



Summary of Non-consolidated Financial Statements for the Interim Term of Fiscal 2007

November 9, 2006

Name of Listed Company: Toho Pharmaceutical Co., Ltd. Listed: Tokyo Stock Exchange
 Securities Code Number: 8129 Headquartered: Tokyo
 (URL: <http://www.tohoyk.co.jp>)
 Corporate Representative/Title: Norio Hamada/President and CEO
 Contact Representative/Title: Mamoru Ogino/Corporate Officer and General Manager of Finance and Accounting
 Tel: (03) 4330-3735

Date of Board of Directors meeting for approval of financial results: November 9, 2006
 Commencement date for payment of dividends: December 8, 2006
 Unitization of shares: Adopted (1 unit comprises 100 shares.)

1. Results of Operations for the September 2006 Interim Term (from April 1, 2006 to September 30, 2006)

(1) Results of Operations (Note) Amounts are truncated to the nearest million yen.

	Net Sales		Operating Income		Ordinary Income	
	Million Yen	(%)	Million Yen	(%)	Million Yen	(%)
September 2006 Interim Term	349,618	(5.9)	2,645	(118.7)	3,693	(77.8)
September 2005 Interim Term	330,228	(24.2)	1,209	(-37.0)	2,077	(-24.7)
Fiscal 2006	679,917	(16.0)	3,299	(21.6)	4,858	(14.9)

	Interim (Current) Net Income		Interim (Current) Net Income per Share
	Million Yen	(%)	
September 2006 Interim Term	2,296	(136.0)	39.72
September 2005 Interim Term	972	(-42.1)	20.38
Fiscal 2006	2,207	(50.1)	43.86

(Notes) ① Average number of shares outstanding during fiscal year:

September 2006 Interim Term: 57,819,093 shares; September 2005 Interim Term: 47,749,799 shares;
 Fiscal 2006: 49,501,841 shares

② Changes in accounting principles: None

③ Percentages accompanying net sales, operating income, ordinary income, and interim (current) net income indicate the rate of change compared with the preceding interim term.

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Million Yen	Million Yen	%	Yen
September 2006 Interim Term	351,736	60,654	17.2	1,064.39
September 2005 Interim Term	301,739	45,953	15.2	974.61
Fiscal 2006	321,823	51,576	16.0	989.79

(Note) ① Number of shares outstanding at end of fiscal year:

September 2006 Interim Term: 56,979,589 shares; September 2005 Interim Term: 47,151,303 shares;
 Fiscal 2006: 52,071,601 shares

② Number of treasury shares held at end of fiscal year:

September 2006 Interim Term: 2,239,472 shares; September 2005 Interim Term: 1,083,903 shares;
 Fiscal 2006: 1,085,605 shares

2. Projected Results of Operations during Fiscal Year 2007 (from April 1, 2006 to March 31, 2007)

	Net Sales	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen
Full Year	725,100	7,200	4,000

(Reference) Projected net income per share during full year: 70.20 yen

3. Historical Payment of Dividends

• Dividends in cash	Annual Cash Dividend per Share		
	Midterm	Yearend	Annual
Fiscal 2006	–	10.00	10.00
Fiscal 2007 (Result)	6.00	–	12.00
Fiscal 2007 (Projected)	–	6.00	

* 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 12 of the accompanying appendix.

6. Non-consolidated Financial Statements for the Interim Term

(1) Balance Sheets for the Interim Term

(Millions of yen)

