Fujisawa Pharmaceutical Company Limited and Consolidated Subsidiaries

# Selected Financial Data

Years Ended March 31

| | Millions of yen | | | | |
|---|---|---|---|---|---|
| | **2001** | 2000 | 1999 | 1998 | 1997 |
| **Results for the year:** | | | | | |
| Net sales | **¥297,517** | ¥289,142 | ¥277,281 | ¥281,584 | ¥282,945 |
| Research and development expenses | **52,016** | 45,565 | 41,831 | 41,490 | 40,951 |
| Ratio to net sales (%) | **17.5%** | 15.8% | 15.1% | 14.7% | 14.5% |
| Operating income | **33,606** | 34,843 | 33,357 | 22,191 | 23,404 |
| Income (loss) before income taxes | **36,190** | 36,554 | 29,399 | (18,802) | 26,160 |
| Net income (loss) | **20,529** | 22,907 | 8,862 | (1,496) | 7,080 |
| **Year-end financial position:** | | | | | |
| Working capital | **80,775** | 162,148 | 157,832 | 131,796 | 120,725 |
| Property, plant and equipment | **103,614** | 90,899 | 86,745 | 91,096 | 86,573 |
| Total assets | **462,325** | 421,689 | 436,208 | 491,397 | 455,801 |
| Long-term debt | **16,621** | 41,866 | 55,975 | 80,977 | 64,506 |
| Shareholders' equity | **278,581** | 249,106 | 234,335 | 215,678 | 215,234 |
| Number of shares issued (in thousands) | **322,763** | 322,499 | 322,091 | 321,058 | 321,058 |
| Number of shareholders | **12,062** | 12,838 | 17,176 | 18,421 | 20,615 |
| **Amounts per share** (in yen): | | | | | |
| Net income (loss) | | | | | |
| Basic | **¥ 63.62** | ¥ 71.09 | ¥ 27.60 | ¥ (4.66) | ¥ 22.05 |
| Diluted | **61.76** | 68.85 | 27.07 | — | 21.75 |
| Cash dividends | **12.00** | 12.00 | 10.00 | 7.50 | 7.50 |
| Shareholders' equity | **863.12** | 772.44 | 727.57 | 671.78 | 670.40 |
| Return on equity | **7.78%** | 9.48% | 3.94% | (0.69%) | 3.22% |

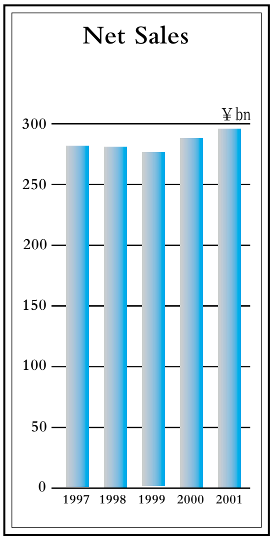
Note:
For accounting changes and reclassifications, see Notes 1-(2), 1-(3), 1-(5), 1-(10), and 1-(12) of Notes to Consolidated Financial Statements. Shareholders' equity per share and return on equity are restated for the previous periods including such reclassifications.

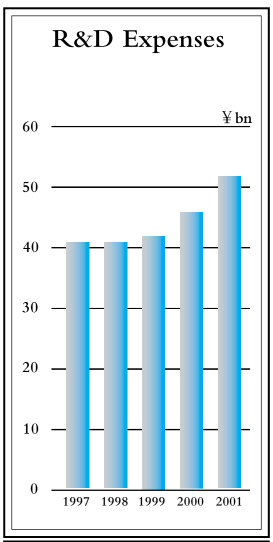
Contents



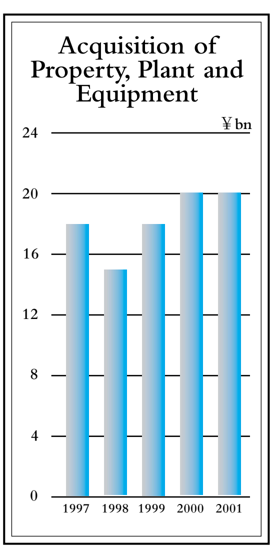
Review of Fiscal 2001

# Financial Review




| Ratio to Net Sales | | | | |
|---|---|---|---|---|
| 14.5 | 14.7 | 15.1 | 15.8 | 17.5 |




## Revenues

Net sales recorded a historical high at ¥297,517 million (US$2,399 million), up 2.9% over fiscal 2000. The breakdown of net sales by geographic area was as follows:

| | ¥ million | | | US$ million |
|---|---|---|---|---|
| Area | **2001** | 2000 | Change (%) | **2001** |
| Japan | **¥205,150** | ¥204,138 | 0.5 | **$1,654** |
| North America | **58,095** | 49,144 | 18.2 | **469** |
| Europe | **29,753** | 31,920 | (6.8) | **240** |
| Asia | **4,519** | 3,940 | 14.7 | **36** |

### *Japan*

Sales in Japan increased by 0.5% to ¥205,150 million (US$1,654 million). Ethical pharmaceuticals, the Company's main business with 83.5% of net sales, showed a 3.5% increase over the year earlier. The growth came mainly from the anti-depressant *Luvox*, the immunosuppressant *Prograf*, and *Protopic* for the treatment of atopic dermatitis. A series of newly launched products in fiscal 2001, *Dovonex* for psoriasis, the digestive behavior modifier *Colonel*, the hypnotic *Myslee* and the antipsychotic *Seroquel* also contributed to the sales growth. On the other hand, sales of the oral cephalosporin antibiotic *Cefzon* and the anti-glaucoma *Rescula* decreased. Export sales and royalty income from overseas decreased by 8.6% to ¥15,714 million (US$127 million) from fiscal 2000 partly due to keen competition in bulk antibiotics.

OTC drugs showed a decrease in sales with ¥14,695 million (US$119 million), down 4.7% from fiscal 2000, due to the stagnant Japanese OTC market as well as stiff competition. Sales of medical supplies and systems came to ¥2,984 million (US$24 million), almost flat from fiscal 2000. Sales of chemicals decreased 1.7% to ¥22,084 million, due to adverse market conditions. Revenue from the home care business again rose strongly, up 29.7% to ¥5,652 million (US$46 million).

### *Overseas*

Total sales of overseas subsidiaries increased by 8.7% to ¥92,367 million (US$745 million) over fiscal 2000. While overseas subsidiaries—with minor exceptions—recorded sales growth on a local currency basis, the weakness of foreign currencies against the yen, in particular the euro, negatively affected sales growth on a yen basis.

