

Consolidated Financial Statements for the Second Quarter of Fiscal Year Ending March 31, 2009

Corporate Name: Alfresa Holdings Corporation

Listing: 1st sections of Tokyo Stock Exchange and Osaka Securities Exchange

Code: 2784

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Scheduled dividend payment start date: December 5, 2008

1. Consolidated performance for the second quarter of the fiscal year ending March 31, 2009 (April 1, 2008 - September 30, 2008)

(1) Consolidated operating results (cumulative total) (Rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary profit		Net income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Six months ended September 30, 2008	947,239	–	7,392	–	10,786	–	4,840	–
Six months ended September 30, 2007	811,071	3.8	10,800	7.8	13,745	8.8	7,002	18.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2008	115.92	–
Six months ended September 30, 2007	175.79	–

(Percentages indicate changes over the same period of the previous fiscal year)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
Six months ended September 30, 2008	844,224	190,248	21.9	4,418.70
Year ended March 31, 2008	848,259	186,136	21.3	4,324.57

(Reference) Shareholders' equity: Second quarter of year ending March 31, 2009 ¥184,527 million Year ended March 31, 2008 ¥180,615 million

2. Cash dividends

Record date	Cash dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
Year ended March 31, 2008	–	41.00	–	42.00	83.00
Year ending March 31, 2009	–	45.00	–	–	–
Year ending March 31, 2009 (Forecast)	–	–	–	45.00	90.00

Note: Revision of dividend forecast for this quarter: None

**3. Consolidated performance forecast for the fiscal year ending March 31, 2009
(April 1, 2008 - March 31, 2009)**

(Percentages indicate changes from previous fiscal year)

	Net sales		Operating income		Ordinary profit		Net income		Earnings per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
Year ending March 31, 2009	1,934,000	9.3	19,000	(25.1)	26,100	(18.4)	11,800	(27.1)	282.56

Note: Revision of consolidated performance forecast for this quarter: Yes

4. Others

(1) Changes in principal subsidiaries during the period (those changes accompanying change in scope of consolidation): No

New: – (Company name:) Excluded: – (Company name:)

(2) Adoption of simplified accounting method and special accounting policy for quarterly consolidated financial statements: Yes

Note: For details, please refer to “Qualitative Information and Financial Statements, 4. Others” on page 5.

(3) Changes in accounting policy, procedure, and method of presentation for preparing quarterly consolidated financial statements:

i. Change due to amendment of accounting standard: Yes

ii. Change due to reasons other than i.: Yes

Note: For details, please refer to “Qualitative Information and Financial Statements, 4. Others” on page 5.

(4) Number of outstanding shares (common stock):

i. Number of shares outstanding (including treasury stock):

As of September 30, 2008: 42,326,223 shares

As of March 31, 2008: 42,326,223 shares

ii. Number of treasury stock:

As of September 30, 2008: 565,626 shares

As of March 31, 2008: 561,155 shares

iii. Average number of outstanding shares for the quarter:

Second quarter ended September 30, 2008: 41,762,484 shares

Second quarter ended September 30, 2007: 39,833,853 shares

Disclaimer regarding the Appropriate Use of Performance Forecasts and Other Notes

1. The forward-looking statements, including performance forecasts, contained herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual performance may differ substantially from these forecasts due to various factors.

2. Effective from the current fiscal year, the “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No.12) and “Guidance on Accounting Standard for Quarterly Financial Statements” (ASBJ Guidance No.14) have been applied. Quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

Qualitative Information and Financial Statements

1. Qualitative information on consolidated operating results

In the second quarter of the fiscal year under review (April 1, 2008 – September 30, 2008), Japan's economy deteriorated from a lull into a recession due to a surge in energy prices and a downturn in business conditions engendered by the turmoil in U.S. financial markets.

The ethical pharmaceuticals market grew about 2.9% in the second quarter of the year under review (by our estimate) in spite of a downward revision of the NHI drug prices by an average of 5.2% on April 1, 2008.

Meanwhile, the Alfresa Group posted a substantial increase in consolidated net sales over the same period of the previous year as result of making CS YAKUHIN CO., LTD. and RYUYAKU CO., LTD. consolidated subsidiaries effective October 1, 2007.