Account	Note ref. No.	End of interim fiscal 2006 (As of September 30, 2005)		End of interim fiscal 2007 (As of September 30, 2006)		Year-on-year Increase (Decrease)	Summary of balance sheets for fiscal 2006 (As of March 31, 2006)		
		Amount	Share	Amount	Share		Amount	Share	
(Assets)									
I Current assets									
1. Cash on hand and on deposit	(Note 2)	10,339		26,487			16,608		
2. Notes receivable	(Note 6)	3,688		2,778			3,576		
3. Accounts receivable		190,452		204,228			194,602		
4. Inventories		31,085		34,137			36,406		
5. Purchase rebates receivable		10,740		9,958			10,318		
6. Other		4,466		9,598			6,466		
Allowance for doubtful receivables		-305		-160			-213		
Total current assets		250,466	83.0	287,029	81.6	36,563	267,766	83.2	
II Fixed assets									
1. Property, plant and equipment	(Note 1)								
(1) Buildings	(Note 2)	9,793		9,355			9,471		
(2) Land	(Note 2)	14,136		13,457			13,604		
(3) Other		1,432		1,758			1,534		
Total property, plant and equipment		25,361		24,571			24,611		
2. Intangible fixed assets		2,134		2,763			2,631		
3. Investments and other assets									
Equity shares in associated companies		–		23,858			–		
Investments and other assets	(Note 2)	24,303		14,006			27,260		
Allowance for doubtful receivables		-527		-493			-446		
Total investments and other assets		23,776		37,372		13,596	26,814		
Total fixed assets		51,273	17.0	64,707	18.4	13,434	54,057	16.8	
Total assets		301,739	100.0	351,736	100.0	49,997	321,823	100.0	

(Millions of yen)

Account	Note ref. No.	End of interim fiscal 2006 (As of September 30, 2005)		End of interim fiscal 2007 (As of September 30, 2006)		Year-on-year Increase (Decrease)	Summary of balance sheets for fiscal 2006 (As of March 31, 2006)			
		Amount	Share	Amount	Share		Amount	Share		
(Liabilities)			%		%					
I Current liabilities										
1. Notes payable	(Note 2,6)	4,423		2,135				1,871		
2. Accounts payable	(Note 2)	222,079		250,697				238,840		
3. Short-term loans payable	(Note 2)	3,980		928				1,873		
4. Income taxes payable		769		1,374				1,076		
5. Accrued bonuses		929		992				1,012		
6. Directors' bonuses		–		18				–		
7. Reserve for sales returns		200		202				180		
8. Other	(Note 4)	8,471		18,287				8,581		
Total current liabilities			240,853	79.8		274,636	78.1	33,783	253,435	78.8
II Long-term liabilities										
1. Bonds payable		10,000		9,600				10,000		
2. Long-term debt	(Note 2)	925		350				366		
3. Deferred tax liabilities		1,013		1,824				1,736		
4. Deferred tax liabilities due to revaluation		–		1,312				1,312		
5. Accrued retirement benefits for employees		1,080		961				1,015		
6. Accrued retirement benefits for directors and corporate auditors		292		–				306		
7. Guarantee loss reserve		20		–				12		
8. Other		1,600		2,397				2,062		
Total long-term liabilities			14,932	5.0		16,446	4.7	1,514	16,811	5.2
Total liabilities			255,785	84.8		291,082	82.8	35,297	270,247	84.0

(Millions of yen)

Account	Note ref. No.	End of interim fiscal 2006 (As of September 30, 2005)			End of interim fiscal 2007 (As of September 30, 2006)			Year-on-year Increase (Decrease)	Summary of balance sheets for fiscal 2006 (As of March 31, 2006)		
		Amount	Share	%	Amount	Share	%		Amount	Share	%
(Shareholders' equity)				%			%				%
I Common stock			7,003	2.3		–	–	–		10,399	3.2
II Capital surplus											
Legal capital reserve		13,526				–			16,922		
Total capital surplus			13,526	4.5		–	–	–		16,922	5.3
III Retained earnings											
1. Legal earned reserve		664				–			664		
2. Voluntary earned reserve		25,186				–			25,186		
3. Unappropriated earnings for the interim (current) term		640				–			1,930		
Total retained earnings			26,491	8.8		–	–	–		27,781	8.6
IV Unrealized gains on revaluation of land			-2,054	-0.7		–	–	–		-4,859	-1.5
V Unrealized gains on available-for-sale securities			2,244	0.7		–	–	–		2,591	0.8
VI Treasury stock			-1,257	-0.4		–	–	–		-1,259	-0.4
Total shareholders' equity			45,953	15.2		–	–	–		51,576	16.0
Total liabilities and shareholders' equity			301,739	100.0		–	–	–		321,823	100.0
(Net assets)											
I Shareholders' equity											
1. Common stock			–			10,599				–	
2. Capital surplus											
Legal capital reserve			–			26,206				–	
3. Retained earnings											
(1) Legal earned reserve			–			664				–	
(2) Other retained earnings											
Unrealized gains on land			–			1,037				–	
Contingency reserve			–			25,433				–	
Unappropriated retained earnings			–			2,305				–	
Total retained earnings			–			29,440				–	
4. Treasury stock			–			-3,502				–	
Total shareholders' equity			–	–		62,744	17.8	–		–	–
II Unrealized gains on revaluation											
1. Unrealized gains on available-for-sale securities			–			2,683				–	
2. Unrealized gains on revaluation of land			–			-4,778				–	
Total unrealized gains on revaluation			–	–		-2,095	-0.6	–		–	–
III Equity warrants			–	–		5	0.0	–		–	–
Total net assets			–	–		60,654	17.2	–		–	–
Total liabilities and net assets			–	–		351,736	100.0	–		–	–

