Summary of Consolidated Financial Results for the Interim Term of Fiscal 2008

Nov 8, 2007

Name of Listed Company: Toho Pharmaceutical Co., Ltd. Listed: Tokyo Stock Exchange
Securitiess Code Number: 8129 URL: http://www.tohoyk.co.jp
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Planned Date of Filing of Interim Securities: Dec 21, 2007 Planned Date of Dividends Payment: Dec 10, 2008

1. Consolidated Results of Operations for the September 2007 (from Apr 1, 2007 to Sep 30, 2007)

(1) Consolidated Results of Operations

(The figures in percentages indicate changes from the preceding interim term for the current midterm.)

	Net sales		Operating income		Ordinary income		Interim (current) Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim term of Fiscal 2008	391,050	(3.6)	4,669	(-1.1)	6,624	(1.1)	3,936	(4.7)
Interim term of Fiscal 2007	377,640	(10.7)	4,722	(155.8)	6,553	(106.6)	3,759	(231.5)
Fiscal 2007	773,436	—	9,335	—	13,104	—	7,218	—

	Interim (current) Net income per share	Interim (current) Net income per share - Diluted
	Yen	Yen
Interim term of Fiscal 2008	69.37	63.46
Interim term of Fiscal 2007	65.08	59.52
Fiscal 2007	125.82	115.10

(Reference) Equity in earnings (losses) of equity-method investees: Interim term of Fiscal2008: 30 million yen ; Interim term of Fiscal2007: 38 million yen ; Fiscal2007: 105 million yen

(2) Consolidated Financial Position

	Total assets	Net Assets	Shareholder's equity Ratio	Book-value Per Share
	Million yen	Million yen	%	Yen
Interim term of Fiscal 2008	390,518	78,336	18.5	1,290.45
Interim term of Fiscal 2007	384,448	73,758	17.6	1,188.42
Fiscal 2007	396,447	76,790	17.9	1,247.22

(Reference) Shareholder's equity: Interim term of Fiscal2008: 72,218 million yen ; Interim term of Fiscal2007: 67,701 million yen ; Fiscal2007: 71,048 million yen

(3)Consolidated Cash Position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of the term-end
	Million yen	Million yen	Million yen	Million yen
Interim term of Fiscal 2008	-8,560	-6,766	-1,757	26,345
Interim term of Fiscal 2007	14,275	-4,112	-7,775	37,405
Fiscal 2007	24,273	-6,182	-9,678	43,429

2. Historical Payment of Dividends

	Cash dividends per share		
(record date)	Midterm	Yearend	Annual
Fiscal 2007	Yen 6.00	Yen 6.00	Yen 12.00
Fiscal 2008	8.00	—	
Fiscal 2008(Project)	—	8.00	16.00

3. Consolidated Projected Results of Operations during Fiscal2008 (from Apr 1, 2007 to Mar 31, 2008)

(The figures in percentages indicate changes from the preceding interim term for the current midterm.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Yearend	805,000	(4.1)	10,000	(7.1)	14,000	(6.8)	8,300	(15.0)	148.31

4. Others

(1) Changes in material subsidies during the term (changes in special subsidiaries accompanying a change in the scope of consolidation) N.A

(2) Changes in accounting principles and procedures, presentation methods, and other items affecting the preparation of interim consolidated financial treatments (changes as they appear in Changes in the Basis of Presenting Interim Consolidated Financial Statements)

① Changes due to revision of accounting standards, etc. Applicable

② Changes other than ① N.A.

(Note) For a detailed description, refer to page 31 under 4. Accounting Principles (2) Manner of Depreciation of Significant Depreciable Assets in the Basis of Presenting Interim Consolidated Financial Statements.

(3) Number of shares outstanding (Common stock)

① Number of shares outstanding at end of fiscal year (Including common stock for treasury)

Interim term of Fiscal2008 : 59,219,061shares Interim term of Fiscal2007 : 59,219,061shares

Fiscal2007 : 59,219,061shares

② The end of the term number of treasury stocks

Interim term of Fiscal2008 : 3,255,209 shares Interim term of Fiscal2007 : 2,251,100shares

Fiscal2007 : 2,253,366shares

(Note) Number of shares used as the basis for calculating current net income per share (consolidated), plrease refer to "Information per share" on page 65.

(Reference) Summary of Non-consolidated Financial Statements

1. Non-Consolidated Results of Operations for the September 2007 (from Apr 1, 2007 to Sep 30, 2007)

(1) Non-consolidated Results of Operations

(The figures in percentages indicate changes from the preceding interim term for the current midterm.)

	Net sales		Operating income		Ordinary income		Interim (current) Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim term of Fiscal 2008	376,252	(7.6)	2,453	(-7.2)	3,794	(2.7)	2,266	(-1.3)
Interim term of Fiscal 2007	349,618	(5.9)	2,645	(118.7)	3,693	(77.8)	2,296	(136.0)
Fiscal 2007	729,380	—	5,070	—	7,181	—	3,932	—

	Interim (current) Net income per share
	Yen
Interim term of Fiscal 2008	39.93
Interim term of Fiscal 2007	39.72
Fiscal 2007	68.51

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholder's equity ratio	Book-value Per Share
	Million yen	Million yen	%	Yen
Interim term of Fiscal 2008	359,932	62,046	17.2	1,107.79
Interim term of Fiscal 2007	351,736	60,654	17.2	1,064.39
Fiscal 2007	370,235	62,396	16.8	1,094.72

(Reference) Shareholder's equity: Interim term of Fiscal2008: 62,008 million yen ; Interim term of Fiscal2007: 60,648 million yen ; Fiscal2007: 62,374 million yen

2. Non-Consolidated Projected Results of Operations during Fiscal2008 (from Apr 1, 2007 to Mar 31, 2008)

(The figures in percentages indicate changes from the preceding interim term for the current midterm.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Yearend	776,500	(6.5)	5,540	(9.3)	7,720	(7.5)	5,200	(32.2)	92.90

* Explanation of Appropriate Use of Performance Projections and Other Items Requiring Special Description

Projected results of operations are based on information available as of the date of announcement hereof, and actual results of operations may differ from the projections, depending on a variety of factors that may occur subsequently.

For further information concerning the projections above, refer to page 4 of the accompanying appendix.

1 Management Result

(1) Analysis Concerning Management Result

(Management Result for the Interim Term of Fiscal 2008)

Japan's economy has continued on a path of recovery, with corporate earnings improving, business capital investment increasing, and the employment situation turning around, despite persisting concerns over skyrocketing crude oil prices and trends in the United States economy. However, actual demand in the domestic market for ethical pharmaceuticals during the first half of the current fiscal year appears to have grown by no more than 1.8% over the same period of the preceding year (according to a preliminary report by Crecon Research & Consulting Inc.) in the wake of promoted use of generic medicines, wider adoption of DPC practices, and other medical care reforms.

Under such circumstances, upholding its corporate slogan of "Total Commitment to Good Health," in the interim term under review here the Toho Pharmaceutical Group entered the second year of its Medium-Term Management Plan for "The Third Foundation – Innovation and Creation 07 – 09." The key policies we prioritize in the Plan are to normalize business practices (ensuring emphasis on profitability), to make the business more efficient (realizing synergetic benefits), to develop high value-added business operations (through innovations in marketing and sales approaches), and to revitalize our organizational and human resources. To attain these goals the Group consistently implemented strategies according to specific action plans and succeeded in achieving results outpacing initial projections.

Our price negotiations with customers continued to be challenging as in the preceding year, since their purchasing power strengthened, particularly as a result of the increasing size of dispensing pharmacy chains, and medical institutions' joint purchasing of pharmaceuticals as the operating climate toughened for medical institutions. However, the reputation of our proposal-based marketing and sales utilizing our ENIF and other proprietary customer support systems was established and enhanced. Reflecting this, as well as increased supplies to the members of the Kyoso Mirai Group of companies, the Toho Pharmaceutical Group's net sales amounted to 391,050 million yen (up 3.6% on a year-on-year basis).

Our profit optimization initiatives focused on the normalization of business practices and the development of high value-added operations to enhance our non-price competitiveness via proposal-based marketing. Other group-wide efforts included price negotiations that emphasized profitability, the rigorous operation of the Price Lock System to ensure appropriate profit margins, and stepped-up sales promotions to gain profit opportunities. Accordingly, the Group achieved gross income of 31,880 million yen (up 2.1% year-on-year), which accounted for 8.2% of net sales and ensured a gross profit margin ratio as high as in the preceding fiscal year.

The TBC Tokyo distribution center that entered full-scale service in November 2006 contributed a full period of infrastructure costs to the Group's SG&A expenses in the interim term under review. Still, especially as a result of further integration of cash management and general administrative operations across consolidated companies, the Group's SG&A expenses amounted to 27,210 million yen (up 2.7% year-on-year), and thus stayed as low as in the same period of the preceding fiscal year as a percentage of net sales, at 7.0%. SG&A expenses attributable to pharmaceutical wholesaling operations stood at 6.5% of net sales.

Total non-operating income increased by 131 million yen year-on-year, owing primarily to an increase of 79 million yen in information provision fee income.

Extraordinary losses included losses arising from the disposal of fixed assets amounting to 106 million yen, 85 million yen of which was dismantling expenses incurred in the relocation of a business office and others.

The Group's performance during the interim term under review resulted in net sales of 391,050 million yen (up 3.6% year-on-year), operating income of 4,669 million yen (down 1.1% year-on-year), ordinary income of 6,624 million yen (up 1.1% year-on-year), and net income of 3,936 million yen (up 4.7% year-on-year). The Group was able to achieve record first-half results in key areas.

(Review of Operations by Business Segment)

In pharmaceutical wholesaling operations, net sales amounted to 386,427 million yen (up 3.5% year-on-year) and operating income amounted to 4,642 million yen (down 8.0% year-on-year). During the interim term under review, on April 1, 2007 a corporate merger was carried out between Tsuruhara Yoshii, the Company's wholly owned subsidiary which traded across the entire Kyushu region (excluding Okinawa Prefecture), and Yakushin (headquartered in Fukuoka), another wholly owned subsidiary which traded primarily in the prefectures of Fukuoka and Nagasaki. The two companies made a new start by forming Kyushu Toho with a view to making efficient use of their business resources and reinforcing their marketing and sales activities in the Kyushu region.

In dispensing pharmacy operations, solid progress was reported as new outlets opened last fiscal year showed steady growth, while established branches stepped up efforts to generate technical fees. As a result of these, net sales amounted to 6,494 million yen (up 11.4% year-on-year) and operating income reached 365 million yen (up 220.2% year-on-year).

In information processing operations, because sales of the hospital inventory management system which had been expected to contribute to results in the interim term under review were delayed until after October 2007, net sales amounted to 441 million yen (down 7.2% year-on-year). As operating expenses decreased by 56 million yen, operating income amounted to 41 million yen (up 110.5% year-on-year).

In SMO operations, a range of initiatives to get growth back on track for recovery have been implemented since the preceding fiscal year, and during the interim term under review a step forward was taken in the refocusing of services on phase I clinical trials, which provide a stabler source of revenues and earnings. As a result of these, net sales amounted to 387 million yen (down 20.0% year-on-year) but net operating loss amounted to 30 million yen, an improvement of 22 million yen compared with the same period of the preceding year.

(Projections for the Next Fiscal Year)

The Japanese economy is likely to remain on a trajectory of expansion for some time ahead, with corporate capital investment and exports leading the way. Yet, concerns persist over the ramifications of crude oil prices, changes in the interest rate situation, and other uncertainties, which need to be watched closely. The ethical pharmaceutical industry, of which the Company is a part, is expected to grow by 3.5% over the next fiscal year (according to Crecon Research & Consulting Inc.), partly as a consequence of the wider implementation of government measures to curb medical care costs. The current operating environment surrounding the industry warrants no optimism for the industry's prospects. In view of our strong performance during the first half of the fiscal year under review, however, the Company has decided to revise upward its consolidated performance projections for the full year. Accordingly, the Group's net sales are projected at 805,000 million yen (104.1% of the previous-year's level), operating income at 10,000 million yen (107.1% of the previous-year's level), ordinary income at 14,000 million yen (106.8% of the previous-year's level), and net income at 8,300 million yen (115.0% of the previous-year's level).

(2) Analysis Concerning Financial Position

Consolidated cash and cash equivalents (hereinafter referred to as "cash") during the first half of the fiscal year under review decreased by 17,084 million yen, compared with the end of the preceding fiscal year. Accordingly, the consolidated cash balance at the end of the interim term under review came to 26,345 million yen (a decrease of 11,060 million yen compared with the end of the same period of the preceding fiscal year). The three categories of consolidated cash flows during the interim term under review, as well as the factors that influenced them, are discussed below:

(Cash flows from Operating Activities)

Operating activities generated a net cash decrease of 8,560 million yen (a decrease of 22,835 million yen compared with the same period of the preceding year). This primarily reflected an increase in sales receivable of 4,603 million yen, an increase in purchase rebates receivable of 1,911 million yen, a decrease in purchases payable of 6,211 million yen, and income tax and other payments of 3,077 million yen. Meanwhile, income before tax and other adjustments contributed 6,277 million yen, and inventories decreased by 954 million yen.

(Cash flows from Investing Activities)

Investing activities generated a net cash decrease of 6,766 million yen (a decrease of 2,654 million yen compared with the same period of the preceding year). This primarily reflected payments of 710 million yen for acquiring tangible fixed assets, payments of 1,015 million yen for acquiring investment securities, and payments of 5,000 million yen for acquiring stock in associated companies.

(Cash Flows from Financing Activities)

Financing activities generated a net cash decrease of 1,757 million yen (an increase of 6,017 million yen compared with the same period of the preceding year). This primarily reflected payments of 1,896 million yen for repurchasing stock in the Company and cash dividend payments of 354 million yen, despite a net increase in short-term loans payable of 961 million yen.

(Reference) Trends in key indicators of cash flows

	FY 2004	FY 2005	FY 2006	FY 2007	Interim term of Fiscal 2008
Shareholder's equity ratio (%)	17.0	14.8	15.9	17.9	18.5
Shareholder's equity ratio at market value (%)	25.0	17.8	25.2	30.6	28.8
Ratio of cash flows to interest-bearing debts (%)	508.4	177.1	244.2	22.3	—
Interest coverage ratio (time)	11.3	38.1	27.9	251.3	—

*Shareholder's equity ratio: Shareholder's equity / Tatal assets

Shareholders' equity ratio at market value: Total market value of stock / Total assets

Ratio of cash flows to interest-bearing debts: Interest-bearing debts / Operating cash flows

Interest coverage ratio: Cash flows from operating activities / Interest paid

1. All indicators are calculated using consolidated financial data.
2. The total market value of stock is calculated by multiplying the closing price of stock at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year (after adjustment for treasury shares).
3. Cash flows from operating activities correspond to Cash Flows from Operating Activities as it appears on Interim Statements of Consolidated Cash Flows (Statements of Consolidated Cash Flows). Interest-bearing debt corresponds to all interest-paying debt as recorded on Interim Consolidated Balance Sheets (Consolidated Balance Sheets). Interest paid corresponds to interest payments as it appears on Interim Statements of Consolidated Cash Flows (Statements of Consolidated Cash Flows).
4. The interest-bearing debt to cash flows ratio and the interest coverage ratio for the interim term of fiscal 2008 are omitted above, since the cash flows from operating activities were negative.

(3) Company's Basic Policy for Allocation of Profit

(Company's Policy for Dividend)

The Company prioritizes the return of earnings to its shareholders on its list of important management tasks, and recognizes its responsibility to enhance its earnings per share. As far as the allocation of earnings is concerned, we intend to maintain the basic dividend policy of paying stable dividends that take account of year-to-year changes in operational performance. We also seek to retain adequate earnings in order to augment the Company's earning structure and to provide for future market fluctuations. Based on these policies, the Company's dividend projections for the current fiscal year had been set at 6 yen per share for both interim and yearend dividends, for an annual cash dividend of 12 yen per share, to reflect our emphasis on the payment of stable dividends. However, in addition to the stronger results during the interim term under review, full-year performance results are also likely to exceed our projections made at the beginning of the year. In view of this, we have decided to increase the interim dividend by 2 yen to 8 yen per share. Furthermore, as of the date hereof, the Company plans to increase the yearend dividend also by as much, which would increase the annual cash dividend to 16 yen per share. By distributing dividends higher by 4 yen per share than in the preceding fiscal year, we would like to show our appreciation of, and reciprocate, the support of all our shareholders.

(Acquisition of Company Stock)

In the interest of ensuring latitude in its capital policy management, between July and September 2007 the Company repurchased one million shares of the Company's own stock, which accounted for approximately 1.8% of all its shares issued and outstanding, for a total cost of 1,892 million yen. We currently have no intention of canceling them, and are minded to hold them as treasury shares with an eye on future opportunities that may include use in M&A programs as needed in growth strategies.

(4) Business Risk

The major risks relevant to business operations and other affairs of the Company and the Toho Pharmaceutical Group are described below. Discussions about the future that appear in this section reflect observations made by the Company as of the date of releasing financial results contained herein (Nov 8, 2007).

1. Legal Regulations

In its pharmaceutical operations segment, as of the end of September 2007, the Toho Pharmaceutical Group, together with the Company's business alliance partners (16 members of the Kyoso Mirai Group), enjoys a combined network of sales bases spanning an archipelago containing 43 prefectures, from Hokkaido to Kyushu. The Toho Pharmaceutical Group is subject to the Pharmaceutical Affairs Law and other related laws and regulations as they concern the Group's establishment of sales offices and govern the Group's marketing and carrying of pharmaceuticals and other products. These require the Group to obtain necessary approvals, registrations, designations and/or licenses from the prefectural governors in whose jurisdiction sales offices are located and to file notifications with supervisory government agencies prior to commencing marketing and sales operations. The current state of how supervisory government agencies issue their authorizations and approvals may affect the Group's results regarding operations in its pharmaceutical segment.

2. Ramifications of Revision of the NHI Drug Price Standards and Reform of the Health Insurance Regime

The ethical pharmaceuticals that constitute the Toho Pharmaceutical Group's primary line of products are listed in the National Health Insurance Drug Price Standards. The NHI Drug Price Standards are known as the "Methodology for Calculating the Amounts of Expenses Required for Medical Treatments as Prescribed by the Health Insurance Law" as announced by the Ministry of Health, Labour and Welfare. The Standards provide for the scope of use of pharmaceuticals available under the coverage of health insurance and the prices chargeable for pharmaceuticals administered by medical institutions. This means that the NHI Drug Price Standards act as ceilings for the sale prices of ethical pharmaceuticals.

The Health, Labour and Welfare Ministry surveys the prevailing prices of ethical pharmaceuticals in the marketplace and revises the NHI Drug Price Standards once every two years to reflect the findings. The Standards were revised in April of 2002, 2004, and 2006 when the NHI prices were cut, respectively, by 6.3%, by 4.2%, and by 6.7%.

The Toho Pharmaceutical Group's performance tends to be affected by medical institutions refraining from buying pharmaceuticals prior to a revision of the NHI Drug Price Standards and by the consequences of a downward revision that cuts the prices.

In addition to revisions in the Standards, the framework reforms being implemented by the government to get health insurance finances into better shape directly affect the earnings structures of medical institutions and dispensing pharmacies that are the main customers the Toho Pharmaceutical Group supplies. This makes the efforts of medical institutions and dispensing pharmacies to bolster their financial foundations all the more intense. One approach they take is increasing scale, as seen in public hospitals' more prevalent use of joint purchasing practices and dispensing pharmacy chains' consolidation into larger groups. Since these efforts also increase their purchasing power, medical institutions and dispensing pharmacies tend to adopt stronger policies to get the benefits of expanded scale reflected in their purchasing prices.

As explained above, revisions in the NHI Drug Price Standards and other health insurance framework arrangements may affect the Toho Pharmaceutical Group's results of operations, depending on how the details are worked out.

3. Business Practices Unique to Industry

① Delivery before Price Negotiation even Begins

The industry is known for its peculiar business practice whereby prices are not yet determined when a pharmaceutical vendor delivers a shipment to a medical institution. The understanding is that both parties negotiate the price at a later date. This practice has been fostered by the life or death nature of pharmaceutical products that allows no excuse for delaying shipment. Provisional payments are customarily made in reference to the NHI Drug Price Standards, however, before the sale/purchase price is determined. Conversely, prolonged price negotiations may adversely affect the Toho Pharmaceutical Group's operational results.

② Rebates of Sales and Sales Promotion Cash Incentives

The pharmaceutical distribution business involves the payment of sales rebates and sales promotion incentives to pharmaceutical wholesalers by pharmaceutical manufacturers.

Sales are rebated at rates that typically become progressively higher as the amounts of purchases increase, and pharmaceutical wholesalers can effectively reduce their purchase prices as a result of acquiring sales rebates. Sales promotion cash incentives are paid pursuant to manufacturer-wholesaler agreements that link payment to the volume of products sold and/or the frequency of shipments to retailers, and have the same effect of reducing purchase prices as sales rebates.

As explained above, rebates of sales and sales promotion incentives can affect the gross profit margin of pharmaceutical wholesalers, and the Toho Pharmaceutical Group has invested in acquiring these payments. This could impact the Toho Pharmaceutical Group's operational results, depending on the marketing strategies of the manufacturers.

4. Information System

In order to pursue greater business efficiencies, standardization, and stronger competitiveness across the Group, the Company has developed an information system that links the whole Group and our customers, and fully uses this information system not only for overall internal operations such as receiving/placing orders, logistic operations, and accounting operations, but also for providing services to customers. Therefore, in the event of contingency disasters such as earthquakes, damage due to strong winds and flooding, large-scale blackout, or telecommunication network failure, there may be detrimental though temporary effects on regular operations.

As a countermeasure, the Company has introduced a two-center system in the east and the west (using data centers established in Tokyo and Osaka to ensure the dual system) to prepare for disasters and failures. However, it is also recognized that even this system may not be able to cover certain situations.

5. Receivables Management

Due to government policies intended to curtail medical expenditures, medical institutions and dispensing pharmacies—customers of the Toho Pharmaceutical Group—are facing harsher management conditions. Before extending loans, the Company's credit control and sales departments pay detailed attention to managing credit conditions. However, any unexpected developments on the customer's side that would make debt recovery difficult may affect the operational results and financial position of the Toho Pharmaceutical Group.

2 State of Corporate Group

State of Corporate Group

For the purposes hereof, the Toho Pharmaceutical Group (Toho Pharmaceutical and its associated companies) or simply the “Group” consists of Toho Pharmaceutical or simply the “Company,” 29 subsidiaries, and 10 affiliates. The Group’s primary business operations, connections between these business operations, and their relationships with the segments classified by types of business operations are described below.

The divisions of primary business operations agree with those of segments classified by types of business operations.

(1) Pharmaceutical Operations

The Company, eight subsidiaries (Kyushu Toho, SANUS, Godo Toho, Honma Toho, Koyo, Yamaguchi Toho, Ogawa Toho, and one other), and two affiliates (Sakai Yakuhin and one other) purchase pharmaceuticals and heath-related products, mainly from pharmaceutical manufacturers, for distribution primarily to hospitals, clinics, and dispensing pharmacies.

As far as the related products purchased from pharmaceutical manufacturers, etc. are concerned, the Company and its consolidated subsidiaries supply these products to 10 subsidiaries (Ethos, Toyaku, Chuoh Medical, and seven others) and 4 affiliated companies (Fuji Biomedix, and three others). The Company also supplies the products to the eight subsidiaries and two affiliates mentioned above.

(2) Dispensing Pharmacies Operations

Ethos, Toyaku, Chuoh Medical, and seven other subsidiaries, and Fuji Biomedix and three other affiliated companies are primarily in the business of operating dispensing pharmacies.

(3) Information Processing Operations

Toho System Service, a subsidiary, processes data and creates software on behalf of the Kyoso Mirai Group (the Company and its associated companies and business alliance partners engaged primarily in pharmaceutical wholesaling). Toho System Service, in conjunction with the Company, also distributes software to medical institutions.

