Egypt Otsuka Pharmaceutical Co., S.A.E.	Manufacture and sales of pharmaceutical products

Companies accounted for under the equity method: 12

1	Earth Chemical Co., Ltd.	Insecticide/toiletry product business
2	Otsuka Chemical Holdings Co., Ltd.	Holding company with beverages as main business
3	Earth Environmental Service Co., Ltd.	General environmental health management
4	CG Roxane LLC	Manufacture and sales of beverages
5	Dong-A Otsuka Co., Ltd.	Manufacture and sales of beverages and foods
6	China Otsuka Pharmaceutical Co., Ltd.	Manufacture and sales of pharmaceutical products
7	VV Food & Beverage Co., Ltd.	Manufacture and sales of nutritional products
8	MicroPort Medical (Shanghai) Co., Ltd.	Manufacture, sales and exports of medical equipment
9	King Car Otsuka Co., Ltd.	Manufacture and sales of beverages and foods
10	Thai Otsuka Pharmaceutical Co., Ltd.	Manufacture and sales of pharmaceutical products
11	MicroPort Scientific Corporation	Holding company
12	Otsuka Pakistan Ltd.	Manufacture and sales of pharmaceutical products

III. Overview of year ended March 2007

Consolidated:		(JPY billion)	
	2007	2006	Year-on-year change
Sales	853.9	753.1	13.4%
Domestic*	546.3	523.3	4.4%
International**	307.5	229.7	33.9%
Ordinary income	113.9	70.6	61.3%
Net income	52.8	26.5	98.8%

* Sales by Otsuka Pharmaceutical Co., Ltd. and its subsidiaries in Japan

** Sales by overseas subsidiaries of Otsuka Pharmaceutical Co., Ltd.

Parent company:		(JPY billion)	
	2007	2006	Year-on-year change
Sales	380.8	353.0	7.9%
Ordinary income	48.9	28.8	69.7%
Net income	18.9	17.5	7.9%

Otsuka Pharmaceutical Co., Ltd. develops pharmaceuticals and consumer products in keeping with the corporate philosophy of ‘Otsuka - people creating new products for better health worldwide’, based on original concepts and technological development addressing unmet needs associated with medical care and general health. As an enterprise closely involved with human life, Otsuka Pharmaceutical cultivates ethical values and pro-active approaches to health. Conveying the essential value of our products, we contribute to a healthy and prosperous life for people all over the world.

We are fully aware of our ethical and social responsibilities as a company concerned with human life and health, and as such promote initiatives to deal voluntarily and proactively with environmental issues. Among these was the October 2006 publication of our most recent "Environmental and Social Report". We also aspire to manage personal information with both accuracy and integrity, and in November of 2006 acquired ‘Privacy Mark’ accreditation for conforming to compliance program JIS Q15001.

Otsuka Pharmaceutical Group is comprised of Otsuka Pharmaceutical Co, Ltd. and 72 subsidiaries and 26 affiliates; a total of 99 companies. These companies are involved mainly in pharmaceuticals and consumer products both in Japan and overseas. 42 of these companies are consolidated subsidiaries, with another 12 companies accounted for under the equity method, making a total of 54 consolidated companies.

At Otsuka Pharmaceutical, our business divisions work together to develop pharmaceutical products and consumer products, utilizing our global business network based on international business models designed to take into account regional factors.

For the current period sales were ¥853.9 billion, a year-on-year increase of 13.4%. Ordinary

income was ¥113.9 billion, with net profits up 61.3%.

Sales by Otsuka Pharmaceutical Co., Ltd. and its subsidiaries in Japan stood at ¥546.3 billion, while sales by overseas subsidiaries were ¥307.5 billion. Japanese sales and overseas sales accounted for 64.0% and 36.0% of all sales respectively.

IV. Sales by segment

- Pharmaceutical products and related business

(JPY billion)

	2007	2006	Year-on-year change
Sales	576.1	486.2	18.5%

In the year under review, sales grew 18.5% to ¥576.1 billion.