- North America recorded double-digit growth of 18% with ¥58,095 million (US$469 million). Sales of Fujisawa Healthcare, Inc. jumped 25% to US$509 million on a local currency basis, led by *Prograf*, the pharmacologic stress agent *Adenoscan* and the injectable antifungal *AmBisome*.
- Sales in Europe decreased by 6.8% from the previous year to ¥29,753 million (US$240 million) due to a plunge of the euro against the yen. On a local currency basis, an increase in sales of Fujisawa GmbH by 34 million euros to 142 million euros more than offset the slight sales decrease of Klinge Pharma GmbH by 5 million euros to 146 million euros.
- In other regions, sales increased by 14.7% to ¥4,519 million (US$36 million).

The ratios of overseas sales (the parent's export sales and royalty income from overseas, and the sales of foreign consolidated subsidiaries to third parties combined as a percentage of total sales) increased by 1.0 percentage point to 36.3% at ¥108,080 million (US$872 million), compared with 35.3% the previous year.

## Operating Income

While gross margin was lowered to 63.6% of net sales, down by 1.1 percentage points from fiscal 2000—mainly due to changes in product mix—increases in net sales contributed to the growth of gross profit by 1.1% to ¥189,092 million (US$1,525 million).

Selling, general and administrative expenses decreased by 3.0% to ¥103,265 million (US$833 million) from fiscal 2000.

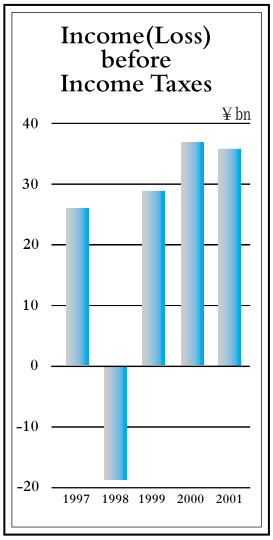
Research and development expenses increased once again, this time to ¥52,016 million (US$419 million), or 17.5% of net sales. Both the amount and the ratio to net sales were historical highs.

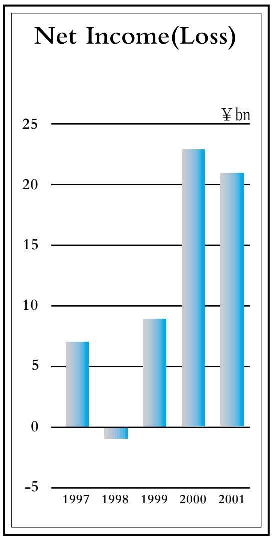
As increases in research and development expenses more than cancelled out rises in gross profit as well as decreases in selling, general and administrative expenses, operating income for fiscal 2001 fell 3.6% to ¥33,606 million (US$271 million) from fiscal 2000.

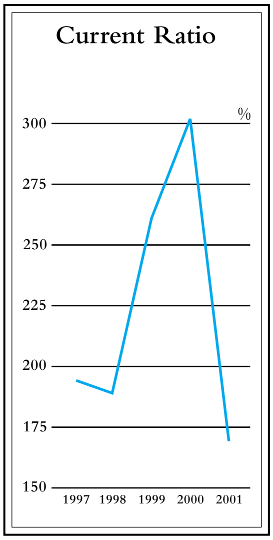
The breakdown of operating income (before elimination of internal transactions) by geographic area is as follows:

| | ¥ million | | | US$ million |
|---|---|---|---|---|
| Area | **2001** | 2000 | Change (%) | **2001** |
| Japan | **¥17,553** | ¥20,299 | (13.5) | **$142** |
| North America | **13,574** | 11,743 | 15.6 | **109** |
| Europe | **3,582** | 2,947 | 21.5 | **29** |
| Asia | **430** | 286 | 50.4 | **3** |

North America, Europe and Asia all recorded double-digit growth, but Japan was negatively affected by increased expenses.




## Net Income

Because of a continuing downtrend from the previous year in net outstanding debts, net interest received plus dividend income expenses further increased to ¥966 million over fiscal 2000. Net of interest received and paid changed to a surplus at Fujisawa Healthcare, Inc. for the first time in its history.

Though income before income taxes of ¥36,190 million (US$292 million) for fiscal 2001 was almost at the same level as in fiscal 2000, income taxes increased by ¥1,995 million (US$16 million) mainly due to increased tax payments at Fujisawa Healthcare, Inc. As a result, net income decreased to ¥20,529 million (US$166 million), down 10.4% from the year earlier.

## Cash Flows

Net cash provided by operating activities was ¥33,008 million (US$266 million). Major adjustments to reconcile net income to net cash provided by operating activities were depreciation and amortization of ¥16,103 million (US$130 million).

Net cash used in investing activities was ¥23,732 million (US$191 million). Acquisition of property, plant and equipment totaled ¥19,730 million (US$159 million), which were used mainly for the construction of new formulation facilities for *Protopic*, and new manufacturing facilities for tacrolimus bulk chemicals, both in the Toyama Plant, and new manufacturing facilities for micafungin, an injectable antifungal agent, divided among the Nagoya, Toyama and Takaoka plants.

Cash flow from financing activities recorded a decrease of ¥12,970 million (US$105 million). Short-term borrowings of ¥8,681 million (US$70 million) were repaid, which reflected the Company's policy of reducing outstanding debts in order to improve asset efficiency.

As a result, cash and cash equivalent at the end of the period came to ¥32,023 million (US$258 million), a decrease of ¥2,975 million from the beginning of the period.

Fujisawa Pharmaceutical Company Limited and Consolidated Subsidiaries

# Consolidated Balance Sheets

March 31, 2001 and 2000

| ASSETS | Millions of yen 2001 | Millions of yen 2000 | Thousands of U.S. dollars (Note 2) 2001 |
|---|---|---|---|
| **Current assets:** | | | |
| Cash and cash equivalents | **¥ 32,023** | ¥ 34,998 | **$ 258,250** |
| Trade receivables (Note 7) — | | | |
| Notes | **9,376** | 9,373 | **75,613** |
| Accounts | **73,509** | 69,516 | **592,815** |
| Allowance for doubtful receivables | **(892)** | (975) | **(7,194)** |
| Marketable securities and short-term investments — | | | |
| Marketable securities (Note 4) | **7,846** | 42,440 | **63,274** |
| Short-term investments | **5,989** | 25,805 | **48,298** |
| Inventories (Note 5) | **43,160** | 38,934 | **348,065** |
| Deferred taxes (Note 10) | **9,725** | 8,960 | **78,427** |
| Prepaid expenses and other current assets (Note 7) | **16,319** | 12,662 | **131,605** |
| Total current assets | **197,055** | 241,713 | **1,589,153** |
| **Property, plant and equipment — net** (Note 6) | **103,614** | 90,899 | **835,597** |
| **Investments and other assets:** | | | |
| Excess of cost over net assets acquired — net | **773** | 982 | **6,234** |
| Goodwill and proprietary technology — net | **19,043** | 17,794 | **153,572** |
| Investments in affiliated companies | **1,097** | 2,075 | **8,847** |
| Marketable securities (Note 4) | **100,659** | 17,323 | **811,766** |
| Other investments in securities | **9,707** | 12,998 | **78,282** |
| Deferred taxes (Note 10) | **13,285** | 20,203 | **107,137** |
| Other assets | **17,092** | 17,702 | **137,839** |
| Total investments and other assets | **161,656** | 89,077 | **1,303,677** |
| **Total** | **¥462,325** | ¥421,689 | **$3,728,427** |

