

Interim Results Briefing (Consolidated)

Corporate Name: Alfresa Holdings Corporation

Listing: Tokyo Stock Exchange and Osaka Securities Exchange

Code No.: 2784

Location of Head Office: Tokyo

(URL: <http://www.alfresa.com>)

Representative: Arata Watanabe, Representative Director & President

Inquiries: Shunichi Miyake, Executive Officer, General Manager of Financial Planning Department

Tel: +81-3-5219-5100

Board of Directors' Meeting on Interim Closing of Accounts: November 13, 2006

U.S. Accounting Standards: Not applied.

1. Consolidated performance for the first half of the year ending March 31, 2007 (April 1, 2006 - September 30, 2006)

(1) Consolidated operating results

Note: Rounded down to the nearest million

	Net sales		Operating income		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2006 (Interim)	781,139	17.0	10,021	136.4	12,628	94.6
September 30, 2005 (Interim)	667,726	17.6	4,239	18.4	6,489	15.3
Year ended March 31, 2006	1,411,639		14,846		19,405	

	Net income		Earnings per share		Diluted earnings per share	
	Millions of yen	%	Yen		Yen	
September 30, 2006 (Interim)	5,929	84.8	150.45		-	
September 30, 2005 (Interim)	3,209	4.2	90.42		-	
Year ended March 31, 2006	7,073		189.55		-	

- Notes: (1) Profit or loss on equity method investments Sep. 2006: ¥- Million Sep. 2005: ¥- Million Mar. 2006: ¥- Million
 (2) Average number of shares outstanding during the period (consolidated) Sep. 2006: 35,413,381 Sep. 2005: 35,494,638 Mar. 2006: 36,428,143
 (3) Change in accounting method None
 (4) Percentages in net sales, operating income, ordinary profit and net income show changes from a year earlier.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2006 (Interim)	727,476	156,172	20.8	3,811.25
September 30, 2005 (Interim)	616,377	121,943	19.8	3,435.56
Year ended March 31, 2006	687,773	131,483	19.1	3,537.89

Note: Number of shares outstanding at the end of the period (consolidated) Sep. 2006: 39,690,056 Sep. 2005: 35,494,421 Mar. 2006: 37,116,810

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2006 (Interim)	5,870	(4,626)	218	71,639
September 30, 2005 (Interim)	(7,021)	(6,467)	(1,454)	44,360
Year ended March 31, 2006	24,665	(9,992)	(8,555)	67,435

(4) Scope of consolidation / application of equity method accounting:

Number of consolidated subsidiaries: 11
 Number of unconsolidated subsidiaries based on the equity method: -
 Number of affiliates based on the equity method: -

(5) Change in scope of consolidation / application of equity method accounting:

Consolidation: (New) 1 (Exclusion) 1
 Equity method: (New) - (Exclusion) -

2. Consolidated performance forecast for the year ending March 31, 2007 (April 1, 2006 - March 31, 2007)

	Net sales	Ordinary profit	Net income
	Millions of yen	Millions of yen	Millions of yen
Year ending March 31, 2007	1,597,000	27,000	11,200

Reference: Estimated earnings per share for March 2007: ¥282.19

* The above-mentioned forecasts are based on currently available information, and thus include many uncertain factors. Actual results may differ from those forecasts depending on changes in the business conditions.

1. Current Status of the Group

The Company has its basic role to formulate the management vision of the entire group and establish the management plan based on the vision as well as continuously enhance the corporate value by effectively utilizing management resources of the group.

Our main businesses consist of wholesaling of pharmaceuticals, diagnostic reagents and medical devices/equipment centered on Alfresa Corporation, and manufacturing and marketing of pharmaceuticals, diagnostic reagents and medical devices/equipment centered on Alfresa Pharma Corporation.