Challenges facing the pharmaceutical industry included the National Health Insurance drug pricing revisions in April of 2006 as well as measures designed to further reduce medical expenditure that resulted in an average 6.7% fall in the price of pharmaceuticals in Japan. These include health service reforms such as promotion of the use of generic drugs and the growing use of the DPC-based bundle payment system (DPC: Diagnosis Procedure Combination) at hospitals and clinics. The globalization of the pharmaceuticals market has led to increasingly intense competition, higher research and development costs, penetration of the Japanese market by US and European players, and consolidation among Japanese drug companies. In this rapidly changing environment, Otsuka Pharmaceutical is endeavoring to develop innovative pharmaceuticals to provide better quality pharmaceutical information, and to enhance the expertise of our Medical Representatives.

Sales of the anti-platelet agent *Pletal*, backed by a supply of high-quality information have shown further growth. In December 2006, Otsuka Pharmaceutical signed a co-promotion agreement with Chugai Pharmaceutical Co., Ltd. to begin activities for the hemodialysis market in March of 2007.

The anti-gastritis and anti-gastric ulcer agent *Mucosta* contributed to stronger overall sales following efforts to intensify sales activities. Our atypical anti-psychotic ABILIFY was launched in Japan in 2006, and we have made significant efforts to provide information on the appropriate prescription of the product.

In May of 2006, Otsuka Pharmaceutical released *Ozex Ophthalmic Solution*, new quinolone antibacterial eye drops developed by Toyama Chemical Co., Ltd. In addition, oral vasopressin V₂ receptor antagonist *Physuline tablet 30mg* was launched in October as an orphan drug.

In December, Otsuka Pharmaceutical was granted rights to develop and commercialize *Saxagliptin* in Japan, a compound for the treatment of Type-2 diabetes developed by Bristol-Myers Squibb.

In the parenteral nutrition category, sales of our liquid enteral nutrition products *Racol* and *Twin Line* continued to exhibit sound growth. *B-FLUID*, a Vitamin B₁, glucose, electrolytes and amino acids intravenous infusion kit was released in June, contributing to stronger revenues. April of 2006 saw the launch of *Englead Apple Jelly* for use in medical or nursing-care facilities for people who have difficulty with chewing or swallowing, followed by the February 2007 release of the concentrated liquid nutrition product *Hine*.

A strategic partnership agreement was signed between Otsuka Pharmaceutical and Eiken

Chemical Co., Ltd. in September 2006 aimed at expanding our diagnosis business platform. In February of 2007, an agreement was signed to co-promote Eiken's urine test paper *Uropaper III Eiken* in Japan.

Taiho Pharmaceutical Co., Ltd. has been achieving favorable sales of its anticancer agent *TS-1* since late 2005 when a new indication for the treatment of breast cancer was added, and Taiho's reduced folic acid formulation *UZEL Tablet* also continues to perform well.

Our atypical anti-psychotic *ABILIFY*, co-promoted in the US and Europe with Bristol-Myers Squibb Company approved for the treatment of schizophrenia and manic episodes associated with bipolar disorder. It is now also available as orally disintegrating tablet and as injection. Overseas sales of *ABILIFY* continue to grow. European sales of *ABILIFY* are steadily expanding. *Abilify* is now approved for sale in 65 countries globally and is sold in over 45 countries and regions. In February, GW Pharmaceuticals plc signed a license agreement with Otsuka Pharmaceutical Co., Ltd. to develop and market GW Pharmaceuticals' cannabinoid drug *Sativex* in the United States for treating cancer pain .

In Germany, Otsuka Pharmaceutical Europe Ltd. and Schwarz Pharma Deutschland GmbH have signed a partnership agreement to co-promote *Pletal* from January 2007.

In addition to our intravenous solutions business, sales of drugs such as anti-platelet agent *Pletal* continue to grow in Asia, including China and South Korea.