The accompanying notes are an integral part of these statements.

| LIABILITIES AND SHAREHOLDERS' EQUITY | Millions of yen 2001 | Millions of yen 2000 | Thousands of U.S. dollars (Note 2) 2001 |
|---|---|---|---|
| **Current liabilities:** | | | |
| Short-term borrowings (Note 8) | **¥ 7,620** | ¥ 8,519 | **$ 61,452** |
| Current portion of long-term debt (Note 8) | **24,100** | 5,399 | **194,355** |
| Trade payables (Note 7) — | | | |
| Notes | **1,774** | 1,661 | **14,306** |
| Accounts | **46,888** | 40,570 | **378,129** |
| Accrued income taxes (Note 10) | **9,514** | 1,644 | **76,726** |
| Accrued expenses | **11,616** | 8,651 | **93,677** |
| Accrued bonuses | **8,301** | 8,129 | **66,944** |
| Other current liabilities | **6,467** | 4,992 | **52,153** |
| Total current liabilities | **116,280** | 79,565 | **937,742** |
| **Long-term liabilities:** | | | |
| Long-term debt (Note 8) | **16,621** | 41,866 | **134,040** |
| Accrued severance indemnities (Note 11) | **—** | 45,240 | **—** |
| Accrued retirement benefits for employees (Note 11) | **44,550** | — | **359,274** |
| Accrued severance indemnities for the members of the board and corporate auditors | **1,164** | 1,621 | **9,387** |
| Other long-term liabilities (Note 10) | **3,181** | 2,147 | **25,654** |
| Total long-term liabilities | **65,516** | 90,874 | **528,355** |
| **Minority interest in consolidated subsidiaries** | **1,948** | 2,144 | **15,710** |
| **Shareholders' equity:** (Note 12) | | | |
| Common stock, ¥50 par value — | | | |
| Authorized — 800,000,000 shares | | | |
| Issued 2001 — 322,762,775 shares | **32,045** | | **258,427** |
| Issued 2000 — 322,498,733 shares | | 31,820 | |
| Capital surplus | **50,691** | 50,465 | **408,798** |
| Retained earnings | **197,513** | 180,705 | **1,592,847** |
| Translation adjustments | **(10,048)** | (13,862) | **(81,032)** |
| Unrealized gain on securities (Note 4) | **8,389** | — | **67,653** |
| Less treasury stock, at cost — | | | |
| 2001 — 3,045 shares | **(9)** | | **(73)** |
| 2000 — 6,360 shares | | (22) | |
| Shareholders' equity, net | **278,581** | 249,106 | **2,246,620** |
| **Contingent liabilities and commitments** (Note 14) | | | |
| **Total** | **¥462,325** | ¥421,689 | **$3,728,427** |

# Consolidated Statements of Income

For the Years ended March 31, 2001, 2000 and 1999

| | Millions of yen | | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|---|
| | **2001** | 2000 | 1999 | **2001** |
| **Net sales** (Notes 7 and 13) | **¥297,517** | ¥289,142 | ¥277,281 | **$2,399,330** |
| **Cost of sales** (Note 7) | **108,425** | 102,089 | 100,319 | **874,395** |
| Gross profit | **189,092** | 187,053 | 176,962 | **1,524,935** |
| **Selling, general and administrative expenses** | **103,265** | 106,441 | 100,847 | **832,782** |
| **Research and development expenses** | **52,016** | 45,565 | 41,831 | **419,484** |
| **Amortization of excess of cost over net assets acquired** | **205** | 204 | 927 | **1,653** |
| Operating income | **33,606** | 34,843 | 33,357 | **271,016** |
| **Other income (expenses)** | | | | |
| Interest and dividend income | **3,030** | 2,983 | 4,064 | **24,435** |
| Interest expense | **(2,059)** | (2,978) | (4,342) | **(16,604)** |
| Equity in earnings of affiliated companies | **1,186** | 332 | 300 | **9,565** |
| Gain on sales of investment securities | **—** | 1,157 | — | **—** |
| Gain on sales of investments in affiliated companies | **1,243** | — | — | **10,024** |
| Loss on disposal of obsolete inventories | **(2,415)** | (709) | (617) | **(19,476)** |
| Recovery from the settlement of pending litigations | **—** | 4,105 | — | **—** |
| Extra provision for accrued retirement benefit obligation (Note 11) | **—** | (2,563) | — | **—** |
| Foreign exchange loss on long-term advances | **—** | (1,828) | — | **—** |
| Net loss on restructuring of U.S. operations | **—** | — | (3,043) | **—** |
| Other, net | **1,599** | 1,212 | (320) | **12,895** |
| Income before income taxes | **36,190** | 36,554 | 29,399 | **291,855** |
| **Income taxes** (Note 10) | **15,490** | 13,495 | 20,442 | **124,919** |
| **Minority interest in consolidated subsidiaries** | **(171)** | (152) | (95) | **(1,380)** |
| **Net income** | **¥ 20,529** | ¥ 22,907 | ¥ 8,862 | **$ 165,556** |
| | Yen | | | U.S. dollars (Note 2) |
| **Amounts per share:** | | | | |
| Net income | | | | |
| Basic | **¥63.62** | ¥71.09 | ¥27.60 | **$0.51** |
| Diluted | **61.76** | 68.85 | 27.07 | **0.50** |
| Cash dividends | **12.00** | 12.00 | 10.00 | **0.10** |

The accompanying notes are an integral part of these statements.