In such an environment, the Group continues pursuing the strategic themes of "Expansion of the wholesaling business of pharmaceuticals, etc. and pursuit of group synergy effects," "Solidifying the business base of the manufacturing of pharmaceuticals, etc.," "Realization of Healthcare Consortium," and "Enhancement of the group management base and strengthening of the administration system" in the second year of the "07-09 Medium-term Management Plan – Advancement and Expansion," a three-year medium-term management plan covering the period from April 2007 through March 2010. Also, on September 24, 2008, the Company forged a partnership with MEDICAL SYSTEM NETWORK Co., Ltd. (head office: Chuo-ku, Sapporo) engaged in the dispensing pharmacy business in the field of dispensing pharmacy and ethical pharmaceuticals distribution with a view to enhancing each other's corporate value. Then, the Company acquired shares (equivalent to a stake of 9.8%) of Pharmaholdings Co., Ltd. (head office: Chuo-ku, Sapporo), a wholly-owned subsidiary of MEDICAL SYSTEM NETWORK and a dispensing pharmacy holding company effective September 30.

In the second quarter of the fiscal year under review, net sales amounted to ¥947,239 million (up 16.8% from the previous year), operating income came to ¥7,392 million (down 31.6%), ordinary profit was ¥10,786 million (down 21.5%), and net income came to ¥4,840 million (down 30.9%).

The Company and Mediceo Paltac Holdings Co., Ltd. (head office: Chuo-ku, Tokyo) reached a basic agreement to merge on an equal footing on April 1, 2009 (scheduled) and concluded a basic agreement concerning this merger on October 10, 2008.

An outline of performance by business segment is as follows.

In the Wholesaling Business, we are endeavoring to strengthen marketing by focusing on the development of new accounts and handling new products, and to secure appropriate profit. At the same time, prompted by the urgent proposal made at the last year's ethical pharmaceuticals distribution improvement council, we are working to "implement economically rational price negotiations," "reform package discount," and "reform the practice of deliveries prior to price agreements" as key issues. Net sales were firm, but in terms of profits, gross profit margin fell because we were unable to adequately improve the selling price level amid changes in the purchase price structure. As a result of these, net sales amounted to ¥938,863 million (an increase of 17.0% from the previous year) and operating income came to ¥6,874 million (down 33.7%). Net sales included inter-segment sales of ¥1 million.

In the Manufacturing Business, we applied in May of this year for approval of additional indications for Modiodal, a sleep disorder treatment, relating to residual excessive daytime sleepiness associated with obstructive sleep apnea syndrome. Owing to growth in diagnostic reagents and other factors, net sales were firm and amounted to ¥11,941 million (up 0.2% from the previous year) while operating income came to ¥337 million yen (up 494.7%). Net sales included inter-segment sales of ¥3,563 million.

Note: Changes from the same period of the previous year are provided as reference.

2. Qualitative information on consolidated financial position

(1) Changes in consolidated financial position

Compared with the end of the previous consolidated fiscal year, the financial position at the end of the second quarter of the year under review is as described below.

Assets

Assets decreased ¥4,035 million to ¥844,224 million. This was primarily due to an increase of ¥3,887 million in trade notes and accounts receivable engendered by a rise in net sales, an increase of ¥3,539 million in investment securities, a ¥7,191 million decrease in inventories and a ¥8,428 million contraction in purchase rebates receivable.

Liabilities

Liabilities decreased ¥8,148 million to ¥653,975 million. This was mainly attributable to a ¥9,853 million decline in trade notes and accounts payable.

Net assets

Net assets expanded ¥4,112 million to ¥190,248 million. This owed much to a ¥3,077 million increase in retained earnings.

(2) Consolidated cash flows

As of the end of the second quarter of the fiscal year under review (April 1, 2008 – September 30, 2008), cash and cash equivalents (hereinafter “Net Cash”) amounted to ¥83,605 million, because Net Cash provided by operating activities stood at ¥11,746 million, Net Cash used in investing activities came to ¥7,368 million, and Net Cash used in financing activities amounted to ¥966 million. The status of cash flows and the factors behind are as follows.