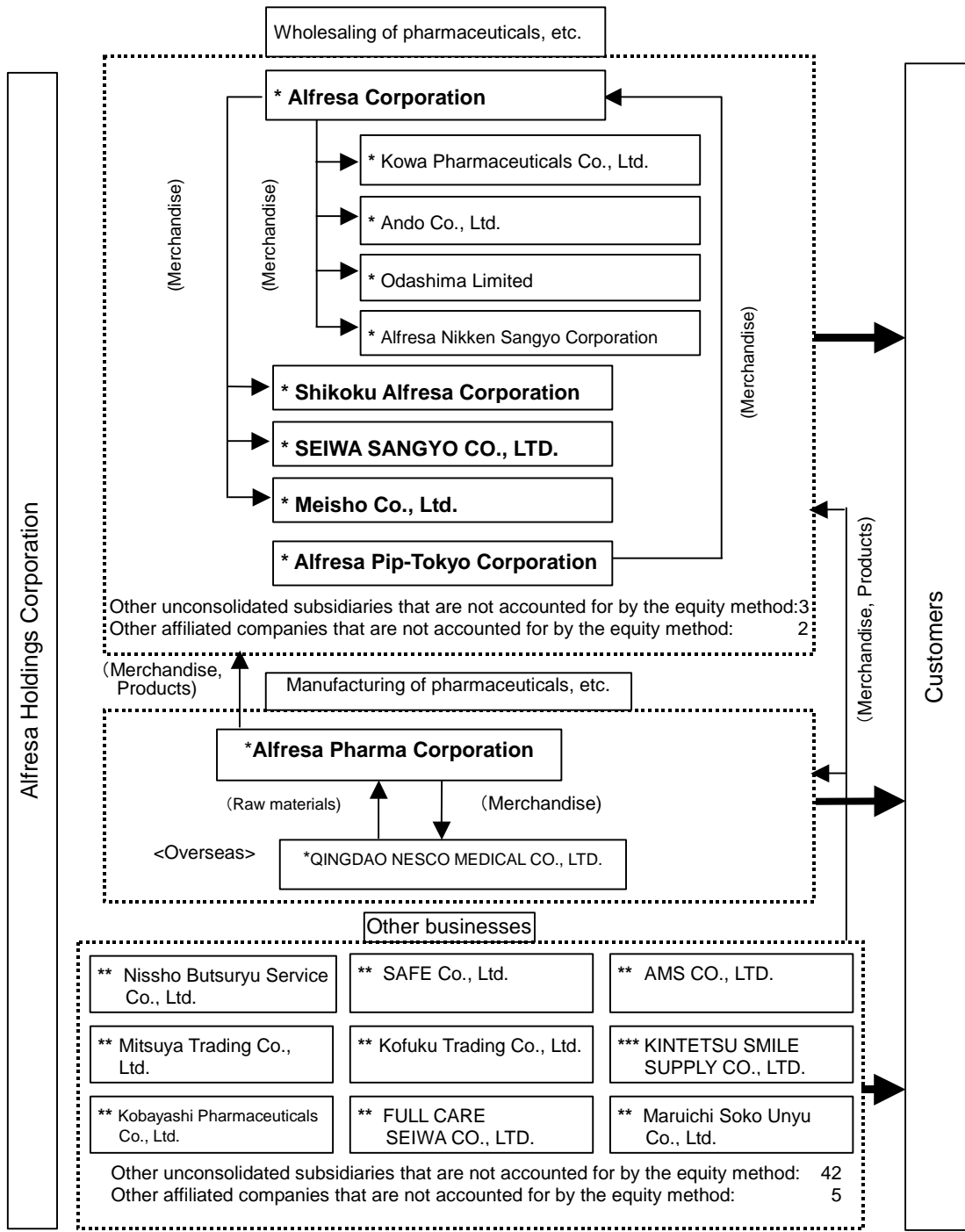
The description of business and the relationship relating to the relevant business between the Company and affiliates are shown below.

The “Wholesaling of pharmaceuticals, etc.” and the “Manufacturing of pharmaceuticals, etc.,” the Group’s main area of operations shown below, correspond to the Company’s business segment classifications. The Company also conducts some operations in the “Other businesses” area.

Classification of business	Company name	Main line of business
Wholesaling of pharmaceuticals, etc.	Alfresa Corporation	Ethical drugs, diagnostic reagents, over-the-counter drugs, medical devices/materials
	Shikoku Alfresa Corporation	Ethical drugs, diagnostic reagents, medical devices/materials
	SEIWA SANGYO CO., LTD.	Ethical drugs, diagnostic reagents, medical devices/materials
	Meisho Co., Ltd.	Ethical drugs, diagnostic reagents, medical devices/materials
	Alfresa Pip-Tokyo Corporation	Medical materials and other products, SPD business*
	Kowa Pharmaceuticals Co., Ltd.	Ethical drugs, diagnostic reagents, medical devices/materials
	Ando Co., Ltd.	Ethical drugs, diagnostic reagents, medical devices/materials
	Odashima Limited	Ethical drugs, diagnostic reagents, medical devices/materials
	Alfresa Nikken Sangyo Corporation	Ethical drugs, diagnostic reagents, medical devices/materials
	Fine Small-Lot Packaging Center Co., Ltd., and other companies	Ethical drugs, etc.
Manufacturing of pharmaceuticals, etc.	Alfresa Pharma Corporation	Pharmaceuticals, diagnostic reagents, medical devices/equipment and other products (pharmaceutical raw materials, etc.)
	QINGDAO NESCO MEDICAL CO., LTD.	Medical devices/equipment
Other businesses	Nissho Butsuryu Service Co., Ltd.	Transportation, warehousing, insurance agency
	SAFE Co., Ltd.	Information services relating to pharmaceuticals, etc.
	AMS CO., LTD.	Insurance agency, real estate management, sales of daily necessity and miscellaneous goods, etc., staffing service
	Mitsuya Trading Co., Ltd.	Insurance agency
	Kofuku Trading Co., Ltd.	Insurance agency, sales of duty stamp
	KINTETSU SMILE SUPPLY CO., LTD.	Rental service of nursing care equipment, etc.
	Kobayashi Pharmaceuticals Co., Ltd.	Management of dispensing pharmacies, import and sales of pharmaceutical bulk powder
	FULL CARE SEIWA CO., LTD.	Rental service of nursing care equipment, etc.
	Maruichi Soko Unyu Co., Ltd. and other companies	Transportation, etc.

*SPD (Supply Processing and Distribution): Concept to enhance rationalization, promote efficiency and improve the management system by consolidating everything from procurement to distribution and consumption for the entire range of in-hospital supplies. As medical institutions are required to operate more efficiently, they are increasingly outsourcing the product management.

The relationship of the Company and main affiliated companies is as follows:



- : Business relation Parenthesis () : Main contents of business
 * Consolidated subsidiaries
 ** Unconsolidated subsidiaries that are not accounted for by the equity method
 *** Affiliated companies that are not accounted for by the equity method

Note: Meisho Co., Ltd. became a subsidiary of the Company by stock exchange on April 1, 2006.