Otsuka Pharmaceutical Development & Commercialization, Inc. was established in the US in January of 2007 as a strategic platform for the global development and commercialization of Otsuka's drug candidates, aimed at achieving the maximum potential for our products from the initial stages of candidate compounds through to strategic development, marketing and life cycle management.

- Consumer products and related business

	(JPY billion)		
	2007	2006	Year-on-year change
Sales	249.1	238.0	4.7%

In the year under review, sales grew 4.7% to ¥249.1 billion.

Consumer spending in Japan began to recover in line with a moderate economic expansion. The beverages market edged slightly higher, while intensifying competition from other companies ensured that conditions remained severe.

Product lines were expanded with the addition of new items and sales activities built up to strengthen core brands. Employees were trained with the goal of enabling them to provide high added value health information to an ever more health conscious and diversifying market. Otsuka Venex LLP was established as one in a series of measures to strengthen our automatic vending machine activities. We are also pursuing the launch of our products simultaneously in Japan, the US and China as we aim to globalize our nutraceuticals business.

As part of our international product strategy, Otsuka launched *SOYJOY* fruit soy bar in Japan in April 2006, working to win market penetration for the brand by promoting the health value of whole soybeans.

We added the new item *Pocari Sweat Ion Water* to *Pocari Sweat*, ion supply drink range, endeavoring to expand the brand to win new customers. *Oronamin-C Drink* contributed to favorable sales backed by aggressive promotion campaigns. New items *Amino-Value Supplement Style* granule sachets and *Amino-Value Conc*, with concentrated BCAA (branched-chain amino acids), were added to the *Amino-Value* range, in an effort to strengthen the brand's image with athletes and practitioners of other sports. The *Nature Made* product lineup was expanded with the addition of a new item, *Vitamin D*.

InnerSignal Rejuvenate Mask, an addition to the *InnerSignal* brand promoting beautiful, healthy skin, was launched to strengthen the *InnerSignal* series by promoting the unique medicated effective ingredient "InnerSignal AMP".

Otsuka Beverage Co., Ltd steadily expanded its mineral water business, selling over 10 million cases of *Crystal Geysler* during the year under review.

Overseas, our group companies performed well, with over 230 million bottles of *Pocari Sweat* sold in Indonesia for the year.

Following the April launch in Japan of *SOYJOY* fruit soy bar, a key initiative for the Japan-US-China Project, which aims to take our nutraceuticals business global, *SOYJOY* was launched in China in December by VV Food & Beverage Co., Ltd., and in March 2007 in the US by Pharmavite LLC.

- Research and development overview

Our global network is utilized for pharmaceutical development in our aim to satisfy unmet medical needs worldwide, conducting effective research and developing ethical drugs with a focus on the central nervous system, the cardiovascular system and the gastrointestinal and respiratory systems, and the fields of ophthalmology and dermatology.

Pharmaceuticals currently being developed in Japan

Product/non-proprietary name or lab code	Indication, dosage form	Development phase	Remarks
Physuline tablet 30mg	Hyponatremia caused by SIADH/ectopic ADH producing tumor (oral tablet)	On the market	
Pletal Powder 20%	Anti-platelet agent (powder)	Approved	Additional dosage form
WT1mRNA Assay Kit	Diagnostic agent for acute myeloid leukemia	Approved	
Mikelan LA Ophthalmic Solution 1%, 2%	Glaucoma, ocular hypertension (eye drops)	Approved	Additional dosage form
Adiponectin Assay Kit	Diagnostic agent for metabolic syndrome	Application filed	Co-developed with Mitsubishi Kagaku Iatron, Inc.