Cash flows from operating activities

Net Cash provided by operating activities was ¥11,746 million (¥18,636 million was used in the previous year). Although trade notes and accounts receivable increased ¥3,626 million, trade notes and accounts payable decreased ¥9,853 million, and income taxes of ¥3,237 million were paid, income before income taxes came to ¥7,816 million, inventories contracted ¥5,037 million, and purchase rebates receivable decreased ¥8,573 million.

Cash flows from investing activities

Net Cash used in investing activities was ¥7,368 million (¥2,120 million was used in the previous year). This amount was mainly used for payments of ¥4,571 million for the purchase of tangible fixed assets, including sites for distribution centers, and expenses for the land and construction of new branches, etc., and for payments of ¥2,283 million for the purchase of investment securities.

Cash flows from financing activities

Net Cash used in financing activities was ¥966 million (¥1,657 million was used in the previous year). This amount was mainly used for payments of ¥1,754 million in cash dividends.

Note: The amounts for the previous year are provided as reference.

3. Qualitative information on consolidated performance forecast

With regard to the results for the current second quarter, profits are falling below the initial plan. We are making group-wide efforts to curb the decline in the selling price and also continuing low-cost operations to secure profit. We have made the following revisions to the consolidated performance forecast for the full year announced on May 12, 2008 in the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2008. As for dividends, we will provide a cash dividend of ¥45 as initially announced and expect to provide a year-end dividend of ¥45 (¥90 for the full year).

	Net sales	Operating income	Ordinary profit	Net income	Earnings per share
Year ending March 31, 2009	¥ Million	¥ Million	¥ Million	¥ Million	Yen
Previous forecast (A)	1,925,000	29,200	35,600	18,100	433.38
Revised forecast (B)	1,934,000	19,000	26,100	11,800	282.56
Change (B-A)	9,000	(10,200)	(9,500)	(6,300)	–
Percentage change (%)	0.5	(34.9)	(26.7)	(34.8)	–
Results for previous year	1,769,454	25,354	31,970	16,177	396.49

In the event that it is necessary to review the consolidated performance forecasts above, we will disclose this information without delay. The performance forecasts are based on information currently available to the Company. Actual performance may differ substantially from these forecasts due to various factors.

4. Others

(1) Changes in principal subsidiaries during the period (those changes accompanying change in scope of consolidation)

Not applicable.

(2) Adoption of simplified accounting method and special accounting method for preparation of quarterly consolidated financial statements

1. With regard to the method of computing the estimated loss for general claims (claims to debtors who are not facing serious financial problems), when it is deemed that the ratio of actual losses has not changed significantly from the ratio computed at the end of the previous consolidated fiscal year, the estimated loss for general claims is computed using a reasonable standard such as the ratio of actual losses computed at the end of the previous consolidated fiscal year.

2. The process of counting inventory is eliminated at the end of the second quarter of the fiscal year under review, and a rational computation method is used based on inventories counted at the end of the previous consolidated fiscal year.

3. Some consolidated subsidiaries which adopt the declining balance method for computing the depreciation cost for fixed assets distribute the depreciation cost for the consolidated fiscal year proportionally over a period.

4. As for determining the collectability of deferred tax assets, it has been deemed that there are no significant changes in the business environment and the generation of temporary differences since the end of the previous consolidated fiscal year. For this reason, the method using future performance forecasts and tax planning applied at the end of the previous consolidated fiscal year is utilized.

(3) Changes in accounting policy, procedure, and method of presentation for preparing quarterly consolidated financial statements

• Changes in items concerning accounting standard

1. Effective from the current fiscal year, the “Accounting Standard for Quarterly Financial Statements” (ASBJ Standard No.12) and “Guidance on Accounting Standard for Quarterly Financial Statements” (ASBJ Guidance No.14) have been applied. Quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

2. Changes in standard and method of valuation of inventories

Inventories held for the purpose of ordinary sales were previously evaluated at cost mainly by means of the total average method. However, inventories have been evaluated at cost mainly by the total average method (the book value is devalued in accordance with the deterioration of profitability for the balance sheet)

following the application of the “Accounting Standards on the Valuation of Inventory Assets” (ASBJ Standard No.9 issued on July 5, 2006) from the first quarter of the fiscal year under review.

