

Business Overview:

Manufacturing Business

The Group worked to enhance its product lineup and reduce manufacturing expenses and overall costs. Net sales were mostly on par with the previous year, while earnings were higher year on year.

Initiatives in the Fiscal Year Ended March 31, 2009

In the Manufacturing business, the Group took steps to further enhance the product lineup. In July 2008, Alfresa Pharma Corporation concluded with Nobelpharma Co., Ltd. a basic agreement concerning the right to have priority in negotiating for a marketing partnership for ethical pharmaceuticals that Nobelpharma Co., Ltd. is to obtain approval for in the future to manufacture and market in Japan and which are not subject to licensing restrictions, and concerning cooperation in developing partnership products. Based on this agreement, since December 2008 we have been exclusively marketing NOBELBAR in Japan, a treatment for neonatal seizures and status epilepticus for which Nobelpharma Co., Ltd. originally acquired manufacturing and marketing approval. In addition, following the transfer of the manufacturing and marketing of the allergy therapeutic agent Pemilaston from Bristol-Myers K.K., Alfresa Pharma Corporation began marketing this product in March 2009.

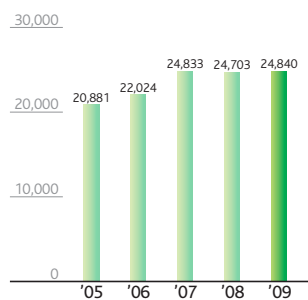
Aiming to ramp up contract manufacturing capacity, the Group began construction of a second formulation building at the Okayama Pharmaceutical Plant. The building will feature advanced manufacturing capabilities and a quality assurance system conforming to international GMP standards, with completion scheduled for October 2009.

Net sales in the Manufacturing business edged up 0.6% year on year to ¥24,840 million, remaining mostly on par with the previous fiscal year. Modiodal, a narcolepsy treatment brought to market in March 2007, posted steady sales. Regarding Modiodal, the Group is currently working to add an indication for excessive daytime sleepiness associated with obstructive sleep apnea syndrome.

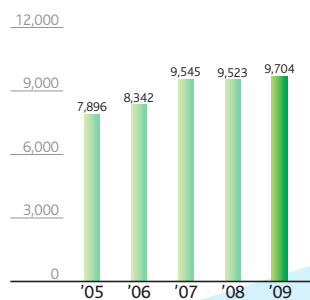
On the earnings front, operating income was ¥1,099 million, an increase of 74.5% year on year, as a result of efforts to reduce manufacturing expenses and overall costs. The gross profit margin improved 0.5 of a percentage point year on year, while the operating income margin rose 1.9 percentage points year on year.

Performance in the Manufacturing Business (Fiscal years ended March 31)

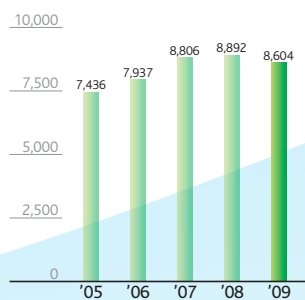
Net Sales
(¥ millions)



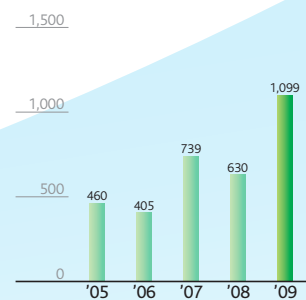
Gross Profit
(¥ millions)



SG&A Expenses
(¥ millions)



Operating Income
(¥ millions)



Forecast for the Fiscal Year Ending March 31, 2010

(Millions of Yen)

	Net Sales	Gross Profit	SG&A Expenses	Operating Income
2009	24,840	9,704	8,604	1,099
2010 (Forecast)	26,500	10,600	9,200	1,400

(Years ended/ending March 31)

Outlook for the Fiscal Year Ending March 31, 2010

In the Manufacturing business, the Group will promote sales of the neonatal seizure and status epilepticus treatment NOBELBAR, and the allergy therapeutic agent Pemilaston. At the same time, it will expand its product line, increase contract manufacturing capacity by reinforcing pharmaceutical production facilities, and inject efforts into expanding indications of the narcolepsy treatment, Modiodal.

For the fiscal year ending March 31, 2010, the Manufacturing business is projecting net sales of ¥26,500 million, a 6.7% increase year on year, and operating income of ¥1,400 million, a 27.3% increase year on year.



NOBELBAR



Pemilaston