(4) Site Management Organization (SMO) Operations

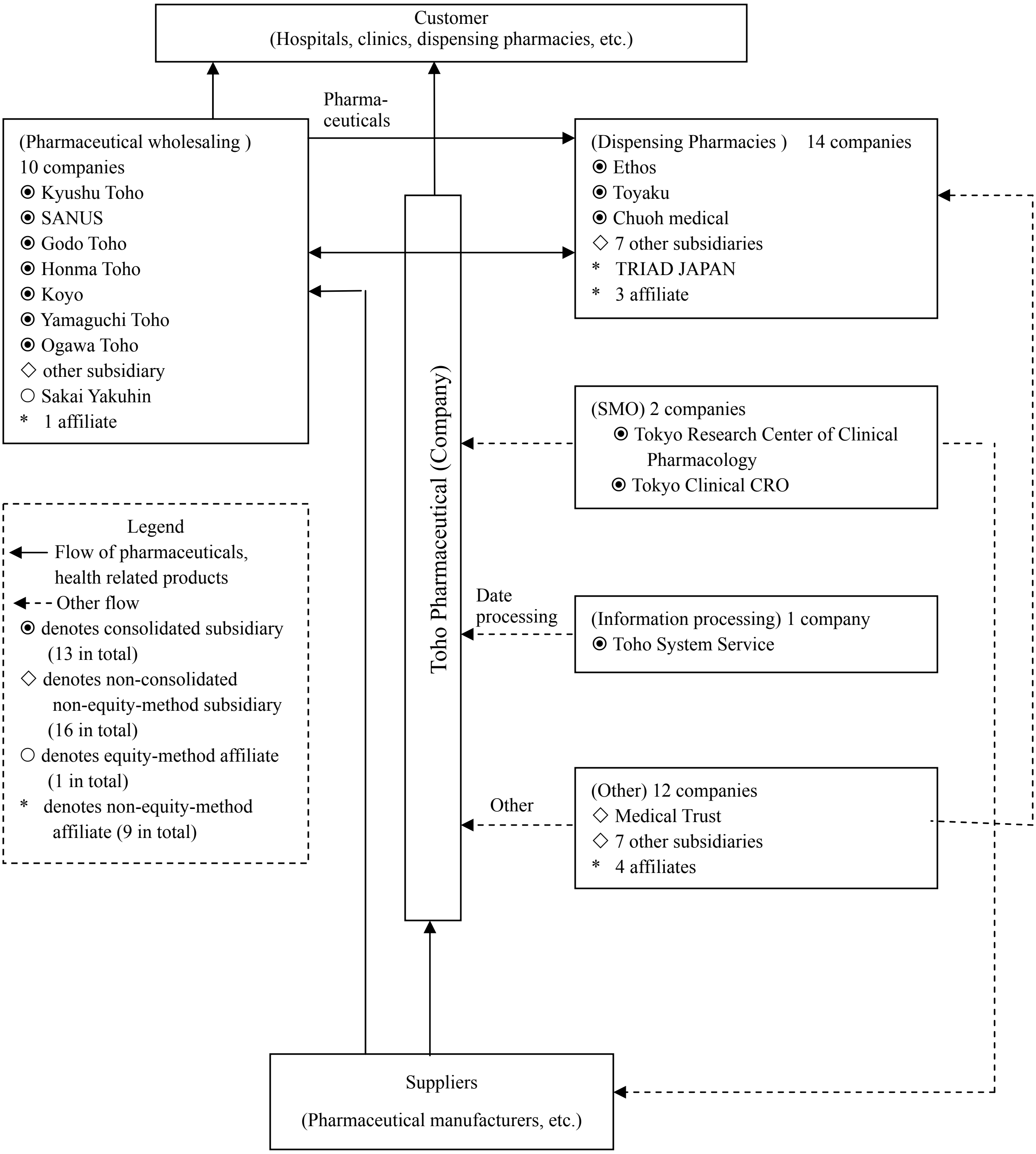
The Tokyo Research Center of Clinical Pharmacology, a subsidiary, undertakes SMO (Site Management Organization) operations.

Tokyo Clinical CRO, a subsidiary, undertakes pharmaceutical development services commissioned by pharmaceutical manufacturers.

(5) Other Operations

Medical Trust, a subsidiary, and 11 other companies (seven subsidiaries and four affiliates) undertake respective operations related to the Company.

Illustrated below is a structure of business relationships between and among the Company and its associated companies.



[State of Associated Companies]

Name	Location	Capital (Million Yen)	Main Business Description	Company's Voting Ownership (%)	Detailed Relationship with Company
(Consolidated Subsidiaries)					
Kyushu Toho	Kumamoto City, Kumamoto	522	Pharmaceutical wholesaling	100.00	Supplied by Company with pharmaceuticals. Company represented on Board of Directors.
SANUS	Nishi Ward, Hiroshima City, Hiroshima	95	Pharmaceutical wholesaling	100.00	Supplied by Company with pharmaceuticals. Company represented on Board of Directors.
Godo Toho	Hirano Ward, Osaka City, Osaka	45	Pharmaceutical wholesaling	100.00	Supplied by Company with pharmaceuticals. Company represented on Board of Directors.
Honma Toho	Central Ward, Niigata City, Niigata	100	Pharmaceutical wholesaling	73.00	Supplied by Company with pharmaceuticals. Company represented on Board of Directors.
Koyo	Takamatsu City, Kagawa	72	Pharmaceutical wholesaling	59.09	Supplied by Company with pharmaceuticals. Company represented on Board of Directors.
Yamaguchi Toho	Tsuchiura City, Ibaraki	20	Pharmaceutical wholesaling	51.00	Supplied by Company with pharmaceuticals. Company represented on Board of Directors.
Ogawa Toho	Takasaki City, Gunma	20	Pharmaceutical wholesaling	51.00	Supplied by Company with pharmaceuticals. Company represented on Board of Directors.
Ethos	Sumida Ward, Tokyo	50	Operation of dispensing pharmacies and small-lot wholesaling of pharmaceuticals	60.61	Supplied by Company with pharmaceuticals. Supported financially by Company. Company represented on Board of Directors.
Toyaku	Shinjuku Ward, Tokyo	10	Operation of dispensing pharmacies	60.61 (60.61)	Supplied by Company with pharmaceuticals. Company represented on Board of Directors.
Chuoh Medical	Sanjo City, Niigata	10	Operation of dispensing pharmacies	60.61 (60.61)	Supplied by Company with pharmaceuticals. Company represented on Board of Directors.
Toho System Service	Setagaya Ward, Tokyo	10	Information processing	100.00	Processes data and creates software for Company, associated companies, etc. Distributes software to medical institutions jointly with Company. Company represented on Board of Directors.
Tokyo Reserch Center of Clinical Pharmacology	Shinjuku Ward, Tokyo	401	SMO	72.53	Supported financially by Company. Company represented on Board of Directors.
Tokyo Clinical CRO	Shinjuku Ward, Tokyo	10	CRO	100.00	Company represented on Board of Directors.
(Equity-Method Affiliates)					
Sakai Yakuhin	Mitaka City, Tokyo	60	Pharmaceutical wholesaling	35.00	Supplied by Company with pharmaceuticals. Company represented on Board of Directors.

(Note) 1. Any indirect ownership reflected in a voting ownership ratio is enclosed in parentheses.

2. As of April 1, 2007, two wholly owned subsidiaries (Tsuruhara Yoshii and Yakushin) of the Company were merged and Tsuruhara Yoshii was left as the surviving company, and changed the company name to Kyushu Toho (based in Kumamoto, Kumamoto Prefecture).

3 Business Management Policy

1) Company's Basic Policy for Management of Operations

As our society ages and suffers from a declining birth rate, there is significant public interest in medical and health issues, with related markets for medical and health care experiencing long-term growth with more diversification. Under such market circumstances, the Company sets "Total Commitment to Good Health" as its corporate slogan and strives to achieve the societal mission of "contributing to the medical care and health of the public." This effort must play a pivotal role as the Company operates in accordance with its basic business management policy of "creating new added value and enhancing its corporate value continuously." In pursuit of realizing this aim, the Company has endeavored to develop and offer a variety of customer-oriented and patient-oriented services.

(1) Mission Statement

"We shall create new values through the provision of original service, and contribute to the medical care and well-being of people around the world."

(2) Core Value

The Company exists and operates its business for important stakeholders, including long-term shareholders, patients, customers (suppliers and medical institutions), local communities, and employees. Consequently, the five core values common for all employees in the Group are listed below. We will endeavor to establish a "corporate brand with trust and common understanding" in the distribution industry.

① We put patients first all the time and act in the interests of enhancing their satisfaction.
② We strive our utmost every day to be a company essential to our customers.
③ We respect the personality, talent, and teamwork of all members, and value a corporate culture that is free and vigorous.
④ We observe laws and ethics, and strive to grow in harmony with society and for the benefit of its development.
⑤ We pursue ever-greater corporate value and champion timely and adequate disclosure.

(3) Business Management Policy (Management Vision)

The "Management Vision" is described in the following six-point statement. It should guide us as we nurture a corporate culture in tune with a new age and seek quality in conducting business that earns us high marks, both inside and outside the organization, for being a good corporate citizen.

① Establishment of a corporate brand through the creation of original customer value
② Establishment of a strong and flexible business quality through the promotion of a network-type group management.
③ Creation of a high-touch business force through the implementation of management practices that start with people (humanism) and empowerment
④ Pursuit of management efficiencies through selection and concentration; promotion of cost reductions; innovation of business structure; and cash-flow-oriented management
⑤ Enhancement of corporate value, and the appropriate and timely disclosure of information
⑥ Compliance with internal and external laws and the spirit of such laws, and the implementation of open and fair business activity

2) Target Managerial Indicators

The Company developed the Medium-Term Management Plan from the fiscal year ended in March 2007 to the fiscal year ending in March 2009, targeting to achieve 822,000 million yen in net sales, 10,400 million yen in operating income, 13,200 million yen in ordinary income, and 7,044 million yen in current net income in the final year of the plan. Furthermore, as a medium- to long-term goal, the plan calls for ordinary income to account for 2% of net sales by promoting higher added business value. In pharmaceutical and other wholesaling operations, the plan aims for SG&A to reach the 5% level of net sales as promptly as possible by promoting a strategy for greater efficiencies.

3) Company's Medium- to Long-Term Business Management Strategy

The Company's medium- to long-term business domains boil down to the keywords of "Medical Care, Health, and Comfortable Living," and "Japan and the World," and an intensive promotion of its business management strategy will be based on the following three-point vision for our business structures:

① Position wholesaling of ethical drugs at the core of operations and expand into health-related fields in the periphery of medical care;

② Serve all of Japan with an eye on overseas expansion; and

③ Develop an adequate portfolio of cross-disciplinary, alliance-based business models designed to create value for customers.

With an aim to solve problems facing the operations of customers and improve the quality of life (QOL) enjoyed by people in general and patients in particular, we endeavor to develop and distribute a variety of services and solutions that are unique and proprietary to the Company. We will also procure a wide array of products, ranging from reagents, medical materials, medical equipment, over-the-counter (OTC) pharmaceuticals, and health-related products to cosmetics, daily goods and foods within the scope, in addition to a full spectrum of ethical pharmaceuticals. We will also seek a closer cooperative relationship with each companies, our operational tie-up partner. As for the Group's business infrastructure such as information systems and logistics networks, we will continue to position infrastructure issues as an important strategic theme and step up for further efforts. Concerning the distribution business reorganization, our approach has been that of aggressively promoting the integration of business operations and formation of business alliances, guided by a basic concept that we call the spirit of Kyoso Mirai or "Creating the Future Together." This underlies the Company's initiative for integrating its product procurement capabilities, business infrastructure, and customer support service functions on the one hand, and the marketing strongholds of regional leaders in pharmaceutical wholesaling on the other. We place importance on enhancing our corporate value on a long-term and ongoing basis. For that purpose, we will strive for greater business efficiencies within the Group, while working aggressively on such important management issues as the full-scale use of IT technology and development of new distribution services to address deregulation moves, development of overseas business, and transformation of the business model.

4) Company Issues that Need Addressing

(1) Kyoso Mirai Group

The Kyoso Mirai Group, led by the Company, enjoys a market presence worth one trillion yen in net sales if its members not consolidated by the Company are included. The Group also has a combined network of sales bases covering most of the country, and shares common purchasing, distribution, and mission-critical business systems. We believe that the Group has achieved the scale economies that are essential for the survival of a pharmaceutical wholesaler. The pharmaceutical wholesaling industry has witnessed accelerated realignments and consolidations of groups since the 1990s, due to the pursuit of securing greater rebates and realizing business efficiencies. We expect the industry now to shift to quality competition as the groups pursue differentiation from each other in their sales and marketing capabilities, distribution network, customer support programs, and so forth, in order to gain profitability and attract and retain customers. Amid such circumstances, we believe that our group management approach of respecting the autonomy of each member as far as possible, which distinguishes the Toho Pharmaceutical Group conspicuously, should facilitate a structure that allows us to seek scale without harming existing customer relationships. At the same time, however, some functional overlaps (in indirect divisions and logistics, for example) and operational inefficiencies remain to be solved within the Group. The challenge facing the Kyoso Mirai Group is to accelerate initiatives to improve productivity, promote various joint operations, and strengthen capital tie-ups and other relationships, while maintaining the Group's advantages noted above, in order to make the Group even stronger as a whole. During the interim term under review, as of September 13, 2007, Mori Pharmaceutical (headquartered in Miyazaki) became a member of the Kyoso Mirai Group. By forming a business alliance with this company, whose sales and marketing operations are firmly entrenched in Miyazaki Prefecture, we seek to promote the mutual utilization of business resources and expertise in order to create distribution capabilities that accommodate changes.

(2) Ashi-no-kai

Ashi-no-kai has continued to step up joint sales promotions aimed at earning promotional allowances from manufacturers, but during the interim term under review, its allowance income amounted to 219 million yen and the group's contribution to consolidated earnings will likely be limited for the near future. Meanwhile, in the health care business, Vital Health Care, Astem Health Care, Hokuyaku (its health care operations division), and Mogi Pharmaceutical are in the process of negotiating the integration of management operations. The four companies' objective is to establish a raison d'etre for the providers of health care services in Japan by efficiently utilizing the business resources of specialist OTC pharmaceuticals wholesalers and enhancing their specialization and focus on local communities to offer higher quality services.

(3) Initiatives to Explore and Develop New Business Models and Formats

As of August 7, 2007, the Company formed a business alliance with OHKI (headquartered in Bunkyo, Tokyo) and Kokubu (headquartered in Chuo, Tokyo) with a view to reinforcing and expanding midstream distribution capabilities in the areas of food, pharmaceuticals, cosmetics, and daily necessities operations. By sharing the themes of medical care, food, health, beautification,

comfortable living and so forth, the three companies will join hands in working to build a solid intermediate distribution structure extending into the future. They will also seek to establish a new business model that transcends the established categorical boundaries and enables a wider range of operations.
As of August 20, 2007, the Company formed a capital and business alliance with Fuji Biomedix (headquartered in Chuo, Tokyo) with a view to reinforcing and expanding pharmaceutical and other development support operations, dispensing pharmacy operations, and health care and health promotion support among other operations. Fuji Biomedix provides SMO and CRO services equipped with a comprehensive range of support capabilities to meet non-clinical to clinical testing needs (Phase I, II, III and post-manufacturing/marketing). In addition to these core business operations, it undertakes dispensing pharmacy operations, anti-aging operations, and health care and promotion support operations, as it develops a structure of support services ranging from medical care to health care. This new business alliance is aimed at creating synergies by complementarily utilizing the business expertise and the networks of business resources that the two companies have to offer in order to enhance their corporate value.

(4) Profitability
The Company's real earning power, adjusted for its sales and other transactions involving the members of the Kyoso Mirai Group that are not consolidated by the Company, is comparable to that of its competitors. This explains why we believe that the Kyoso Mirai Group has attained a significant level of success in generating scale economies and saving costs. However, the Group still has substantial scope to reduce costs and improve productivity, in our view, because a study of individual Group members identifies some subsidiaries, including Koyo and Kyushu Toho, whose SG&A expense ratio is high. In addition to optimizing gross profit margins and reducing SG&A expense ratios, we will work on introducing new products which promise to expand sales in the domestic market and expanding dealings with foreign manufacturers. Furthermore, we will endeavor to develop next-generation wholesaler capabilities in order to grow fee-based business possibilities into new sources of earnings and to upgrade consultative functions into revenue earners.

(5) Centralizing Business Infrastructure Functions
In centralizing the Group's business infrastructures, we will continue to promote the standardization of back-office business processes across the Group by integrating financial and accounting systems and HR and payroll systems and centralizing and overhauling the Group members' general administrative work for increased efficiencies. The centralization of administrative work had been almost completed by the preceding fiscal year among the Group companies in eastern Japan, and during the interim term under review we completed the centralization of administrative work with Kyushu Toho and Koyo, both based in western Japan.

(6) Greater Business Efficiencies
In gaining business efficiencies on a consolidated basis, we will strive to achieve as early as possible an automated order receipts ratio of 90%, an automated collections ratio of 95%, and a separated sales and distribution ratio of 90%, which are common targets set for all Group companies. As of the end of the interim term under review, the automated order receipts ratio stood at 56.5% (up 8.5 points compared with the end of the preceding fiscal year), the automated collections ratio at 91.8% (up 3.0 points), and the separated sales and distribution ratio at 74.2% (up 2.2 points).

(7) Financial Ground
On the financial side of operations, while keeping firmly to its profitability-oriented sales policy, the Company will endeavor to increase net assets by accumulating profits in order to enhance its financial strength and augment its capital structure. The Company continues to experience smooth sailing in funding its operations, as it has few assets that may require the recognition of impairment losses, no particular group company that needs to be watchlisted, and low reliance on interest-bearing debt. From the perspective of promoting the cash flow-based management of operations, we will strive to achieve a product inventory turnover goal of 0.50 month (6-month average) and an accounts receivable goal of 2.80 months (6-month average) by March 2009 in order to promote efficiencies. As of the end of September 2007, the inventory turnover was 0.71 month, and the number of months of accounts receivable was 2.93 months.

(8) Wide-Area Wholesaling Function
We believe that a mission pharmaceutical wholesalers should carry out is to "realize the safe and secure distribution of pharmaceuticals." Toward this end, during the period under review we have stepped up efforts to completely mechanize and systematize operations at all our logistics centers, including TBC Tokyo, our Tokyo metropolitan area distribution hub that entered service in the preceding fiscal year. Our goal is to reduce human error as close to zero as possible and to relieve the workload burden on the sales offices. TBC Tokyo achieved a shipping accuracy rate of 99.9994% in April this year. Furthermore, the Company has implemented a lot control system at branch level in pursuit of enhancing the traceability of pharmaceuticals. The Company will continue to phase in a shift to adopt a bar-coded sales slip format in order to heighten our ability to deliver to customers with increased accuracy.

We believe that the Company has an important mandate to ensure the continuous stable supply of pharmaceuticals even during major disasters. Acting on this, we have adopted an East and West Japan dual-center approach (system replication between data centers) for our mission-critical business system in order to avoid a complete system outage in the event of a large-scale disaster or other emergency. Furthermore, we have built a mutual backup mechanism to enable support among the distribution centers. Involving the entire Kyoso Mirai Group, we regularly conduct switchover tests and practices on both the mission-critical and distribution systems under various assumed situations.

(9) Innovation in Marketing Style

We have continued to enhance our field sales information management systems in order to accommodate increasingly diverse sales strategies manufacturers initiate. The speedy and detailed management and reporting of information is particularly crucial as it relates to sales promotions (field sales representatives' marketing activities). It is also increasingly essential to coordinate activities, by facilitating timely information exchanges, in conjunction with MRs (Medical Representatives who advertise academic information for manufacturers). We will endeavor to build an information sharing system with manufacturers in order to meet these challenges. Our planned goals in designing such a system include the standardization of data formats that differ according to manufacturer. Another is to keep to a minimum our MSs' (Medical Specialists) office work required after returning from a day in the field, for example by incorporating a function enabling them to enter their activity reports on their handheld terminals (via voice recognition technology).

In call center operations, we have improved work processes by taking advantage of the database of historical responses to customer calls. We will continue to seek improvements focusing on preventing lost opportunities at the branches because an order is out of stock or is difficult to deliver on time and on reducing inquiries regarding ENIF and divided package sales. This will call for the coherent efforts of the Sales and Marketing Division, the Customer Support Division, and the Logistics Division. Furthermore, we have implemented our new call center initiative to offer sales promotions and product announcements (in an outbound direction) and will continue to work on expanding the list of registered customers and upgrading our offerings.

(10) Customer Service

Our proprietary customer support systems developed from customer-oriented and patient-oriented perspectives, and offered as services with fees, specifically ENIF (an interactive system enabling ordering and information retrieval on handheld information terminals), eniFAX (a prescription fax system), LXMATE-HeLios (a hospital appointment booking system via telephone), and PharmaStream ENIF club plan (support system for Web-learning; Internet-based lifelong education for pharmacists), enjoyed further market penetration during this term thanks to their various functions and convenient advantages. Since a higher market penetration of these systems will entail expectations for further contributions to differentiated services, more stable trading relationships, and greater business efficiencies, the Company's important challenges for marketing strategies in the next term will continue to be the further improvement and penetration of these services, and the development of new solutions.

During the interim term under review, we worked on a new solution to make it easier for medical institutions to adopt an appointment booking system that should aid in eliminating patients' dissatisfaction with waiting times and improving hospitals' operational efficiencies. Evolving from the telephone appointment booking system and incorporating medical institutions' needs, the Internet-based ASP appointment booking system SELENE was developed and offered for sale in October 2007.

(11) Internal Controls and Others

In accordance with the Corporations Law, the Company has established its Basic Policy Governing Internal Control Systems and has worked to ensure sincere compliance involving the entire organization. In compliance and risk management efforts, in particular, we have set up a new Compliance and Risk Management Committee that meets on a regularly scheduled basis. This committee considers programs to promote complete compliance throughout the organization. It works to ensure a heightened level of compliance across the Company and the Group especially as it is concerned with the Pharmaceutical Affairs Law and related laws and regulations, the Antimonopoly Law and other laws and regulations for establishing fair competition, and rules and regulations governing the security management of corporate information. Furthermore, the committee considers risk management programs to build an early risk detection framework and to establish methodology for appropriately managing risks.

Effective next fiscal year, companies will be required to implement "Internal Controls over the Reliability of Financial Reporting" provided for in the Financial Instruments and Exchange Law. In preparation for this, we are in the process of identifying all potential risk factors inherent in our business processes and procedures and in our period-end financial closing and reporting processes, establishing methodology for controlling these risk factors, and developing IT controls and others. In the months to come, we plan to promote complete dissemination of knowledge throughout the organization and carry out on-site tests and warm-ups in order to be fully ready for the actual implementation.

(12) Expansion Prospects Overseas

In the interim term under review, the Company participated in a scheme to invest a total of 60,000,000.00 U.S. dollars in Jointown Group Co., Ltd. (Wuhan City, Hubei Province, the People's Republic of China), with whom we have maintained a close rapport via personnel exchanges and the provision of logistics expertise in what we consider a strategic partnership. (The Company contributed 4,000,000.00 U.S. dollars through the investment vehicle.) Jointown Group ranks No. 3 in China's pharmaceutical wholesaling industry, with state enterprises included, and ranks No. 1 in the private sector. It is a high potential company that has a proven track record of strong growth in both business performance and size. Jointown Group offered the Company its proposal, on its own behalf, to join this investment program in order to meet its funding needs for further expansion of its operations. We consider that this opportunity provides a key foothold in China's expanding markets and thus seek to build a long-standing cooperative relationship with Jointown Group.