# Consolidated Statements of Shareholders' Equity

For the Years ended March 31, 2001, 2000 and 1999

| | Millions of yen | | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|---|
| | **2001** | 2000 | 1999 | **2001** |
| **Common stock** (Note 12): | | | | |
| Balance at beginning of year | **¥ 31,820** | ¥ 31,487 | ¥ 30,698 | **$ 256,613** |
| Shares issued upon conversion of debentures | **225** | 333 | 789 | **1,814** |
| Balance at end of year | **¥ 32,045** | ¥ 31,820 | ¥ 31,487 | **$ 258,427** |
| **Capital surplus** (Note 12): | | | | |
| Balance at beginning of year | **¥ 50,465** | ¥ 50,132 | ¥ 49,343 | **$ 406,976** |
| Increase due to conversion of debentures | **226** | 333 | 789 | **1,822** |
| Balance at end of year | **¥ 50,691** | ¥ 50,465 | ¥ 50,132 | **$ 408,798** |
| **Retained earnings** (Note 12): | | | | |
| Balance at beginning of year | **¥180,705** | ¥160,325 | ¥153,871 | **$1,457,299** |
| Net income | **20,529** | 22,907 | 8,862 | **165,556** |
| Adjustments to retained earnings at beginning of year to reflect | | | | |
| —change in currency of a foreign subsidiary | **568** | — | — | **4,581** |
| —inclusion of newly consolidated subsidiaries | **—** | 1,534 | — | **—** |
| —change in accounting regulation for consolidation | **—** | (363) | — | **—** |
| Cash dividends | **(4,194)** | (3,623) | (2,408) | **(33,823)** |
| Bonuses to the members of the board and corporate auditors | **(95)** | (75) | — | **(766)** |
| Balance at end of year | **¥197,513** | ¥180,705 | ¥160,325 | **$1,592,847** |
| **Translation adjustments** | **¥(10,048)** | ¥(13,862) | ¥ (7,588) | **$ (81,032)** |
| **Unrealized gain on securities** | **¥ 8,389** | ¥ — | ¥ — | **$ 67,653** |
| **Treasury stock, at cost** | **¥ (9)** | ¥ (22) | ¥ (21) | **$ (73)** |

The accompanying notes are an integral part of these statements.

# Consolidated Statements of Cash Flows

For the Years ended March 31, 2001, 2000 and 1999

| | Millions of yen | | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|---|
| | **2001** | 2000 | 1999 | **2001** |
| **Cash flows from operating activities:** | | | | |
| Net income | **¥20,529** | ¥22,907 | ¥ 8,862 | **$165,556** |
| Adjustments to reconcile net income to net cash provided by operating activities — | | | | |
| Depreciation and amortization | **16,103** | 15,580 | 14,936 | **129,863** |
| Provision for accrued severance indemnities, less payments | **—** | 673 | (374) | **—** |
| Net loss on restructuring of U.S. operations | **—** | — | 3,043 | **—** |
| Gain on sales of investment securities | **—** | (1,157) | — | **—** |
| Gain on sales of investments in affiliated companies | **(1,243)** | — | — | **(10,024)** |
| Gain on sales of tangible assets | **—** | — | (835) | **—** |
| Equity in earnings of affiliated companies, net | **(1,186)** | (332) | (300) | **(9,565)** |
| Foreign exchange (gain) loss | **(974)** | 2,855 | — | **(7,855)** |
| Dividends earned from affiliated companies | **491** | 494 | 693 | **3,960** |
| Loss on disposal of obsolete inventories | **2,415** | 709 | 617 | **19,476** |
| Changes in assets and liabilities — | | | | |
| (Increase) decrease in trade receivables | **(3,997)** | 4,526 | 454 | **(32,234)** |
| (Increase) decrease in inventories | **(6,641)** | (4,982) | (37) | **(53,556)** |
| Decrease in deferred taxes assets | **125** | 9,062 | 18,208 | **1,008** |
| (Increase) decrease in other current assets | **(2,859)** | 7,434 | (8,500) | **(23,056)** |
| Increase (decrease) in trade payables | **82** | (2,754) | (7,203) | **661** |
| Increase (decrease) in accrued income taxes | **7,870** | 433 | (8,633) | **63,468** |
| Increase in other current liabilities | **4,485** | 301 | 1,669 | **36,169** |
| Decrease in accrued retirement benefits for employees | **(690)** | — | — | **(5,565)** |
| Other | **(1,502)** | 178 | (156) | **(12,112)** |
| Total adjustments | **12,479** | 33,020 | 13,582 | **100,638** |
| Net cash provided by operating activities | **33,008** | 55,927 | 22,444 | **266,194** |
| **Cash flows from investing activities:** | | | | |
| Acquisition of property, plant and equipment | **(19,730)** | (19,780) | (17,511) | **(159,113)** |
| Proceeds from sales of tangible assets | **—** | — | 1,797 | **—** |
| (Increase) decrease in marketable securities and short-term investments | **(1,134)** | (8,812) | 3,889 | **(9,145)** |
| Proceeds from sales of non-current marketable securities | **42,533** | 455 | 170 | **343,008** |
| Acquisition of non-current marketable securities | **(55,397)** | (672) | (1,130) | **(446,750)** |
| Proceeds from sales of other investments in securities | **3,711** | 1,596 | 22 | **29,927** |
| Acquisition of other investments in securities | **(1,052)** | (281) | (6,349) | **(8,484)** |
| (Increase) decrease in other investments | **2,655** | (72) | (332) | **21,411** |
| Proceeds from sales of investments in affiliated companies | **2,945** | — | — | **23,750** |
| Net cash inflows from restructuring of U.S. operations | **—** | — | 3,928 | **—** |
| Other | **1,737** | 2,426 | 1,162 | **14,009** |
| Net cash used in investing activities | **(23,732)** | (25,140) | (14,354) | **(191,387)** |
| **Cash flows from financing activities:** | | | | |
| Net increase (decrease) in short-term borrowings | **(8,681)** | (26,724) | 1,271 | **(70,008)** |
| Borrowings of long-term debt | **—** | 4,693 | 2,609 | **—** |
| Repayments of long-term debt | **(506)** | (12,622) | (14,131) | **(4,081)** |
| Dividends paid | **(4,247)** | (3,697) | (2,408) | **(34,250)** |
| Common stock issued upon conversion of debentures | **451** | 666 | 1,578 | **3,637** |
| Other | **13** | 0 | — | **105** |
| Net cash used in financing activities | **(12,970)** | (37,684) | (11,081) | **(104,597)** |
| **Effect of exchange rate changes on cash and cash equivalents** | **741** | (1,152) | (700) | **5,975** |
| **Net increase (decrease) in cash and cash equivalents** | **(2,953)** | (8,049) | (3,691) | **(23,815)** |
| **Cash and cash equivalents at beginning of year** | **34,998** | 41,783 | 45,474 | **282,242** |
| **Cash and cash equivalents of newly consolidated subsidiaries** | **—** | 1,264 | — | **—** |
| **Cash and cash equivalents of the subsidiaries excluded from consolidation** | **(22)** | — | — | **(177)** |
| **Cash and cash equivalents at end of year** | **¥32,023** | ¥34,998 | ¥41,783 | **$258,250** |

The accompanying notes are an integral part of these statements.

# Notes to Consolidated Financial Statements

## 1. Significant Accounting Policies:

**(1) Preparation of consolidated financial statements**

Fujisawa Pharmaceutical Company Limited (the "Company") and its domestic and foreign subsidiaries maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan or the respective countries in which the subsidiaries are established.

The accompanying consolidated financial statements, which are a translation of those publicly issued in Japan after modification to enhance foreign readers' understanding, are prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Accounting Standards or accounting principles generally accepted in the United States of America. Effective for the year ended March 31, 2000, the preparation of statements of cash flows was required due to a revision of the Japanese Securities and Exchange Law and related accounting regulations. Previously, the Company had voluntarily prepared statements of cash flows for the year ended March 31, 1999.