(2) Statements of Income for the Interim Term

(Millions of yen)

Account	Note ref. No.	End of interim fiscal 2006 From April 1, 2005 to September 30, 2005		End of interim fiscal 2007 From April 1, 2006 to September 30, 2006		Year-on-year Increase (Decrease)	Summary of statements of Income for fiscal 2006 From April 1, 2005 to March 31, 2006	
		Amount	Share	Amount	Share		Amount	Share
I Net sales		330,228	100.0	349,618	100.0	19,390	679,917	100.0
II Cost of sales		316,735	95.9	334,089	95.6	17,354	651,687	95.8
Gross income		13,493	4.1	15,528	4.4	2,035	28,230	4.2
Reversal of reserve for sales returns		-32	-0.0	22	0.0	54	-52	-0.0
Gross income after reserve for sales returns		13,525	4.1	15,506	4.4	1,981	28,282	4.2
III Selling, general and administrative expenses	(Note 3)	12,315	3.7	12,861	3.6	546	24,982	3.7
Operating income		1,209	0.4	2,645	0.8	1,436	3,299	0.5
IV Non-operating income	(Note 1)	973	0.2	1,117	0.3	144	1,774	0.2
V Non-operating expenses	(Note 2)	106	0.0	69	0.0	-37	215	0.0
Ordinary income		2,077	0.6	3,693	1.1	1,616	4,858	0.7
VI Extraordinary gains		28	0.0	189	0.0	161	91	0.0
VII Extraordinary losses	(Note 4)	279	0.0	173	0.0	-106	617	0.1
Interim (current) income before income taxes		1,825	0.6	3,709	1.1	1,884	4,332	0.6
Corporate income, inhabitant and enterprise taxes		726		1,348			1,643	
Adjustments for income taxes		126	0.3	65	0.4	561	481	0.3
Interim (current) net income		972	0.3	2,296	0.7	1,324	2,207	0.3
Unappropriated retained earnings brought forward		103		-		-	103	
Transfer from unrealized gains on revaluation of land		-207		-		-	-151	
Loss on disposal of treasury shares		228		-		-	228	
Unappropriated earnings for the interim (current) term		640		-		-	1,930	

(3) Interim Statement of Changes in Shareholders' Equity

During this interim term (from April 1, 2006 to September 30, 2006)

(Millions of yen)

	Shareholders' equity								Treasury stock	Total shareholders' equity
	Common stock	Capital surplus	Retained earnings					Total retained earnings		
			Legal capital reserve	Legal earned reserve	Other retained earnings					
					Unrealized gains on land	Contingency reserve	Unappropriated retained earnings			
Balance as of March 31, 2006	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 by stock swapping		9,083							9,083	
Increase due to exercised warrant bonds	200	199							400	
Surplus distributed to shareholders (note)						-520	-520		-520	
Bonuses to directors and corporate auditors (note)						-36	-36		-36	
Transfer to contingency reserve (note)					1,300	-1,300	-		-	
Interim net income						2,296	2,296		2,296	
Own company stock reacquired								-2,242	-2,242	
Transfer from unrealized gains on land (note)				-16		16	-		-	
Transfer from 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	200	9,283	-	-16	1,300	375	1,658	-2,242	8,899	
Balance as of September 30, 2006	10,599	26,206	664	1,037	25,433	2,305	29,440	-3,502	62,744	