Status of the consolidated subsidiaries

Name	Address	Capital (millions of yen)	Main line of business	Ratio of voting rights (%)	Relationship with the Company
Alfresa Corporation *	Chiyoda-ku, Tokyo	4,000	Wholesaling of pharmaceuticals, etc.	100.0	It has concluded a basic contract with the Company relating to management services. Interlocking directors: 2
Shikoku Alfresa Corporation	Takamatsu, Kagawa Prefecture	161	Wholesaling of pharmaceuticals, etc.	100.0	It has concluded a basic contract with the company relating to management services. Interlocking directors: 1
SEIWA SANGYO CO., LTD. *	Nishi-ku, Hiroshima	1,144	Wholesaling of pharmaceuticals, etc.	100.0	It has concluded a basic contract with the Company relating to management services. Interlocking directors: 2
Meisho Co., Ltd.	Kanazawa, Ishikawa Prefecture	395	Wholesaling of pharmaceuticals, etc.	100.0	It has concluded a basic contract with the Company relating to management services. Interlocking directors: 3
Alfresa Pip-Tokyo Corporation *	Sumida-ku, Tokyo	400	Wholesaling of pharmaceuticals, etc.	51.0	It has concluded a basic contract with the Company relating to management services. Interlocking directors: 1
Kowa Pharmaceuticals Co., Ltd.	Koriyama, Fukushima Prefecture	104	Wholesaling of pharmaceuticals, etc.	67.6 (67.6)	It has concluded a basic contract with the Company relating to management services. Interlocking directors: 3
Ando Co., Ltd.	Takasaki, Gunma Prefecture	300	Wholesaling of pharmaceuticals, etc.	50.9 (50.9)	It has concluded a basic contract with the Company relating to management services. Interlocking directors: None
Odashima Limited	Hanamaki, Iwate Prefecture	30	Wholesaling of pharmaceuticals, etc.	55.1 (55.1)	It has concluded a basic contract with the Company relating to management services. Interlocking directors: 2
Alfresa Nikken Sangyo Corporation	Gifu, Gifu Prefecture	190	Wholesaling of pharmaceuticals, etc.	51.0 (51.0)	It has concluded a basic contract with the Company relating to management services. Interlocking directors: None
Alfresa Pharma Corporation *	Chuo-ku, Osaka	1,000	Manufacturing of pharmaceuticals, etc.	100.0	It has concluded a basic contract with the company relating to management services. Interlocking directors: 1
QINGDAO NESCO MEDICAL CO., LTD.	Qingdao, Shandong, China	300	Manufacturing of pharmaceuticals, etc.	100.0 (100.0)	It manufactures surgical suture. Interlocking directors: None

Notes 1. In the column of "Main line of business," segments by business type are stated.

2. Asterisk mark means specified subsidiaries.

3. Ratio of voting rights owned by subsidiaries of the Company is indicated within the parenthesis, which is included in the total ratio.

2. Management Policies

(1) Basic management policies

The Alfresa group, as a member of the healthcare industry, engages in wide-ranging businesses under our Group Mission “to maximize our corporate value by creating innovative value and earning the trust of society through contribution to people’s health mainly in the field of medical care.” Also, we would like to create a fresh life for all the people based on our “Healthcare Consortium” vision for providing comprehensive healthcare services.

(2) Basic policies on profit share

Returning profits to our shareholders is one of our key policies. As for dividends, over 2% dividend on equity is the target with the exact rate to be determined according to the consolidated business performance of the Company, fully taking into consideration such factors as the enhancement of the corporate constitution as well as future business developments. In connection with the enforcement of the Company Law, we amended our Articles of Incorporation so that we are able to distribute surplus profit by establishing a record date for distribution in addition to March 31 and September 30 each year. However, the distribution of surplus profit on additional record dates is an issue we should examine in the future.

(3) Target management benchmark

The Alfresa Group formulated a three-year Medium-term Management Plan, which will finish in the fiscal year ending March 31, 2008, and strives for its successful implementation. Our target for the final year of the medium-term management plan is to achieve group-wide net sales of 2 trillion yen, net income margin of 1% and return on equity (ROE) of 10%.

(4) Medium-to-long term management strategies and issues to address

In Japan, responding to rising medical expenses due to the aging society and the development of medical technology has become an important policy issue. Accordingly, in the pharmaceutical industry, the business environment surrounding the Group continues to be difficult because of measures to curtail national medical expenditure, such as the implementation of periodic reductions in the drug price standard through the NHI drug price revision. In addition, the distribution of ethical pharmaceuticals has been changing drastically through developments such as the progress in separation of drug dispensing from medical practice, corporate reorganization among wholesalers, and the joint/volume purchasing of pharmaceuticals by customers.

In this environment, the Alfresa Group is aggressively promoting the expansion of business through strategic alliances with other companies in the pharmaceutical and other industries to create a “healthcare consortium” that contributes to the life and health of people through medical-related businesses, particularly the manufacture and distribution of ethical pharmaceuticals.

In the wholesaling business, as the core business of the Group, we are expanding the Group to establish a nationwide distribution system. In addition, we are striving to increase market share across Japan through effective deployment of integrated sales promotion as a group. We are also making efforts to achieve appropriate profits through independent price negotiations with customers and further lowering of cost, as we believe that it is necessary to provide high-quality pharmaceutical distribution services. Further, we endeavor to operate our business with an accurate focus on the needs of our customers so that we can become a value-creating corporate group.

In the manufacturing business, Alfresa Pharma Corporation will continue to expand its product line particularly in such areas as generic drugs and POCT (Point-of-care Testing) reagents (rapid test reagents) and development of unique products with a strong market presence through sales and business alliances with other companies. In addition, we aim to expand the market share through utilization of the group’s sales force.