In addition, certain financial information included in these notes to the consolidated financial statements is not required under accounting principles generally accepted in Japan, but is presented herein as additional information.

**(2) Basis of consolidation and investments in affiliated companies**

The consolidated financial statements for the year ended March 31, 2001 consist of the accounts of the Company and those of all of its majority owned subsidiaries, including a previous affiliated company in which the Company's ownership became greater than 50% during the year, as described below.

During the year ended March 31, 2000, fifteen subsidiaries which were previously excluded from the consolidation and a subsidiary which was newly established during the year were included in the consolidation. A 50% owned affiliated company which was recognized to be substantially controlled by the Company has also been included in the consolidation in accordance with the new accounting regulations in Japan. Before April 1, 1999, the consolidated financial statements included only the accounts of the Company and those of its majority-owned subsidiaries.

All significant intercompany transactions and accounts have been eliminated. Investments in other affiliated companies (20% to 50% owned companies) are stated at cost plus equity in undistributed earnings; consolidated net income includes the Company's equity in the current net earnings of such companies after elimination of unrealized intercompany profits.

Effective April 1, 1998, the Company changed the classification of equity in earnings of affiliated companies in the income statement due to a revision of the Japanese Securities and Exchange Law and related accounting regulations which requires such account, previously presented below "Income taxes", to be classified in "Other income".

The Company's foreign subsidiaries are consolidated using the fiscal year ending December 31 which differs from that of the Company. Those subsidiaries do not prepare their financial statements at any date after December 31 or on or before March 31 in the succeeding year. Any material events occurring during the January 1 to March 31 period are adjusted in these consolidated financial statements.

The difference between the cost and underlying net equity of investments in consolidated subsidiaries and companies accounted for under the equity method is deferred and amortized using the straight-line method over a period of 10 years, except for the difference relating to Lyphomed, Inc. which was merged into Fujisawa USA, Inc., a wholly owned consolidated subsidiary of the Company.

This difference was amortized over a period of 40 years until the end of May 1998 when Fujisawa USA, Inc. sold its generic pharmaceutical business to a third party and transferred its proprietary pharmaceutical business to Fujisawa Healthcare, Inc., a wholly owned consolidated subsidiary of the Company. Fujisawa USA, Inc. was liquidated in December 1998.

Effective April 1, 1998, the Company changed the classification of amortization of the excess of cost over net assets acquired in the income statement due to revision of the Japanese Securities and Exchange Law and related accounting regulations which requires such account, previously presented below "Income taxes", to be classified in "Operating income".

**(3) Translation of foreign currencies**

Foreign currency accounts are translated into Japanese yen at rates of exchange prevailing at the balance sheet date for all monetary assets and liabilities. Resulting exchange gains or losses are credited or charged to income as incurred.

Effective April 1, 2000, the Company changed its translation method due to a revision of the Japanese Accounting Standard for Foreign Currency Translation. Previously, foreign currency accounts had been translated at rates of exchange prevailing at the balance sheet date for monetary current assets and current liabilities, and at historical rates for other assets and liabilities, except for items that were hedged by forward exchange contracts or foreign currency swaps, which were converted at the contracted rates of exchange. When historical rates significantly fell at the respective balance sheet dates, exchange rates at the balance sheet dates were applied to other assets and liabilities. As a result, the Company recognized "Foreign exchange loss on long-term advances" in an amount of ¥1,828 million for the year ended March 31, 2000.

The effect of this change resulted in an increase in income before income taxes of ¥843 million ($6,798 thousand) for the year ended March 31, 2001.

Income and expenses denominated in foreign currencies are translated at rates of exchange prevailing at the time of the transactions.

In translating the financial statements of foreign subsidiaries and affiliates into Japanese yen, balance sheet items of foreign subsidiaries and affiliates are translated at rates of exchange prevailing at their fiscal year-end, except for shareholders' equity, which is translated at historical rates. Revenue and expense accounts are translated at the average rates of exchange prevailing during the year. Resulting differences are reflected as a separate component of shareholder's equity as "Translation adjustments."

Effective April 1, 2000, the Company changed the classification of "Translation adjustments" in the balance sheet due to a revision of the Japanese Securities and Exchange Law and related accounting regulations which requires such account, previously recorded as an asset or liability item, to be classified as a separate component of shareholder's equity. Previous periods have been restated to conform to the new standard.

**(4) Cash and cash equivalents**

"Cash and cash equivalents" comprise cash and highly liquid investments, with an original maturity of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

Effective April 1, 1999, the Company changed the definition of "Cash and cash equivalents" due to a revision of the Japanese Securities and Exchange Law and related accounting regulations. Previously, the Company had defined "Cash and cash equivalents" as cash and time deposits with maturity of one year or less which could be withdrawn at least at the face amount at any time without penalty. Previous periods have been restated to conform to the new standard.

**(5) Financial instruments**

Effective April 1, 2000, the Company and its domestic subsidiaries adopted the new Japanese Accounting Standard for Financial Instruments, which is effective for periods beginning on or after April 1, 2000, outlined in the following paragraph. As a result of the adoption of the new standard, income before income taxes for the year ended March 31, 2001 decreased by ¥410 million ($3,306 thousand), as compared with the amount which would have been reported if the previous standard had been applied consistently.

(a)Derivatives

Under the new standard, all derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which the changes arise, except for derivatives that are designated as "hedging instruments" (see (c) Hedge accounting below).

(b)Securities

Securities held by the Company and its subsidiaries are, under the new standard, classified into one of the following;

—Securities held in trusts for trading purposes are stated at fair value, with changes in fair value included in net profit or loss in the period in which the changes arise. Securities held in trusts for trading purposes are included in "Short-term investments" in the consolidated balance sheets.

—Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in shareholders' equity at a net-of-tax amount.

—Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of other securities has declined significantly and such impairment of value is not deemed temporary, those securities are written down to fair value and the resulting losses are charged to income as incurred.

Under the new standard, securities held in trusts for trading purposes and debt securities due within one year are presented as "current" and all the other securities are presented as "non-current." Securities held by the Company and its subsidiaries have been reclassified as of April 1, 2000 (the beginning of the year). As a result of such reclassification, securities in the current portfolio have decreased by ¥58,418 million ($471,113 thousand) and securities in the non-current portfolio have increased by the same amount.

(c)Hedge accounting

(i) Hedge accounting method

The new standard provides for two general accounting methods for hedging financial instruments. One method is to recognize the changes in fair value of a hedging instrument in earnings in the period of the change as a gain or loss, together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. The other method is to defer the gain or loss over the period of the hedging contract together with deferral of the offsetting loss or gain on the hedged items. The Company adopts the latter accounting method principally, except that the former method is adopted where other securities are hedged items.

(ii) Hedging instruments and hedged items

Hedging instruments: Derivative financial instruments

Hedged items: Assets and debts exposed to market fluctuation risks

(iii) Hedging policy

The Company uses derivative financial instruments to hedge market fluctuation risks in accordance with its internal policies and procedures.