4 Consolidated Financial Statements

(1) Consolidated Balance Sheets

		Interim Fiscal 2007 (as of Sep 30, 2006)			Interim Fiscal 2008 (as of Sep 30, 2007)			Fiscal 2007 (as of Mar 31, 2007)		
Account	Note ref. No	Amount (million yen)		Share (%)	Amount (million yen)		Share (%)	Amount (million yen)		Share (%)
(Assets)										
I Current assets										
1. Cash and deposits	(Note 2)		36,464			25,845			42,449	
2. Trade note and accounts receivables	(Note 5)		193,677			200,253			195,055	
3. Marketable securities			1,996			1,497			1,996	
4. Inventories			44,699			46,342			47,161	
5. Deferred tax assets			1,633			1,541			1,517	
6. Purchase rebates receivaables			10,745			13,365			11,454	
7. Others			9,351			10,021			9,668	
Allowance for doubtful receivables			-396			-395			-428	
Total current assets			298,172	77.6		298,472	76.4		308,874	77.9
II Fixed assets										
1. Property, plant and equipment	(Note 1)									
(1) Buildings and structures	(Note 2)	14,139			14,445			14,432		
(2) Land	(Note 2)	29,191			28,969			29,042		
(3) Others		2,098	45,430		1,654	45,069		1,404	44,879	
2. Intangible fixed assets										
(1) Goodwill		4,738			5,618			4,088		
(2) Others		2,657	7,396		2,762	8,380		2,979	7,068	
3. Investments and other assets										
(1) Investments securities	(Note 2)	28,466			33,138			30,075		
(2) Deferred tax assets		72			189			179		
(3) Others		5,794			6,218			6,347		
Allowance for doubtful receivables		-883	33,449		-950	38,596		-977	35,624	
Total fixed assets			86,276	22.4		92,046	23.6		87,572	22.1
Total assets			384,448	100.0		390,518	100.0		396,447	100.0

Account	Note ref. No.	Interim Fiscal 2007 (as of Sep 30, 2006) Amount (million yen)	Share (%)	Interim Fiscal 2008 (as of Sep 30, 2007) Amount (million yen)	Share (%)	Fiscal 2007 (as of Mar 31, 2007) Amount (million yen)	Share (%)
(Liabilities)							
I Current liabilities							
1. Trade notes and accounts payable	(Note 2,5)	260,699		264,049		269,733	
2. Short-term bank loans	(Note 2)	6,011		6,118		5,160	
3. Accrued income taxes		2,733		2,568		3,130	
4. Accrued expenses		1,423		1,325		1,500	
5. Accrued bonuses		2,300		2,322		2,365	
6. Directores' bonuses		32		37		92	
7. Reserve for sales returns		343		310		307	
8. Others		4,405		4,634		5,428	
Total Current liabilities		277,948	72.3	281,366	72.0	287,720	72.6
II Long-term liabilities							
1. Bonds paynable		9,600		9,900		9,600	
2. Long-term liabirities	(Note 2)	657		690		238	
3. Deferred tax liabilities		9,161		8,660		9,504	
4. Accrued retirement benefits foremployees		3,024		2,986		3,006	
5. Accrued retirement benefits fordirectors and corporate auditors		229		—		—	
6. Negative goodwill		4,367		3,046		3,706	
7. Deferred tax liabilities due to revaluation		1,417		1,414		1,414	
8. Others		4,282		4,116		4,466	
Total Long-term liabilities		32,740	8.5	30,815	7.9	31,936	8.0
Total liabilities		310,689	80.8	312,182	79.9	319,656	80.6
(Net assets)							
I Shareholder's equity							
1. Common stock		10,599		10,599		10,599	
2. Capital surplus		23,566		23,597		23,597	
3. Retained earnings		38,292		44,677		41,362	
4. Treasury stock		-3,436		-5,378		-3,481	
Total shreholder's equity		69,021	17.9	73,496	18.8	72,078	18.2
II Valuation and translation adjustments.							
1. Unrealized gain on available-for-sale securities		3,488		3,204		3,732	
2. Land revaluation surplus		-4,808		-4,482		-4,762	
Total Valuation and translation adjustments.		-1,320	-0.3	-1,278	-0.3	-1,030	-0.2
III Stock subscription rights		5	0.0	38	0.0	21	0.0
IV Minority interests		6,051	1.6	6,079	1.6	5,720	1.4
Total net assets		73,758	19.2	78,336	20.1	76,790	19.4
Total liabilities and net assets		384,448	100.0	390,518	100.0	396,447	100.0

(2) Consolidated Profit and Loss Statement

		Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)			Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)			Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)		
Account	Note ref. No.	Amount (million yen)		Share (%)	Amount (million yen)		Share (%)	Amount (million yen)		Share (%)
I Net sales			377,640	100.0		391,050	100.0		773,436	100.0
II Cost of sales			346,390	91.7		359,167	91.8		709,811	91.8
Gross profit			31,250	8.3		31,883	8.2		63,624	8.2
Reversal of reserve for sales returns			30	0.0		2	0.0		-5	-0.0
Gross profit after reserve for sales returns			31,219	8.3		31,880	8.2		63,629	8.2
III Selling, general and administrative expenses										
1. Directors' salaries and employees' salaries andallowances		12,404			12,735			27,573		
2. Provision for accrued bonuses		2,300			2,311			2,410		
3. Provision for directors' bonuses		32			37			92		
4. Provision for accrued retirement benefits foremployees		220			188			485		
5. Provision for accrued retirement benefits fordirectors and corporate auditors		36			—			19		
6. Welfare expenses		2,099			2,166			4,314		
7. Vehicle expenses		617			561			1,190		
8. Provision for allowance for doubtful receivables		44			8			228		
9. Depreciation and amortization		959			1,000			2,000		
10. Amortization expenses for goodwill		503			404			992		
11. Rent		1,971			2,190			4,167		
12 .Taxes and dues		419			395			783		
13. Miscellaneous expenses		4,888	26,497	7.0	5,209	27,210	7.0	10,035	54,294	7.0
Operating Income			4,722	1.3		4,669	1.2		9,335	1.2
IV Non-operating income										
1. Interest income		41			76			95		
2. Dividend income		167			202			269		
3. Fee income		824			904			1,733		
4. Real estate rental income		119			73			236		
5. Amortization expenses for negative gooodwill		664			660			1,325		
6. Equity in earnings of investees		38			30			105		
7. Miscallaneous income		276	2,133	0.5	317	2,265	0.6	625	4,391	0.6
V Non-operating expenses										
1. Interest expenses		54			49			91		
2. Specified line commitment fees		25			19			47		
3. Loss before deduction of temporary consumption tax payment		203			223			322		
4. Miscallaneous losses		18	303	0.1	19	310	0.1	160	622	0.1
Ordinary income			6,553	1.7		6,624	1.7		13,104	1.7

		Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)			Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)			Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)		
Account	Note ref. No.	Amount (million yen)		Share (%)	Amount (million yen)		Share (%)	Amount (million yen)		Share (%)
VI Extraordinary gains										
1. Gains on sales of fixed assets	(Note 1)	—			1			52		
2. Gain on sales of investment securities		47			—			54		
3. Gain on sales of stocks of affiliate companies		181			—			181		
4. Gains on sales of golf club memberships		—			0			0		
5. Reversal of accrued retirement benefits for directors and corporate auditors		—			—			192		
6. Reversal of prior year's merger costs		—			25			—		
7. Others		—	228	0.1	0	27	0.0	68	549	0.1
VII Extraordinary losses										
1. Loss on disposal of fixed assets	(Note 2)	196			106			601		
2. Loss on sale of investment securities		—			—			0		
3. Loss on revaluation of investment securities		—			3			11		
4. Loss on sale of golf club memberships		3			—			4		
5. Loss on revaluation of golf club memberships		8			—			8		
6. Directors' retirement benefits		—			35			309		
7. Variance from disposal of tying stocks		2			—			2		
8. Loss due to switchover To defined contribution pension program		96			—			96		
9. Impairment loss	(Note 3)	11			225			485		
10. Loss due to debt forgiveness		—			—			299		
11. Other		—	317	0.1	2	374	0.1	35	1,856	0.3
Income before income taxes			6,463	1.7		6,277	1.6		11,797	1.5
Corporate income, inhabitant and enterprise taxes		2,701			2,515			4,505		
Adjustments for income taxes		-224	2,476	0.6	-456	2,058	0.5	-50	4,454	0.6
Minority interests			227	0.1		282	0.1		124	0.0
Interim (current) net income			3,759	1.0		3,936	1.0		7,218	0.9

(3) Consolidated Statement of Changes in Shareholders' Equity

Interim Term of Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

	Shareholder's Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance as of Mar 31, 2006 (million yen)	10,399	14,282	35,184	-1,268	58,598
Changes during this interim term					
New shares issued in share exchange		9,083			9,083
Increase due to execution of stock subscription rights attached to bonds	200	199			400
Dividends from surplus (Note)			-520		-520
Payment of bonuses to directors and corporate auditors (Note)			-51		-51
Interim net income			3,759		3,759
Acquisition of treasury stock				-2,164	-2,164
Decrease due to increase in number of consolidated subsidiaries			-0	-3	-3
Reversal of land revaluation excess			-80		-80
Net change in items other than shareholders' equity					
Total changes during this interim term	200	9,283	3,107	-2,167	10,423
Balance as of Sep 30, 2006 (million yen)	10,599	23,566	38,292	-3,436	69,021

	Valuation and translation adjustments			Stock subscription adjustments	Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Land revaluation surplus	Total valuation and translation adjustments			
Balance as of Mar 31, 2006 (million yen)	3,207	-4,889	-1,682	—	5,804	62,720
Changes during this interim term						
New shares issued in share exchange						9,083
Increase due to execution of stock subscription rights attached to bonds						400
Dividends from surplus (Note)						-520
Payment of bonuses to directors and corporate auditors (Note)						-51
Interim net income						3,759
Acquisition of treasury stock						-2,164
Decrease due to increase in number of consolidated subsidiaries						-3
Reversal of land revaluation excess						-80
Net change in items other than shareholders' equity	281	80	362	5	247	614
Total changes during this interim term	281	80	362	5	247	11,038
Balance as of Sep 30, 2006 (million yen)	3,488	-4,808	-1,320	5	6,051	73,758

(Note) The figure is derived from the appreciation of earnings at the ordinary general meeting of shareholders in June 2006.

Interim Term of Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

	Shareholder's Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance as of Mar 31, 2007 (million yen)	10,599	23,597	41,362	-3,481	72,078
Changes during this interim term					
Dividends from surplus (Note)			-341		-341
Interim net income			3,936		3,936
Acquisition of treasury stock				-1,896	-1,896
Reversal of land revaluation excess			-279		-279
Net change in items other than shareholders' equity					
Total changes during this interim term	—	—	3,314	-1,896	1,418
Balance as of Sep 30, 2007 (million yen)	10,599	23,597	44,677	-5,378	73,496

	Valuation and translation adjustments			Stock subscription adjustments	Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Land revaluation surplus	Total valuation and translation adjustments			
Balance as of Mar 31, 2007 (million yen)	3,732	-4,762	-1,030	21	5,720	76,790
Changes during this interim term						
Dividends from surplus (Note)						-341
Interim net income						3,936
Acquisition of treasury stock						-1,896
Reversal of land revaluation excess						-279
Net change in items other than shareholders' equity	-528	279	-248	16	359	127
Total changes during this interim term	-528	279	-248	16	359	1,545
Balance as of Sep 30, 2007 (million yen)	3,204	-4,482	-1,278	38	6,079	78,336

(Note) The figure is due to resolution at the board of directors meeting in May 2007.

Consolidated Statement of Changes in Shareholders' Equity during Preceding Term (From April 1, 2006 to March 31, 2007)

	Shareholder's Equity				
	Common stock	Capital surolus	Retained earnings	Treasury stock	Total shareholder's equity
Balance as of March 31, 2006 (million yen)	10,399	14,282	35,184	-1,268	58,598
Changes during this interim term					
New shares issued in share exchange		9,083			9,083
Increase due to execution of stock subscription rights attached to bonds	200	199			400
Dividends from surplus (Note 1)			-862		-862
Payment of bonuses to directors and corporate auditors (Note 2)			-51		-51
Interim net income			7,218		7,218
Acquisition of treasury stock				-2,209	-2,209
Disponsition of treasury stock		31			31
Decrease due to increase in number of consolidated subsidiaries			-0	-3	-3
Reversal of land revaluation excess			-126		-126
Net change in items other than shareholders' equity					
Total changes during this interim term	200	9,315	6,177	-2,212	13,480
Balance as of March 31, 2007 (million yen)	10,599	23,597	41,362	-3,481	72,078

	Valuation and translation adjustments			Stock subscription adjustments	Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Land revaluation surplus	Total valuation and translation adjustments			
Balance as of March 31, 2006 (million yen)	3,207	-4,889	-1,682	—	5,804	62,720
Changes during this term						
New shares issued in share exchange						9,083
Increase due to execitopm of stock subscription rights attached to bonds						400
Dividends from surplus (Note 1)						-862
Payment of bonuses to directors and corporate auditors (Note 2)						-51
Interim net income						7,218
Acquisition of treasury stock						-2,209
Disponsition of treasury stock						31
Decrease due to increase in number of consolidated subsidiaries						-3
Reversal of land revaluation excess						-126
Net change in items other than shareholders' equity	525	126	652	21	-83	590
Total changes during this interim term	525	126	652	21	-83	14,070
Balance as of March 31, 2007 (million yen)	3,732	-4,762	-1,030	21	5,720	76,790

(Note) 1. The figure includes 520 million yen as appreciation of earnings at the ordinary general meeting of shareholders in June 2006, and 341 million yen due to resolution at the board of directors meeting in November 2006.

2. The figure is derived from the appreciation of earnings at the ordinary general meeting of shareholders in June 2006.

(4) Consolidated Statements of Cash Flows

		Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
Account	Note ref. No.	Amount (million yen)	Amount (million yen)	Amount (million yen)
I Cash flows from operating activities				
Income before income taxes and minority interests		6,463	6,277	11,797
Depreciantion and amortization		959	1,000	2,000
Loss on impairment of fixed assets		11	225	485
Amortization of goodwill		503	404	992
Amortization of negative goodwill		-664	-660	-1,325
Equity in earnings of affiliates		-38	-30	-105
Decrease in accrued retirement benefits for employees		-578	-19	-597
Decrease in accrued retirement benefits for directors and corporate auditors		-832	—	-192
Increase (decrease) in reserve for sales returns		30	2	-5
Increase (decrease) in accrued bonuses		-14	-53	50
Increase (decrease) in accrued directors' bonuses		32	-55	92
Increase (decrease) in allowance for doubtful accounts		-41	-60	84
Interest and dividend income		-209	-278	-364
Research fee income		-824	-904	-1,733
Real estate rental income		-119	-73	-236
Miscellaneous income		-276	-317	-625
Interest expense		54	49	91
Specified line commitment fee		25	19	47
Loss before deduction of temporary consumption tax payment		203	223	322
Miscellaneous loss		18	19	160
Gain on sale of tangible fixed assets		—	-1	-52
Loss on disposal of tangible fixed assets		195	106	598
Loss on disposal of intangible current assets		0	0	2
Loss on disposal of long-term prepaid expenses		—	—	0
Gain on sale of investment securities		-47	—	-54
Loss on sale of investment securities		—	—	0
Loss on revaluation of investment securities		—	3	11
Gain on sale of stocks of affiliated companies		-181	—	-181
Gain on cancellation of insurance reserve fund		—	—	-0
Other extraordinary gains		—	-26	-67
Gain on sale of golf club memberships		—	-0	-0
Loss on sale of golf club memberships		3	—	4
Loss on revaluation of golf club memberships		8	—	8

		Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
Account	Note ref. No.	Amount (million yen)	Amount (million yen)	Amount (million yen)
Directors' retirement benefits		—	35	—
Variance from disposal of tying stocks		2	—	2
Loss due to debt forgiveness		—	—	299
Other extraordinary losses		—	2	35
Other non-cash losses (gains)		14	86	57
Decrease (increase) in trade receivables		2,287	-4,603	624
Decrease (increase) in inventories		2,492	954	30
Decrease (increase) in purchase rebates receivable		1,174	-1,911	465
Decrease (increase) in other assets		-326	-244	-916
Increase (decrease) in trade payables		2,826	-6,211	11,861
Increase in other liabilities		2,139	-353	2,017
Decrease in accrued consumption taxes		-141	-369	-260
Payment of directors' bonuses		-61	—	-61
Subtotal		15,089	-6,763	25,363
Interest and dividend received		213	280	367
Research fees received		812	896	1,748
Revenue from real estate lease contracts		119	73	236
Miscellaneous income		291	304	634
Receipt of proceeds from nonlife insurance premium		—	—	0
Other extraordinary income		—	—	67
Interest payment		-53	-46	-96
Payment of specified line commitment against fee		-18	-12	-44
Miscellaneous payment		-16	-18	-158
Retirement benefitd paid to directors and corporate auditors		—	-143	—
Payment in relation to the transition to defined contribution pension plans from defined benefit pension plans		-42	-53	-316
Income taxes paid		-2,121	-3,077	-3,528
Net cash provided by operating activities		14,275	-8,560	24,273

Account	Note ref. No.	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006) Amount (million yen)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007) Amount (million yen)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007) Amount (million yen)
II Cash flows from investing activities				
Payments for time deposits		-1,014	-160	-1,590
Maturity of time deposits		1,081	179	1,097
Payments for purchases of property, plant and equipment		-961	-710	-1,808
Payments for disposal of property, plant and equipment		—	-87	—
Proceeds from sales of property, plant and ewuipment		71	106	179
Payments for purchases of goodwill		—	-120	—
Payments for purchases of software		-89	-58	-187
Proceeds from sale software		0	—	0
Payment for acquisition of other ontangible fixed assets		-198	—	-200
Proceeds from sale of other intangible fixed assets		—	2	—
Payment from acquisition of long-term prepaid expense		-34	-9	-42
Proceeds from sale of long-term prepaid expense		0	0	1
Payment for acquisition of investment securities		-142	-1,015	-782
Proceeds from sale of investment securities		66	1	78
Payments for purchases of subsidiaries' stock, resulting in change in scope of consolidation		-1,841	-1,524	-1,841
Payments for purchases of investment in subsidiaries		-131	-48	-408
Proceeds from sale of investment in subsidiaries		—	5	—
Payments for purchases of of investment inaffiliate company		—	-3,428	—
Proceeds from sales of investment inaffiliate company		177	—	177
Payment for acquisition of other investments		-423	-90	-473
Proceeds from sale of other investments		157	110	540
Disbursements for loans		-940	-62	-1,200
Proceeds from collections of loans		108	141	278
Net cash provided by (used in) investing acutivities		-4,112	-6,766	-6,182

Account	Note ref. No.	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006) Amount (million yen)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007) Amount (million yen)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007) Amount (million yen)
III Cash flows from financing activities				
Decrease in short-term bank loans, net		-4,072	961	-4,558
Repayments of long-term debt		-740	-144	-1,524
Purchases of treasury stock		-2,164	-1,896	-2,169
Repayments of finance lease obligations		-263	-323	-549
Cash dividends paid		-520	-341	-862
Cash dividends paid to minority shareholders		-14	-12	-14
Net cash provided by financing activities		-7,775	-1,757	-9,678
IV Net increase in cash and cash equivalents		2,387	-17,084	8,412
V Cash and cash equivalents at beginning of year		34,124	43,429	34,124
VI Increase in cash and cash equivalents due to merger		13	—	13
VII Increase in cash and cash equivalents due to share exchange transaction		879	—	879
VIII Cash and cash equivalents at the end of year	(Note)	37,405	26,345	43,429

(5) Basis of Presenting Consolidated Financial Statements

Account	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
1. Scope of Consolidation	(1) Number of consolidated subsidiaries 14 Name of main consolidated subsidiary SANUS Honma Toho Tokai Toho Yamaguchi Toho Ogawa Toho Yakushin Godo Toho Koyo Tsuruhara Yoshii Ethos Toyaku Toho system service Tokyo Reserch Center of Clinical Pharmacology Tokyo Clinical CRO Tsuruhara Yoshii is a consolidated subsidiary as a result of the Company's acquisition of its stock by means of stock-swapping during the interim term under review. Toyaku is a consolidated subsidiary as a result of the Company's acquisition of its stock during the interim term under review. (2) Name of main non-consolidated subsidiary Name of main non-consolidated subsidiary Medical trust (Reason excluded from range of connection) All non-consolidated subsidiaries are small in size and do not significantly affect the Company's consolidated total assets, net sales, consolidated net income, or retained earnings. Moreover, if taken as a whole, they are insignificant and therefore are not consolidated.	(1) Number of consolidated subsidiaries 13 Name of main consolidated subsidiary Kyushu Toho SANUS Godo Toho Honma Toho Koyo Yamaguchi Toho Ogawa Toho Ethos Toyaku Chiuoh Medical Toho system service Tokyo Reserch Center of Clinical Pharmacology Tokyo Clinical CRO Tsuruhara Yoshii and Yakushin merged on April 1, 2007 and were renamed Kyushu Toho. Chuoh Medical is a consolidated subsidiary as a result of the Company's acquisition of its stock during the interim term under review. (2) Name of main non-consolidated subsidiary Name of main non-consolidated subsidiary Medical trust (Reason excluded from range of connection) Same as in left column	(1) Number of consolidated subsidiaries 13 Name of main consolidated subsidiary Tsuruhara Yoshii Yakushin SANUS Godo Toho Honma Toho Koyo Yamagushi Toho Ogawa Toho Ethos Toyaku Toho system service Tokyo Reserch Center of Clinical Pharmacology Tokyo Clinical CRO Tsuruhara Yoshii is a consolidated subsidiary resulting from the Company's acquisition of its stock through stock swapping during this fiscal year under review. Toyaku is a consolidated subsidiary resulting from the Company's acquisition of its stock during this fiscal year under review. Tokai Toho merged with Toho Pharmaceutical on October 1, 2006. (2) Name of main non-consolidated subsidiary Name of main non-consolidated subsidiary Medical trust (Reason excluded from range of connection) All non-consolidated subsidiaries are small in size and do not significantly affect the Company's consolidated total assets, net sales, consolidated net income, or retained earnings. Moreover, if taken as a whole, they are insignificant and therefore are not consolidated.

Account	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
2. Application of Equity Method	(1) Number of affiliates accounted for by equity method: 1 Names of primary affiliates: Sakai Yakuhin Fisher Scientific Japan is excluded as an affiliate accounted for by the equity method, as a result of sale during the interim term under review of all its stock owned by the Company. (2) State of non-consolidated subsidiaries not accounted for by equity method Names of primary affiliates: Medical Trust State of affiliates not accounted for by equity method Name of primary companies: TRAIAD JAPAN Non-consolidated subsidiaries and affiliates not accounted for by the equity method are excluded because they do not individually have any significant effect on the Company's consolidated net income or retained earnings, and are also insignificant as a whole.	(1) Number of affiliates accounted for by equity method: 1 Names of affiliates: Sakai Yakuhin (2) State of non-consolidated subsidiaries and affiliates not accounted for by equity method Names of primary non-consolidated subsidiaries: Medical Trust Names of primary affiliates: Fuji Biomedix Non-consolidated subsidiaries and affiliates not accounted for by the equity method are excluded because they do not individually have any significant effect on the Company's consolidated net income or retained earnings, and are also insignificant as a whole.	(1) Number of affiliates accounted for by equity method: 1 Names of affiliates: Sakai Yakuhin Fisher Scientific Japan was excluded from affiliates accounted for by the equity method due to the sale of all the Company's shareholdings of its stock during this fiscal year under review. (2) State of non-consolidated subsidiaries and affiliates not accounted for by equity method Names of primary non-consolidated subsidiaries: Medical Trust Names of primary affiliates: TRAIAD JAPAN Non-consolidated subsidiaries and affiliates not accounted for by the equity method are excluded because they do not individually have any significant effect on the Company's consolidated net income or retained earnings, and are also insignificant as a whole.
3. Interim Settlement Dates (Settlement Dates) of Consolidated Subsidiaries	The date of the interim financial statements of Toyaku, a consolidated subsidiary, is March 31. For the purposes of preparing its interim consolidated financial statements, the Company uses the consolidated subsidiary's financial statements based on a definite settlement of accounts performed as of the date of the interim consolidated financial statements. The final day of the interim term of each of the other consolidated subsidiaries corresponds to the date of the Company's interim consolidated financial statements.	The date of the interim financial statements of Chuoh Medical, a consolidated subsidiary, is November 30. For the purposes of preparing its interim consolidated financial statements, the Company uses the consolidated subsidiary's financial statements based on a provisional settlement of accounts performed as of the date of the interim consolidated financial statements. The final day of the interim term of each of the other consolidated subsidiaries corresponds to the date of the Company's interim consolidated financial statements.	The final day of the fiscal year of each consolidated subsidiary corresponds to the date of the Company's consolidated financial statements.

Account	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
4. Accounting Principles (1) Basis and method of valuation of significant assets	① Securities Held-to-maturity debt securities Stated at cost amortized on a straight-line basis. Other securities With available fair market value: …Stated at fair market value based principally on the market price as of the end of the interim term (unrealized gains and losses are included as a separate component of net assets; the cost of securities sold is determined using the moving-average method.). With no available fair market value: …Stated at moving-average cost. ② Inventories The Company submitting interim consolidated financial statements and 9 consolidated subsidiaries (SANUS, Honma Toho, Tokai Toho, Yamaguchi Toho, Ogawa Toho, Yakushin, Godo Toho, Koyo, and Tsuruhara Yoshii) value inventories at moving-average cost. Other consolidated subsidiaries value inventories at cost using the last purchase price method.	① Securities Held-to-maturity debt securities Same as in left column. Other securities With available fair market value: Same as in left column. With no available fair market value: Same as in left column. ② Inventories The Company submitting interim consolidated financial statements and 7 consolidated subsidiaries (Kyushu Toho, SANUS, Godo Toho, Honma Toho, Koyo, Yamaguchi Toho, and Ogawa Toho) value inventories at moving-average cost. Other consolidated subsidiaries value inventories at cost using the last purchase price method.	① Securities Held-to-maturity debt securities Same as in left column. Other securities With available fair market value: …Stated at fair market value based principally on the market price as of the end of the fiscal year (unrealized gains and losses are included as a separate component of net assets; the cost of securities sold is determined using the moving-average method.). With no available fair market value: Same as in left column. ② Inventories The Company submitting consolidated financial statements and 8 consolidated subsidiaries (Tsuruhara Yoshii, Yakushin, SANUS, Godo Toho, Honma Toho, Koyo, Yamaguchi Toho, and Ogawa Toho) value inventories at moving-average cost. Other consolidated subsidiaries value inventories at cost using the last purchase price method.