	Unrealized gains on revaluation			Equity warrants	Total liabilities and net assets
	Unrealized gains on available-for-sale securities	Unrealized gains on revaluation of land	Total unrealized gains on revaluation		
Balance as of March 31, 2006	2,591	-4,859	-2,267	-	51,576
Changes during the interim term					
New shares issued by stock swapping					9,083
Increase due to exercised warrant bonds					400
Surplus distributed to shareholders (note)					-520
Bonuses to directors and corporate auditors (note)					-36
Transfer to contingency reserve (note)					-
Interim net income					2,296
Own company stock reacquired					-2,242
Transfer from unrealized gains on land (note)					-
Transfer from 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	91	80	172	5	9,077
Balance as of September 30, 2006	2,683	-4,778	-2,095	5	60,654

(Note) The above are profit appreciation items in the ordinary general meeting of shareholders in June 2006.

Surplus distributed to shareholders	520 million yen
Bonuses to directors and corporate auditors	36 million yen
Transfer to contingency reserve	1,300 million yen
Transfer from unrealized gains on land	10 million yen

Basis of Presenting Interim Financial Statements

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 securities
 With available fair market value:Stated at fair market value based principally on the market price as of the interim 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:Stated at moving-average cost.
 - (2) Inventories: Stated at moving-average cost.
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
 - (2) Intangible 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).
 - (3) Long-term prepaid expenses

Amortized on a straight-line basis.
3. Principles for Accounting for Allowances and Reserves
 - (1) Allowance for Doubtful Receivables

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 for certain receivables, including those threatening to suffer loss, the recoverability of individual accounts is investigated and the uncollectible amount is estimated.
 - (2) Accrued Bonuses

The estimated amount payable is provided to fund bonus payments to eligible employees and to directors, who are also employees of the Group.
 - (3) Provision for Directors' Bonuses

In order to fund directors' bonuses from the estimated amount payable for this fiscal year, the portion for this interim period has been recorded.
(Change in accounting policy)
Effective from this accounting term under review, the Company has applied "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 each of operating income, ordinary income and interim net income before taxes by 18 million yen.
 - (4) Reserve for Sales Returns

The estimated amount of losses on future sales returns is provided to cover possible losses on sales returns.
 - (5) Accrued Retirement Benefits for Employees

The Company shifted entirely to a defined contribution pension program and adopted a transitional program to pay retirement-age employees still 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. Actual differences are insignificant, so they are recognized as expenses in the fiscal year in which they accrue.

4. Method of Accounting for Lease Transactions

Finance leases other than those in which the ownership of the leased property is deemed to be transferred to the lessee are accounted for in the same manner as standard lease transactions.

5. Other Significant Basic Principles for Preparation of Interim Financial Statements

Method of Accounting for Consumption Taxes and Others

Transactions subject to consumption tax are accounted for exclusive of consumption tax.

Changes in the Basis of Presenting Interim Financial Statements

(Accounting Standards for Net Assets on Balance Sheets)

(Partial Revision of Accounting Standards for Decreases in Treasury Stocks and Reserves)

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), and revised “Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (issued by the Accounting Standards Board of Japan on August 11, 2006, ASBJ 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, ASBJ 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 60,648 million yen.

Net assets in 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 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 stock options)

Effective from the interim term 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 each of operating income, ordinary income and interim net income before taxes by 5 million yen.

Changes in Presentation Methods

(Interim 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.

(Additional information)

• Abolishment of the system for accrued retirement benefits for directors

The Company resolved at the annual meeting of shareholders held on June 29, 2006, to abolish the system for accrued retirement benefits for directors and to terminate payments as of the end of the meeting.