Our priority issues in the Group management system are “Strengthening of corporate governance system,” “Promotion of CSR” and “Development of new backbone information system.”

With regard to “Strengthening of corporate governance system,” we have enhanced cooperation within the Group through interdivisional group conferences including group president conferences, for the purpose of realizing the group governance and strengthening the management base. The Company has also established an Advisory Board by inviting outside experts to improve the efficiency and transparency of the Company’s overall management.

As for “Promotion of CSR,” we will make efforts to fulfill our social role through the stable distribution of pharmaceuticals and the provision of information on their proper usage. In addition, we will strive to raise our corporate value by complying with the law, establishing internal control, and disclosing information timely and adequately.

Concerning “Development of new backbone information system,” we will construct a new backbone information system that can be shared by other group companies. By using this system, we plan to reduce the volume of back-office work through standardization and integration of the business processes within the Group. The Group is now working on its construction toward full-scale launch of the system at Alfresa Corporation in May 2007.

3. Business Results and Financial Position

(1) Business results

In the first half of the fiscal year under review, impact of the surge in crude oil prices and rising interest rates presented concerns for the Japanese economy. However, with the improvements in corporate profits, increase in capital expenditures and improvements in the employment conditions, the economy showed a steady recovery.

In the ethical pharmaceutical market, a downward revision of the NHI drug prices by an average of 6.7% took effect on April 1 this year. But with the expansion of markets for medications for lifestyle diseases, etc., the market showed a 2.5% growth.

Under such circumstances, the Group, in its second year of the three-year Medium-term Management Plan ending March 2008, has been taking actions toward expansion of Group companies and pursuit of synergies, securing fair profit margins, as well as the strengthening of Group management. Further, as an effort to promote CSR (Corporate Social Responsibility), which has been designated as a priority issue, the initial edition of “CSR Report” was published in August this year.

The Company enjoyed a significant improvement in performance during the interim period under review resulting from addition of Meisho Co., Ltd. (head office: Kanazawa) to our consolidated subsidiaries as a wholly owned subsidiary on April 1 this year by stock exchange following the conversion of SEIWA SANGYO CO., LTD. (head office: Hiroshima) into a wholly owned subsidiary by stock exchange effective October 1 last year. As a result, the consolidated results in the first half of the fiscal year under review recorded net sales of 781,139 million yen (up 17.0% from the previous year), operating income of 10,021 million yen (up 136.4% from the previous year), ordinary profit of 12,628 million yen (up 94.6% from the previous year) and net income of 5,929 million yen (up 84.8% from the previous year).

A letter of intent for a business alliance with DKSH Holding Ltd. (head office: Switzerland) was signed in May of this year with the objective of expanding the Company’s business in the Asian market.

In addition, on August 1 this year, in order to make a dynamic and flexible response to future capital policy, 108.7 billion yen of capital reserves were reversed and transferred to other capital surplus.

An outline of performance by segment in the first half of the fiscal year under review is as follows:

In the wholesaling business, alongside the addition of SEIWA SANGYO CO., LTD. and Meisho Co., Ltd. to the Group, the effect of full-line dealings with manufacturers and the strengthening of the sales structure for the dispensing pharmacy market through the full-fledged introduction of professional delivery staff contributed to significant expansion in corporate performance. On the other hand, with respect to over-the-counter drugs, a phased reorganization has been under way since the previous period, and the transfer of business operations from Alfresa Corporation to CS Yakuhin Co., Ltd. was completed in August this year.

In terms of profits, the Company has been thoroughly maintaining fair sales prices in light of marginal gains by complying with authorized price limit in order to secure fair profits. The Company has also worked toward the expansion of joint purchasing and sales promotion with the Group companies, as well as expense reductions. As a result, consolidated business results for the first half of the fiscal year under review posted net sales of 772,571 million yen (up 17.1% from the previous year) and operating income of 9,480 million yen (up 134.2% from the previous year). Net sales figure includes inter-segmental sales of 2 million yen.

In the manufacturing business, pharmaceuticals such as Anafranil, a therapeutic agent for depression and depressive states for which the manufacturing and marketing right was transferred in January this year, and generic drugs made significant contributions to the increase in sales. In the area of diagnostic reagents, Check Ad, a reagent for detection of adenovirus which is a POCT diagnostic reagent (rapid diagnostic reagent), and Capilia Flu A+B, an influenza A and B virus antigen detection reagent that was launched in September this year, contributed to the increase in sales.

As a result, net sales reached 11,804 million yen (up 13.9% from the previous year) and operating income was 308 million yen (up 355.4% from the previous year). Net sales figure includes inter-segmental sales of 3,233 million yen.

(2) Financial position

(i) Cash Flows during the Interim Period Under Review

Cash and cash equivalents (hereinafter, "Net Cash") as of the end of the first half of the fiscal year under review increased to 71,639 million yen, an increase of 61.5% over the beginning balance, as a result of Net Cash provided by operating activities of 5,870 million yen, Net Cash used in investing activities of 4,626 million yen and Net Cash provided by financing activities of 218 million yen, which was up 1,460 million yen from the previous fiscal year. There was an additional reduction in Net Cash of ¥299 million due to change in the scope of consolidation and an increase in Net Cash of 3,043 million yen from stock exchange.

Cash Flows from Operating Activities

Net Cash provided by operating activities totaled 5,870 million yen (Net Cash used in Operating Activities was 7,021 million yen in the previous year). This was principally attributable to income before income taxes of 11,965 million yen offset partially by a payment of corporate taxes totaling 7,361 million yen.