Account	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
(2) Method of depreciation of Significant depreciable assets	① Property, plants, and equipment Depreciated by the declining-balance method. Buildings (except structures attached to buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The estimated useful lives of major asset categories are as follows Buildings and structures: 10 - 50 years Vehicles and carriers: 5 - 6 years Equipment and fixtures: 5 - 15 years ② Intangible fixed assets Amortized by the straight-line method. Software for internal use is amortized by the straight-line method over the estimated useful life for in-house use (five years).	① Property, plants, and equipment Depreciated by the declining-balance method. Buildings (except structures attached to buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The estimated useful lives of major asset categories are as follows Buildings and structures: 10 - 50 years Vehicles and carriers: 5 - 6 years Equipment and fixtures: 5 - 15 years (Change in accounting policy) Following the revision of the Corporation Tax Law (the Law for Partial Revision of the Income Tax Law and Others of March 30, 2007 or Law No. 6 and the Government Ordinance for Partial Revision of the Corporation Tax Law Enforcement Ordinance of March 30, 2007 or Government Ordinance No. 83), effective with the interim term under review, the Company changes methods to depreciate assets acquired on and after April 1, 2007 in accordance with the revised Corporation Tax Law. The impact on income as a result of this change was insignificant. The impacts on segmental information are described where they are relevant. (Additional Information) Effective with the interim term under review, the Company changes methods to depreciate assets acquired on and before March 30, 2007 evenly over a period of five years following their completed depreciation to the extent permitted. The impact on income as a result of this change was insignificant. ② Intangible fixed assets Same as in left column.	① Property, plants, and equipment Depreciated by the declining-balance method. Buildings (except structures attached to buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The estimated useful lives of major asset categories are as follows Buildings and structures: 10 - 50 years Vehicles and carriers: 5 - 6 years Equipment and fixtures: 5 - 15 years ② Intangible fixed assets Same as in left column.

Account	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
(3) Principles of Accounting for Significant Allowances and Reserves	① Allowance for doubtful receivables The allowance for doubtful receivables is provided to cover possible losses in the collection of trade receivables, loans receivable, and others. The actual rate of historical bad debts is used for normal receivables. For certain receivables, including those subject to possible loss, the recoverability of individual accounts is investigated and the uncollectible amount estimated.	① Allowance for doubtful receivables Same as in left column.	① Allowance for doubtful receivables Same as in left column.
	② Accrued bonus The estimated amount payable is recorded to fund bonus payments to eligible employees and directors, who are also employees of the Group.	② Accrued bonus Same as in left column.	② Accrued bonus Same as in left column.
	③ Director bonus reserve In order to fund directors' bonuses from the estimated amount payable for this fiscal year, the obligation for this fiscal year is recorded. (Change in accounting policy) Effective from this consolidated fiscal year under review, the Company adopts "the Accounting Standards for Directors' Bonuses" (issued by the Accounting Standards Board of Japan on November 29, 2005, ASBJ Statement No. 4). The effect of this application was to reduce operating income, ordinary income, and net income before taxes by 32 million yen. The impact on segmental information is described where relevant.	③ Director bonus reserve In order to fund directors' bonuses from the estimated amount payable for this fiscal year, the obligation for this fiscal year is recorded.	③ Director bonus reserve In order to fund directors' bonuses from the estimated amount payable for this fiscal year, the obligation for this fiscal year is recorded. (Change in accounting policy) Effective from this consolidated fiscal year under review, the Company adopts "the Accounting Standards for Directors' Bonuses" (issued by the Accounting Standards Board of Japan on November 29, 2005, ASBJ Statement No. 4). The effect of this application was to reduce operating income, ordinary income, and net income before taxes by 92 million yen. The impact on segmental information is described where relevant.
	④ Reserve for Sales Returns The estimated amount of losses on future sales returns is provided to cover possible losses on sales returns.	④ Reserve for Sales Returns Same as in left column.	④ Reserve for Sales Returns Same as in left column.
	⑤ Accrued Retirement Benefits for Employees The Company submitting interim consolidated financial statements and three consolidated subsidiaries (Toho System Service, Tokai Toho, and Godo Toho) shifted entirely to a defined contribution pension program. In connection with this, they adopted a transitional program to pay retirement-age employees active on the payroll at the time of the switchover lump-sum severance allowances to the amount of a portion of all benefits attributable to past service, upon their retirement. This involved the recognition of the relevant retirement benefit liability as of the end of September 2006 to prepare for the payment of retirement benefits to these employees. Actuarial differences are insignificant, so they are recognized as expenses in the fiscal year they accrue.	⑤ Accrued Retirement Benefits for Employees The Company submitting interim consolidated financial statements and two consolidated subsidiaries (Godo Toho and Toho System Service) shifted entirely to a defined contribution pension program. In connection with this, they adopted a transitional program to pay retirement-age employees active on the payroll at the time of the switchover lump-sum severance allowances to the amount of a portion of all benefits attributable to past service, upon their retirement. This involved the recognition of the relevant retirement benefit liability as of the end of September 2007 to prepare for the payment of retirement benefits to these employees. Actuarial differences are insignificant, so they are recognized as expenses in the fiscal year they accrue.	⑤ Accrued Retirement Benefits for Employees The Company submitting consolidated financial statements and two consolidated subsidiaries (Godo Toho and Toho System Service) shifted entirely to a defined contribution pension program. In connection with this, they adopted a transitional program to pay retirement-age employees active on the payroll at the time of the switchover lump-sum severance allowances to the amount of a portion of all benefits attributable to past service, upon their retirement. This involved the recognition of the relevant retirement benefit liability as of the end of March 2007 to prepare for the payment of retirement benefits to these employees. Actuarial differences are insignificant, so they are recognized as expenses in the fiscal year they accrue.

Account	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
	Seven consolidated subsidiaries (SANUS, Yamaguchi Toho, Koyo, Turuhara Yoshii, Ethos, Tokyo Research Center of Clinical Pharmacology, and Tokyo Clinical CRO) recognized the amount of accrual estimated at the interim term of the fiscal year under review to prepare for the payment of retirement benefits to employees. The accrual was based on the estimated amounts of retirement benefit liabilities and pension plan assets at the interim term of the fiscal year under review. Actuarial differences are prorated on a straight-line basis over a certain number of years (7 years) within the average remaining service period of eligible employees when accrued during each fiscal year, and recognized as an expense over the fiscal years following that accrual. (Additional information) One consolidated subsidiary (Godo Toho) shifted all tax-qualified retirement annuity plans to a defined contributory pension program on October 1, 2006. For this purpose, this subsidiary applied “Accounting Procedures for Shifting between Different Retirement Benefit Programs” (Corporate Accounting Standards Implementation Guidelines No. 1). The effect of this shift was to reduce current net income before income taxes by 96 million yen. ⑥ Accrued Retirement Benefits for Directors and Corporate Auditors Two consolidated subsidiaries (Yakushin and Godo Toho) recognize the reference amount payable at the end of each interim term pursuant to the provisions of internal bylaws, to fund the payment of retirement benefits to eligible directors and corporate auditors upon retirement.	Seven consolidated subsidiaries (Kyushu Toho, SANUS, Koyo, Yamaguchi Toho, Ethos, Tokyo Research Center of Clinical Pharmacology, and Tokyo Clinical CRO) recognized the amount of accrual estimated at the interim term of the fiscal year under review to prepare for the payment of retirement benefits to employees. The accrual was based on the estimated amounts of retirement benefit liabilities and pension plan assets at the interim term of the fiscal year under review. Actuarial differences are prorated on a straight-line basis over a certain number of years (7 years or 10 years) within the average remaining service period of eligible employees when accrued during each fiscal year, and recognized as an expense over the fiscal years following that accrual. (Additional information) One consolidated subsidiary (Ethos) shifted all tax-qualified retirement annuity plans to a defined contribution pension program on September 1, 2007. Two consolidated subsidiaries (SANUS and Yamaguchi Toho) are scheduled to shift all tax-qualified retirement annuity and lump-sum severance allowance programs to a defined contribution pension program on October 1, 2007. For this purpose, all these consolidated subsidiaries are scheduled to apply “Accounting Procedures for Shifting between Different Retirement Benefit Programs” (Corporate Accounting Standards Implementation Guidelines No. 1). The effect of this shift is projected to increase income before income taxes by 262 million yen (on an estimated basis) in the current fiscal year. ―――――	Seven consolidated subsidiaries (Tsuruhara Yoshii, SANUS, Koyo, Yamaguchi Toho, Ethos, Tokyo Research Center of Clinical Pharmacology, and Tokyo Clinical CRO) recognized the amount of accrual estimated at the end of the fiscal year under review to prepare for the payment of retirement benefits to employees. The accrual was based on the estimated amounts of retirement benefit liabilities and pension plan assets at the end of the fiscal year under review. Actuarial differences are prorated on a straight-line basis over a certain number of years (7 years or 10 years) within the average remaining service period of eligible employees when accrued during each fiscal year, and recognized as an expense over the fiscal years following that accrual. (Additional information) One consolidated subsidiary (Godo Toho) shifted all tax-qualified retirement annuity plans to a defined contributory pension program on October 1, 2006. For this purpose, this consolidated subsidiary applied “Accounting Procedures for Shifting between Different Retirement Benefit Programs” (Corporate Accounting Standards Implementation Guidelines No. 1). The effect of this shift was to reduce current net income before income taxes by 96 million yen. ―――――

Account	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
	(Additional Information) Pursuant to the resolutions of their respective general meetings of shareholders held during the interim term under review, the Company submitting interim consolidated financial statements and three consolidated subsidiaries (SANUS, Koyo, and Tsuruhara Yoshii) have discontinued their directors and corporate auditors retirement benefit programs, and issued the amounts payable, as of the conclusion of the general meetings of shareholders. Of the amount of accrued retirement benefits for directors and corporate auditors payable as of the conclusion of these general meetings of shareholders, 3 million yen is included in Current Liabilities under Other and 859 million yen in Long-Term Liabilities under Other.	―――――	―――――
(4) Method of Accounting for Significant Lease Transactions	Finance leases other than those where ownership of the leased property is deemed transferred to the lessee are accounted for in the same manner as standard lease transactions.	Same as in left column.	Same as in left column
(5) Other Important Items Underlying Preparation of Interim Consolidated Financial Statements (Consolidated Financial Statements)	① Amortization of Positive and Negative Goodwill Positive and negative goodwill are amortized in equal amounts over a period of five or ten years.	① Amortization of Positive and Negative Goodwill Same as in left column.	① Amortization of Positive and Negative Goodwill Same as in left column.
	② Method of Accounting for Consumption Taxes and Others Transactions subject to consumption tax are accounted for exclusive of consumption tax.	② Method of Accounting for Consumption Taxes and Others Same as in left column.	② Method of Accounting for Consumption Taxes and Others Same as in left column.
5. Definition of Cash in Interim Consolidated Statements of Cash Flows (Consolidated Statements of Cash Flows)	Cash consists of cash on hand, cash deposits withdrawable on demand, and short-term investments readily convertible into cash that bear only a minimum risk of changing in value, and which become due within three months following the date of acquisition.	Same as in left column.	Same as in left column.

(6) Changes in Basis of Consolidated Financial Statements

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
(Accounting Standards for Net Assets on Balance Sheet) (Partial Revision of Accounting Standards for Decreases in Treasury Stocks and Reserves) Effective from the fiscal year under review, the Company has applied "Accounting Standards for Presentation of Net Assets on the Balance Sheet" (issued by the Accounting Standards Board of Japan on December 9, 2005, ASBJ Statement No. 5), "Implementation Guidelines on Accounting Standards for Presentation of Net Assets on the Balance Sheet" (issued by the Accounting Standards Board of Japan on December 9, 2005, ASBJ Guideline No. 8), the revised "Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" (issued by the Accounting Standards Board of Japan on August 11, 2006, ASJB Statement No. 1), and "Implementation Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" (issued by the Accounting Standards Board of Japan on August 11, 2006, ASJB Statement No. 2). There was no impact on the Company's profit and loss due to these changes. The amount relevant to "total shareholders' equity" was valued at 67,701 million yen. Following the revision of the Regulations Concerning Interim Consolidated Financial Statements, Net Assets on the Interim Consolidated Balance Sheet in respect of the interim term under review is presented in compliance with the revised and current Regulations Concerning Interim Consolidated Financial Statements.	————	(Accounting Standards for Net Assets on Balance Sheet) (Partial Revision of Accounting Standards for Decreases in Treasury Stocks and Reserves) Effective from the fiscal year under review, the Company has applied "Accounting Standards for Presentation of Net Assets on the Balance Sheet" (issued by the Accounting Standards Board of Japan on December 9, 2005, ASBJ Statement No. 5), "Implementation Guidelines on Accounting Standards for Presentation of Net Assets on the Balance Sheet" (issued by the Accounting Standards Board of Japan on December 9, 2005, ASBJ Guideline No. 8), the revised "Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" (issued by the Accounting Standards Board of Japan on August 11, 2006, ASJB Statement No. 1), and "Implementation Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" (issued by the Accounting Standards Board of Japan on August 11, 2006, ASJB Statement No. 2). There was no impact on the Company's profit and loss due to these changes. The amount relevant to "total shareholders' equity" was valued at 71,048 million yen. Net assets on the consolidated balance sheet during the fiscal year under review were prepared in compliance with the revised and current Regulations Concerning Consolidated Financial Statements.

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
(Accounting Standards for Business Combinations) Effective from the interim term under review, the Company has applied “Accounting Standards for Business Combinations” (issued by the Business Accounting Council of Japan on October 31, 2003), “Accounting Standards for Business Divestitures” (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 7), and “Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures” (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Guidance No. 10). Changes in the presentation of interim consolidated financial statements resulting from the revisions in the Regulations Concerning Interim Consolidated Financial Statements are described below: (Consolidated Balance Sheet for the interim term) Effective from the interim term under review, consolidation adjustments are presented as goodwill or negative goodwill. Assets that had been included in intangible fixed assets as goodwill (*eigyoken*) are presented as goodwill (*noren*). (Consolidated Statements of Income for the interim term) Effective from this interim term under review, amortization of consolidation adjustments is presented as amortization of goodwill or amortization of negative goodwill. Expenses that had been included in depreciation as amortization of goodwill (*eigyoken*) are included in amortization of goodwill (*noren*). Consequently, operating income decreased by 342 million yen, but it had no impact on ordinary income. (Consolidated Statements of Cash Flows for the interim term) Effective from this interim term under review, amortization of consolidation adjustments is presented as amortization of goodwill or amortization of negative goodwill. Expenses that had been included in depreciation as amortization of goodwill (*eigyoken*) are included in amortization of goodwill (*noren*).	―	(Accounting Standards for Business Combinations) Effective from the fiscal year under review, the Company has applied “Accounting Standards for Business Combinations” (issued by the Business Accounting Council of Japan on October 31, 2003), “Accounting Standards for Business Divestitures” (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 7), and “Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures” (issued by the Accounting Standards Board of Japan on December 22, 2006, ASBJ Guidance No. 10). Changes in the presentation of consolidated financial statements resulting from the revisions in the Regulations Concerning Consolidated Financial Statements are described below: (Consolidated Balance Sheet) Effective from this fiscal year under review, consolidated adjustments are presented as goodwill or negative goodwill. Assets that had been included in intangible fixed assets as goodwill are presented as goodwill. (Consolidated Statements of Income) Effective from this fiscal year under review, the amortization of consolidation adjustments that had been presented as non-operating income until the preceding consolidated fiscal year, is now classified as “amortization expenses for goodwill” under selling, general and administrative expenses, and “amortization expenses for negative goodwill” under non-operating income. Consequently, operating income decreased by 668 million yen, but had no impact on ordinary income. The impact on segmental information is described where relevant. (Consolidated Statements of Cash Flows) Effective from this fiscal year under review, the amortization of consolidation adjustments is presented as amortization expenses for goodwill or those for negative goodwill. Expenses that had been included in depreciation as amortization for goodwill are now included in amortization expenses for goodwill.
(Accounting Standards for Stock Options) Effective from the interim term under review, the Company has applied “Accounting Standards for Share-based Payment” (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 8) and “Implementation Guidance on Accounting Standards for Share-based Payment” (issued by the Accounting Standards Board of Japan revised most recently on May 31, 2006, ASBJ Guidance No. 11). The effect of this application was to reduce operating income, ordinary income and interim net income before taxes by 5 million yen each. The impact on segmental information is described where relevant.	―	(Accounting Standards for Stock Options) Effective from the fiscal year under review, the Company has applied “Accounting Standard for Share-based Payment” (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 8) and “Implementation Guidance on Accounting Standard for Share-based Payment” (issued by the Accounting Standards Board of Japan revised on May 31, 2006, ASBJ Guidance No. 11). The effect of this application was to reduce operating income, ordinary income, and current net income before taxes by 21 million yen. The impact on segmental information is described where relevant.

(Change in Presentation Method)

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
―――――	―――――	(Consolidated Statements of Income) The description of "Information sales income" as an item in non-operating income that had been presented as "fee income" until the preceding consolidated fiscal year, was changed to clarify the details.

(Additional information)

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)
―――――	―――――	(Abolishment of System for Accrued Retirement Benefits for Directors and Corporate Auditors) The Company submitting consolidated financial statements and five consolidated subsidiaries (Tsuruhara Yoshii, Yakushin, SANUS, Godo Toho, and Koyo) have resolved at general shareholders meetings held during this fiscal year under review to abolish their systems for accrued retirement benefits for directors and corporate auditors, as of the end of those general meetings in order to terminate payment. The difference of 192 million yen between the balance of Accrued Retirement Benefits for Directors and Corporate Auditors and the amount payable at the time of the resolution to issue and terminate payments is included in Extraordinary Gains under Reversal of Accrued Retirement Benefits for Directors and Corporate Auditors. Honma Toho, Yamaguchi Toho, and Ogawa Toho have resolved at general shareholders meetings held during this fiscal year under review to make payments of retirement benefits to directors and corporate auditors upon their retirement. Regarding the amount to be paid as retirement benefits to directors and corporate auditors as of the end of said general meetings, 17 million yen was presented as "others" in current liabilities, and 1,162 million yen as "others" in fixed assets.

(7) Notes to Consolidated Financial Statement

(Consolidated balance sheet relation)

Interim Fiscal 2007 (as of Sep 30, 2006)

(Note 1) Accumulated depreciation of property, plant and equipment: 21,266 million yen

(Note 2) Assets pledged as collateral:

Classified assets pledged (million yen)		Liabilities secured by collateral (million yen)	
Time deposits Buildings Land Investment securities	392 2,438 5,470 2,495	Notes and accounts payable	24,832
Time deposits Buildings Land Investment securities	20 1,298 2,512 56	Short-term loans payable and long-term debt (including current portion of long-term debt due within one year)	1,528
Total	14,685	Total	26,361

(Note 3) Liabilities guaranteed

① Bank loans guaranteed

Alf	481million yen
Wakaba	417 million yen
Kanto Medical Service & 2 other cases	134 million yen
Total	1,033 million yen

② Accounts payable guaranteed

Kensho	575 million yen
Tsubasa	481 million yen
Total	1,056 million yen

③ Leases guaranteed

Kensho	0 million yen

(Note 4) The Company has been lending commitment agreements with 10 trading banks to facilitate efficient procurement of working funds.

Lending commitments	12,000 million yen
Balance borrowed	—million yen
Total remainder	12,000 million yen

(Note 5) Notes due at the end of the interim term
As for accounting methods for notes due at the end of the interim term, the final day of this interim term fell on a bank holiday, but notes due on this day were processed as settled on the due date. The value of notes due at the end of the interim term under review are given below:

Notes receivable	1,069 million yen
Notes payable	1,093 million yen

Interim Fiscal 2008 (as of Sep 30, 2007)

(Note 1) Accumulated depreciation of property, plant and equipment: 21,692 million yen

(Note 2) Assets pledged as collateral:

Classified assets pledged (million yen)		Liabilities secured by collateral (million yen)	
Time deposits Buildings Land Investment securities	371 2,397 5,400 2,562	Notes and accounts payable	25,875
Time deposits Buildings Land	20 1,470 2,405	Short-term loans payable and long-term debt (including current portion of long-term debt due within one year)	1,190
Total	14,628	Total	27,065

(Note 3) Liabilities guaranteed

① Bank loans guaranteed

Alf	286 million yen
Wakaba	357 million yen
Kanto Medical Service & 2 other cases	110 million yen
Total	754 million yen

② Accounts payable guaranteed

Kensho	588 million yen
Tsubasa	405 million yen
1 other cases	38 million yen
Total	1,032 million yen

③ Leases guaranteed

Kensho	0 million yen

(Note 4) The Company has been lending commitment agreements with 10 trading banks to facilitate efficient procurement of working funds.

Lending commitments	12,000 million yen
Balance borrowed	—million yen
Total remainder	12,000 million yen

(Note 5) Notes due at the end of the interim term.
As for accounting methods for notes due at the end of the interim term, the final day of this interim term fell on a bank holiday, but notes due on this day were processed as settled on the due date. The value of notes due at the end of the interim term under review are given below:

Notes receivable	740 million yen
Notes payable	261 million yen

Fiscal 2007 (as of Mar 31, 2007)

(Note 1) Accumulated depreciation of property, plant and equipment: 20,959 million yen

(Note 2) Assets pledged as collateral:

Classified assets pledged (million yen)		Liabilities secured by collateral (million yen)	
Time deposits Buildings Land Investment securities	387 2,428 5,443 2,977	Notes and accounts payable	23,422
Time deposits Buildings Land	20 1,343 2,503	Short-term loans payable and long-term debt (including current portion of long-term debt due within one year)	862
Total	15,105	Total	24,284

(Note 3) Liabilities guaranteed

① Bank loans guaranteed

Wakaba	387 million yen
Alf & 3 other cases	239 million yen
Total	626 million yen

② Accounts payable guaranteed

Kensho	494 million yen
Tsubasa	302 million yen
Total	796 million yen

(Note 4) The Company has been lending commitment agreements with 10 trading banks to facilitate efficient procurement of working funds.