Of these payments of retirement benefits to directors, 3 million yen was presented as “others” in current liabilities and 315 million yen as “others” in long-term liabilities.

Notes to Non-consolidated Financial Statements
(Notes to Interim Balance Sheets)

End of interim fiscal 2006 (As of September 30, 2005)	End of interim fiscal 2007 (As of September 30, 2006)	Fiscal 2006 (As of March 31, 2006)																																																																																																																																																																																								
<p>(Note 1) Accumulated depreciation of property, plant and equipment: 11,076 million yen</p> <p>(Note 2) Assets pledged as collateral:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">Classified assets pledged</th> <th colspan="2">Liabilities secured by collateral</th> </tr> <tr> <th></th> <th>Million yen</th> <th></th> <th>Million yen</th> </tr> </thead> <tbody> <tr> <td>Time deposits</td> <td style="text-align: right;">300</td> <td></td> <td></td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">1,967</td> <td></td> <td></td> </tr> <tr> <td>Land</td> <td style="text-align: right;">4,983</td> <td>Notes and accounts payable</td> <td style="text-align: right;">20,069</td> </tr> <tr> <td>Investment securities</td> <td style="text-align: right;">1,043</td> <td></td> <td></td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">534</td> <td>Short-term loans payable</td> <td></td> </tr> <tr> <td>Land</td> <td style="text-align: right;">1,201</td> <td>and long-term debt (including current portion of long-term debt due within one year)</td> <td style="text-align: right;">1,340</td> </tr> <tr> <td>Investment securities</td> <td style="text-align: right;">52</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">10,083</td> <td>Total</td> <td style="text-align: right;">21,409</td> </tr> </tbody> </table> <p>(Note 3) Liabilities guaranteed</p> <p>① Bank loans guaranteed</p> <table style="width: 100%;"> <tr> <td>Alf</td> <td style="text-align: right;">641 million yen</td> </tr> <tr> <td>Wakaba</td> <td style="text-align: right;">453 million yen</td> </tr> <tr> <td>TRIAD JAPAN</td> <td style="text-align: right;">267 million yen</td> </tr> <tr> <td>Ethos</td> <td style="text-align: right;">230 million yen</td> </tr> <tr> <td>Fisher Scientific Japan</td> <td style="text-align: right;">161 million yen</td> </tr> <tr> <td>Kanto Medical Service & 2 other cases</td> <td style="text-align: right;">43 million yen</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">1,795 million yen</td> </tr> </table> <p>② Accounts payable guaranteed</p> <table style="width: 100%;"> <tr> <td>Godo Toho</td> <td style="text-align: right;">27 million yen</td> </tr> </table> <p>(Note 4) After temporary paid consumption tax and temporary received consumption tax were offset, the amount of 277 million yen was presented as "others" in current liabilities.</p> <p>(Note 5) The Company has lending commitment agreements with 11 trading banks to facilitate the efficient procurement of working funds.</p> <table style="width: 100%;"> <tr> <td>Lending commitments</td> <td style="text-align: right;">12,000 million yen</td> </tr> <tr> <td>Balance borrowed</td> <td style="text-align: right;">– million yen</td> </tr> <tr> <td>Total remainder</td> <td style="text-align: right;">12,000 million yen</td> </tr> </table> <p>(Note 6) _____</p>	Classified assets pledged		Liabilities secured by collateral			Million yen		Million yen	Time deposits	300			Buildings	1,967			Land	4,983	Notes and accounts payable	20,069	Investment securities	1,043			Buildings	534	Short-term loans payable		Land	1,201	and long-term debt (including current portion of long-term debt due within one year)	1,340	Investment securities	52			Total	10,083	Total	21,409	Alf	641 million yen	Wakaba	453 million yen	TRIAD JAPAN	267 million yen	Ethos	230 million yen	Fisher Scientific Japan	161 million yen	Kanto Medical Service & 2 other cases	43 million yen	Total	1,795 million yen	Godo Toho	27 million yen	Lending commitments	12,000 million yen	Balance borrowed	– million yen	Total remainder	12,000 million yen	<p>(Note 1) Accumulated depreciation of property, plant and equipment: 11,574 million yen</p> <p>(Note 2) Assets pledged as collateral:</p> <table border="1" style="width: 100%; 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(Notes to Interim Statements of Income)