Cash Flows from Investing Activities

Net Cash used in investing activities was 4,626 million yen (Net Cash used in Investing Activities was 6,467 million yen in the previous year). This was principally due to payments for purchase of tangible fixed assets totaling 1,725 million yen and acquisition of investment securities totaling 3,174 million yen.

Cash Flows from Financing Activities

Net Cash provided by financing activities was 218 million yen (Net Cash used in Financing Activities was 1,454 million yen in the previous year). This was due to income of 3,026 million yen from sale of treasury stock offset by a net decrease in short term debt of 1,120 million yen and cash dividends paid of 1,306 million yen.

(ii) Cash flow indicator trends

	September 30, 2006 (Interim)	September 30, 2005 (Interim)	Year ended March 31, 2006
Equity ratio (%)	20.8	19.8	19.1
Ratio of market capitalization to total assets (%)	40.9	30.4	38.8
Debt repayment period (years)	0.2	-	0.1
Interest coverage ratio (times)	267.4	-	340.9

- Notes:
1. Equity ratio: Shareholders' equity / Total assets
 2. Ratio of market capitalization to total assets: Market capitalization / Total assets
 3. Debt repayment period: Interest-bearing debt / Operating cash flow
 4. Interest coverage ratio: Operating cash flow / Interest payments
 5. All figures are from financial statements calculated on a consolidated basis.
 6. Market capitalization is calculated by multiplying the term-end closing price by the term-end number of outstanding shares (excluding treasury stock).
 7. Interest-bearing debt indicates the total debt, appearing on the consolidated balance sheets, on which interest is being paid.
 8. Interest payments indicates the amount of interest paid appearing on the consolidated statements of cash flows.
 9. Figures for debt repayment period and interest coverage ratio are not shown in the above table when they are negative.

(3) Business risks

(i) Business environment

Japan's ethical pharmaceuticals market, where the Alfresa Group mainly conducts business, is strongly affected by the National Health Insurance system and medical policies. Therefore, notifications, as represented by NHI drug price revisions, may have direct impacts on the business results of the Alfresa Group. If the medical system is dramatically changed, there could be a serious effect on the Group's business performance.

Currently, Japanese medical expenditures tend to increase due to an aging population and the increase in lifestyle diseases. However, with the solvency of financial resources of medical care insurance system declining, medical system reforms are implemented for the purpose of restraining medical expenditures. These reforms include the reduction of medical service fees, the rise in the self-pay ratio of the elderly and reviews of the NHI drug price scheme. Also, the progress in the separation of drug dispensing from medical practice has been changing the composition of customers, replacing clinics and hospitals with a growing percentage of dispensing pharmacies. Further, there is concern about a possible sales price decline due to bulk purchase by the National Hospital Organization and dispensing pharmacy chains. The Alfresa Group will be responding to these trends by molding its chain of operations ranging from purchase to the collection of accounts receivable into a form that better fits present circumstances. Depending on the approach to such environment, however, there could be an impact on the Group's business results.

(ii) NHI drug price revisions

Prices of ethical pharmaceuticals, which are the main products of the Alfresa Group, are officially fixed by notification from the Ministry of Health, Labor and Welfare. These officially fixed prices are referred to as "NHI drug prices."

NHI drug prices, which are virtually functioning as an upper limit on selling prices, are revised downward roughly once every two years according to actual prices and demand trends in the market. Accordingly, the Group's business results could be influenced by NHI drug price revisions.

(iii) Influence of seasonal factors

The demand for pharmaceuticals is often affected by the patients' tendency to visit medical institutions due to such seasonal factors as the epidemics of pollen allergy and influenza. However, since it is difficult to forecast the influence of such epidemic illnesses, seasonal factors could possibly cause a discrepancy from the performance forecast or affect the operational results of the Group.

(iv) Laws and other regulations

The Alfresa Group's main business is wholesaling, manufacturing and sales of ethical pharmaceuticals. In accordance with Japan's Pharmaceutical Affairs Law and other regulations, the Group is required to register licenses and permits and obtain designations as well as various approvals and permission relating to the development, manufacturing and import of ethical pharmaceuticals.

(v) Credit management

The Alfresa Group's main customers are medical institutions and dispensing pharmacies and medical system reforms such as restraint of medical expenses could affect the business of these customers. The Alfresa Group promotes the conclusion of trading contracts and, at the same time, the credit management department and respective persons in charge strive to fully perform credit administration functions. Although we will continue to tighten credit management, the Group's results could be affected by unforeseeable circumstances that hamper the collection of trade receivables.

(vi) Risks associated with the manufacturing business

In the manufacturing business, one of our core businesses, we handle life-related products. Therefore, we allocate significant resources to processes ranging from product development to sales, and expend all possible means to ensure safety and reliability of the products. However, there are risks of product recalls, the cancellation of sales and other consequences of unforeseeable side effects of products or the contamination of product contents. These risks could be accompanied by lawsuits against the Group. In such case, there could be an impact on the Group's business results.

(vii) System integration

The Alfresa Group is currently integrating its systems to realize more efficient business operations. The group does its utmost to ensure its smooth operation. However, if the systems fail to operate properly at the time of integration, it could pose a problem for business operations, primarily involving sales activities such as order input and product shipment. This could have an impact on the Group's business results.

(viii) Overseas transactions

In the manufacturing business, we have a production base in China, while export/import-based product transactions can be affected by political conflicts and substantial fluctuations of foreign exchanges. These factors could have an impact on the Group's results.