Lending commitments	12,000 million yen
Balance borrowed	—million yen
Total remainder	12,000 million yen

(Note 5) Notes due at the end of the fiscal year
As for accounting methods for notes due at the end of the end of the fiscal year under review, the final day of this fiscal year fell on a bank holiday, but notes due on this day were processed as settled on the due date. The value of notes due at the end of the fiscal year under review are given below:

Notes receivable	971 million yen
Notes payable	315 million yen

(Notes to Consolidated Statements of Income)

<table>
<tr><th>Interim Fiscal 2007
(From Apr 1, 2006 to Sep 30, 2006)</th><th>Interim Fiscal 2008
(From Apr 1, 2007 to Sep 30, 2007)</th><th>Fiscal 2007
(From Apr 1, 2006 to Mar 31, 2007)</th></tr>
<tr>
<td>(Note 1) ＿＿＿＿＿</td>
<td>(Note 1) Gains on sales of fixed assets comprising:
<table>
<tr><td>Gain on sale of land</td><td>1 million yen</td></tr>
</table>
</td>
<td>(Note 1) Gains on sales of fixed assets comprising:
<table>
<tr><td>Gain on sale of buildings</td><td>27 million yen</td></tr>
<tr><td>Gain on sale of Vehicles and carries</td><td>0 million yen</td></tr>
<tr><td>Gain on sale of land</td><td>25 million yen</td></tr>
<tr><td>Total</td><td>52 million yen</td></tr>
</table>
</td>
</tr>
<tr>
<td>(Note 2) Losses on disposal of fixed assets comprise:
<table>
<tr><td>Loss on sale of buildings</td><td>24 million yen</td></tr>
<tr><td>Loss on sale of land</td><td>120 million yen</td></tr>
<tr><td>Loss on retirement of buildings</td><td>42 million yen</td></tr>
<tr><td>Loss on sale of equipment and fixtures</td><td>8 million yen</td></tr>
<tr><td>Total</td><td>196 million yen</td></tr>
</table>
</td>
<td>(Note 2) Losses on disposal of fixed assets comprise:
<table>
<tr><td>Loss on sale of buildings</td><td>6 million yen</td></tr>
<tr><td>Loss on sale of land</td><td>1 million yen</td></tr>
<tr><td>Loss on retirement of buildings</td><td>93 million yen</td></tr>
<tr><td>Loss on sale of equipment and fixtures</td><td>4 million yen</td></tr>
<tr><td>Total</td><td>106 million yen</td></tr>
</table>
</td>
<td>(Note 2) Losses on disposal of fixed assets comprise:
<table>
<tr><td>Loss on retirement of buildings</td><td>413 million yen</td></tr>
<tr><td>Loss on retirement of vehicles and carriers</td><td>2 million yen</td></tr>
<tr><td>Loss on sale of equipment and fixtures</td><td>31 million yen</td></tr>
<tr><td>Loss on sale of buildings</td><td>24 million yen</td></tr>
<tr><td>Loss on sale of land</td><td>130 million yen</td></tr>
<tr><td>Total</td><td>601 million yen</td></tr>
</table>
</td>
</tr>
<tr>
<td>(Note 3) Impairment losses
The Toho Pharmaceutical Group recognized impairment losses on the following asset groups during the interim term of fiscal year under review.
<table>
<tr><th>Location</th><th>Purpose</th><th>Class</th></tr>
<tr><td>Formemr Shibata Branch</td><td>Real estate unused</td><td>Land</td></tr>
</table>
The Toho Pharmaceutical Group identifies asset groups as being individual branches classified as real estate used for business purposes and as individual assets not used for business purposes that are classified as real estate unused.
The Group recognized an impairment loss of 11 million yen on land that suffered consecutive losses in value. It was classified as non-business-purpose real estate that was unused. The recoverable amount was measured on the basis of net sale price. It was based on an assessment supplied by a real estate appraiser, which proved insignificant, and so the property was assessed in reference to the fixed asset tax assessment.
</td>
<td>(Note 3) Impairment losses
The Toho Pharmaceutical Group recognized impairment losses on the following asset groups during the interim term of fiscal year under review.
<table>
<tr><th>Location</th><th>Purpose</th><th>Class</th></tr>
<tr><td>Ichioka Branch (Minato Ward, Osaka City, Osaka Prefecture)</td><td>Real estate for business use</td><td rowspan="2">Land and buildings</td></tr>
<tr><td>Nishi Ward, Hiroshima City, Hiroshima Prefecture</td><td>Real estate for rental use</td></tr>
<tr><td>Former Kitakyushu Branch, and 4 other sites</td><td>Real estate unused</td><td>Land</td></tr>
</table>
The Toho Pharmaceutical Group identifies asset groups as being individual sales offices, which are classified as real estate used for business purposes, and as being individual assets not used for business purposes, which are classified as real estate used for rental purposes and as real estate unused.
The Group reduced to the recoverable amount the book value of business-use real estate whose sale following office relocation was decided during the interim term under review, and recognized an impairment loss of 58 million yen on that real estate. It comprised 22 million yen on land and 35 million yen on building. The recoverable amount was measured on the basis of the scheduled sale price.
</td>
<td>(Note 3) Impairment losses
The Toho Pharmaceutical Group recognized impairment losses on the following asset groups during the fiscal year under review.
<table>
<tr><th>Location</th><th>Purpose</th><th>Class</th></tr>
<tr><td>Miyoshi Sales Branch (in Miyoshi City, Hiroshima Prefecture) and 4 other sites</td><td>Real estate for business use</td><td rowspan="2">Land and buildings</td></tr>
<tr><td>Konancho, Takamatsu City, Kagawa Prefecture, and 27 other sites</td><td>Real estate unused</td></tr>
<tr><td>—</td><td>—</td><td>Goodwill</td></tr>
</table>
The Toho Pharmaceutical Group identifies asset groups as being individual branches classified as real estate used for business purposes and as individual assets not used for business purposes that are classified as real estate unused.
The Group recognized impairment losses of 27 million yen on the real estate for business use that suffered consecutive losses in value. It comprised 7 million yen on land and 20 million yen on buildings. The Group measures recoverable amounts on the basis of net sales prices, which in this case proved insignificant and were substituted by tax assessments of fixed assets in estimating the recoverable amounts.
</td>
</tr>
</table>

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
	The Group reduced to the recoverable amount the book value of rental-use real estate whose sale was decided during the interim term under review, and recognized an impairment loss of 101 million yen on that real estate. It comprised 58 million yen on land and 42 million yen on building. The recoverable amount was measured on the basis of the scheduled sale price. The Group reduced to the recoverable amount the book value of land that was taken out of business use as a result of the combination and elimination of business-purpose real estate in connection with a business combination, and recognized an impairment loss of 65 million yen on that land. It was classified as non-business-purpose real estate that was unused. The recoverable amount was measured on the basis of net sale price. It was based on an assessment supplied by a real estate appraiser, which proved insignificant, and so the property was assessed in reference to the fixed asset tax assessment. The portion of assets scheduled for sale was measured on the basis of the scheduled sale price.	The Group recognized impairment losses of 255 million yen on real estate not used for business purposes that suffered consecutive losses in land value. It comprised 237 million yen on land and 17 million yen on buildings. The Group measures recoverable amounts on the basis of net sales prices. The recoverable amounts were based on assessments supplied by real estate appraisers, but some assets whose assessments proved insignificant were assessed in reference to tax assessments of fixed assets. The Group recognized impairment losses of 202 million yen on goodwill that suffered a significant decrease in actual value. The Group measures recoverable amounts on the basis of value for use, calculated by deducting 7.16% from future cash flow.

(Consolidated Statement of Changes in Shareholders' Equity)

Interim Term of Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

1. Types and total number of outstanding stocks, and types and number of treasury stocks

Types of stocks	No. of stocks as of end of fiscal 2006 (in thousand stocks)	No. of stocks increased during interim term of fiscal 2007 (in thousand stocks)	No. of stocks decreased during interim term of fiscal 2007 (in thousand stocks)	No. of stocks as of the end of this interim term (in thousand stocks)
Outstanding stocks				
Common stock (No 1)	53,157	6,061	—	59,219
Total	53,157	6,061	—	59,219
Treasury stock				
Common stocks (No 2)	1,097	1,153	—	2,251
Total	1,097	1,153	—	2,251

(Note) 1. The increase in the total number of outstanding common stocks (to 6,061,000) reflects the 5,841,000 newly issued stocks due to the stock swapping with Tsuruhara Yoshii and an increase of 220,000 stocks due to the conversion of warrant bonds to common stocks.

2. The increase in treasury stocks of common stocks (to 1,153,000) reflects an increase of 3,000 stocks due to the reacquisition of odd stocks, shareholdings of 41,000 shares by subsidiaries newly added to consolidation, and 1,109,000 stocks from reacquisition pursuant to board meeting resolutions.

2. Subscription rights to shares and treasury shares

Account	Details of subscription rights to shares	Types of subscription rights to shares	Number of subscription rights to shares (in thousand stock)				Balance at this interim term (million yen)
			End of fiscal 2006	Interim term of Fiscal 2007 (Increase)	Interim term of Fiscal 2007 (Decrease)	End of this interim term	
Toho Pharmaceutical Co., Ltd.	Yen-denominated convertible bonds with subscription rights to shares due October 2, 2009 (note 1)	Common stock	5,509	—	220	5,289	—
	Subscription rights to shares as stock options (note 2)	—	—	—	—	—	5
Consolidated subsidiaries	—	—	—	—	—	—	—
Total			5,509	—	220	5,289	5

(Note) 1. Yen-denominated convertible bonds with subscription rights to shares due October 2, 2009 were issued in compliance with the regulations stipulated in Article No. 341-2 of the former Commercial Code. The decrease during this term reflects the execution of subscription rights to shares. The subscription rights were issued without charge.

2. The first day of the period to exercise subscription rights to shares as stock options has yet to arrive.

3. Dividends

(1) Dividend Payment

Resolution	Type of shares	Total dividend amont (million yen)	Dividend per share	Record date	Effective date
Jun 29, 2006 Ordinary general meeting of sharehonders	Common stock	520	10	Mar 31, 2006	Jun 29, 2006

(2) Dividends whose record date falls within this interim period and whose effective date comes after the end of this interim period

Resolution	Type of shares	Total dividend amount (million yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Nov 9, 2006 Board of directors	Common stock	341	Retained earnings	6	Sep 30, 2006	Dec 8, 2006

Interim Term of Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

1. Types and total number of outstanding stocks, and types and number of treasury stocks

Types of stocks	No. of stocks as of end of fiscal 2007 (in thousand stocks)	No. of stocks increased during interim term of fiscal 2008 (in thousand stocks)	No. of stocks decreased during interim term of fiscal 2008 (in thousand stocks)	No. of stocks as of the end of this interim term (in thousand stocks)
Outstanding stocks				
Common stock	59,219	—	—	59,219
Total	59,219	—	—	59,219
Treasury stock				
Common stocks (Note)	2,253	1,001	—	3,255
Total	2,253	1,001	—	3,255

(Note) The increase of 1,001,000 common shares in treasury stock comprises an increase of 1,000 shares due to the reacquisition of odd stock and 1,000,000 shares reacquired pursuant to the resolution of the Board of Directors.

2. Subscription rights to shares and treasury shares

Account	Details of subscription rights to shares	Types of subscription rights to shares	Number of subscription rights to shares (in thousand stock)				Balance at this interim term (million yen)
			End of fiscal 2007	Interim term of Fiscal 2008 (Increase)	Interim term of Fiscal 2008 (Decrease)	End of this interim term	
Toho Pharmaceutical Co., Ltd.	Yen-denominated convertible bonds with subscription rights to shares due October 2, 2009 (note 1)	Common stock	5,289	—	—	5,289	—
	Subscription rights to shares as stock options (note 2)	—	—	—	—	—	38
Consolidated subsidiaries	—	—	—	—	—	—	—
Total			5,289	—	—	5,289	38

(Notes) 1. Yen-denominated convertible bonds with subscription rights to shares due October 2, 2009 were issued in compliance with the regulations stipulated in Article No. 341-2 of the former Commercial Code. The subscription rights were issued without charge.

2. The first day of the period to exercise subscription rights to shares as stock options has yet to arrive.

3. Dividends

(1) Dividend Payment

Resolution	Type of shares	Total dividend amont (million yen)	Dividend per share (yen)	Record date	Effective date
May 18, 2007 Board of directors	Common stock	341	6	Mar 31, 2007	Jun 29, 2007

(2) Dividends whose record date falls within this interim period and whose effective date comes after the end of this interim period

Resolution	Type of shares	Total dividend amount (million yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Nov 8, 2007 Board of directors	Common stock	447	Retained earnings	8	Sep 30, 2007	Dec 10, 2007

Fiscal 2007 (From April 1, 2006 to March 31, 2007)

1. Types and total number of outstanding stocks, and types and number of treasury stocks

Types of stocks	No. of stocks as of end of fiscal 2006 (in thousand stocks)	No. of stocks increased during fiscal 2007 (in thousand stocks)	No. of stocks decreased during fiscal 2007 (in thousand stocks)	No. of stocks as of the end of this term (in thousand stocks)
Outstanding stocks				
Common stocks (Note 1)	53,157	6,061	—	59,219
Total	53,157	6,061	—	59,219
Treasury stock				
Common stocks (Note 2)	1,097	1,156	—	2,253
Total	1,097	1,156	—	2,253

(Notes) 1. The increase in the total number of outstanding common stocks (to 6,061,000) reflects the 5,841,000 newly issued stocks due to the stock swapping with Tsuruhara Yoshii and an increase of 220,000 stocks due to the conversion of warrant bonds to common stocks.

2. The increase in treasury stocks of common stocks (to 1,156,000) reflects an increase of 6,000 stocks due to the reacquisition of odd stocks, shareholdings of 41,000 shares by subsidiaries newly added to consolidation, and 1,109,000 stocks from reacquisition pursuant to board meeting resolutions.

2. Subscription rights to shares and treasury shares

Account	Details of subscription rights to shares	Types of subscription rights to shares	Number of subscription rights to shares (in thousand stock)				Balance at end of this term (million yen)
			End of fiscal 2006	Fiscal 2007 (Increase)	Fiscal 2007 (Decrease)	End of this term	
Toho Pharmaceutical Co., Ltd.	Yen-denominated convertible bonds with subscription rights to shares due October 2, 2009 (Note 1)	Common stock	5,509	—	220	5,289	—
	Subscription rights to shares as stock options (Note 2)	—	—	—	—	—	21
Consolidated subsidiaries	—	—	—	—	—	—	—
Total			5,509	—	220	5,289	21

(Notes) 1. Yen-denominated convertible bonds with subscription rights to shares due October 2, 2009 were issued in compliance with the regulations stipulated in Article No. 341-2 of the former Commercial Code. The decrease during this term reflects the execution of subscription rights to shares. The subscription rights were issued without charge.

2. The first day of the period to exercise subscription rights to shares as stock options has yet to arrive.

3. Dividends

(1) Dividend Payment

Resolution	Type of shares	Total dividend amount (million yen)	Dividend per share (yen)	Record date	Effective date
June 29, 2006 Ordinary general meeting of shareholders	Common stock	520	10	March 31, 2006	Jun 29, 2006
November 9, 2006 Board of directors	Common stock	341	6	September 30, 2006	December 8, 2006

(2) Dividend whose record date falls within this term and whose effective date comes in the next term

Resolution	Type of shares	Total dividend amount (million yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
May 18, 2007 Board of directors	Common stock	341	Retained earnings	6	March 31, 2007	June 29, 2007

(Notes to Interim Consolidated Statements of Cash Flows)

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
(Note) Reconciliation between cash and cash equivalents at the end of the interim term and amounts of related accounts in Interim Consolidated Balance Sheet (As of Sep 30, 2006) Million yen Cash on hand and on deposit 36,464 Time deposits maturing beyond three months of deposit -1,055 Short-term investments (investment securities) becoming due within three months of acquisition 1,996 Cash and cash equivalents 37,405	(Note) Reconciliation between cash and cash equivalents at the end of the interim term and amounts of related accounts in Interim Consolidated Balance Sheet (As of Sep 30, 2007) Million yen Cash on hand and on deposit 25,845 Time deposits maturing beyond three months of deposit -997 Short-term investments (investment securities) becoming due within three months of acquisition 1,497 Cash and cash equivalents 26,345	(Note) Reconciliation between cash and cash equivalents at the end of the fiscal year and amounts of related accounts in Consolidated Balance Sheet (As of Mar 31, 2007) Million yen Cash on hand and on deposit 42,449 Time deposits maturing beyond three months of deposit -1,016 Short-term investments (investment securities) becoming due within three months of acquisition 1,996 Cash and cash equivalents 43,429

(Segmental Information)

1. Segmental Information according to Types of Business

Interim Term of Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

	Pharmaceutical (million yen)	Information Processing (million yen)	CRO and SMO (million yen)	Total (million yen)	Eliminations or corporate (million yen)	Consolidated (million yen)
Net sales						
(1) Net sales to external customers	377,125	30	484	377,640	—	377,640
(2) Inter-segment internal net sales or transfers	52	445	—	497	(497)	—
Total	377,178	475	484	378,138	(497)	377,640
Operating expense	372,019	455	537	373,011	(94)	372,917
Operating income	5,158	19	-52	5,126	(403)	4,722

Interim Term of Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	Information Processing (million yen)	CRO and SMO (million yen)	Total (million yen)	Eliminations or corporate (million yen)	Consolidated (million yen)
Net sales							
(1) Net sales to external customers	384,143	6,494	24	387	391,050	—	391,050
(2) Inter-segment internal net sales or transfers	2,283	—	416	—	2,700	(2,700)	—
Total	386,427	6,494	441	387	393,751	(2,700)	391,050
Operating expense	381,784	6,129	399	417	388,731	(2,350)	386,380
Operating income	4,642	365	41	−30	5,019	(349)	4,669

Fiscal 2007 (from April 1, 2006 to March 31, 2007)

	Pharmaceutical (million yen)	Information Processing (million yen)	CRO and SMO (million yen)	Total (million yen)	Eliminations or corporate (million yen)	Consolidated (million yen)
Net sales						
(1) Net sales to external customers	772,385	89	960	773,436	—	773,436
(2) Inter-segment internal net sales or transfers	103	882	—	986	(986)	—
Total	772,489	972	960	774,422	(986)	773,436
Operating expense	762,335	918	1,042	764,296	(195)	764,101
Operating income	10,153	53	−81	10,126	(791)	9,335

Reclassification and Renaming of Business Operations

Up until this point, the Company dealings with dispensing pharmacies were classified into the segment called Pharmaceutical, but both their net sales and operating income have grown to levels grown to levels considered to be significant, so these operations are reclassified effective with the first quarter of the current fiscal year.

This reclassification involves the renaming of Pharmaceutical to Pharmaceutical Wholesaling.

Under the same classification system that applies to the first quarter under review, the first-quarter and full-year Segmental Information according to Types of Business during the preceding fiscal year is restated as follows:

Interim Term of Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	Information Processing (million yen)	CRO and SMO (million yen)	Total (million yen)	Eliminations or corporate (million yen)	Consolidated (million yen)
Net sales							
(1) Net sales to external customers	371,296	5,829	30	484	377,640	—	377,640
(2) Inter-segment internal net sales or transfers	2,046	—	445	—	2,491	(2,491)	—
Total	373,342	5,829	475	484	380,131	(2,491)	377,640
Operating expense	368,298	5,714	455	537	375,005	(2,088)	372,917
Operating income	5,044	114	19	-52	5,126	(403)	4,722

Fiscal 2007 (from April 1, 2006 to March 31, 2007)

	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	Information Processing (million yen)	CRO and SMO (million yen)	Total (million yen)	Eliminations or corporate (million yen)	Consolidated (million yen)
Net sales							
(1) Net sales to external customers	760,140	12,245	89	960	773,436	—	773,436
(2) Inter-segment internal net sales or transfers	4,281	—	882	—	5,164	(5,164)	—
Total	764,422	12,245	972	960	778,600	(5,164)	773,436
Operating expense	754,713	11,800	918	1,042	768,474	(4,373)	764,101
Operating income	9,708	445	53	-81	10,126	(791)	9,335

(Notes) 1. Business operations are segmented according to the types of products sold and services provided.

2. Major operations of each business segment:

(1) Pharmaceutical Wholesaling... Sales of pharmaceuticals, narcotics, reagents, etc., and sales of medical devices,

(2) Dispensing Pharmacy............. National Health Insurance pharmacies, home medical care services, and sales of pharmaceuticals

(3) Information Processing........... Information processing and development and sales of computer applied technology

(4) CRO and SMO....................... SMO and CRO services

3. Operating Expenses Allocatable Nowhere but in Eliminations or Corporate

	Interim term of Fiscal 2007 (million yen)	Interim term of Fiscal 2008 (million yen)	Fiscal 2007 (million yen)	Major operations
Amount of non-allocatable operating expenses included in Eliminations or Corporate	424	411	830	Expenses incurred in the administration division, including general affairs and accounting, of the Company submitting Consolidated Financial Statements (Interim Consolidated Financial Statements)

4. Changes in accounting policy

Interim Term of Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

As stipulated in "The Basis of Presenting Interim Consolidated Financial Statements 4. Accounting Principles (3) Principles for Accounting for Significant Allowances and Reserves ③ Accrued Retirement Benefits for Directors and Corporate Auditors," effective from the interim term under review, the Company has applied "Accounting Standards for Director Bonuses" (issued by the Accounting Standards Board of Japan on November 29, 2005, ASBJ Statement No. 4). The effect of this application was to increase operating expenses by 32 million yen and reduce operating income by the same amount in this interim term for pharmaceutical operations.

As stipulated in "Changes in the Basis of Presenting Interim Consolidated Financial Statements" (Accounting Standards for Stock Options), effective from the interim term under review, the Company has applied "Accounting Standards for Share-based Payments" (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 8) and "Implementation Guidance on Accounting Standards for Share-based Payments" (issued by the Accounting Standards Board of Japan and revised most recently on May 31, 2006, ASBJ Guidance No. 11). The effect of this application was to increase operating expenses by 5 million yen and to reduce operating income by the same amount in this interim term for pharmaceutical operations.

Interim Term of Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

As stipulated in "The Basis of Presenting Interim Consolidated Financial Statements 4. Accounting Principles (2) Method of Depreciation of Significant Depreciable Assets ① Property, Plants, and Equipment," effective from the interim term under review, the Company has changed methods for the depreciation of tangible fixed assets. The impact on income as a result of this change was insignificant.

Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)

As stipulated in "The Basis of Presenting Consolidated Financial Statements 4. Accounting Principles (4) Principles for Accounting for Significant Allowances and Reserves ③ Accrued Retirement Benefits for Directors and Corporate Auditors," effective from the fiscal year under review, the Company has applied "Accounting Standards for Director Bonuses" (issued by the Accounting Standards Board of Japan on November 29, 2005, ASBJ Statement No. 4). The effect of this application was to increase operating expenses by 92 million yen and reduce operating income by the same amount in this consolidated fiscal year for pharmaceutical operations.

Effective from the fiscal year under review, the Company has applied "Accounting Standards for Business Combinations" (issued by the Business Accounting Council of Japan on October 31, 2003), "Accounting Standards for Business Divestitures" (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 7), and "Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures" (issued by the Accounting Standards Board of Japan and revised most recently on December 22, 2006, ASBJ Guidance No. 10). The effect of this application was to increase operating expenses by 666 million yen and reduce operating income by the same amount in this consolidated fiscal year for pharmaceutical operations. In addition, the effect of this application was to increase operating expenses by 2 million yen and reduce operating income by the same amount for CRO and SMO operations.

As stipulated in "Changes in the Basis of Presenting Consolidated Financial Statements" (Accounting Standards for Stock Options), effective from the fiscal year under review, the Company has applied "Accounting Standards for Share-based Payments" (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 8) and "Implementation Guidance on Accounting Standards for Share-based Payments" (issued by the Accounting Standards Board of Japan and revised most recently on May 31, 2006, ASBJ Guidance No. 11). The effect of this application was to increase operating expenses by 21 million yen and reduce operating income by the same amount in this consolidated fiscal year for pharmaceutical operations.

2 Segmental Information according to Geographical Locations

Interim Term of Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

This disclosure is not applicable, because all the Group's consolidated subsidiaries are located in Japan.

Interim Term of Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

This disclosure is not applicable, because all the Group's consolidated subsidiaries are located in Japan.

Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)

This disclosure is not applicable, because all the Group's consolidated subsidiaries are located in Japan.

3 Overseas Sales

Interim Term of Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

This disclosure is not applicable, because the Group generates no sales outside Japan.

Interim Term of Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

This disclosure is not applicable, because the Group generates no sales outside Japan.

Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)

This disclosure is not applicable, because the Group generates no sales outside Japan.

(Notes to Leases Transactions)

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

Lease transactions other than those in which the ownership of the leased property is deemed to be transferred to the lessee

(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the interim term:

	Presumed acquisition cost (million yen)	Presumed accumulated depreciation (million yen)	Presumed balance at the end of the year (million yen)
Vehicles and carriers	28	18	9
Equipment and fixtures	6,251	2,854	3,396
Intangible fixed assets (software)	41	10	30
Total	6,320	2,883	3,437

(2) Presumed interim balance of unaccrued lease payments and others:

Presumed interim balance of unaccrued lease payments

Within one year	992million yen
One year or more	2,480 million yen
Total	3,473 million yen

(3) Lease payments, transfer of impairment losses on lease assets, presumed depreciation, presumed interest expense, and impairment loss:

Lease payment	507 million yen
Presumed depreciation	485 million yen
Presumed interest expense	22 million yen

(4) Method of calculating presumed depreciation

Calculated on a straight-line basis assuming the lease period to be the useful life and the residual value diminishing to zero.

(5) Method of calculating presumed interest expense

Calculated by assuming the difference between total lease payment and leased property's presumed acquisition cost as the presumed interest allocated to each of the years covered by the interest method.

(Impairment loss)

No impairment loss attributable to lease assets was recognized.

Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

Lease transactions other than those in which the ownership of the leased property is deemed to be transferred to the lessee

(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the interim term:

	Presumed acquisition cost (million yen)	Presumed accumulated depreciation (million yen)	Presumed balance at the end of the year (million yen)
Vehicles and carriers	43	14	29
Equipment and fixtures	6,558	3,013	3,544
Intangible fixed assets (software)	62	14	48
Total	6,664	3,042	3,621

(2) Presumed interim balance of unaccrued lease payments and others:

Presumed interim balance of unaccrued lease payments

Within one year	1,010 million yen
One year or more	2,666 million yen
Total	3,676 million yen

(3) Lease payments, transfer of impairment losses on lease assets, presumed depreciation, presumed interest expense, and impairment loss:

Lease payment	595 million yen
Presumed depreciation	563 million yen
Presumed interest expense	40 million yen

(4) Method of calculating presumed depreciation

Same as in left column.