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<p>(Note 4) Impairment losses</p> <p>The Company recognized impairment losses on the following asset groups during the interim term under review.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Location</th> <th style="text-align: center;">Purpose</th> <th style="text-align: center;">Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Asahi Sales Office and 4 other sites</td> <td style="text-align: center;">Real estate for business use</td> <td rowspan="2" style="text-align: center;">Land and buildings</td> </tr> <tr> <td style="text-align: center;">Former Morioka Sales Office and 9 other sites</td> <td style="text-align: center;">Real estate unused</td> </tr> </tbody> </table> <p>The Company identifies asset groups as being individual sales offices that are classified as real estate used for business purposes and as being individual assets not used for business purposes that are classified as real estate unused.</p> <p>The Company recognized impairment losses of 33 million yen on the real estate for business use that suffered consecutive losses in value. It comprised 33 million yen on buildings. The Company measures recoverable amounts on the basis of net sales prices, which in this case proved insignificant and were substituted by reasonably determined prices in estimating the recoverable amounts.</p> <p>The Company recognized impairment losses of 232 million yen on real estate not used for business purposes that suffered consecutive losses in land value. It comprised 166 million yen on land and 65 million yen on buildings. The Company measures recoverable amounts on the basis of net sales prices, which in this case proved insignificant, so the Company assessed the recoverable amounts in reference to tax assessments of fixed assets.</p>	Location	Purpose	Class	Asahi Sales Office and 4 other sites	Real estate for business use	Land and buildings	Former Morioka Sales Office and 9 other sites	Real estate unused	<p>(Note 4) _____</p>	<p>(Note 4) Impairment losses</p> <p>The Company recognized impairment losses on the following asset groups during the fiscal year under review.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Location</th> <th style="text-align: center;">Purpose</th> <th style="text-align: center;">Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Asahi Sales Office and 4 other sites</td> <td style="text-align: center;">Real estate for business use</td> <td rowspan="2" style="text-align: center;">Land and buildings</td> </tr> <tr> <td style="text-align: center;">Former Morioka Sales Office and 9 other sites</td> <td style="text-align: center;">Real estate unused</td> </tr> </tbody> </table> <p>The Company identifies asset groups as being individual sales offices that are classified as real estate used for business purposes and as being individual assets not used for business purposes that are classified as real estate unused.</p> <p>The Company recognized impairment losses of 33 million yen on the real estate for business use that suffered consecutive losses in value. It comprised 33 million yen on buildings. The Company measures recoverable amounts on the basis of net sales prices, which in this case proved insignificant and were substituted by reasonably determined prices in estimating the recoverable amounts.</p> <p>The Company recognized impairment losses of 232 million yen on real estate not used for business purposes that suffered consecutive losses in land value. It comprised 166 million yen on land and 65 million yen on buildings. The Company measures recoverable amounts on the basis of net sales prices, which in this case proved insignificant, so the Company assessed the recoverable amounts in reference to tax assessments of fixed assets.</p>	Location	Purpose	Class	Asahi Sales Office and 4 other sites	Real estate for business use	Land and buildings	Former Morioka Sales Office and 9 other sites	Real estate unused		
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(Interim Statement of Changes in Shareholders' Equity)

Interim fiscal 2007 (From April 1, 2006 to September 30, 2006)

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 fiscal 2007 (in thousand stocks)	No. of stocks decreased during interim fiscal 2007 (in thousand stocks)	No. of stocks as of the end of interim fiscal 2007 (in thousand stocks)
Common stock (Notes)	1,085	1,153	–	2,239
Total	1,085	1,153	–	2,239

(Note) The 1,153,000 stock increase in treasury stocks of common stocks 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 reacquisitions pursuant to board meeting resolutions.