(iv) Assessment method of hedge effectiveness

For the hedging activities to which the latter hedge accounting method in (i) above is adopted, the Company evaluates the effectiveness of the hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges. For the hedging activities to which the former hedge accounting method in (i) above is adopted, the Company evaluates the effectiveness thereof by reference to the respective fair value of the hedging instruments and the related hedged items on the balance sheet dates.

The Company and certain of its consolidated subsidiaries have utilized interest rate swaps and foreign currency swaps to manage interest and currency risks. Until the year ended March 31, 2000, differentials paid or received were recognized in interest expense over the terms of the agreements. Also, until the year ended March 31, 2000, marketable securities were carried at the lower of cost or market value, cost being determined by the moving average method. Short-term investments and other investments in securities were carried at cost, determined by the moving average method.

**(6) Inventories**

Inventories are stated at cost, except for materials and merchandise of the Company and inventories of foreign consolidated subsidiaries, which are stated at the lower of cost or market value, cost being determined generally by the average cost method.

**(7) Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is principally computed by the declining balance method at rates based on the estimated useful lives of the assets. For depreciation of buildings acquired after April 1, 1998, Japanese income tax law requires use of the straight-line method. The declining-balance method is permitted for buildings acquired prior to April 1, 1998.

Significant renovations and additions are capitalized at cost. Maintenance and repairs, including minor renovations and betterments, are charged to income as incurred.

**(8) Goodwill and proprietary technology**

Goodwill and proprietary technology principally represents the cost of rights for proprietary pharmaceutical products, which Fujisawa Healthcare, Inc. acquired in the U.S., and are amortized by the straight-line method over a period of 20 years.

**(9) Accounting for leases**

Lease agreements which do not transfer ownership of the leased asset to the Company or its domestic subsidiaries at the end of the lease are accounted for as operating leases.

**(10) Accrued retirement benefits for employees**

Employees whose service with the Company or its domestic consolidated subsidiaries is terminated are, in most circumstances, entitled to a combination of lump-sum severance indemnities and pension payments, determined by reference to the current basic rate of pay, length of service and conditions under which the termination occurs. Effective April 1, 2000, the Company and its domestic subsidiaries adopted the new Japanese Accounting Standard for Employee Retirement Benefits, which become effective for periods beginning on or after April 1, 2000. In accordance with the new standard, accrued retirement benefits for employees as of March 31, 2001 represents the estimated present value of projected benefit obligations in excess of the fair value of plan assets except that, as permitted under the new standard, the unrecognized actuarial gains or losses are amortized on a straight-line basis over the period of 10 years from the year following the year in which the gains or losses arise. During the year ended March 31, 2000, the Company changed its method of accounting for pension and accrued severance indemnities for employees from the vested benefit cost method to the accrued benefit cost method. Under the new method the Company recognized the liability for severance indemnities at an actuarially estimated amount of benefits that employees have earned in return for their service in the current and prior periods, discounted to present value, less the funded pension assets at the respective balance sheet dates.

The effect of this change resulted in a decrease in income before income taxes of ¥2,563 million ($24,179 thousand) for the year ended March 31, 2001.

Previously, the Company had recognized the liability for severance indemnities at the amounts which would be required if all eligible employees retired involuntarily at the balance sheet date after an adjustment for voluntary retirement, less the balance of the funded assets under the pension plans.

**(11) Accrued severance indemnities for the members of the board and corporate auditors**

Accrued severance indemnities for the members of the board and corporate auditors of the Company are provided for based on internal regulations which are similar to those for employees. The accrued provision for severance indemnities of the members of the board and corporate auditors is not funded. Payments of such indemnities are subject to approval of shareholders.

**(12) Income taxes**

Income taxes applicable to the Company and its subsidiaries in Japan include corporation tax, enterprise tax and inhabitants tax. Effective April 1, 1998, the Company changed the classification of enterprise taxes in the income statement due to a revision of the Japanese Securities and Exchange Law and related accounting regulations that requires such taxes, previously recorded as selling, general and administrative expenses or other expenses, to be recorded as income taxes.

The income statements of the Company and its subsidiaries include many items for financial reporting purposes which, in the case of expenses, are not currently deductible and, in the case of income, are not currently taxable. With respect to such temporary differences, the Company and its subsidiaries follow the practice of interperiod tax allocation based on the methods generally accepted in the respective country where each entity is located.

Effective April 1, 2000, provision for income taxes on undistributed earnings of a foreign consolidated subsidiary has been recorded because such earnings are recognized to be distributed to the Company. Until the year ended March 31, 2000, such provision was not made where the Company had considered that such earnings would be permanently reinvested.

**(13) Research and development expenses**

Costs relating to the research and development of new products as well as product improvements are charged to expenses as incurred.

**(14) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accompanying consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(15) Amounts per share**

The computation of net income per share is based on the weighted average number of common stock outstanding during each year, exclusive of treasury stock.

The calculation of diluted net income per share includes the dilutive effects of convertible bonds.

**(16) Reclassifications**

Certain reclassifications of previously reported amounts have been made to conform with current classifications.

## 2. U.S. Dollar Amounts:

The United States dollar amounts are included solely for convenience and represent translations of Japanese yen amounts, as a matter of arithmetical computation only, at the rate of ¥124= US$1, the approximate rate of exchange on March 31, 2001. The translation should not be construed as a representation that Japanese yen amounts could be realized or converted into United States dollars at the above or any other rate.

## 3. Cash Flow Information:

Cash payments for income taxes were ¥7,982 million ($64,371 thousand), ¥5,870 million and ¥18,508 million for the years ended March 31, 2001, 2000 and 1999, respectively; in these respective periods, interest payments made in cash were ¥2,192 million ($17,677 thousand), ¥2,472 million and ¥4,161 million.