(ix) Impairment of fixed assets

The Group has already adopted asset-impairment accounting. However, the Group's business results or financial conditions can be affected if it becomes necessary to further decrease the book value of assets owned by the Group or offices of the Group with low profitability.

(x) Risks regarding the leakage of personal data

The Group keeps and manages personal data obtained from all kinds of business partners. The Group formulated the personal data management policy in order to avoid the leakage of such personal data and is paying utmost attention to its storage and use. However, should personal data leak due to unforeseeable eventualities or accidents, there could be an impact on the Group's business results or financial conditions.

(4) Performance forecast for the fiscal year ending March 31, 2007

With respect to the wholesaling business during the second half of the fiscal year, the Company will continue to conduct proactive price negotiations and enforce sales at fair prices, and measures will be continued toward expansion of joint group purchasing and sales promotion, and cost reductions in order to secure appropriate level of profits. Further, in addition to promoting proposal-type marketing including system support and total SPD for the customers, further measures for the enhancement and improved efficiencies in logistics function, etc., will be taken.

In manufacturing business, the Company will endeavor to expand sales of Anafranil, the therapeutic agent for depression and depressive states, and generic drug products in the pharmaceuticals area, as well as POCT diagnostic reagents (rapid testing reagents) in the area of diagnostic reagents.

Through the above efforts, the Company projects full year consolidated results of net sales of ¥1,597.0 billion, operating income of ¥21.4 billion, ordinary profit of ¥27.0 billion, and net income of ¥11.2 billion.

Note: The description relating to the forecast for the entire fiscal year stated in this data is based on assessments of information currently available to the Company and the Alfresa group, and thus it contains risks and uncertainties. Please be informed that there is a possibility that the actual results may differ from the forecasts stated herein due to various factors, such as the economic situation or market trends surrounding the Company and the Alfresa group.

4. Interim Consolidated Financial Statements
(1) Interim Consolidated Balance Sheets

Item	As of the end of previous interim period (September 30, 2005)		As of the end of current interim period (September 30, 2006)		As of the end of previous fiscal year (March 31, 2006)	
	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)
(Assets)						
I Current assets						
1. Cash and deposits	45,801		74,114		70,103	
2. Trade notes and accounts receivable	349,706		399,698		380,743	
3. Securities	1,061		103		84	
4. Inventories	66,994		78,065		70,734	
5. Miscellaneous receivables	34,793		35,120		38,748	
6. Others	4,462		6,112		4,817	
Allowance for doubtful accounts	(769)		(889)		(834)	
Total current assets	502,049	81.5	592,325	81.4	564,397	82.1
II Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures	20,392		23,139		22,514	
(2) Land	34,976		37,052		36,424	
(3) Others	2,807	58,176	4,201	64,393	3,202	62,141
2. Intangible fixed assets						
(1) Goodwill	-		5,050		-	
(2) Consolidation-related adjustments	-		-		2,309	
(3) Others	4,633	4,633	4,256	9,306	4,520	6,830
3. Investments and other assets						
(1) Investment in securities	26,903		36,231		30,699	
(2) Others	28,690		29,372		27,537	
Allowance for doubtful accounts	(4,076)	51,518	(4,153)	61,450	(3,832)	54,404
Total fixed assets	114,327	18.5	135,150	18.6	123,376	17.9
Total	616,377	100.0	727,476	100.0	687,773	100.0

Item	As of the end of previous interim period (September 30, 2005)		As of the end of current interim period (September 30, 2006)		As of the end of previous fiscal year (March 31, 2006)	
	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)
(Liabilities)						
I Current liabilities						
1. Trade notes and accounts payable	446,169		522,886		501,296	
2. Short-term debt	3,449		568		1,760	
3. Corporate bonds redeemed within a year	600		-		100	
4. Allowances	5,306		6,324		6,147	
5. Others	8,598		13,213		15,644	
Total current liabilities	464,124	75.3	542,992	74.6	524,948	76.3
II Non-current liabilities						
1. Long-term debt	1,044		684		847	
2. Allowance for employees' retirement benefits	19,863		21,937		20,950	
3. Allowance for loss on debt guarantee	572		533		473	
4. Allowance for loss on transfer of business	-		439		482	
5. Allowance for directors' retirement benefits	287		587		489	
6. Consolidation-related adjustments	1,516		-		-	
7. Others	2,688		4,129		3,518	
Total non-current liabilities	25,972	4.2	28,311	3.9	26,761	3.9
Total liabilities	490,096	79.5	571,304	78.5	551,710	80.2

Item	As of the end of previous interim period (September 30, 2005)		As of the end of current interim period (September 30, 2006)		As of the end of previous fiscal year (March 31, 2006)	
	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)
(Minority interests)						
Minority interests	4,337	0.7	-	-	4,579	0.7
(Shareholders' equity)						
I Paid-in capital	3,635	0.6	-	-	3,872	0.6
II Capital surplus	28,201	4.6	-	-	39,670	5.7
III Retained earnings	87,504	14.2	-	-	90,282	13.1
IV Unrealized gain or loss on revaluation of land	(2,922)	(0.5)	-	-	(5,674)	(0.8)
V Unrealized gain on securities	8,820	1.4	-	-	10,410	1.5
VI Foreign currency translation adjustments	(0)	(0.0)	-	-	38	0.0
VII Treasury stock, at cost	(3,294)	(0.5)	-	-	(7,116)	(1.0)
Total shareholders' equity	121,943	19.8	-	-	131,483	19.1
Total	616,377	100.0	-	-	687,773	100.0
(Net assets)						
I Shareholders' equity						
1. Paid-in capital	-	-	4,020	0.6	-	-
2. Capital surplus	-	-	49,349	6.8	-	-
3. Retained earnings	-	-	94,492	13.0	-	-
4. Treasury stock, at cost	-	-	(2,004)	(0.3)	-	-
Total shareholders' equity	-	-	145,856	20.1	-	-
II Valuation and translation adjustments						
1. Unrealized gain on securities	-	-	11,108	1.5	-	-
2. Gain or loss on deferred hedge	-	-	0	0.0	-	-
3. Unrealized gain or loss on revaluation of land	-	-	(5,728)	(0.8)	-	-
4. Foreign currency translation adjustments	-	-	31	0.0	-	-
Total valuation and translation adjustments	-	-	5,412	0.7	-	-
III Minority interests	-	-	4,903	0.7	-	-
Total net assets	-	-	156,172	21.5	-	-
Total	-	-	727,476	100.0	-	-