(5) Method of calculating presumed interest expense

Same as in left column.

(Impairment loss)

Same as in left column.

Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)

Lease transactions other than those in which the ownership of the leased property is deemed to be transferred to the lessee

(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the fiscal year:

	Presumed acquisition cost (million yen)	Presumed accumulated depreciation (million yen)	Presumed balance at the end of the year (million yen)
Vehicles and carriers	28	20	8
Equipment and fixtures	7,088	3,428	3,659
Intangible fixed assets (software)	68	14	53
Total	7,184	3,463	3,721

(2) Presumed year-end balance of unaccrued lease payments and others:

Presumed year-end balance of unaccrued lease payments

Within one year	997 million yen
One year or more	2,768 million yen
Total	3,766 million yen

(3) Lease payments, transfer of impairment losses on lease assets, presumed depreciation, presumed interest expense, and impairment loss:

Lease payment	1,132 million yen
Presumed depreciation	1,078 million yen
Presumed interest expense	64 million yen

(4) Method of calculating presumed depreciation

Same as in left column.

(5) Method of calculating presumed interest expense

Same as in left column.

(Impairment loss)

Same as in left column.

(Notes to Marketable Securities)

End of Interim Term of Fiscal 2007 (September 30, 2006)

1. Held-to-maturity bonds with available fair market values

	Consolidated balance sheet value (million yen)	Market value (million yen)	Difference (million yen)
(1) Government and municipal bonds	—	—	—
(2) Corporate bonds	300	253	Δ46
(3) Others	—	—	—
Total	300	253	Δ46

2. Available-for-sale securities with available fair market values

	Acquisition cost (million yen)	Consolidated balance sheet value (million yen)	Difference (million yen)
(1) Stocks	6,322	15,631	9,308
(2) Bonds			
Government and municipal bonds	—	—	—
Corporate bonds	—	—	—
Others	—	—	—
(3) Others	62	65	3
Total	6,384	15,697	9,312

(Note) Available-for-sale securities with available fair market values at the end of the interim term under review are not adjusted for impairments.
An impairment adjustment is applied if the market value at the end of the interim term is more than about 50% lower than the acquisition cost. If the market value is about 30% to 50% lower than the acquisition cost, an impairment adjustment is applied provided that the average of all end-of-month market values during the past year proves to be more than 30% lower than the acquisition cost.

3. Major securities instruments with no available fair market value

	Consolidated balance sheet value (million yen)
Available-for-sale securities	
Unlisted stocks	11,157
Money trusts	1,500
Money management funds	496
Total	13,153

(Note) Stocks with no available fair market value at the end of the interim term under review are not adjusted for impairments.
Unless evidence is found that the effective value of stock may recover the acquisition cost, a decline of more than 50% in the per-share net assets of the issuer of stock at the end of its most recent fiscal year compared with the per-share acquisition cost requires the application of an impairment adjustment.

End of Interim Term of Fiscal 2008 (September 30, 2007)

1. Held-to-maturity bonds with available fair market values

	Consolidated balance sheet value (million yen)	Market value (million yen)	Difference (million yen)
(1) Government and municipal bonds	—	—	—
(2) Corporate bonds	1,300	1,243	Δ56
(3) Others	—	—	—
Total	1,300	1,243	Δ56

2. Available-for-sale securities with available fair market values

	Acquisition cost (million yen)	Consolidated balance sheet value (million yen)	Difference (million yen)
(1) Stocks	6,488	15,291	8,802
(2) Bonds			
Government and municipal bonds	—	—	—
Corporate bonds	—	—	—
Others	—	—	—
(3) Others	61	62	1
Total	6,550	15,354	8,804

(Note) Acquisition costs at the end of the interim term under review are adjusted for impairments of 2 million yen.
An impairment adjustment is applied if the market value at the end of the interim term is more than about 50% lower than the acquisition cost. If the market value is about 30% to 50% lower than the acquisition cost, an impairment adjustment is applied provided that the average of all end-of-month market values during the past year proves to be more than 30% lower than the acquisition cost.

3. Major securities instruments with no available fair market value

	Consolidated balance sheet value (million yen)
Available-for-sale securities	
Unlisted stocks	11,042
Unlisted Bonds	461
Money trusts	1,000
Money management funds	497
Total	13,001

(Note) Stocks with no available fair market value at the end of the interim term under review are adjusted for impairments of 1 million yen.
Unless evidence is found that the effective value of stock may recover the acquisition cost, a decline of more than 50% in the per-share net assets of the issuer of stock at the end of its most recent fiscal year compared with the per-share acquisition cost requires the application of an impairment adjustment.

End of Fiscal 2007 (March 31, 2007)

1. Held-to-maturity bonds with available fair market values

	Consolidated balance sheet value (million yen)	Market value (million yen)	Difference (million yen)
(1) Government and municipal bonds	—	—	—
(2) Corporate bonds	1,300	1,244	Δ55
(3) Others	—	—	—
Total	1,300	1,244	-55

2. Available-for-sale securities with available fair market values

	Acquisition cost (million yen)	Consolidated balance sheet value (million yen)	Difference (million yen)
(1) Stocks	6,449	16,181	9,732
(2) Bonds			
Government and municipal bonds	—	—	—
Corporate bonds	—	—	—
Others	—	—	—
(3) Others	61	64	3
Total	6,510	16,246	9,735

(Note) Acquisition costs at the end of the fiscal year under review are adjusted for impairments of 11 million yen.
An impairment adjustment is applied if the market value at the end of the fiscal year is more than about 50% lower than the acquisition cost. If the market value is about 30% to 50% lower than the acquisition cost, an impairment adjustment is applied provided that the average of all end-of-month market values during the past year proves to be more than 30% lower than the acquisition cost.

3. Major securities instruments with no available fair market value

	Consolidated balance sheet value (million yen)
Available-for-sale securities	
Unlisted stocks	11,153
Money trusts	1,500
Money management funds	496
Total	13,150

(Note) Stocks with no available fair market value at the end of the fiscal year under review are adjusted for impairments of 0 million yen.
Unless evidence is found that the effective value of stock may recover the acquisition cost, a decline of more than 50% in the per-share net assets of the issuer of stock at the end of its most recent fiscal year compared with the per-share acquisition cost requires the application of an impairment adjustment.

(Notes to Derivatives Transactions)

End of Interim Term of Fiscal 2007 (September 30, 2006)

The Toho Pharmaceutical Group uses derivatives transactions (swap transactions), but their disclosure is omitted because all qualify for the application of hedge accounting (the special accounting rule).

End of Interim Term of Fiscal 2008 (September 30, 2007)

The Toho Pharmaceutical Group uses derivatives transactions (swap transactions), but their disclosure is omitted because all qualify for the application of hedge accounting (the special accounting rule).

End of Fiscal 2007 (March 31, 2007)

The Toho Pharmaceutical Group uses derivatives transactions (swap transactions), but their disclosure is omitted because all qualify for the application of hedge accounting (the special accounting rule).

(Notes to Stock Options)

Interim term of fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

Cost recognition and classification of stock options in this interim term under review

Selling, general and administrative expenses - Directors' salaries and employees' salaries and allowances

5 million yen

Interim term of fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

1. Recorded cost and account item in this interim term under review

Selling, general and administrative expenses "Directors' salaries and employees' salaries and allowances"

16 million yen

2. Details and size of stock options

Name of company	Toho Pharmaceutical Co., Ltd.
Date of resolution	July 20, 2006
Category and number of entitled persons	The Company's directors 24
Type and number of shares granted	Common stock 150,000 shares
Date granted	August 7, 2006
Conditions for proper allotment	Possible to exercise rights on or after July 20, 2008.
Tenure for entitlement	From Aug 8, 2006 to Jul 19, 2007
Exercise period	From July 1, 2008 to June 30, 2011
Exercise price (yen)	2,429
Unit price in fair evaluation on date granted (yen)	418

Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)

1. Recorded cost and account item in this consolidated fiscal year
   Selling, general and administrative expenses "Directors' salaries and employees' salaries and allowances"
   21 million yen
2. Details, size and changes in stock options
(1) Details of stock options

Name of company	Toho Pharmaceutical Co., Ltd.
Date of resolution	July 20, 2006
Category and number of entitled persons	The company's directors 24
Type and number of shares granted	Common stock 150,000 sahres
Date granted	August 7, 2006
Conditions for proper allotment	Possible to exercise rights on or after July 20, 2008.
Tenure for entitlement	From August 8, 2006 to July 19, 2008
Exercise period	From July 1, 2008 to June 30, 2011

(2) Size and changes in stock options
① Number of stock options

Company name	Toho Pharmaceutical Co., Ltd.
Date of resolution	July 20, 2006
Before proper allotment	
At beginning of the term (shares)	—
Granted (shares)	150,000
Lapsed (shares)	—
Proper allotment (shares)	—
Pending balance (shares)	150,000
After expiration date	
At beginning of the term (shares)	—
Proper allotment (shares)	—
Exercised (shares)	—
Lapsed (shares)	—
Unexercised (shares) Unexercised (shares)	—

② Information on unit price

Company came	Toho Pharmaceutical Co., Ltd.
Date of resolution	July 20, 2006
Exercise price (yen)	2,429
Average price during exercise (yen)	—
Unit price in fair evaluation on date granted (yen)	418

3. Method of estimation for fair evaluation of unit price for stock options granted this consolidated fiscal year
(1) Applied calculation method
   Black-Scholes method
(2) Major basic figures applied and method of estimation

Stock price volatility (note 1)	40.6%
Estimated remaining period (note 2)	3.40 years
Estimated dividend (note 3)	12 yen per Shares
Risk-free interest rate (note 4)	0.97%

(Note) 1. Calculated based on actual stock prices from March 13, 2003 to August 7, 2006.
2. Due to difficulties in rational estimation, the period was set from the date of proper allotment to the date in the middle of the exercise period.
3. This is based on the dividend scheduled for the fiscal year ended March 2007.
4. From the secondary-market interest rates of long-term, interest-bearing government bonds (10 years) and mid-term interest-bearing government bonds (2 years) on the date of proper allotment (August 7, 2006), the yield was prorated in proportion to the estimated remaining period (3.40 years) and converted into a continuously compounded yield.

4. Method of estimating number of proper allotment for stock options
   Due to basic difficulties in rational estimation of the number of rights to lapse in future, the method applied only uses the number of actually lapsed rights.

(Notes to Business Combinations)

Interim Term of Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

• Corporate Acquisitions by Stock Swapping

1. Acquired company's name, business lines, reason for business combination, date of business combination, legal form of business combination, corporate name after business combination and ratio of acquired voting rights
   (1) Acquired company's name and business lines
       Tsuruhara Yoshii Pharmaceutical wholesaling
   (2) Main reason for business combination
       Upon consideration of pharmaceutical market trends and the future orientation of the industry, it was judged necessary to further strengthen business ties and to promote swift cooperation.
   (3) Date of business combination
       April 1, 2006
   (4) Legal form of business combination
       Stock swapping
   (5) Corporate name after business combination
       Toho Pharmaceutical Co., Ltd.
   (6) Ratio of acquired voting rights
       96.5%
2. Period for which acquired company's results of operations are included in interim consolidated financial statements
       From April 1, 2006 to March 31, 2007
3. Acquisition costs for acquired company and their breakdown

Acquisition price	
Stocks of Toho Pharmaceutical	9,083 million yen
Payment directly required for the acquisition	
Stock-i ssuing expenses etc.	12 million yen
Acquisition costs	9,096 million yen

4. Types of stocks, exchange ratio, calculation method, number of exchanged stocks and evaluation value
   (1) Types of stocks and exchange ratio
       Common stock Toho Pharmaceutical 1: Tsuruhara Yoshii 0.58
   (2) Calculation method for exchange ratio
       Based on stock swapping ratio calculation statements prepared by a third party in discretely adopting the adjusted net asset value method, present value-based property appraisal for Tsuruhara Yoshii, and the average current cost method for Toho Pharmaceutical, the method of calculating the swapping ratio was determined in discussions between both sides.
   (3) Number of exchanged stocks and evaluation value
       5,841,470 stocks 9,083 million yen
5. Amount, cause, amortization method and amortization period of accrued goodwill or negative goodwill
   (1) Value of goodwill 1,505 million yen
   (2) Cause
       Accrued after rational estimation of future excess profitability.
   (3) Amortization method and amortization period
       The goodwill will be amortized over ten years in equal amounts.
6. Assets and liabilities accepted on the date of business consolidation and the main details
   (1) Assets

Cash and cash equivalents	980 million yen
Accounts receivable	10,369 million yen
Inventories	2,518 million yen
Land	2,173 million yen
Investments in securities	1,447 million yen
Others	3,055 million yen
Total	20,545 million yen

(2) Liabilities

Notes payable	2,273 million yen
Accounts receivable	10,681 million yen
Others	1,240 million yen
Total	14,195 million yen

7. Estimated amounts that would affect the interim consolidated statement of income for this interim term assuming that the business combination is complete at the beginning of the interim term:

Since the consolidation started from the beginning of this interim term, the assumption would have no impact on the interim consolidated statement of income.

• Corporate acquisition by acquiring funds

1. Acquired company's name, business lines, reason for business combination, date of business combination, legal form of business combination, corporate name after business combination and ratio of acquired voting rights
   (1) Acquired company's name and business lines
   Toyaku Operation of dispensing pharmacies
   (2) Main reason for business combination
   The Company conducted the business execution in order to expand dispensing pharmacy business.
   (3) Date of business combination
   April 3, 2006
   (4) Legal form of business combination
   Acquisition
   (5) Corporate name after business combination
   Toho Pharmaceutical Co., Ltd
   (6) Ratio of acquired voting rights
   60.61%
2. Period for which acquired company's results of operations are included in interim consolidated financial statements
   From April 1, 2006 to Sep 30, 2006
3. Acquisition costs for acquired company and their breakdown

Acquisition price	
Cash	1,875 million yen
Payment directly required for the acquisition	—
Acquisition costs	1,875 million yen

4. Amount, cause, amortization method and amortization period of accrued goodwill or negative goodwill
   (1) Value of goodwill 1,830 million yen
   (2) Cause
   Accrued after rational estimation of future excess profitability.
   (3) Amortization method and amortization period
   The goodwill will be amortized over ten years in equal amounts.
5. Assets and liabilities accepted on the date of business consolidation and the main details
   (1) Assets

Cash and cash equivalents	53 million yen
Accounts receivable	456 million yen
Inventories	158 million yen
Buildings and structures	98 million yen
Others	144 million yen
Total	911 million yen

   (2) Liabilities

Accounts payable	548 million yen
Long-term debt	214 million yen
Others	74 million yen
Total	837 million yen

6. Estimated amounts that would affect the interim consolidated statement of income for this interim term assuming that the business combination is complete at the beginning of the interim term:
   Since the consolidation started from the beginning of this interim term, the assumption would have no impact on the interim consolidated statement of income.

Interim Term of Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

• Corporate acquisition by acquiring funds

1. Acquired company's name, business lines, reason for business combination, date of business combination, legal form of business combination, corporate name after business combination and ratio of acquired voting rights
   (1) Acquired company's name and business lines
      Chuoh Medical　　Operation of dispensing pharmacies
   (2) Main reason for business combination
      The Company conducted the business execution in order to expand dispensing pharmacy business.
   (3) Date of business combination
      July 31, 2007
   (4) Legal form of business combination
      Acquisition
   (5) Corporate name after business combination
      Toho Pharmaceutical Co., Ltd
   (6) Ratio of acquired voting rights
      60.61%
2. Period for which acquired company's results of operations are included in interim consolidated financial statements
   The acquired company's results of operations are not consolidated because the company is deemed to be acquired at the end of this interim term.
3. Acquisition costs for acquired company and their breakdown

Acquisition price	
Cash	2,000 million yen
Payment directly required for the acquisition	—
Acquisition costs	2,000 million yen

4. Amount, cause, amortization method and amortization period of accrued goodwill or negative goodwill
   (1) Value of goodwill　　1,813 million yen
   (2) Cause
      Accrued after rational estimation of future excess profitability.
   (3) Amortization method and amortization period
      The goodwill will be amortized over ten years in equal amounts.
5. Assets and liabilities accepted on the date of business consolidation and the main details
   (1) Assets

Cash and cash equivalents	475 million yen
Accounts receivable	565 million yen
Inventories	135 million yen
Buildings and structures	444 million yen
Lands	172 million yen
Others	188 million yen
Total	1,982 million yen

   (2) Liabilities

Accounts payable	526 million yen
Corpodate bonds	300 million yen
Long-term debt	593 million yen
Others	207 million yen
Total	1,627 million yen

6. Estimated amounts that would affect the interim consolidated statement of income for this interim term assuming that the business combination is complete at the beginning of the interim term:

Net sales and income information

Net sales	2,031 million yen
Operating income	-38 million yen
Ordinary income	-71 million yen
Income before income tax	-132 million yen
Net income	-84 million yen
Net income per share	-1.49yen

(Method and important assumptions used for calculating estimated amounts)

The estimates are calculated on the basis of Chuoh Medical's net sales and income during the period from April 1, 2007 to September 30, 2007 plus six months' goodwill amortization and minority interests in income. Chuoh Medical's income from April 1, 2007 to September 30, 2007 reflects adjustments as a result of the reconciliation of accounting policies involved in the business combination.

The information in the note above is not covered by the auditor's report.

Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)

- Corporate acquisition by stock swapping

1. Acquired company's name, business lines, reason for business combination, date of business combination, legal form of business combination, corporate name after business combination and ratio of acquired voting rights
   (1) Acquired company's name and business lines
   Tsuruhara Yoshii Pharmaceutical wholesaling
   (2) Main reason for business combination
   Upon consideration of pharmaceutical market trends and the future orientation of the industry, it was judged necessary to further strengthen business ties and to promote swift cooperation.
   (3) Date of business combination
   April 1, 2006
   (4) Legal form of business combination
   Stock swapping
   (5) Corporate name after business combination
   Toho Pharmaceutical Co., Ltd.
   (6) Ratio of acquired voting rights.
   96.5%
2. Period for which acquired company's results of operations are included in consolidated financial statements
   From Apr 1, 2006 to Mar 31, 2007
3. Acquisition costs for acquired company and their breakdown

Acquisition price	
Stocks of Toho Pharmaceutical	9,083 million yen
Payment directly required for the acquisition	
Stock-i ssuing expenses etc.	12 million yen
Acquisition costs	9,096 million yen

4. Types of stocks, exchange ratio, calculation method, number of exchanged stocks and evaluation value
   (1) Types of stocks and exchange ratio
   Common stock Toho Pharmaceutical 1: Tsuruhara Yoshii 0.58
   (2) Calculation method for exchange ratio
   Based on stock swapping ratio calculation statements prepared by a third party in discretely adopting the adjusted net asset value method, present value-based property appraisal for Tsuruhara Yoshii, and the average current cost method for Toho Pharmaceutical, the method of calculating the swapping ratio was determined in discussions between both sides.
   (3) Number of exchanged stocks and evaluation value
   5,841,470 stocks 9,083 million yen
5. Amount, cause, amortization method and amortization period of accrued goodwill or negative goodwill
   (1) Value of goodwill 1,505 million yen
   (2) Cause
   Accrued after rational estimation of future excess profitability.
   (3) Amortization method and amortization period
   The goodwill will be amortized over ten years in equal amounts.

6. Assets and liabilities accepted on the date of business consolidation and the main details

(1) Assets

Cash and cash equivalents	980 million yen
Accounts receivable	10,369 million yen
Inventories	2,518 million yen
Lands	2,173 million yen
Investments in securities	1,447 million yen
Others	3,055 million yen
Total	20,545 million yen

(2) Liabilities

Notes payable	2,273 million yen
Accounts payable	10,681 million yen
Others	1,240 million yen
Total	14,195 million yen

7. Estimated amounts that would affect the consolidated statements of income for this term assuming that the business combination will be complete at the beginning of the term:

Since the consolidation started from the beginning of this term, the aforementioned estimates are the same as those described in this financial statements.

• Corporate acquisition by acquiring funds

1. Acquired company's name, business lines, reason for business combination, date of business combination, legal form of business combination, corporate name after business combination and ratio of acquired voting rights
   (1) Acquired company's name and business lines
   Toyaku Operation of dispensing pharmacies
   (2) Main reason for business combination
   The Company conducted the business execution in order to expand dispensing pharmacy business.
   (3) Date of business combination
   April 3, 2006
   (4) Legal form of business combination
   Acquisition
   (5) Corporate name after business combination
   Toho Pharmaceutical Co., Ltd.
   (6) Ratio of acquired voting rights
   60.61%
2. Period of business performance of acquired company included in the interim consolidated financial statements
   From April 1, 2006 to March 31, 2007
3. Acquisition costs for acquired company and their breakdown

Acquisition price	
Cash	1,875 million yen
Payment directly required for the acquisition	—
Acquisition costs	1,875 million yen

4. Amount, cause, amortization method and amortization period of accrued goodwill or negative goodwill
   (1) Value of goodwill 1,830 million yen
   (2) Cause
   Accrued after rational estimation of future excess profitability.
   (3) Amortization method and amortization period
   The goodwill will be amortized over ten years in equal amounts.
5. Assets and liabilities accepted on the date of business consolidation and the main details
   (1) Assets

Cash and cash equivalents	53 million yen
Accounts receivable	456 million yen
Inventories	158 million yen
Buildings and structures	98 million yen
Others	144 million yen
Total	911 million yen

   (2) Liabilities

Accounts payable	548 million yen
Long-term debt	214 million yen
Others	74 million yen
Total	837 million yen

6. Estimated amounts that would affect the consolidated statements of income for this term assuming that the business combination will be complete at the beginning of the term:
   Since the consolidation started from the beginning of this term, the aforementioned estimates are the same as those described in this financial statements.

• Transactions under Common Control due to Merger

1. Names and lines of business of companies subject to business combination, legal form of business combination, corporate name after business combination, and reason for merger and outline
   (1) Names and business lines of companies subject to business combination
   Tokai Toho Pharmaceutical wholesaling
   (2) Legal form of business combination
   Merger
   (3) Corporate name after business combination
   Toho Pharmaceutical Co., Ltd.
   (4) Reason for merger and outline
   In order to yield sufficient results under harsh industry conditions, it was judged as optimal to become united and operate with the organizations of Toho Pharmaceutical.
2. Outline of conducted account processing
   Account processing was conducted in compliance with "Accounting Standards for Business Combinations" 3-4 Account Processing for Transactions under Common Control (issued by the Business Accounting Council of Japan on October 31, 2003).