① Notes to Leases Transactions

Interim fiscal 2006 (From April 1, 2005 to September 30, 2005)	Interim fiscal 2007 (From April 1, 2006 to September 30, 2006)	Fiscal 2006 (From April 1, 2005 to March 31, 2006)																																												
<p>Lease transactions other than those in which the ownership of the leased property is deemed to be transferred to the lessee</p> <p>(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the interim term:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Presumed acquisition cost</th> <th style="text-align: center;">Presumed accumulated depreciation</th> <th style="text-align: center;">Presumed balance at the end of the interim term</th> </tr> <tr> <th></th> <th style="text-align: center;">Million yen</th> <th style="text-align: center;">Million yen</th> <th style="text-align: center;">Million yen</th> </tr> </thead> <tbody> <tr> <td>Equipment and fixtures</td> <td style="text-align: center;">3,371</td> <td style="text-align: center;">1,525</td> <td style="text-align: center;">1,846</td> </tr> </tbody> </table>		Presumed acquisition cost	Presumed accumulated depreciation	Presumed balance at the end of the interim term		Million yen	Million yen	Million yen	Equipment and fixtures	3,371	1,525	1,846	<p>Lease transactions other than those in which the ownership of the leased property is deemed to be transferred to the lessee</p> <p>(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the interim term:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Presumed acquisition cost</th> <th style="text-align: center;">Presumed accumulated depreciation</th> <th style="text-align: center;">Presumed balance at the end of the interim term</th> </tr> <tr> <th></th> <th style="text-align: center;">Million yen</th> <th style="text-align: center;">Million yen</th> <th style="text-align: center;">Million yen</th> </tr> </thead> <tbody> <tr> <td>Equipment and fixtures</td> <td style="text-align: center;">4,969</td> <td style="text-align: center;">1,922</td> <td style="text-align: center;">3,046</td> </tr> <tr> <td>Intangible fixed assets (Software)</td> <td style="text-align: center;">24</td> <td style="text-align: center;">1</td> <td style="text-align: center;">22</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">4,994</td> <td style="text-align: center;">1,924</td> <td style="text-align: center;">3,069</td> </tr> </tbody> </table>		Presumed acquisition cost	Presumed accumulated depreciation	Presumed balance at the end of the interim term		Million yen	Million yen	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	<p>Lease transactions other than those in which the ownership of the leased property is deemed to be transferred to the lessee</p> <p>(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the fiscal year:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Presumed acquisition cost</th> <th style="text-align: center;">Presumed accumulated depreciation</th> <th style="text-align: center;">Presumed balance at the end of the fiscal year</th> </tr> <tr> <th></th> <th style="text-align: center;">Million yen</th> <th style="text-align: center;">Million yen</th> <th style="text-align: center;">Million yen</th> </tr> </thead> <tbody> <tr> <td>Equipment and fixtures</td> <td style="text-align: center;">3,318</td> <td style="text-align: center;">1,563</td> <td style="text-align: center;">1,754</td> </tr> </tbody> </table>		Presumed acquisition cost	Presumed accumulated depreciation	Presumed balance at the end of the fiscal year		Million yen	Million yen	Million yen	Equipment and fixtures	3,318	1,563	1,754
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② Securities

There were no stocks of the Company's subsidiaries and affiliated companies with fair market value in this interim term and in the previous fiscal year.

(Significant Subsequent Events)

- The takeover of Tokai Toho is outlined below:

Based on the resolution at the Company's board meeting held on May 11, 2006, the Company took over its fully-owned subsidiary, Tokai Toho, on October 1, 2006.

The outline of this business combination is stated in "4. Consolidated Financial Statements for the Interim Term (Significant Subsequent Events)".

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.

- Merger between the Company's fully-owned subsidiaries

Based on the resolution at the Company's board meeting held on August 17, 2006, its two fully-owned subsidiaries, Tsuruhara Yoshii and Yakushin, are planning to merge on April 1, 2007.

The outline of this business combination is stated in "4. Consolidated Financial Statements for the Interim Term (Significant Subsequent Events)".

Since both companies are fully-owned subsidiaries of Toho Pharmaceutical, there was no impact on the Company's profit and loss.