As a result of the application of this method, both operating income and ordinary profit decreased ¥702 million, and income before income taxes declined ¥2,857 million.

The impact on segment information is noted in the relevant sections.

3. Application of “Temporary Solution on Accounting Policies Applied to Foreign Subsidiaries for Preparing Consolidated Financial Statements”

From the first quarter of the fiscal year under review, the “Temporary Solution on Accounting Policies Applied to Foreign Subsidiaries for Preparing Consolidated Financial Statements” (ASBJ Practical Issues Task Force No.18 issued on May 17, 2006) has been applied. The application of this policy has no impact on income.

4. Application of Accounting Standard for Lease Transactions

Financial lease transactions that do not transfer ownership had previously been accounted for by the accounting method in accordance with the method for lease transactions. However, after the “Accounting Standard for Lease Transactions” (ASBJ Standard No.13 [Business Accounting Council, the 1st Committee, first implemented June 17, 1993, last amended March 30, 2007]) and the “Guidance on the Accounting Standard for Lease Transactions” (ASBJ Guidance No.16 [The Japanese Institute of Certified Public Accountants, Accounting Practice Committee, first implemented January 18, 1994, last amended March 30, 2007]) became applicable from the fiscal year starting from April 1, 2008, these standards and guidance have been applied from the first quarter of the fiscal year under review. Accordingly, financial lease transactions that do not transfer ownership are accounted for by the accounting procedure for ordinary sales/purchase transactions.

As for financial lease transactions that do not transfer ownership for which the start date of lease transaction comes before the start of application of the Accounting Standard for Lease Transactions (on or before March 31, 2008), such transactions continue to be accounted for by the ordinary accounting method in accordance with the method for lease transactions.

As for the method of depreciation of the leased assets regarding financial lease transactions that do not transfer ownership, the straight-line method is adopted using the lease term as useful life with residual value of zero.

The application of this standard has an immaterial impact on income.

5. Application of “amendment of ‘Practical Guidance on Tax Effect Accounting for Non-consolidated Financial Statements’”

From the first quarter of the fiscal year under review, “amendment of ‘Practical Guidance on Tax Effect Accounting for Non-consolidated Financial Statements’” (Accounting Practice Committee Report No.10 issued on March 25, 2008) has been applied.

Following the application of the aforesaid practical guidance, deferred tax liabilities recorded upon acquiring subsidiary stock through stock exchange is reversed in the first quarter of the fiscal year under review.

As a result of this, net income increased ¥1,506 million yen in the current second quarter.

(Additional information)

Revision of useful life of tangible fixed assets

In line with the amendment of the Corporate Tax Law of fiscal 2008, domestic consolidated subsidiaries revised the useful life of some machinery and equipment from the first quarter of the fiscal year under review. This revision has an immaterial impact on income.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of the end of current 2nd quarter (September 30, 2008)	As of the end of previous fiscal year (March 31, 2008)
(Assets)		
Current assets		
Cash and deposits	74,853	73,299
Trade notes and accounts receivable	472,097	468,210
Securities	11,161	10,048
Merchandise and finished goods	86,267	92,423
Work in process	62	71
Raw materials and supplies	1,184	2,210
Purchase rebates receivable	42,392	50,821
Others	7,230	6,194
Allowance for doubtful accounts	(1,102)	(1,068)
Total current assets	694,147	702,211
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	27,553	26,668
Land	42,530	41,242
Others (net)	5,294	4,619
Total tangible fixed assets	75,378	72,529
Intangible fixed assets		
Goodwill	6,342	7,326
Others	2,031	1,775
Total intangible fixed assets	8,373	9,102
Investments and other assets		
Investment in securities	37,469	33,929
Others	34,024	35,984
Allowance for doubtful accounts	(5,169)	(5,497)
Total investments and other assets	66,324	64,416
Total fixed assets	150,076	146,048
Total assets	844,224	848,259

(Millions of yen)