(2) Interim Consolidated Income Statements

Item	Six months ended September 30, 2005		Six months ended September 30, 2006		Fiscal year ended March 31, 2006				
	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)			
I Net sales		667,726	100.0		781,139	100.0		1,411,639	100.0
II Cost of sales		615,352	92.2		716,299	91.7		1,296,444	91.8
Total deduction		52,374	7.8		64,840	8.3		115,194	8.2
Reversal of allowance for returned unsold goods		749	0.1		737	0.1		758	0.1
Allowance for returned unsold goods		638	0.1		657	0.1		706	0.1
Gross profit		52,484	7.8		64,920	8.3		115,247	8.2
III Selling, general and administrative expenses		48,245	7.2		54,898	7.0		100,400	7.1
Operating income		4,239	0.6		10,021	1.3		14,846	1.1
IV Non-operating income									
1. Interest income	55			76			113		
2. Dividend income	205			339			380		
3. Information fees received	1,406			1,619			2,983		
4. Depreciation of consolidation- related adjustments	200			-			-		
5. Others	540	2,408	0.4	667	2,702	0.3	1,361	4,838	0.3
V Non-operating expenses									
1. Interest expenses	41			23			68		
2. Commission fees	16			20			27		
3. Others	100	158	0.0	51	95	0.0	183	279	0.0
Ordinary profit		6,489	1.0		12,628	1.6		19,405	1.4

Item	Six months ended September 30, 2005			Six months ended September 30, 2006			Fiscal year ended March 31, 2006		
	Millions of Yen		Percentage (%)	Millions of Yen		Percentage (%)	Millions of Yen		Percentage (%)
VI Extraordinary income									
1. Gain on sale of fixed assets	98			8			505		
2. Gain on sale of available-for-sale securities	-			8			14		
3. Reversal of allowance for doubtful accounts	119			-			266		
4. Reversal of allowance for loss on debt guarantee	16			-			115		
5. Gain on sale of investments in affiliates	-			44			97		
6. Gain on transfer of operations	-			-			165		
7. Income for portion of joint development	-	234	0.0	-	61	0.0	268	1,432	0.1
VII Extraordinary loss									
1. Loss on sale of fixed assets	10			-			17		
2. Loss on disposal of fixed assets	96			77			256		
3. Loss on sale of available-for-sale securities	47			17			-		
4. Loss on devaluation of investment securities	-			10			276		
5. Loss on impairment of fixed assets	176			468			174		
6. Amortization of long-term prepaid expenses	69			-			94		
7. Voluntary retirement benefits	-			-			896		
8. Directors' retirement benefits	144			-			151		
9. Loss on transfer of business	-			-			2,237		
10. Loss on sale of investments in affiliates	-			60			47		
11. Loss on devaluation of investments in affiliates	-			9			-		
12. Amortization of leaseholds	83			-			83		
13. Loss on cancellation of operating consignment contract	72			-			72		
14. Loss on cancellation of leases	32			-			33		
15. Allowance for loss on debt guarantee	-			7			-		
16. Loss on transfer of operations	-	733	0.1	73	725	0.1	-	4,343	0.3
Income before income taxes		5,990	0.9		11,965	1.5		16,494	1.2
Corporate, residential and enterprise taxes	3,042			5,607			8,868		
Corporate tax adjustments	(268)	2,773	0.4	(24)	5,582	0.7	280	9,149	0.7
Minority interests in net income		8	0.0		452	0.0		271	0.0
Net income		3,209	0.5		5,929	0.8		7,073	0.5

(3) Interim Consolidated Statements of Retained Earnings

Item	Six months ended September 30, 2005		Fiscal year ended March 31, 2006	
	Millions of Yen		Millions of Yen	
(Capital surplus)				
I Beginning balance		21,356		21,356
II Increase in capital surplus				
1. Increase due to stock exchange	6,791		18,260	
2. Gain on disposal of treasury stock	53	6,844	53	18,314
III Ending balance		28,201		39,670
(Retained earnings)				
I Beginning balance		85,274		85,274
II Increase in retained earnings				
1. Net income	3,209		7,073	
2. Reversal of gain on land revaluation	-	3,209	65	7,139
III Decrease in retained earnings				
1. Dividends	845		2,052	
2. Directors' bonuses	78		78	
3. Reversal of gain on land revaluation	54	979	-	2,131
IV Ending balance		87,504		90,282

(4) Interim Consolidated Statement of Changes in Shareholders' Equity
Current Interim Period (April 1, 2006 to September 30, 2006)