Tolvaptan	Cardiac edema (oral tablet)	Phase III	
	Polycystic kidney disease (oral tablet)	Phase III	
	Hepatic edema (oral tablet)	Phase II	
Tetomilast	Crohn's disease (oral tablet)	Phase II	
	Ulcerative colitis (oral tablet)	Phase II	
Rotigotine	Parkinson's disease (transdermal patch)	Phase II	
Rebamipide Ophthalmic Suspension	Dry eye (eye drops)	Phase II	New route of administration, new indication
Trehalose	Dry eye (eye drops)	Phase II	
OIF	Progressive liver cancer (intramuscular injection)	Phase II	New indication

Pharmaceuticals currently being developed overseas

Product/generic name or lab code	Indication, dosage form	Development phase	Remarks
Tolvaptan	Congestive heart failure (US, Europe: oral tablet)	Pre-application	
	Hyponatremia (US, Europe: oral tablet)	Pre-application	
	Polycystic kidney disease (US, Europe: oral tablet)	Phase III	
Tetomilast	Inflammatory bowel disease (ulcerative colitis) (US, Europe: oral tablet)	Phase III	
	Chronic obstructive pulmonary disease (COPD) (US, Europe: oral tablet)	Phase II	
Rebamipide Ophthalmic Suspension	Dry eye (US, Europe: eye drops)	Phase III	
ABILIFY	Schizophrenia (China: oral tablet)	On the market	
	Schizophrenia in pediatric patients (US: oral tablet)	Application filed	
	Bipolar disorder in pediatric patients (US: oral tablet)	Pre-application	
	Acute bipolar mania (Europe: oral tablet)	Phase III	
	Acute bipolar mania (Europe: Intramuscular injection)	Phase III	
	Unipolar depression (US: oral tablet)	Pre-application	
	Bipolar depression (US: oral tablet)	Phase III	
	Autism (US: oral tablet)	Phase III	
Pletal	Secondary prevention of stroke (China: oral tablet)	Application filed	
OPC-67683	Anti-Tuberculosis drug (South Africa: oral tablet)	Phase II	

V. Results forecast for 2008 (Parent company)

(JPY billion)

	2008 (forecast)	2007	Year-on-year change
Sales	400.0	380.8	5.0%
Ordinary income	50.0	49.0	2.0%

We expect that the pharmaceutical market will continue to face challenges, including further downward revisions of medical costs exacerbated by the promotion of generic drugs. We expect further challenges due to intensifying competition and increased research and development expenses brought about by further globalization and the global consolidation of the pharmaceuticals sector. As a result, our pharmaceuticals business is envisaging a number of new initiatives, including training and improving the expertise of our Medical Representatives (MRs) to continue to provide high-quality information about our core pharmaceutical products.

Sales of our anti-platelet agent *Pletal* will likely be enhanced by the addition of a new dosage form, *Pletal Powder 20%*. We will continue to expand market penetration for our anti-gastritis and anti-gastric ulcer agent *Mucosta*. In addition, *Abilify Tablets 12mg*, an additional dosage form, will be launched.

In the ophthalmology segment, *Mikelan LA Ophthalmic Solution 1%, 2%* were approved in April and are planned to be launched during the coming year.

We forecast sales of ¥256.0 billion in our pharmaceutical products business for the coming year, a year-on-year increase of 6.6%.

Meanwhile, we anticipate that competition in the consumer products business will become increasingly tough.

We are partnering with group companies around the world in brand-building for our *SOYJOY* fruit soy bar, a nutritious soybean snack bar launched in Japan in April last year as a key initiative of our Japan-US-China Project. The product is based on a common global concept and adapted to suit local tastes and preference.

A 500ml eco-friendly bottle of *Pocari Sweat* will go on sale during the next term, expanding the range of our ion supply drink *Pocari Sweat*. The addition to this core product series is expected to contribute to the spread of environmentally friendly products and boost sales. We will continue our aggressive promotion campaigns for *Oronamin-C Drink*. April saw the addition of a potato-flavored version of *CalorieMate* nutritionally balanced energy source. We are working on improving the market perception of the *Amino-Value* range, formulated with BCAA, in a variety of different sports setting. The *Nature Made* range will be expanded with the launch of new items in April, including *Astaxanthin* and *Triple Flex*.