	As of the end of current 2nd quarter (September 30, 2008)	As of the end of previous fiscal year (March 31, 2008)
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	600,249	610,103
Short-term debt	2,868	2,536
Income taxes payable	4,906	3,182
Reserve for bonuses	6,089	6,143
Others	9,354	9,563
Total current liabilities	623,468	631,530
Non-current liabilities		
Long-term debt	1,500	900
Allowance for employees' retirement benefits	23,321	23,262
Others	5,685	6,431
Total non-current liabilities	30,506	30,593
Total liabilities	653,975	662,123
(Net assets)		
Shareholders' equity		
Paid-in capital	4,230	4,230
Capital surplus	65,913	65,912
Retained earnings	115,080	112,002
Treasury stock, at cost	(2,192)	(2,159)
Total shareholders' equity	183,030	179,985
Valuation and translation adjustments		
Unrealized gain on securities	7,150	6,289
Gain or loss on deferred hedge	-	1
Unrealized gain or loss on revaluation of land	(5,720)	(5,730)
Foreign currency translation adjustments	66	70
Total valuation and translation adjustments	1,496	630
Minority interests	5,721	5,520
Total net assets	190,248	186,136
Total liabilities and net assets	844,224	848,259

(2) Quarterly Consolidated Income Statements

(Millions of yen)

	Current 2nd quarter (April 1, 2008 - September 30, 2008)
Net sales	947,239
Cost of sales	874,811
Reversal of allowance for returned unsold goods	927
Allowance for returned unsold goods	930
Gross profit	72,424
Selling, general and administrative expenses	65,032
Operating income	7,392
Non-operating income	
Interest income and dividend income	656
Information fees received	2,159
Others	701
Total non-operating income	3,517
Non-operating expenses	
Interest expenses	53
Others	69
Total non-operating expenses	123
Ordinary profit	10,786
Extraordinary income	
Gain on sale of shares of affiliates	26
Reversal of allowance for doubtful accounts	55
Reversal of allowance for loss on debt guarantee	8
Total extraordinary income	90
Extraordinary loss	
Loss on sale of fixed assets	6
Loss on retirement of fixed assets	95
Loss on impairment of fixed assets	262
Loss on valuation of investment securities	154
Loss on valuation of inventories	2,154
Special retirement benefits	385
Total extraordinary loss	3,059
Income before income taxes	7,816
Income, residential and enterprise taxes	5,114
Income tax adjustments	(2,403)
Total income taxes	2,710
Minority interests in net income	265
Net income	4,840

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Current 2nd quarter (April 1, 2008 - September 30, 2008)
Cash flows from operating activities	
Income before income taxes	7,816
Depreciation	2,473
Loss on impairment of fixed assets	262
Amortization of goodwill	984
Increase (decrease) in allowance for doubtful accounts	(294)
Increase (decrease) in reserve for bonuses	(54)
Increase (decrease) in reserve for bonuses to directors and auditors	(142)
Increase (decrease) in allowance for directors' retirement benefits	(71)
Increase (decrease) in allowance for employees' retirement benefits	59
Interest and dividend income	(656)
Interest expenses	53
Loss (gain) on sale of fixed assets	6
Loss on retirement of fixed assets	95
Loss on valuation of inventories	2,154
Loss (gain) on valuation of investment securities	154
Decrease (increase) in trade notes and accounts receivable	(3,626)
Decrease (increase) in inventories	5,037
Decrease (increase) in purchase rebates receivable	8,573
Increase (decrease) in trade notes and accounts payable	(9,853)
Others	1,415
Subtotal	14,389
Interest and dividends received	650
Interest paid	(55)
Income taxes paid	(3,237)
Net cash provided by operating activities	11,746
Cash flows from investing activities	
Payments into time deposits	(50)
Proceeds from maturity of time deposits	129
Payments for purchase of tangible fixed assets	(4,571)
Proceeds from sale of tangible fixed assets	277
Payments for purchase of intangible fixed assets	(121)
Payments for acquisition of long-term prepaid expenses	(427)
Payments for purchase of investment securities	(2,283)
Proceeds from sale of investment securities	73
Payments for purchase of affiliates' shares	(125)
Proceeds from sale of affiliates' shares	105
Payments for loans provided	(730)
Proceeds from collection of loans	361
Others	(5)
Net cash used in investing activities	(7,368)