## 4. Marketable Securities:

The cost and book value which represented the fair market value of current and non-current marketable securities at March 31, 2001 were as follows:

| | Millions of yen | | Thousands of U.S. dollars | |
|---|---|---|---|---|
| | **2001** | | **2001** | |
| | Current | Non-current | Current | Non-current |
| Cost | **¥7,829** | **¥ 86,134** | **$63,137** | **$694,629** |
| Gross unrealized gains (see Note 1-(5)-(b)) | **17** | **17,428** | **137** | **140,548** |
| Gross unrealized losses | **(0)** | **(2,903)** | **(0)** | **(23,411)** |
| Book value | **¥7,846** | **¥100,659** | **$63,274** | **$811,766** |

The cost and market value of current and non-current marketable securities at March 31, 2000 were as follows:

| | Millions of yen | |
|---|---|---|
| | 2000 | |
| | Current | Non-current |
| Cost | ¥42,440 | ¥17,323 |
| Market value | 46,913 | 33,020 |
| Net unrealized gains | ¥ 4,473 | ¥15,697 |

## 5. Inventories:

Inventories at March 31, 2001 and 2000 comprised the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Finished products and merchandise | **¥22,950** | ¥20,780 | **$185,081** |
| Work in process | **11,386** | 10,153 | **91,823** |
| Materials and supplies | **8,824** | 8,001 | **71,161** |
| Total | **¥43,160** | ¥38,934 | **$348,065** |

## 6. Property, Plant and Equipment:

Depreciation charges for the years ended March 31, 2001, 2000 and 1999 were ¥13,213 million ($106,556 thousand), ¥12,374 million and ¥11,478 million, respectively. Property, plant and equipment at March 31, 2001 and 2000 comprised the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Land | **¥ 12,855** | ¥ 12,893 | **$ 103,669** |
| Buildings | **86,564** | 81,571 | **698,097** |
| Machinery and equipment | **131,933** | 123,992 | **1,063,976** |
| Construction in progress | **12,827** | 6,708 | **103,444** |
| Total | **244,179** | 225,164 | **1,969,186** |
| Less accumulated depreciation | **(140,565)** | (134,265) | **(1,133,589)** |
| Property, plant and equipment, net | **¥103,614** | ¥ 90,899 | **$ 835,597** |

Estimated useful lives of the major classes of depreciable properties range from 7 to 50 years (principally 38 years) for buildings and from 4 to 17 years (principally 7 years) for machinery and equipment.

## 7. Related Party Transactions:

Significant account balances and transactions with affiliated companies were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Account balances at March 31: | | | |
| Trade receivables | **¥ 629** | ¥ 590 | **$ 5,073** |
| Prepaid expenses and other current assets | **3,119** | 2,208 | **25,153** |
| Trade payables | **2,701** | 3,357 | **21,782** |

| | Millions of yen | | | Thousands of U.S. dollars |
|---|---|---|---|---|
| | **2001** | 2000 | 1999 | **2001** |
| Transactions for the year ended March 31: | | | | |
| Net sales | **¥ 3,810** | ¥ 3,596 | ¥ 4,054 | **$ 30,726** |
| Purchases | **17,269** | 17,576 | 21,357 | **139,266** |

## 8. Short-Term Borrowings and Long-Term Debt:

Short-term borrowings at March 31, 2001 consisted of unsecured bank loans with a weighted average interest rate of 6.48% per annum.

Long-term debt at March 31, 2001 consisted of the following:

| | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| | 2001 | 2001 |
| 2% convertible bonds due 2002 | ¥ 2,944 | $ 23,742 |
| 1.7% convertible bonds due 2001 | 10,425 | 84,073 |
| 1.7% convertible bonds due 2004 | 11,453 | 92,363 |
| Bonds payable in U.S. dollars with interest at LIBOR as adjusted in accordance with the agreements due 2001 | 4,284 | 34,548 |
| Loans from insurance companies — | | |
| •with interest at rates from 1.37% to 1.5% due 2001 | 2,400 | 19,355 |
| •payable in U.S. dollars with interest at LIBOR as adjusted in accordance with the agreements due 2005 | 1,148 | 9,258 |
| Loans from banks — | | |
| •in U.S. dollars with interest at LIBOR as adjusted in accordance with the agreements due 2001 | 2,295 | 18,508 |
| •payable in U.S. dollars with interest at LIBOR as adjusted in accordance with the agreements due 2001 to 2005 | 4,562 | 36,790 |
| Other | 1,210 | 9,758 |
| Total | 40,721 | 328,395 |
| Less: Current portion of long-term debt | 24,100 | 194,355 |
| Total long-term debt less current portion | ¥16,621 | $134,040 |

The aggregate annual maturities of long-term debt at March 31, 2001 are as follows:

| Year ending March 31 | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| 2002 | ¥24,100 | $194,355 |
| 2003 | 965 | 7,782 |
| 2004 | 1,238 | 9,984 |
| 2005 | 11,939 | 96,282 |
| 2006 | 1,610 | 12,984 |
| Thereafter | 869 | 7,008 |
| Total | ¥40,721 | $328,395 |

The 2% convertible bonds due 2002 and the 1.7% convertible bonds due 2001 and 2004 were convertible into common stock at a conversion price of ¥1,527.90 ($12.3) per share, ¥1,837.70 ($14.8) per share and ¥1,837.70 ($14.8) per share, respectively, at March 31, 2001. The conversion prices are subject to adjustments as provided in the related indentures. These convertible bonds are redeemable at the Company's option beginning February 1, 1987, October 1, 1995 and October 1, 1997, respectively, as provided in the indentures.

The indentures, under which the 2% convertible bonds due 2002 were issued, place a limitation on the payment of cash dividends, which relates, in part, to earnings of the Company determined in accordance with Japanese accounting practices. At March 31, 2001, under such provision of the indentures, the amount of retained earnings available for the payment of dividends was ¥91,746 million ($739,887 thousand) after appropriation of year-end dividends of ¥1,937 million ($15,621 thousand) referred to in Note 12.

## 9. Derivative Financial Instruments:

The Company (including certain of its consolidated subsidiaries) uses derivative financial instruments ("derivatives") to reduce its exposure to the adverse impact of fluctuations in foreign exchange rates and interest rates. The principal derivatives used by the Company are foreign exchange forward contracts, currency swaps, currency options and interest rate swaps.

The derivatives are subject to market risk and credit risk. Market risk means that gains or losses on the derivatives could result from fluctuations in foreign exchange rates and interest rates. Gains or losses are, however, effectively offset by gains and losses on the underlying assets and liabilities which also result from fluctuations in foreign exchange rates and interest rates.

Credit risk means that the Company is exposed to losses which could result from the default of counterparties. The Company believes, however, that risk of loss due to the default of the counterparties is extremely small because the Company limits its dealings to financial institutions with higher credit ratings.

At March 31, 2001 and 2000, the aggregate notional principal amounts and market values of the derivatives (except for those for which hedge accounting is adopted) held by the Company were as follows:

| | | Millions of yen | | | Thousands of U.S. dollars | | |
|---|---|---|---|---|---|---|---|
| At March 31, 2001 | Currency | Notional principal amounts | Market value | Net unrealized gains (losses) | Notional principal amounts | Market value | Net unrealized gains (losses) |
| Currency options | yen | **¥7,955** | **¥463** | **¥(423)** | **$64,153** | **$3,734** | **$(3,411)** |
| Foreign currency forward contracts | DM | **¥ 167** | **¥166** | **¥ 1** | **$ 1,347** | **$1,339** | **$ 8** |

| | | Millions of yen | | |
|---|---|---|---|---|
| At March 31, 2000 | Currency | Notional principal amounts | Market value | Net unrealized gains (losses) |
| Interest rate swaps | yen | ¥10,000 | ¥ 340 | ¥ 340 |
| | US$ | 2,304 | 2 | 2 |
| | DM | 527 | (3) | (3) |
| Currency swaps | yen | ¥ 8,850 | ¥ (182) | ¥ (182) |
| | US$ | 2,470 | 428 | 428 |
| Currency options | yen | ¥ 2,228 | ¥ 57 | ¥ (10) |
| Foreign currency forward contracts | US$ | ¥ 2,175 | ¥ 2,170 | ¥ 5 |
| | DM | 406 | 381 | 25 |
| Interest cap | DM | ¥ 527 | ¥ 0 | ¥ 0 |

## 10. Income Taxes:

The Company and its consolidated subsidiaries are subject to a number of different income taxes which, in the aggregate, indicate a normal statutory tax rate of approximately 42%. The ordinary relationship between income tax expense and pretax accounting income is distorted by a number of items including various tax credits, permanent non-deductible expenses, operating losses incurred by certain consolidated subsidiaries of the Company, and certain reduced tax rates.

