

From the current fiscal year, the Company adopts the “Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards No. 12 issued on March 14, 2007) and the “Guides for Adopting the Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards Adoption Guide No. 14 issued on March 14, 2007). The Company also follows the “Rules for Quarterly Consolidated Financial Statements” to prepare its quarterly consolidated financial statements.

(4) Notes regarding assumption of a going concern

No events to be noted for this purpose

(5) Segment Information

[Business Segment Information]

Six months ended September 30, 2008 (April 1 to September 30, 2008) *Millions of yen*

Account \ Segment	Pharmaceu- ticals	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:					
(1) Sales to outside customers	760,325	46,815	807,140	—	807,140
(2) Intersegment sales and transfers	365	2,172	2,537	(2,537)	—
Total	760,691	48,987	809,677	(2,537)	807,140
Operating expenses	680,601	44,093	724,693	(2,584)	722,110
Operating income	80,090	4,894	84,984	47	85,031
(Reference)					
Identifiable assets, depreciation & amortization, and capital investments:					
Identifiable assets	1,782,196	218,835	2,001,031	978,040	2,979,071
Depreciation & amortization	52,301	3,635	55,936	390	56,326
Capital investments	926,659	4,945	931,604	—	931,604

(Note 1) Businesses are classified into two segments based on the actual conditions of business management.

(Note2) Principle products of each business segment

Business Segment	Business Division	Principle Products
Pharmaceuticals	Ethical Drugs	Ethical pharmaceuticals
	Consumer Healthcare	Over-the-counter pharmaceuticals, and quasi-drugs
Other		Reagents, clinical diagnostics, photographic film chemicals, inorganic industrial chemicals

(Note 3) Corporate assets included in “Eliminations/Corporate” include surplus operating capital (cash, deposits and marketable securities) and long-term investments (investment securities) of the Company, a holding company in the United States and others.

(Note 4) Change in accounting policies

(1) Accounting standards for inventory valuation

Starting from the first quarter of fiscal 2008, the Company and its consolidated subsidiaries in Japan adopt the “Accounting Standards for Valuation of Inventories” (ASBJ Statement No. 9, issued on July 5, 2006), and use the value method to devalue a book value for decreasing profitability. By the adoption of this rule, the operating income of the Pharmaceuticals segment decreased by ¥1,299 million while impact on the operating income of the other segment was minor.

(2) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

From the first quarter of fiscal 2008, the Company adopts the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18 issued on May 17, 2006). According to this rule, the Company made necessary adjustments to its quarterly consolidated financial statements. By the adoption of this rule, the operating income of the Pharmaceuticals segment decreased by ¥6,860 million.

(Note 5) Since TAP and Millennium are now wholly-owned subsidiaries, assets of the Pharmaceuticals segment increased significantly compared with the end of the previous year.