(Millions of yen)

	Current 2nd quarter (April 1, 2008 - September 30, 2008)
Cash flows from financing activities	
Net increase (decrease) in short-term debt	662
Proceeds from long-term loans	800
Repayments of long-term debt	(530)
Repayments of finance lease obligations	(47)
Payments for purchase of treasury stock	(36)
Proceeds from sale of treasury stock	5
Cash dividends paid	(1,754)
Cash dividends paid to minority shareholders	(65)
Net cash used in financing activities	(966)
Translation difference of cash and cash equivalents	(1)
Increase (decrease) in cash and cash equivalents	3,409
Beginning balance of cash and cash equivalents	80,195
Ending balance of cash and cash equivalents	83,605

Effective from the current fiscal year, the “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No.12) and “Guidance on Accounting Standard for Quarterly Financial Statements” (ASBJ Guidance No.14) have been applied. Quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

(4) Note concerning Assumption on Going Concerns

None

(5) Segment Information

a. Business segment information

Current second quarter (April 1, 2008 – September 30, 2008)

(Millions of yen)

	Wholesaling of pharmaceuticals, etc.	Manufacturing of pharmaceuticals, etc.	Total	Elimination	Consolidated
Net sales					
(1) Net sales to outside customers	938,861	8,377	947,239	-	947,239
(2) Inter-segment sales or transfers	1	3,563	3,565	(3,565)	-
Total	938,863	11,941	950,804	(3,565)	947,239
Operating income	6,874	337	7,211	180	7,392

Notes:

1. Method of classification

Business segments are classified taking into consideration the form of business based on internal segmentation and the Japan Standard Industrial Classification.

2. Principal products by business segment

Business segment	Principal products
Wholesaling of pharmaceuticals, etc.	Pharmaceuticals, diagnostic reagents, medical devices/equipment/materials, and other products
Manufacturing of pharmaceuticals, etc.	Pharmaceuticals, diagnostic reagents, medical devices/equipment, and other products

3. Changes in accounting method

(Accounting Standards for Valuation of Inventories)

From the first quarter of the fiscal year under review, the “Accounting Standards for Valuation of Inventories” (ASBJ Standard No.9 issued on July 5, 2006) have been applied. As a result of the application of these standards, operating income for the wholesaling business decreased ¥702 million.

b. Geographical segment information

Current second quarter (April 1, 2008 – September 30, 2008)

Since the business the Company conducts in Japan accounts for more than 90% of total net sales for all segments in the current second quarter, geographical segment information is not presented.

c. Overseas net sales

Current second quarter (April 1, 2008 – September 30, 2008)

Since overseas net sales account for less than 10% of consolidated net sales in the current second quarter, overseas net sales figures are not presented.

(6) Notes Concerning Significant Changes in Shareholders’ Equity

None

[Reference]

Financial Statements for the Previous Second Quarter

(1) (Summary) Quarterly Consolidated Income Statements

(Millions of yen)

Item	Same period in the previous FY (2nd quarter ended September 30, 2007)	
	Amount	Percent (%)
I Net sales		811,071 100.0
II Cost of sales		744,593 91.8
Total deduction		66,478 8.2
Reversal of allowance for returned unsold goods		698 0.1
Allowance for returned unsold goods		707 0.1
Gross profit		66,469 8.2
III Selling, general and administrative expenses		55,669 6.9
Operating income		10,800 1.3
IV Non-operating income		
1. Interest income	115	
2. Dividend income	408	
3. Information fees received	1,891	
4. Others	640	3,055 0.4
V Non-operating expenses		
1. Interest expenses	16	
2. Commission fees	20	
3. Others	73	110 0.0
Ordinary profit		13,745 1.7
VI Extraordinary income		
1. Gain on sale of fixed assets	121	
2. Gain on sale of investment securities	21	
3. Reversal of allowance for loss on debt guarantee	3	
4. Return on welfare mutual aid premiums	69	216 0.0
VII Extraordinary loss		
1. Loss on sale of fixed assets	42	
2. Loss on retirement of fixed assets	92	
3. Loss on valuation of investment securities	18	
4. Loss on impairment of fixed assets	63	
5. Loss on change in equity	480	697 0.1
Income before income taxes		13,264 1.6
Income, residential and enterprise taxes	5,418	
Income tax adjustments	454	5,872 0.7
Minority interests in net income		388 0.0
Net income		7,002 0.9