In April 2007, Otsuka Pharmaceutical Co., Ltd. and Nippon Access, Inc. established Otsuka Chilled Foods Co., Ltd. to manufacture and market chilled foods. Management of sales of *Sugoi Daizu*, *Yasai no Senshi* and *Nemu* will be transferred to the new company in June, thereby strengthening our chilled foods business.

Consumer business sales are expected to reach ¥144.0 billion for the year ending 2008, a year-on-year increase of 2.3%.

Sales for the coming year are predicted to reach ¥400.0 billion, a year-on-year increase of 5.0%, with ordinary income of ¥50.0 billion, an increase of 2.0%.

Consolidated balance sheet

	2006 (Year ended March 31, 2006)		2007 (Year ended March 31, 2007)	
	Millions of yen	%	Millions of yen	%
ASSETS				
I Current assets				
1 Cash and cash equivalents		192,876		207,533
2 Trade notes and trade accounts receivable		173,046		206,816
3 Inventories		81,661		86,299
4 Other accounts receivable		4,683		-
5 Short-term loans		2,143		-
6 Deferred tax assets		17,776		19,585
7 Other		18,299		30,501
Allowance for doubtful receivables		(448)		(380)
Total current assets		490,038	55.6	550,355
II Fixed assets				
(1) Property, plant and equipment				
1 Buildings and structures	210,279		218,058	
Accumulated depreciation	133,273	77,005	138,964	79,093
2 Machinery and equipment, motor vehicles and transport equipment	184,722		199,278	
Accumulated depreciation	148,946	35,775	154,919	44,359
3 Tools, furniture and fixtures	50,428		53,107	
Accumulated depreciation	41,261	9,167	42,952	10,155
4 Land		60,545		61,398
5 Construction in progress		9,371		6,579
6 Other		10,477		10,481
Total property, plant and equipment		202,343	23.0	212,067
(2) Intangible fixed assets				
1 Trade rights		5,429		-
2 Goodwill		-		8,346
3 Software		7,574		-
4 Other		4,223		11,787
Total intangible fixed assets		17,227	1.9	20,133
(3) Investments and other assets				
1 Investment securities		121,965		150,817
2 Investments		18,159		17,721
3 Long-term loans		1,429		623
4 Security deposits		2,845		-
5 Deferred tax assets		13,606		11,803
6 Other		14,604		19,983
Investment loss reserve		(968)		(1,274)
Allowance for doubtful receivables		(144)		(152)
Total investments and other assets		171,497	19.5	199,523
Total fixed assets		391,068	44.4	431,724
III Deferred assets		27	0.0	33
Total assets		881,134	100.0	982,113

	2006 (Year ended March 31, 2006)		2007 (Year ended March 31, 2007)	
	Millions of yen	%	Millions of yen	%
LIABILITIES				
I Current liabilities				
1 Trade notes and trade accounts payable	67,820		81,188	
2 Short-term borrowings	27,617		26,592	
3 Accounts payable	23,687		-	
4 Income taxes payable	17,203		31,772	
5 Accrued expenses	27,401		-	
6 Accounts payable and trade notes payable on fixed assets purchased	4,586		-	
7 Bonus payment reserve	11,392		12,496	
8 Reserve for bonuses for directors and corporate auditors	-		221	
9 Reserve for loss on returned goods	173		161	
10 Other	12,554		67,246	
Total current liabilities	192,437	21.8	219,678	22.4
II Fixed liabilities				
1 Long-term debt	8,649		8,107	
2 Deferred tax liabilities	4,633		4,857	
3 Allowance for retirement benefits	38,809		36,454	
4 Allowance for retirement benefits for directors and corporate auditors	2,553		3,040	
5 Consolidation adjustments	39,756		-	
6 Negative goodwill	-		38,789	
7 Other	3,065		3,405	
Total fixed liabilities	97,467	11.1	94,653	9.6
Total liabilities	289,905	32.9	314,332	32.0
MINORITY INTERESTS				
Minority interests	199,058	22.6	-	-
SHAREHOLDERS' EQUITY				
I Shareholders' equity				
II Capital surplus	6,791	0.8	-	-
III Retained earnings	69,793	7.9	-	-
IV Unrealized gains or losses on other securities	314,802	35.7	-	-
V Foreign currency translation adjustments	8,886	1.0	-	-
VI Treasury stock	(2,982)	(0.3)	-	-
	(5,120)	(0.6)	-	-
Total shareholders' equity	392,170	44.5	-	-
Total liabilities, minority interests and shareholders' equity	881,134	100.0	-	-