(Information per Share)

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)		Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)		Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)	
Net asset per share	1,188.42 yen	Net asset per share	1,290.45 yen	Net asset per share	1,247.22 yen
Net income per share	65.08 yen	Net income per share	69.37 yen	Net income per share	125.82 yen
Net income per share-Diluted	59.52 yen	Net income per share-Diluted	63.46 yen	Net income per share-Diluted	115.10 yen

(Note) Basis of calculation

1. Net Asset per Share

Item	Interim term of FY 2007 (Sep 30, 2006)	Interim term of FY 2008 (Sep 30, 2007)	FY 2007 (Mar 31, 2007)
Total net asset on consolidated balance sheet (million yen)	73,758	78,336	76,790
Net assets related to common stock (million yen)	67,701	72,218	71,048
Major components of the difference (million yen) Equity warrants Minority interest	 5 6,051	 38 6,079	 21 5,720
Number of shares of outstanding common stock (in units of 1000)	59,219	59,219	59,219
Number of treasury shares in common stock (in units of 1000)	2,251	3,255	2,253
Number of shares of common stock used in calculating net asset per share (in units of 1000)	56,967	55,963	56,965

2. Net Income per Share and Net Income per Share after Adjustments on Potential Shares

Item	Interim term of FY 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim term of FY 2008 (From Apr 1, 2007 to Sep 30, 2007)	FY 2007 (From Apr 1, 2006 to Mar 31, 2007)
Net income per share			
Net income (million yen)	3,759	3,936	7,218
Net income from common stock (million yen)	3,759	3,936	7,218
Average number of shares outstanding during fiscal year (in units of 1000)	57,770	56,746	57,369
Net income per share after adjustments on potential shares			
Adjustment for net income (million yen)	—	—	—
Increase in number of shares of common stock (in units of 1000)	5,398	5,289	5,344
(including convertible bonds with subscription rights to shares)	(5,398)	(5,289)	(5,344)
Outline of potential shares not included in calculation of current net income per share after adjustments on potential shares due to no dilution effect	July 20, 2006 Resolution of Board of Directors Stock options 1,500 stock acquisition rights (150 thousand shares)	July 20, 2006 Resolution of Board of Directors Stock options 1,500 stock acquisition rights (150 thousand shares)	July 20, 2006 Resolution of Board of Directors Stock options 1,500 stock acquisition rights (150 thousand shares)

(Significant Subsequent Events)

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
I. Based on the resolution at the Company's board meeting held on May 11, 2006, the Company took over its wholly owned subsidiary, Tokai Toho, on October 1, 2006. 1. Names and business lines of companies subject to business combination Tokai Toho Pharmaceutical wholesaling 2. Legal from of business combination Merger 3. Corporate name after businesscombination Toho Pharmaceutical 4. Reason for merger and outline In order to yield sufficient results under harsh industry conditions, it was judged as optimal to become united and operate with the organizations of Toho Pharmaceutical. 5. Outline of accounting procedures used The merger was accounted for in accordance with "Accounting Standards for Business Combinations" 3-4 Accounting for Transactions under Common Control (issued by the Business Accounting Council of Japan on October 31, 2003). 6. Impact on profit and loss in the latter half of the fiscal year Since the combined company had been a consolidated subsidiary since October 1, 2002, there was no impact on the Company's profit and loss.	―――――	―――――

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
II. Based on the resolution at the Company's board meeting held on August 17, 2006, its two wholly owned subsidiaries, Tsuruhara Yoshii and Yakushin, are scheduled to merge on April 1, 2007. 1. Names and lines of business of companies subject to the business combination Tsuruhara Yoshii, Yakushin Pharmaceutical wholesaling (both) 2. Legal form of business combination Merger 3. Corporate name after business combination Tsuruhara Yoshii (Toho Pharmaceutical's wholly owned subsidiary) 4. Reason for merger and outline In order to ensure the effective use of managerial resources and strengthen marketing activities in the Kyushu region, it was judged as optimal to merge the two companies. Tsuruhara Yoshii operates throughout Kyushu, while Yakushin operates mainly in Fukuoka and Nagasaki Prefectures. 5. Outline of account processing conducted Account processing was conducted in compliance with "Accounting Standards for Business Combinations" 3-4 Account Processing for Transactions under Common Control (issued by the Business Accounting Council of Japan on October 31, 2003). 6. Impact on financial conditions and business results in the next term Since both companies are wholly owned subsidiaries of Toho Pharmaceutical, there will be no impact on the Company's financial conditions and business results.	―――――	Based on the resolution at the Company's board meeting held on August 17, 2006, its two wholly owned subsidiaries, Tsuruhara Yoshii and Yakushin, merged on April 1, 2007 and changed the corporate name to Kyushu Toho. 1. Names and lines of business of companies subject to the business combination Tsuruhara Yoshii, Yakushin Pharmaceutical wholesaling (both) 2. Legal form of business combination Merger 3. Corporate name after business combination Tsuruhara Yoshii (Toho Pharmaceutical's wholly owned subsidiary) 4. Reason for merger and outline In order to ensure the effective use of managerial resources and strengthen marketing activities in the Kyushu region, it was judged as optimal to merge the two companies. Tsuruhara Yoshii operates throughout Kyushu, while Yakushin operates mainly in Fukuoka and Nagasaki Prefectures. 5. Outline of account processing conducted Account processing was conducted in compliance with "Accounting Standards for Business Combinations" 3-4 Account Processing for Transactions under Common Control (issued by the Business Accounting Council of Japan on October 31, 2003). 6. Impact on financial conditions and business results in the next fiscal year Since both companies are wholly owned subsidiaries of Toho Pharmaceutical, there will be no impact on the Company's financial conditions and business results.

(8) State of Purchasing and Selling

① Historical purchases

Business segment	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)		Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)		Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)	
	Amount (million yen)	Share (%)	Amount (million yen)	Share (%)	Amount (million yen)	Share (%)
Pharmaceutical	341,573	99.4	355,806	99.4	705,080	99.4
Dispensing Pharmacy	2,076	0.6	2,256	0.6	4,251	0.6
Information Processing	20	0.0	8	0.0	46	0.0
Total	343,669	100.0	358,070	100.0	709,378	100.0

(Notes) 1. As the Company's operations are reclassified effective with the interim term under review, the first-half and full-year results during the preceding year have been restated to conform to the same business segmentation that applies to the interim term under review.

2. Inter-segment transactions are stated in net terms for elimination.

② Historical sales

Business segment	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)		Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)		Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)	
	Amount (million yen)	Share (%)	Amount (million yen)	Share (%)	Amount (million yen)	Share (%)
Pharmaceutical	371,296	98.3	384,143	98.2	760,140	98.3
Dispensing Pharmacy	5,829	1.6	6,494	1.7	12,245	1.6
Information Processing	30	0.0	24	0.0	89	0.0
CRO and SMO	484	0.1	387	0.1	960	0.1
Total	377,640	100.0	391,050	100.0	773,436	100.0

(Notes) 1. As the Company's operations are reclassified effective with the interim term under review, the first-half and full-year results during the preceding year have been restated to conform to the same business segmentation that applies to the interim term under review.

2. Inter-segment transactions are stated in net terms for elimination.

5 Non-consolidated Financial Statements for the Interim Term

(1) Balance Sheets for the Interim Term

Account	Note ref. No.	End of interim fiscal 2007 (As of September 30, 2006) Amount (Millions of yen)		Share (%)	End of interim fiscal 2008 (As of September 30, 2007) Amount (Millions of yen)		Share (%)	Summary of balance sheets for fiscal 2007 (As of March 31, 2007) Amount (Millions of yen)		Share (%)
(Assets)										
I Current assets										
1. Cash on hand and on deposit	(Note 2)	26,487			18,513			34,988		
2 .Notes receivable	(Note 6)	2,778			1,675			2,013		
3. Accounts receivable		204,228			208,355			204,330		
4. Inventories		34,137			37,458			37,964		
5. Purchase rebates receivable		9,958			12,848			10,908		
6. Other		9,598			10,743			11,976		
Allowance for doubtful receivables		-160			-106			-109		
Total current assets			287,029	81.6		289,488	80.4		302,073	81.6
II Fixed assets										
1. Property, plant and equipment	(Note 1)									
(1) Buildings	(Note 2)	9,355			9,601			9,917		
(2) Land	(Note 2)	13,457			14,059			14,215		
(3) Other		1,758			1,072			1,168		
Total property, plant and equipment		24,571			24,733			25,301		
2. Intangible fixed assets		2,763			2,617			2,984		
3. Investments and other assets										
(1) Equity shares in associated companies		23,858			26,671			23,194		
(2) Other	(Note 2)	14,006			16,965			17,261		
Allowance for doubtful receivables		-493			-544			-579		
Total investments and other assets		37,372			43,093			39,876		
Total fixed assets			64,707	18.4		70,443	19.6		68,162	18.4
Total assets			351,736	100.0		359,932	100.0		370,235	100.0

		End of interim fiscal 2007 (As of September 30, 2006)			End of interim fiscal 2008 (As of September 30, 2007)			Summary of balance sheets for fiscal 2007 (As of March 31, 2007)		
Account	Note ref. No.	Amount (Millions of yen)		Share (%)	Amount (Millions of yen)		Share (%)	Amount (Millions of yen)		Share (%)
(Liabilities)										
I Current liabilities										
1. Notes payable	(Note 2,6)	2,135			857			945		
2. Account paynable	(Note 2)	250,697			259,337			265,375		
3. Short-term bank loans	(Note 2)	928			403			603		
4. Accrued income taxes		1,374			1,446			1,334		
5. Accrued bonuses		992			1,069			1,111		
6. Directors' bonuses		18			18			36		
7. Reserve for sales returns		202			201			192		
8. Other	(Note 4)	18,287			18,482			21,126		
Total current liabilities			274,636	78.1		281,816	78.3		290,725	78.5
II Long-term liabilities										
1. Bonds payable		9,600			9,600			9,600		
2. Long-term debt	(Note 2)	350			17			33		
3. Deferred tax liabilities		1,824			1,814			2,332		
4. Deferred tax liabilities due to revaluation		1,312			1,414			1,414		
5. Accrued retirement benefits for employees		961			890			991		
6. Other		2,397			2,332			2,742		
Total long-term liabilities			16,446	4.7		16,069	4.5		17,114	4.6
Total liabilities			291,082	82.8		297,885	82.8		307,839	83.1

Account	Note ref. No.	End of interim fiscal 2007 (As of September 30, 2006) Amount (Millions of yen)		Share (%)	End of interim fiscal 2008 (As of September 30, 2007) Amount (Millions of yen)		Share (%)	Summary of balance sheets for fiscal 2007 (As of March 31, 2007) Amount (Millions of yen)		Share (%)
(Net assets)										
I Shareholders' equity										
1. Common stock			10,599			10,599			10,599	
2. Capital surplus										
Legal capital reserve		26,206			26,206			26,206		
Total capital surplus			26,206			26,206			26,206	
3. Retained earnings										
(1) Legal earned reserve		664			664			664		
(2) Other retained earnings										
Unrealized gains on land		1,037			1,036			1,041		
Contingency reserve		25,433			25,433			25,433		
Unappropriated retained earnings		2,305			5,198			3,549		
Total retained earnings			29,440			32,332			30,688	
4. Treasury stock			-3,502			-5,403			-3,507	
Total shareholders' equity			62,744	17.8		63,734	17.7		63,986	17.3
II Valuation and translation adjustments										
1. Unrealized gains on available-for-sale securities			2,683			2,733			3,126	
2. Land revaluation surplus			-4,778			-4,459			-4,739	
Total Valuation and translation adjustments			-2,095	-0.6		-1,726	-0.5		-1,612	-0.4
III Stock subscription rights			5	0.0		38	0.0		21	0.0
Total net assets			60,654	17.2		62,046	17.2		62,396	16.9
Total liabilities and net assets			351,736	100.0		359,932	100.0		370,235	100.0

(2) Statements of Income for the Interim Term

Account	Note ref. No.	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006) Amount (Millions of yen)		Share (%)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007) Amount (Millions of yen)		Share (%)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007) Amount (Millions of yen)		Share (%)
I Net sales			349,618	100.0		376,252	100.0		729,380	100.0
II Cost of sales			334,089	95.6		359,147	95.5		696,716	95.5
Gross profit			15,528	4.4		17,105	4.5		32,663	4.5
Reversal of reserve for sales returns			22	0.0		9	0.0		-5	-0.0
Gross income after reserve for sales returns			15,506	4.4		17,096	4.5		32,668	4.5
III Selling, general and administrative expenses	(Note 3)		12,861	3.6		14,642	3.9		27,598	3.8
Operating income			2,645	0.8		2,453	0.6		5,070	0.7
IV Non-operating income	(Note 1)		1,117	0.3		1,422	0.4		2,236	0.3
V Non-operating expenses	(Note 2)		69	0.0		81	0.0		125	0.0
Ordinary income			3,693	1.1		3,794	1.0		7,181	1.0
VI Extraordinary gains			189	0.0		—	—		206	0.0
VII Extraordinary losses	(Note 4)		173	0.0		327	0.1		1,202	0.1
Interim (current) income before income taxes			3,709	1.1		3,467	0.9		6,186	0.9
Corporate income, inhabitant and enterprise taxes		1,348			1,437			2,124		
Adjustments for income taxes		65	1,413	0.4	-236	1,200	0.3	129	2,253	0.4
Interim (current) net income			2,296	0.7		2,266	0.6		3,932	0.5

(3) Interim Statement of Changes in Shareholders' Equity

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

	Shareholders' equity								
	Common stock	Capital surplus	Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital reserve	Legal earned reserve	Other retained earnings			Total retained earnings		
				Unrealized gains on land	Contingency reserve	Unappropriated retained earnings			
Balance as of March 31, 2006 (Million yen)	10,399	16,922	664	1,053	24,133	1,930	27,781	-1,259	53,844
Changes during the interim term									
New shares issued in share exchange		9,083							9,083
Increase due to execution of stock subscription rights attached to bonds	200	199							400
Dividends from surplus (note1)						-520	-520		-520
Payment of bonuses to directors and corporate auditors (note1)						-36	-36		-36
Transfer to contingency reserve (note1)					1,300	-1,300	—		—
Interim net income						2,296	2,296		2,296
Disposition of treasury stock								-2,242	-2,242
Transfer from unrealized gains on land (note2)				-16		16	—		—
Reversal of land revaluation excess						-80	-80		-80
Change (net increase or decrease) in non-shareholders' equity items during the interim term									
Total changes during this interim term (million yen)	200	9,283	—	-16	1,300	375	1,658	-2,242	8,899
Balance as of September 30, 2006 (million yen)	10,599	26,206	664	1,037	25,433	2,305	29,440	-3,502	62,744

	Valuation and translation adjustments			Stock subscription rights	Total liabilities and net assets
	Unrealized gains on available-for-sale securities	Land revaluation surplus	Total valuation and translation adjustments		
Balance as of March 31, 2006 (Million yen)	2,591	-4,859	-2,267	—	51,576
Changes during the interim term					
New shares issued in share exchange					9,083
Increase due to execution of stock subscription rights attached to bonds					400
Dividends from surplus (note1)					-520
Payment of bonuses to directors and corporate auditors (note1)					-36
Transfer to contingency reserve (note1)					—
Interim net income					2,296
Disposition of treasury stock					-2,242
Transfer from unrealized gains on land (note2)					—
Reversal of land revaluation excess					-80
Change (net increase or decrease) in non-shareholders' equity items during the interim term	91	80	172	5	177
Total changes during this interim term (million yen)	91	80	172	5	9,077
Balance as of September 30, 2006 (million yen)	2,683	-4,778	-2,095	5	60,654

(Notes) 1. Appropriated from retained earnings at the ordinary general meeting of shareholders in June 2006.
2. 10 million yen appropriated from retained earnings at the ordinary general meeting of shareholders in June 2006; 5 million yen released from revaluating reserve during the interim term.

During this interim term (from April 1, 2007 to September 30, 2007)

	Shareholders' equity								
	Common stock	Capital surplus	Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital reserve	Legal earned reserve	Other retained earnings			Total retained earnings		
				Unrealized gains on land	Contingency reserve	Unappropriated retained earnings			
Balance as of March 31, 2007 (Million yen)	10,599	26,206	664	1,041	25,433	3,549	30,688	-3,507	63,986
Changes during the interim term									
Dividends from surplus (note)						-341	-341		-341
Interim net income						2,266	2,266		2,266
Acquisition of treasury stock								-1,896	-1,896
Transfer from unrealized gains on land				-5		5	—		—
Reversal of land revaluation excess						-279	-279		-279
Change (net increase or decrease) in non-shareholders' equity items during the interim term									
Total changes during this interim term (million yen)				-5		1,649	1,644	-1,896	-252
Balance as of September 30, 2007 (million yen)	10,599	26,206	664	1,036	25,433	5,198	32,332	-5,403	63,734

	Valuation and translation adjustments			Stock subscription rights	Total liabilities and net assets
	Unrealized gains on available-for-sale securities	Land revaluation surplus	Total valuation and translation adjustments		
Balance as of March 31, 2007 (Million yen)	3,126	-4,739	-1,612	21	62,396
Changes during the interim term					
Dividends from surplus (note)					-341
Interim net income					2,266
Acquisition of treasury stock					-1,896
Transfer from unrealized gains on land					—
Reversal of land revaluation excess					-279
Change (net increase or decrease) in non-shareholders' equity items during the interim term	-393	279	-113	16	-97
Total changes during this interim term (million yen)	-393	279	-113	16	-349
Balance as of September 30, 2007 (million yen)	2,733	-4,459	-1,726	38	62,046

(Note) Appropriated pursuant to the resolution of the Board of Directors in May 2007.

Statement of Changes in Shareholders' Equity during Preceding Fiscal Year (From April 1, 2006 to March 31, 2007)

	Shareholders' equity								
		Capital surplus	Retained earnings						
				Other retained earnings					
	Common stock	Legal capital reserve	Legal earned reserve	Unrealized gains on land	Contingency reserve	Unappropriated retained earnings	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007 (Million yen)	10,399	16,922	664	1,053	24,133	1,930	27,781	-1,259	53,844
Changes during this term									
New shares issued in share exchange		9,083							9,083
Increase due to execution of stock subscription rights attached to bonds	200	199							400
Dividends from surplus (note1)						-862	-862		-862
Payment of bonuses to directors and corporate auditors (note 2)						-36	-36		-36
Transfer to contingency reserve (note 2)					1,300	-1,300	—		—
Net income						3,932	3,932		3,932
Acquisition of treasury stock								-2,247	-2,247
Transfer from unrealized gains on land (Note 3)				-21		21	—		—
Increase in unrealized gains on land				9		-9	—		—
Reversal of land revaluation excess						-126	-126		-126
Change (net increase or decrease) in non-shareholders' equity items during this term									
Total changes during this term (million yen)	200	9,283	—	-11	1,300	1,618	2,906	-2,247	10,142
Balance as of March 31, 2007 (million yen)	10,599	26,206	664	1,041	25,433	3,549	30,688	-3,507	63,986

	Valuation and translation adjustments			Stock subscription rights	Total liabilities and net assets
	Unrealized gains on available-for-sale securities	Land revaluation surplus	Total valuation and translation adjustments		
Balance as of March 31, 2007 (Million yen)	2,591	-4,859	-2,267	—	51,576
Changes during this term					
New shares issued in share exchange					9,083
Increase due to execution of stock subscription rights attached to bonds					400
Dividends from surplus (note1)					Δ 862
Payment of bonuses to directors and corporate auditors (note 2)					Δ 36
Transfer to contingency reserve (note 2)					—
Net income					3,932
Acquisition of treasury stock					-2,247
Transfer from unrealized gains on land (note 3)					—
Increase in unrealized gains on land					—
Reversal of land revaluation excess					-126
Change (net increase or decrease) in non-shareholders' equity items during this term	535	119	655	21	676
Total changes during this term (million yen)	535	119	655	21	10,819
Balance as of March 31, 2007 (million yen)	3,126	-4,739	-1,612	21	62,396

(Notes) 1. 520 million yen appropriated from retained earnings at the ordinary general meeting of shareholders in June 2006; 341 million yen appropriated pursuant to the resolution of the Board of Directors in November 2006.
2. Appropriated from retained earnings at the ordinary general meeting of shareholders in June 2006.
3. 10 million yen appropriated from retained earnings at the ordinary general meeting of shareholders in June 2006; 10 million yen released from revaluation reserve during the fiscal year.

(4) Basis of Presenting Interim Financial Statement

Item	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
1. Basis and Method of Valuation of Assets	(1) Securities Held-to-maturity debt securities Stated at cost amortized on a straight-line basis. Equity shares in subsidiaries and affiliates Stated at moving-average cost Available-for-sale securitie With available fair market value: Stated at fair market value based principally on the market price as of the year-end date (unrealized gains and losses are included as a separate component of shareholders' equity; the cost of securities sold is determined using the moving-average method). With no available fair market value: Stated at moving-average cost. (2) Inventories Stated at moving-average cost.	(1) Securities Held-to-maturity debt securities Same as in left column Equity shares in subsidiaries and affiliates Same as in left column Available-for-sale securitie With available fair market value: Same as in left column With no available fair market value: Same as in left column (2) Inventories Same as in left column	(1) Securities Held-to-maturity debt securities Same as in left column Equity shares in subsidiaries and affiliates Same as in left column Available-for-sale securitie With available fair market value: Stated at fair market value based principally on the market price as of settlement date (unrealized gains and losses are included as a separate component of shareholders' equity; the cost of securities sold is determined using the moving-average method). With no available fair market value: Same as in left column (2) Inventories Same as in left column
2. Method of Depreciation of Fixed Assets	(1) Property, plant and equipment Depreciated by the declining-balance method. Buildings (except for structures attached to buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The estimated useful life of major asset categories is as follows: Buildings and structures: 10 - 50 years Vehicles and carries: 5 - 6 years Equipment and fixtures: 5 - 15 years	(1) Property, plant and equipment Depreciated by the declining-balance method. Buildings (except for structures attached to buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The estimated useful life of major asset categories is as follows: Buildings and structures: 10 - 50 years Vehicles and carries: 5 - 6 years Equipment and fixtures: 5 - 15 years	(1) Property, plant and equipment Depreciated by the declining-balance method. Buildings (except for structures attached to buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The estimated useful life of major asset categories is as follows: Buildings and structures: 10 - 50 years Vehicles and carries: 5 - 6 years Equipment and fixtures: 5 - 15 years

Item	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
		(Change in accounting policy) Following the revision of the Corporation Tax Law (the Law for Partial Revision of the Income Tax Law and Others of March 30, 2007 or Law No. 6 and the Government Ordinance for Partial Revision of the Corporation Tax Law Enforcement Ordinance of March 30, 2007 or Government Ordinance No. 83), effective with the interim term under review, the Company changes methods to depreciate assets acquired on and after April 1, 2007 in accordance with the revised Corporation Tax Law. The impact on income as a result of this change was insignificant. (Additional Information) Effective with the interim term under review, the Company changes methods to depreciate assets acquired on and before March 30, 2007 evenly over a period of five years following their completed depreciation to the extent permitted. The impact on income as a result of this change was insignificant.	
	(2) Intengible fixed assets Amortized by the straight-line method. Goodwill is amortized in equal amounts over five years, and software for internal use is amortized by the straight-line method over the estimated useful life for in-house use (five years).	(2) Intengible fixed assets Amortized by the straight-line method. Software for internal use is amortized by the straight-line method over the estimated useful life for in-house use (five years).	(2) Intengible fixed assets Same as in left column
	(3) Long-term prepaid expenses Amortized in equal amounts.	(3) Long-term prepaid expenses Same as in left column	(3) Long-term prepaid expenses Same as in left column

Item	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
3. Principles of Accounting for Allowances and Reserves	(1) Allowance for Doubtful Accounts The allowance for doubtful receivables is provided to cover possible losses on the collection of trade receivables, loans receivable, and others. The actual rate of historical bad debts is used for normal receivables and certain receivables, including those subject to possible loss, with the recoverability of individual accounts investigated and the uncollectible amount estimated. (2) Accrued Bonuses The estimated amount payable is provided to fund bonus payments to eligible employees and directors, who are also employees of the Group. (3) Provision for director's bonuses Of the estimated amount payable for this fiscal year, the obligation attributable to this interim term is provided to fund bonus payments to eligible directors and corporate auditors. (Change in accounting policy) Effective from the interim term under review, the Company adopts “the Accounting Standards for Directors’ Bonuses” (issued by the Accounting Standards Board of Japan on November 29, 2005, ASBJ Statement No. 4). The effect of this application was to reduce operating income, ordinary income, and net income before taxes by 18 million yen each. (4) Reserve for Sales Returns The estimated amount of losses on future sales returns is provided to cover possible losses on sales returns.	(1) Allowance for Doubtful Accounts Same as in left column (2) Accrued Bonuses Same as in left column (3) Provision for director's bonuses Of the estimated amount payable for this fiscal year, the obligation attributable to this interim term is provided to fund bonus payments to eligible directors and corporate auditors. (4) Reserve for Sales Returns Same as in left column	(1) Allowance for Doubtful Accounts Same as in left column (2) Accrued Bonuses Same as in left column (3) Provision for director's bonuses In order to fund directors’ bonuses from the estimated amount payable for this fiscal year, the obligation for this fiscal year has been recorded. (Change in accounting policy) Effective from the fiscal year under review, the Company adopts “the Accounting Standards for Directors’ Bonuses” (issued by the Accounting Standards Board of Japan on November 29, 2005, ASBJ Statement No. 4). The effect of this application was to reduce operating income, ordinary income, and net income before taxes by 36 million yen each. (4) Reserve for Sales Returns Same as in left column

Item	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
	(5) Accrued Retirement Benefits for Employees In connection with the entire shift to a defined contributory pension program, a transitional program was introduced to pay retirement-age employees (still active on the payroll at the time of the switchover) lump-sum severance allowances in the amount of a portion of all benefits attributable to past service, upon their retirement. This involved recognition of the relevant retirement benefit liability as of the end of September 2006 to prepare for the payment of retirement benefits to these employees. Actuarial differences are insignificant and recognized as expenses in the fiscal year when accrued.	(5) Accrued Retirement Benefits for Employees In connection with the entire shift to a defined contributory pension program in April 2005, a transitional program was introduced to pay retirement-age employees (still active on the payroll at the time of the switchover) lump-sum severance allowances in the amount of a portion of all benefits attributable to past service, upon their retirement. This involved recognition of the relevant retirement benefit liability as of the end of September 2007 to prepare for the payment of retirement benefits to these employees. Actuarial differences are insignificant and recognized as expenses in the fiscal year when accrued.	(5) Accrued Retirement Benefits for Employees In connection with the entire shift to a defined contributory pension program in April 2005, a transitional program was introduced to pay retirement-age employees (still active on the payroll at the time of the switchover) lump-sum severance allowances in the amount of a portion of all benefits attributable to past service, upon their retirement. This involved recognition of the relevant retirement benefit liability as of the end of March 2007 to prepare for the payment of retirement benefits to these employees. Actuarial differences are insignificant and recognized as expenses in the fiscal year when accrued.
4. Method of Accounting for Lease Transactions	Finance leases other than those where ownership of the leased property is deemed transferred to the lessee are accounted for in the same manner as standard lease transactions.	Same as in left column	Same as in left column
5. Other Basis of Presenting Consolidated Financial Statements Method of Accounting for Consumption Taxes and Others	―――――	① Goodwill and negative goodwill are amortized over a period of five years in equal amounts.	① Goodwill and negative goodwill are amortized over a period of five years in equal amounts.
	Method of transactions subject to consumption tax Transactions subject to consumption tax are accounted for exclusive of consumption tax.	② Method of Accounting for Consumption Taxes and Others Same as in left column	② Method of Accounting for Consumption Taxes and Others Same as in left column