(Unit: ¥ million)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	3,872	39,670	90,282	(7,116)	126,709
Changes during the interim period					
Dividends of surplus (*)			(1,306)		(1,306)
Directors' bonuses (*)			(169)		(169)
Reversal of voluntary reserves			(2)		(2)
Net income			5,929		5,929
Purchase of treasury stocks				(24)	(24)
Disposal of treasury stocks		527		2,136	2,663
Changes due to stock exchange	147	9,150		2,999	12,297
Decrease of consolidated subsidiaries			(241)		(241)
Changes during the interim period in items other than shareholders' equity (net)					
Total changes during the interim period (net)	147	9,678	4,210	5,111	19,146
Balance as of September 30, 2006	4,020	49,349	94,492	(2,004)	145,856

	Valuation and translation adjustments					Minority interests	Total net assets
	Unrealized gains on securities	Gain or loss on deferred hedge	Unrealized gain or loss on revaluation of land	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	10,410	—	(5,674)	38	4,774	4,579	136,063
Changes during the interim period							
Dividends of surplus (*)							(1,306)
Directors' bonuses (*)							(169)
Reversal of voluntary reserves							(2)
Net income							5,929
Purchase of treasury stocks							(24)
Disposal of treasury stocks							2,663
Changes due to stock exchange							12,297
Decrease of consolidated subsidiaries							(241)
Changes during the interim period in items other than shareholders' equity (net)	698	0	(53)	(6)	638	324	962
Total changes during the interim period (net)	698	0	(53)	(6)	638	324	20,109
Balance as of September 30, 2006	11,108	0	(5,728)	31	5,412	4,903	156,172

* The profit appropriation items at the general meeting of shareholders held in June 2006

(5) Interim Consolidated Statements of Cash Flows

	Six months ended September 30, 2005	Six months ended September 30, 2006	Fiscal year ended March 31, 2006
Item	Millions of Yen	Millions of Yen	Millions of Yen
I Cash flows from operating activities			
1. Income before income taxes	5,990	11,965	16,494
2. Depreciation	1,811	2,434	4,006
3. Loss on impairment of fixed assets	176	468	174
4. Decrease in allowance for doubtful accounts	(166)	(222)	(530)
5. Increase in allowance for employees' retirement benefits	277	199	364
6. Decrease in allowance for directors' retirement benefits	(280)	(44)	(229)
7. Decrease (increase) in allowance for bonuses	(160)	82	-
8. Interest and dividends income	(261)	(416)	(493)
9. Interest expenses	41	23	68
10. Depreciation of consolidation-related adjustments	(200)	-	19
11. Amortization of goodwill	-	548	-
12. Gain on sale of fixed assets	(98)	(8)	(505)
13. Loss on sale and disposal of fixed assets	106	77	274
14. Decrease (increase) in trade notes and accounts receivable	(2,998)	143	(12,897)
15. Decrease (increase) in inventories	4,188	(3,213)	4,729
16. Increase (decrease) in miscellaneous receivables	(121)	4,635	(2,857)
17. Increase (decrease) in trade notes and accounts payable	(13,459)	(1,335)	14,721
18. Decrease in accounts payable, other	(2,225)	(146)	-
19. Others	632	(2,359)	2,517
Subtotal	(6,749)	12,834	25,858
20. Interest and dividends received	256	419	492
21. Interest paid	(40)	(21)	(72)
22. Income taxes paid	(488)	(7,361)	(1,613)
Net cash provided by (used in) operating activities	(7,021)	5,870	24,665

	Six months ended September 30, 2005	Six months ended September 30, 2006	Fiscal year ended March 31, 2006
Item	Millions of Yen	Millions of Yen	Millions of Yen
II Cash flows from investing activities			
1. Payments into time deposits	(723)	(449)	(843)
2. Proceeds from maturity of time deposits	243	729	114
3. Payments for purchase of securities	-	-	(285)
4. Payments for purchase of tangible fixed assets	(2,423)	(1,725)	(3,627)
5. Proceeds from sale of tangible fixed assets	343	50	1,855
6. Payments for purchase of intangible fixed assets	(1,222)	(130)	(1,662)
7. Proceeds from sale of intangible fixed assets	4	0	-
8. Payments for acquisition of long-term prepaid expenses	(2,392)	(17)	(5,283)
9. Payment for purchase of investment securities	(484)	(3,174)	(904)
10. Proceeds from sale of investment securities	106	197	291
11. Payments for loans provided	(102)	(418)	(266)
12. Proceeds from collection of loans	113	314	378
13. Others	70	0	241
Net cash used in investing activities	(6,467)	(4,626)	(9,992)
III Cash flows from financing activities			
1. Net decrease in short-term debt	(1,254)	(1,120)	(2,844)
2. Proceeds from long-term loans	700	-	700
3. Repayments of long-term debt	(328)	(235)	(625)
4. Payments of corporate bond redemption	-	(100)	(500)
5. Proceeds from sale of treasury stock	318	3,026	320
6. Payments for purchase of treasury stock	(24)	(24)	(3,532)
7. Cash dividends paid	(845)	(1,306)	(2,052)
8. Cash dividends paid to minority shareholders	(21)	(21)	(21)
Net cash provided by (used in) financing activities	(1,454)	218	(8,555)
IV Translation difference of cash and cash equivalents	11	(3)	31
V Increase (decrease) in cash and cash equivalents	(14,932)	1,460	6,149
VI Beginning balance of cash and cash equivalents	57,379	67,435	57,379
VII Decrease in cash and cash equivalents due to changes in scope of consolidation	-	(299)	-
VIII Increase in cash and cash equivalents due to stock exchange	1,912	3,043	3,906
IX Ending balance of cash and cash equivalents	44,360	71,639	67,435