	2006 (Year ended March 31, 2006)		2007 (Year ended March 31, 2007)	
	Millions of yen	%	Millions of yen	%
NET ASSETS				
I Shareholders' funds				
1 Shareholders' equity	-	-	6,791	0.7
2 Capital surplus	-	-	69,793	7.1
3 Retained earnings	-	-	367,955	37.5
4 Treasury stock	-	-	(5,155)	(0.5)
Total shareholders' funds	-	-	439,385	44.8
II Valuation and translation adjustments etc.				
1 Unrealized gains or losses on other securities	-	-	11,498	1.2
2 Foreign currency translation adjustments	-	-	(592)	(0.1)
Total valuation and translation adjustments	-	-	10,906	1.1
III Minority interests	-	-	217,489	22.1
Total net assets	-	-	667,781	68.0
Total liabilities and net assets	-	-	982,113	100.0

Consolidated statement of income

	2006 (April 1, 2005 to March 31, 2006)			2007 (April 1, 2006 to March 31, 2007)		
	Millions of yen		%	Millions of yen		%
I Sales		753,139	100.0		853,948	100.0
II Cost of sales		287,903	38.2		311,845	36.5
Gross profit		465,236	61.8		542,103	63.5
III Selling, general and administrative expenses						
1 Sales promotion costs	96,181			127,633		
2 Salaries and bonuses	67,345			65,033		
3 Provision for accrued bonuses	-			7,354		
4 Retirement benefit costs	7,275			5,063		
5 Provision for severance and retirement benefits for directors and corporate auditors	303			515		
6 Provision for reserve for bonuses for directors and corporate auditors	-			489		
7 Depreciation and amortization	10,002			7,275		
8 Research and development costs	103,703			105,255		
9 Other	121,574	406,386	54.0	131,992	450,613	52.8
Operating income		58,849	7.8		91,490	10.7
IV Other income						
1 Interest income	1,139			2,172		
2 Dividend income	943			638		
3 Rental income	599			-		
4 Amortization of consolidation adjustments	2,472			-		
5 Amortization of negative goodwill	-			2,468		
6 Equity method investment gain	4,966			5,565		
7 Out-licensing revenue	-			7,450		
8 Reimbursement of litigation expenses	-			1,588		
9 Foreign exchange gains	1,972			2,800		
10 Other	1,868	13,962	1.9	2,357	25,043	2.9
V Other expenses						
1 Interest expenses	1,299			1,344		
2 Other	854	2,153	0.3	1,205	2,550	0.3
Ordinary income		70,658	9.4		113,983	13.3