(5) Changes in Basis of Presenting Interim Financial Statements

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
(Accounting Standards for Net Assets on Balance Sheets) (Partial Revision of Accounting Standards for Decreases in Treasury Stocks and Reserves and others) Effective from the interim term under review, the Company has applied “Accounting Standards for Presentation of Net Assets in the Balance Sheet” (issued by the Accounting Standards Board of Japan on December 9, 2005, ASBJ Statement No. 5), “Implementation Guidelines on Accounting Standards for Presentation of Net Assets in the Balance Sheet” (issued by the Accounting Standards Board of Japan on December 9, 2005, ASBJ Guideline No. 8), the revised “Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (issued by the Accounting Standards Board of Japan on August 11, 2006, ASJB Statement No. 1), and “Implementation Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (issued by the Accounting Standards Board of Japan on August 11, 2006, ASJB Statement No. 2). There was no impact on the Company’s profit and loss due to these changes. The amount equivalent to previous “total shareholders’ equity” was valued at 60,648 million yen. Net assets on the interim balance sheet during the interim term under review were prepared in compliance with the revised and current Regulations Concerning Interim Financial Statements.	―――	(Accounting Standards for Net Assets on Balance Sheets) (Partial Revision of Accounting Standards for Decreases in Treasury Stocks and Reserves and others) Effective from the fiscal year under review, the Company has applied “Accounting Standards for Presentation of Net Assets in the Balance Sheet” (issued by the Accounting Standards Board of Japan on December 9, 2005, ASBJ Statement No. 5), “Implementation Guidelines on Accounting Standards for Presentation of Net Assets in the Balance Sheet” (issued by the Accounting Standards Board of Japan on December 9, 2005, ASBJ Guideline No. 8), the revised “Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (issued by the Accounting Standards Board of Japan on August 11, 2006, ASJB Statement No. 1), and “Implementation Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (issued by the Accounting Standards Board of Japan on August 11, 2006, ASJB Statement No. 2). There was no impact on the Company’s profit and loss due to these changes. The amount relevant to “total shareholders’ equity” was valued at 62,374 million yen. Net assets on the consolidated balance sheet during the fiscal year under review were prepared in compliance with the revised and current Regulations Concerning Consolidated Financial Statements.
(Accounting standards for business combinations) Effective from the interim term under review, the Company has applied “Accounting Standards for Business Combinations” (issued by the Business Accounting Council of Japan on October 31, 2003), “Accounting Standard for Business Divestitures” (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 7), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 10).	―――	(Accounting standards for business combinations) Effective from the fiscal year under review, the Company has applied “Accounting Standards for Business Combinations” (issued by the Business Accounting Council of Japan on October 31, 2003), “Accounting Standard for Business Divestitures” (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 7), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 10).
(Accounting standards for stock options) Effective from the fiscal year under review, the Company has applied “Accounting Standard for Share-based Payment” (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 8) and “Implementation Guidance on Accounting Standard for Share-based Payment” (issued by the Accounting Standards Board of Japan revised on May 31, 2006, ASBJ Guidance No. 11). The effect of this application was to reduce operating income, ordinary income, and net income before taxes by 5 million yen each.	―――	(Accounting standards for stock options) Effective from the fiscal year under review, the Company has applied “Accounting Standard for Share-based Payment” (issued by the Accounting Standards Board of Japan on December 27, 2005, ASBJ Statement No. 8) and “Implementation Guidance on Accounting Standard for Share-based Payment” (issued by the Accounting Standards Board of Japan revised on May 31, 2006, ASBJ Guidance No. 11). The effect of this application was to reduce operating income, ordinary income, and net income before taxes by 21 million yen each.

(Changes in Presentation Method)

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
(Balance Sheets) "Equity shares in associated companies" had been included in "others" in "Investments and other assets" until the previous interim term, but in this interim term, it was presented as an independent account since it exceeded 5/100 of total assets. In the previous interim term, "equity shares in associated companies" was valued to be 12,002 million yen.	―――――	(Balance Sheets) "Short-term loans receivable," which had been included in "other" in current assets until the preceding fiscal year, was presented separately because it exceeded 1/100th of the total assets in this fiscal year. "Short-term loans receivable" at the end of the preceding fiscal year was 226 million yen. (Statements of Income) Description of the item "Information sales income" in non-operating income, which had been presented as "fee income" until the preceding consolidated fiscal year, was changed to clarify the details.

(Additional Information)

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
(Abolishment of the system for accrued retirement benefits for directors) It was resolved at general meetings of shareholders held on June 29, 2006 to abolish the system for retirement benefits for directors and corporate auditors as at the end of the general meetings to terminate payment. In the payment of retirement benefits to directors and corporate auditors as at the end of this meeting, 3 million yen was presented as "others" in current liabilities, and 315 million yen as "others" in fixed liabilities.	―――――	(Abolishment of the system for accrued retirement benefits for directors) It was resolved at general meetings of shareholders held on June 29, 2006 to abolish the system for retirement benefits for directors and corporate auditors as at the end of the general meetings to terminate payment. In the payment of retirement benefits to directors and corporate auditors as at the end of this meeting, 1 million yen was presented as "Accrued payable" in current liabilities, and 361 million yen as "others" in fixed liabilities.

(6) Notes to Non-consolidated Financial Statements

(Notes to Balance Sheets)

Interim term of Fiscal 2007 (Sep 30, 2006)	Interim term of Fiscal 2008 (Sep 30, 2007)	Fiscal 2007 (Mar 31, 2007)
(Note 1) Accumulated depreciation of property, plant and equipment: 11,574 million yen	(Note 1) Accumulated depreciation of property, plant and equipment: 12,605 million yen	(Note 1) Accumulated depreciation of property, plant and equipment: 12,127 million yen
(Note 2) Assets pledged as collateral:	(Note 2) Assets pledged as collateral:	(Note 2) Assets pledged as collateral:

Interim term of Fiscal 2007 (Sep 30, 2006):

Classified assets pledged (million yen)		Liabilities secured by collateral (million yen)	
Time deposits	295	Notes and accounts payable	22,823
buildings	1,792		
Land	4,424		
Investment securities	1,651		
Buildings	539	Short-term loans payable and long-term debt (including current portion of long-term debt due within one year)	470
Land	1,201		
Total	9,904	Total	23,293

Interim term of Fiscal 2008 (Sep 30, 2007):

Classified assets pledged (million yen)		Liabilities secured by collateral (million yen)	
Time deposits	295	Notes and accounts payable	25,107
buildings	1,796		
Land	4,603		
Investment securities	1,617		
Buildings	513	Short-term loans payable and long-term debt (including current portion of long-term debt due within one year)	—
Land	1,201		
Total	10,027	Total	25,107

Fiscal 2007 (Mar 31, 2007):

Classified assets pledged (million yen)		Liabilities secured by collateral (million yen)	
Time deposits	295	Notes and accounts payable	22,622
buildings	1,826		
Land	4,603		
Investment securities	1,751		
Buildings	527	Short-term loans payable and long-term debt (including current portion of long-term debt due within one year)	—
Land	1,201		
Investment securities	—		
Total	10,206	Total	22,622

Interim term of Fiscal 2007 (Sep 30, 2006)	Interim term of Fiscal 2008 (Sep 30, 2007)	Fiscal 2007 (Mar 31, 2007)
(Note 3) Liabilities guaranteed ① Bank loans guaranteed Ethos 2,190 million yen Alf 481 million yen Wakaba 417 million yen Medical Corporation Koyukai 36 million yen Total 3,125 million yen	(Note 3) Liabilities guaranteed ① Bank loans guaranteed Ethos 4,150 million yen Tokyo Research Center of Clinical Pharmacology 800 million yen Wakaba 357 million yen Alf 286 million yen Medical Corporation Koyukai 28 million yen Total 5,622 million yen	(Note 3) Liabilities guaranteed ① Bank loans guaranteed Ethos 2,170 million yen Tokyo Research Center of Clinical Pharmacology 440 million yen Wakaba 387 million yen Alf and one other 125 million yen Total 3,122 million yen
② Accounts payable guaranteed Godo Toho 11 million yen	② Accounts payable guaranteed Godo Toho and one other 47 million yen	② Accounts payable guaranteed Godo Toho 10 million yen
(Note 4) Temporary consumption tax payments and receipts were netted against each other, and the remaining amount of 496 million yen was presented in current liabilities under "others."	(Note 4) Temporary consumption tax payments and receipts were netted against each other, and the remaining amount was insignificant and was presented in current liabilities under "others."	(Note 4) ――――
(Note 5) The Company has lending commitment agreements with 10 trading banks to facilitate efficient procurement of working funds. Lending commitments 12,000 million yen Balance borrowed —million yen Total remainder 12,000 million yen	(Note 5) The Company has lending commitment agreements with 11 trading banks to facilitate efficient procurement of working funds. Lending commitments 12,000 million yen Balance borrowed — million yen Total remainder 12,000 million yen	(Note 5) The Company has lending commitment agreements with 11 trading banks to facilitate efficient procurement of working funds. Lending commitments 12,000 million yen Balance borrowed —million yen Total remainder 12,000 million yen
(Note 6) Notes due at the end of the interim term As for accounting methods for notes due at the end of the interim term, the final day of this interim term fell on a bank holiday, but notes due on this day were processed as settled on the due date. The value of notes due at the end of the interim term under review are given below: Notes receivable 451millionyen Notes payable 242million yen	(Note 6) Notes due at the end of the interim term As for accounting methods for notes due at the end of the interim term, the final day of this interim term fell on a bank holiday, but notes due on this day were processed as settled on the due date. The value of notes due at the end of the interim term under review are given below: Notes receivable 276million yen Notes payable 193million yen	(Note 6) Notes due at the end of the fiscal year As for accounting methods for notes due at the end of the fiscal year, the final day of this fiscal year fell on a bank holiday, but notes due on this day were processed as settled on the due date. The value of notes due at the end of the fiscal year under review are given below: Notes receivable 456million yen Notes payable 210million yen

(Notes to Consolidated Statements of Income)

<table>
<tr><th>Interim Fiscal 2007
(From Apr 1, 2006 to Sep 30, 2006)</th><th>Interim Fiscal 2008
(From Apr 1, 2007 to Sep 30, 2007)</th><th>Fiscal 2007
(From Apr 1, 2006 to March 31, 2007)</th></tr>
<tr>
<td>(Note 1) Major components of non-operating income
Interest income 47million yen
Fee income 451 million yen</td>
<td>(Note 1) Major components of non-operating income
Interest income 88 million yen
Dividend income 363 million yen
Information sales income 503 million yen</td>
<td>(Note 1) Major components of non-operating income
Interest income 104 million yen
Information sales income 976 million yen</td>
</tr>
<tr>
<td>(Note 2) Major components of non-operating expenses
Interest expenses 31 million yen
Specified line commitment fees 25 million yen</td>
<td>(Note 2) Major components of non-operating expenses
Interest expenses 46 million yen
Specified line commitment fees 19 million yen</td>
<td>(Note 2) Major components of non-operating expenses
Interest expenses 57 million yen
Specified line commitment fees 47 million yen</td>
</tr>
<tr>
<td>(Note 3) Depreciation and amortization recognized
Property, plant and equipment 477 million yen
Intangible fixed assets 316 million yen
Total 794 million yen</td>
<td>(Note 3) Depreciation and amortization recognized
Property, plant and equipment 439 million yen
Intangible fixed assets 398 million yen
Total 838 million yen</td>
<td>(Note 3) Depreciation and amortization recognized
Property, plant and equipment 996 million yen
Intangible fixed assets 693 million yen
Total 1,689 million yen</td>
</tr>
<tr>
<td>(Note 4) ______</td>
<td>(Note 4) Impairment losses
The Toho Pharmaceutical Group recognized impairment losses on the following asset groups during the fiscal year under review.
<table>
<tr><th>Location</th><th>Purpose</th><th>Class</th></tr>
<tr><td>Ichioka Sales Office (Minato Ward, Osaka City, Osaka Prefecture) and 1 other site</td><td>Real estate for rental use</td><td>Land and buildings</td></tr>
<tr><td>Higashi-Hiroshima City, Hiroshima Prefecture and 1 other site</td><td>Real estate unused</td><td>Land</td></tr>
</table>
The Toho Pharmaceutical Group identifies asset groups as being individual sales offices, which are classified as real estate used for business purposes, and as being individual assets not used for business purposes, which are classified as real estate used for rental purposes and as real estate unused.
The Company reduced to the recoverable amount the book value of rental-use real estate whose sale was decided during the interim term under review, and recognized an impairment loss of 211 million yen on that real estate. It comprised 132 million yen on land and 78 million yen on building.
The recoverable amount was measured on the basis of scheduled sale price.
The Company reduced to the recoverable amount the book value of land whose sale was decided during the interim term under review, and recognized an impairment loss of 23 million yen on that land. It was classified as non-business-purpose real estate that was unused. The recoverable amount was measured on the basis of scheduled sale price.</td>
<td>(Note 4) Impairment losses
The Toho Pharmaceutical Group recognized impairment losses on the following asset groups during the fiscal year under review.
<table>
<tr><th>Location</th><th>Purpose</th><th>Class</th></tr>
<tr><td>Former Shimodate Sales Office and 5 other sites</td><td>Real estate unused</td><td>Land</td></tr>
</table>
The Toho Pharmaceutical Group identifies asset groups as being individual branches classified as real estate used for business purposes, and as being individual assets not used for business purposes classified as real estate unused.
The Company recognized an impairment loss of 12 million yen on non-business-purpose unused real estate that suffered consecutive losses in land value. It comprised 12 million yen on land. The recoverable amount was measured on the basis of net sale price. It was based on an assessment supplied by a real estate appraiser, which proved insignificant for some properties, and so these were assessed in reference to the fixed asset tax assessment.</td>
</tr>
</table>

(Consolidated Statement of Changes in Shareholders' Equity)

Interim term of fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

Treasury Stock

Types of stocks	No. of stocks as of end of fiscal 2006 (in thousand stocks)	No. of stocks increased during interim term of fiscal 2007 (in thousand stocks)	No. of stocks decreased during interim term of fiscal 2007 (in thousand stocks)	No. of stocks as of the end of this interim term (in thousand stocks)
Common stocks (Note)	1,085	1,153	—	2,239

(Note) The increase of 1,153,000 common shares in treasury stock comprises an increase of 3,000 shares due to the reacquisition of odd stock, 41,000 shares reacquired from consolidated subsidiaries, and 1,109,000 shares reacquired pursuant to the resolution of the Board of Directors.

Interim term of fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

Treasury Stock

Types of stocks	No. of stocks as of end of fiscal 2007 (in thousand stocks)	No. of stocksincreased during interim term of fiscal 2008 (in thousand stocks)	No. of stocks decreased during interim term of fiscal 2008 (in thousand stocks)	No. of stocks as of the end of this interim term (in thousand stocks)
Common stocks (Note)	2,241	1,001	—	3,243

(Note) The increase of 1,001,000 common shares in treasury stock comprises an increase of 1,000 shares due to the reacquisition of odd stock and 1,000,000 shares reacquired pursuant to the resolution of the Board of Directors.

Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)

Treasury Stock

Types of stocks	No. of stocks as of end of fiscal 2006 (in thousand stocks)	No. of stocks as of end of fiscal 2007 (in thousand stocks)	No. of stocks decreased during fiscal 2007 (in thousand stocks)	No. of stocks as of the end of this term (in thousand stocks)
Common stocks (Note)	1,085	1,156	—	2,241

(Note) The increase of 1,156,000 common shares in treasury stock comprises an increase of 6,000 shares due to the reacquisition of odd stock, 41,000 shares reacquired from consolidated subsidiaries, 1,109,000 shares reacquired pursuant to the resolution of the Board of Directors.

(Notes to Leases Transactions)

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

Lease transactions other than those in which the ownership of the leased property is deemed to be transferred to the lessee

(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the interim term:

	Presumed acquisition cost(million yen)	Presumed accumulated depreciation(million yen)	Presumed balance at the end of the interim term (million yen)
Equipment and fixtures	4,969	1,922	3,046
Intangible fixed assets (software)	24	1	22
Total	4,994	1,924	3,069

(2) Presumed interim balance of unaccrued lease payments and others:
Presumed interim balance of unaccrued lease payments

Within one year	817 million yen
One year or more	2,279 million yen
Total	3,097 million yen

(3) Lease payments, transfer of impairment losses on lease assets, presumed depreciation, presumed interest expense, and impairment loss:

Lease payment	382 million yen
Presumed depreciation	365 million yen
Presumed interest expense	18 million yen

(4) Method of calculating presumed depreciation
Calculated on a straight-line basis assuming the lease period to be the useful life and the residual value diminishing to zero.

(5) Method of calculating interest expense
Calculated by assuming the difference between total lease payment and leased property's presumed acquisition cost as the presumed interest allocated to each of the years covered by the interest method.

(Impairment loss)
No impairment loss attributable to lease assets was recognized.

Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

Lease transactions other than those in which the ownership of the leased property is deemed to be transferred to the lessee

(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the interim term:

	Presumed acquisition cost(million yen)	Presumed accumulated depreciation (million yen)	Presumed balance at the end of the interim term (million yen)
Equipment and fixtures	5,742	2,497	3,244
Vehicles and carriers	5	4	0
Intangible fixed assets (software)	55	13	42
Total	5,803	2,515	3,287

(2) Presumed interim balance of unaccrued lease payments and others:
Presumed interim balance of unaccrued lease payments

Within one year	858 million yen
One year or more	2,478 million yen
Total	3,336 million yen

(3) Lease payments, transfer of impairment losses on lease assets, presumed depreciation, presumed interest expense, and impairment loss:

Lease payment	522 million yen
Presumed depreciation	494 million yen
Presumed interest expense	37 million yen

(4) Method of calculating presumed depreciation
Same as in left columm.

(5) Method of calculating presumed interest expense
Same as in left columm.

(Impairment loss)
Same as in left columm.

Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)

Lease transactions other than those in which the ownership of the leased property is deemed to be transferred to the lessee

(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the fiscal year:

	Presumed acquisition cost(million yen)	Presumed accumulated depreciation (million yen)	Presumed balance at year-end (million yen)
Equipment and fixtures	5,870	2,503	3,367
Vehicles and carriers	5	4	1
Intangible fixed assets (software)	55	8	47
Total	5,931	2,515	3,415

(2) Presumed year-end balance of unaccrued lease payments and others:
Presumed year-end balance of unaccrued lease payments

Within one year	867 million yen
One year or more	2,587 million yen
Total	3,455 million yen

(3) Lease payments, transfer of impairment losses on lease assets, presumed depreciation, presumed interest expense, and impairment loss:

Lease payment	913 million yen
Presumed depreciation	867 million yen
Presumed interest expense	57 million yen

(4) Method of calculating presumeddepreciation
Same as in left columm.

(5) Method of calculating presumed interest expense
Same as in left columm.

(Impairment loss)
Same as in left columm.

(Notes to Marketable Securities)

End of Interim Term of Fiscal 2007 (September 30, 2006)

No fair market value is available for stocks in subsidiaries and affiliates.

Interim term of fiscal 2008 (Sep 30, 2008)

Stocks in subsidiaries and affiliates with available fair market values

	Interim term on balance sheet value (million yen)	market value(million yen)	Difference(million yen)
Stocks of associated companies	3,382	3,016	-366

End of fiscal 2007 (Mar 31, 2007)

No fair market value is available for stocks in subsidiaries and affiliates.

(Notes to Business Combinations)

Interim term of fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)

(1) For a description, refer to Interim Consolidated Financial Statements – Notes – Notes to Business Combinations – Corporate Acquisitions by Stock Swapping.

Interim term of fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)

This disclosure item does not apply.

Fiscal 2007 (From Apr 1, 2006 to Mar 31, 2007)

For a description, refer to 1. Consolidated Financial Statements and Others – (1) Consolidated Financial Statements – Notes – Notes to Business Combinations – Corporate Acquisitions by Stock Swapping and Transactions under Common Control due to Merger.

(Information per Share)

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)		Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)		Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)	
Net asset per share	1,064.39yen	Net asset per share	1,107.79yen	Net asset per share	1,094.72yen
Net income per share	39.72yen	Net income per share	39.93yen	Net income per share	68.51yen
Net income per share - Diluted	36.33yen	Net income per share - Diluted	36.52yen	Net income per share - Diluted	62.68yen

(Note) Basis for calculation

1. Net asset per share

Item	Interim fiscal 2007 (Sep 30, 2006)	Interim fiscal 2008 (Sep 30, 2007)	Fiscal 2007 (Mar 31, 2007)
Total net assets on balance sheet (million yen)	60,654	62,046	62,396
Net assets related to common stock (million yen)	60,648	62,008	62,374
Major components of difference (million yen) Equity warrants	5	38	21
Number of shares of outstanding common stock(in thousand stocks)	59,219	59,219	59,219
Number of treasury shares of common stock(in thousand stocks)	2,239	3,243	2,241
Number of shares of common stock used in calculating net asset per share (in thousand stocks)	56,979	55,975	56,978

2. Net Income per Share and Net Income per Share after Adjustments on Potential Shares

Item	Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
Net income per share			
Net income (million yen)	2,296	2,266	3,932
Net income from common stock (million yen)	2,296	2,266	3,932
Average number of shares of common stock outstanding during period (in thousand shares)	57,819	56,758	57,339
Net income per share after adjustments on potential shares			
Adjustment for net income (million yen)	—	—	—
Increase in number of shares of common stock (in thousand stocks)	5,398	5,289	5,344
(including convertible bonds with subscription rights to shares)	(5,398)	(5,289)	(5,344)
Outline of potential shares not included in calculation of current net income per share after adjustments on potential shares due to no dilution effect	July 20, 2006 Resolution of Board of Directors Stock options 1,500 stock acquisition rights (150 thousand shares)	July 20, 2006 Resolution of Board of Directors Stock options 1,500 stock acquisition rights (150 thousand shares)	July 20, 2006 Resolution of Board of Directors Stock options 1,500 stock acquisition rights (150 thousand shares)

(Significant Subsequent Events)

Interim Fiscal 2007 (From Apr 1, 2006 to Sep 30, 2006)	Interim Fiscal 2008 (From Apr 1, 2007 to Sep 30, 2007)	Fiscal 2007 (From Apr 1, 2006 to March 31, 2007)
I. Based on the resolution at the Company's board meeting held on May 11, 2006, the Company took over its wholly owned subsidiary, Tokai Toho, on October 1, 2006. For an outline of this business combination, refer to Chapter 5 State of Accounting – 1. Interim Consolidated Financial Statements and Others - Significant Subsequent Events. Tokai Toho's absorption and merger caused an increase of 292 million yen in assets and a decrease of 332 million yen in liabilities. The difference between the net assets accepted from Tokai Toho and the booked value of Tokai Toho's stocks (tying stocks) will be posted in the latter half as an extraordinary loss of 593 million yen.	―――――	―――――
II. Based on the resolution at the Company's board meeting held on August 17, 2006, its two wholly owned subsidiaries, Tsuruhara Yoshii and Yakushin, are planning to merge on April 1, 2007. For an outline of this business combination, refer to Chapter 5 State of Accounting – 1. Interim Consolidated Financial Statements and Others - Significant Subsequent Events. Since both companies are wholly owned subsidiaries of Toho Pharmaceutical, there was no impact on the Company's profit and loss.	―――――	Based on the resolution at the Company's board meeting held on August 17, 2006, its two wholly owned subsidiaries, Tsuruhara Yoshii and Yakushin, merged on April 1, 2007 and changed the corporate name to Kyushu Toho. For an outline of this business combination, refer to 1. Consolidated Financial Statements and Others – (1) Consolidated Financial Statements – Notes – Significant Subsequent Events. Since both companies are wholly owned subsidiaries of Toho Pharmaceutical, there was no impact on the Company's profit and loss.