(2) (Summary) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

Item	Same period in the previous FY (2nd quarter ended Sep. 30, 2007)
I Cash flows from operating activities	
1. Income before income taxes	13,264
2. Depreciation	2,530
3. Loss on impairment of fixed assets	63
4. Increase in allowance for doubtful accounts	121
5. Decrease in reserve for bonuses to directors and auditors	(108)
6. Increase in allowance for employees' retirement benefits	80
7. Increase in allowance for directors' retirement benefits	15
8. Decrease in reserve for bonuses	(38)
9. Interest and dividend income	(523)
10. Interest expenses	16
11. Amortization of goodwill	505
12. Gain on sale of fixed assets	(121)
13. Loss on retirement or sale of fixed assets	134
14. Loss on change in equity	480
15. Increase in trade notes and accounts receivable	(8,629)
16. Increase in inventories	(3,462)
17. Increase in purchase rebates receivable	(4,483)
18. Decrease in trade notes and accounts payable	(6,742)
19. Decrease in accounts payable	(1,981)
20. Others	237
Subtotal	(8,640)
21. Interest income and dividend income	521
22. Interest paid	(16)
23. Income taxes paid	(10,501)
Net cash used in operating activities	(18,636)

(Millions of yen)

Item	Same period in the previous FY (2nd quarter ended Sep. 30, 2007)
II Cash flows from investing activities	
1. Payments into time deposits	(101)
2. Proceeds from maturity of time deposits	198
3. Payments for purchase of tangible fixed assets	(2,016)
4. Proceeds from sale of tangible fixed assets	846
5. Payments for purchase of intangible fixed assets	(134)
6. Proceeds from sale of intangible fixed assets	0
7. Payments for acquisition of long-term prepaid expenses	(21)
8. Payments for purchase of investment securities	(89)
9. Proceeds from sale of investment securities	221
10. Payments for additional purchase of shares of consolidated subsidiaries	(260)
11. Payments for loans provided	(901)
12. Proceeds from collection of loans	134
13. Others	4
Net cash used in investing activities	(2,120)
III Cash flows from financing activities	
1. Repayments of long-term debt	(109)
2. Proceeds from payments from minority shareholders	95
3. Payments for purchase of treasury stock	(20)
4. Proceeds from sale of treasury stock	3
5. Cash dividends paid	(1,593)
6. Cash dividends paid to minority shareholders	(33)
Net cash used in financing activities	(1,657)
IV Translation difference of cash and cash equivalents	14
V Decrease in cash and cash equivalents	(22,400)
VI Beginning balance of cash and cash equivalents	96,769
VII Ending balance of cash and cash equivalents	74,369

(3) Segment Information

a. Business segment information

Second quarter of the previous fiscal year (April 1, 2007 - September 30, 2007)

(Millions of yen)

	Wholesaling of pharmaceuticals, etc.	Manufacturing of pharmaceuticals, etc.	Total	Elimination	Consolidated
Net sales					
(1) Net sales to outside customers	802,714	8,357	811,071	-	811,071
(2) Inter-segment sales or transfers	1	3,563	3,565	(3,565)	-
Total	802,716	11,920	814,637	(3,565)	811,071
Operating expenses	792,349	11,864	804,213	(3,942)	800,271
Operating income	10,366	56	10,423	377	10,800

b. Geographical segment information

Second quarter of the previous fiscal year (April 1, 2007 - September 30, 2007)

Since the business the Company conducts in Japan accounts for more than 90% of total net sales for all segments in the second quarter of the previous fiscal year, geographical segment information is not presented.

c. Overseas net sales

Second quarter of the previous fiscal year (April 1, 2007 - September 30, 2007)

Since overseas net sales account for less than 10% of consolidated net sales in the second quarter of the previous fiscal year, overseas net sales figures are not presented.