	2006 (April 1, 2005 to March 31, 2006)			2007 (April 1, 2006 to March 31, 2007)		
	Millions of yen		%	Millions of yen		%
VI Extraordinary profits						
1 Reversal of allowance for doubtful receivables	54			62		
2 Gain on sales of property and equipment	113			51		
3 Gain on sales of investment securities	1,139			2		
4 Gain on change in equity	268			4		
5 Real estate vacation fee	-			81		
6 Real estate subsidies	-			43		
7 Gain on disposal of inventories	-			34		
8 Other	225	1,801	0.2	40	320	0.0
VII Extraordinary losses						
1 Loss on sales of property and equipment	42			153		
2 Loss on retirement of fixed assets	472			423		
3 Loss on write-down of investments in securities	2			58		
4 Loss on impairment of property and equipment	3,601			68		
5 Provision for severance and retirement benefits for directors and corporate auditors	174			3		
6 Loss on change in equity	885			110		
7 Allowance for investment loss	968			306		
8 Compensation for losses	-			245		
9 Other	209	6,357	0.8	634	2,004	0.2
Net income before taxes and other adjustments		66,102	8.8		112,299	13.1
Corporate tax, residents' tax and enterprise tax	32,720			43,112		
Deferred income taxes	(6,555)	26,164	3.5	(1,831)	41,281	4.8
Minority interests		13,344	1.8		18,143	2.1
Net income		26,593	3.5		52,874	6.2

Consolidated statement of cash flows

	2006 (April 1, 2005 to March 31, 2006)	2007 (April 1, 2006 to March 31, 2007)
	Millions of yen	Millions of yen
I Operating activities		
1 Income before income taxes and others	66,102	112,299
2 Depreciation and amortization	29,463	26,371
3 Loss on impairment of property and equipment	3,601	68
4 Amortization of consolidation adjustments	(2,164)	-
5 Amortization of (negative) goodwill	-	(1,667)
6 Increase (decrease) in employees' retirement benefits	2,740	(2,397)
7 Increase (decrease) in allowance for doubtful receivables	(339)	(66)
8 Interest income and dividends received	(2,082)	(2,811)
9 Interest expenses	1,299	1,344
10 Equity in earnings of unconsolidated subsidiaries and affiliates	(4,966)	(5,565)
11 Gain (loss) on sale of property, plant and equipment	(71)	102
12 Increase (decrease) in trade accounts receivable	5,724	(32,484)
13 Increase (decrease) in inventories	126	(3,759)
14 Increase (decrease) in trade accounts payable	2,172	12,221
15 Other	(6,323)	3,246
Subtotal	95,283	106,901
16 Interest and dividends received	2,720	5,304
17 Interest paid	(1,311)	(1,344)
18 Income and other taxes paid	(39,709)	(28,644)
Net cash provided by operating activities	56,982	82,217
II Net cash used in investing activities		
1 Purchases of property, plant and equipment	(21,990)	(32,188)
2 Proceeds from sales of property, plant and equipment	743	242
3 Purchases of investment securities	(26,802)	(28,876)
4 Proceeds from sales and redemption of investment securities	5,992	145
5 Increase in investments	(4,149)	(784)
6 Advances	(1,941)	(510)
7 Proceeds from repayment of loans	5,379	1,836
8 Increase in time deposits	(15,937)	(11,334)
9 Decrease in time deposits	19,867	7,008
10 Other	(3,909)	(3,173)
Net cash used in investing activities	(42,748)	(67,633)

	2006 (April 1, 2005 to March 31, 2006)	2007 (April 1, 2006 to March 31, 2007)
	Millions of yen	Millions of yen
III Net cash provided by (used in) financing activities		
1 Proceeds from short-term borrowings	7,090	13,093
2 Repayments of short-term borrowings	(11,941)	(16,015)
3 Proceeds from long-term debt	3,274	4,167
4 Repayments of long-term debt	(8,918)	(3,580)
5 Dividends paid	(948)	(1,016)
6 Dividends paid to minority shareholders	(752)	(1,198)
7 Proceeds from payments received from minority shareholders	-	1,000
8 Other	292	321
Net cash provided by (used in) financing activities	(11,903)	(3,229)
IV Foreign currency translation adjustments on cash and cash equivalents	2,626	1,645
V Net increase (decrease) in cash and cash equivalents	4,957	12,999
VI Cash and cash equivalents, beginning of year	179,724	188,101
VII Cash and cash equivalents of newly consolidated subsidiaries	3,419	375
VIII Cash and cash equivalents, end of year	188,101	201,476