Reconciliation between statutory tax rate and effective tax rate for the years ended March 31, 2001, 2000 and 1999 was as follows:

| | **2001** | 2000 | 1999 |
|---|---|---|---|
| Statutory tax rate | **42%** | 42 % | 47 % |
| Add (Deduct): | | | |
| Non deductible expenses | **9** | 10 | 31 |
| Non taxable income | **(1)** | (1) | (1) |
| Reduction in deferred taxes due to statutory rate change | **—** | — | 15 |
| Valuation allowance change | **—** | (12) | (21) |
| Deduction of net operating loss carryforwards of subsidiaries | **(3)** | — | — |
| Tax credit primarily for research and development expenses | **(2)** | — | — |
| Undistributed earnings of foreign subsidiaries | **2** | — | — |
| Equity in earnings of affiliated companies | **(1)** | — | — |
| International rate differences | **(1)** | — | 1 |
| Other | **(2)** | (2) | (3) |
| Effective tax rate | **43%** | 37 % | 69 % |

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effects of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities at March 31, 2001 and 2000 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Deferred tax assets: | | | |
| Retirement benefits | **¥12,758** | ¥12,867 | **$102,887** |
| Deferred charges | **5,849** | 5,858 | **47,169** |
| Inventories | **3,571** | 2,490 | **28,799** |
| Accrued expenses | **3,532** | 2,866 | **28,484** |
| Net operating loss carryforwards | **1,418** | 2,906 | **11,435** |
| Research and development expenses | **980** | 727 | **7,903** |
| Accrued enterprise tax | **829** | — | **6,685** |
| Depreciation and amortization | **645** | 946 | **5,202** |
| Other | **2,370** | 2,259 | **19,113** |
| Total deferred tax assets | **31,952** | 30,919 | **257,677** |
| Valuation allowance | **(919)** | (706) | **(7,411)** |
| Net deferred tax assets | **31,033** | 30,213 | **250,266** |
| Deferred tax liabilities: | | | |
| Unrealized gain (or loss) on marketable securities | **(6,046)** | — | **(48,758)** |
| Accelerated depreciation and amortization | **(809)** | (584) | **(6,524)** |
| Undistributed earnings of foreign subsidiaries | **(591)** | — | **(4,766)** |
| Deferred gain on sale of plant assets | **(395)** | (404) | **(3,185)** |
| Other | **(473)** | (264) | **(3,815)** |
| Total deferred tax liabilities | **(8,314)** | (1,252) | **(67,048)** |
| Net deferred tax assets | **¥22,719** | ¥28,961 | **$183,218** |

Deferred tax assets, among others, relating to operating losses incurred by foreign subsidiaries are recorded because the liability method of computing deferred income taxes requires that the benefit of certain loss carryforwards be estimated and recorded as an asset unless it is "more likely than not" that the benefit will not be realized.

Deferred tax liabilities included in "other long-term liabilities" at March 31, 2001 and 2000 are ¥291 million ($2,347 thousand) and ¥202 million, respectively.

## 11. Pension Plans and Accrued Severance Indemnities:

| At March 31, 2001<br>Contents of retirement benefit obligation, etc. | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| Retirement benefit obligation | | |
| Retirement benefit obligation | ¥(100,281) | $(808,718) |
| Fair value of pension plan assets | 49,813 | 401,718 |
| Unreserved retirement benefit obligation | (50,468) | (407,000) |
| Unrecognized actuarial losses — net | 5,918 | 47,726 |
| Accrued retirement benefits for employees | ¥ (44,550) | $(359,274) |
| Retirement benefit cost | | |
| Service cost | ¥ 5,189 | $ 41,847 |
| Interest cost | 2,738 | 22,080 |
| Expected return on pension plan assets | (1,539) | (12,411) |
| Extra severance pay | 1,553 | 12,524 |
| Retirement benefit cost | ¥ 7,941 | $ 64,040 |

| Calculation basis of retirement benefit obligation, etc. | |
|---|---|
| Method of attributing the projected benefits to periods of service | Straight-line basis |
| Discount rate | Mainly 3.0% |
| Expected rate of return on pension plan assets | Mainly 3.0% |
| Amortization period of actuarial gains and losses | Mainly 10 years |

At March 31, 2000

The amounts charged to income for the years ended March 31, 2000 and 1999 with respect to pension plans and provision for accrued severance indemnities were ¥8,882 million and ¥6,187 million, respectively. The provision for the year ended March 31, 2000 includes the effect of the accounting change amounting to ¥2,563 million which is recorded as an extra provision for accrued retirement benefit obligation, as discussed in Note1-(11). The assets of the pension plans of the Company at March 31, 2000 were ¥34,382 million.

## 12. Shareholders' Equity:

Pursuant to the Japanese Commercial Code (the "Code"), the issue (or conversion) price of shares is in principle required to be accounted for in its entirety in the common stock account, although a company's board of directors may authorize recording no more than one-half of the issue (or conversion) price as capital surplus.

The Code provides that an amount equal to at least 10% of cash disbursements from retained earnings (dividends and bonuses to the members of the Board, etc.) be appropriated from retained earnings each period as a legal reserve. No further appropriation is required when the legal reserve equals 25% of common stock. This reserve may be used to reduce a deficit or it may be transferred to common stock by appropriate legal procedures. The legal reserve amounted to ¥6,265 million ($50,524 thousand) as of March 31, 2001.

In addition to the above, the Code provides that all appropriations of retained earnings, except for interim cash dividends, be approved at an ordinary general meeting of shareholders. This meeting is held within three months following the close of the Company's fiscal year ending March 31. In accordance with customary practice in Japan, the appropriations are not accrued in the financial statements for the year to which they relate, but are recorded in the subsequent fiscal year after shareholder approval has been obtained.

The following appropriations of retained earnings of the Company were proposed and approved at the general meeting of shareholders held on June 27, 2001.

| | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| Cash dividends (¥6 ($0.048) per share) | ¥1,937 | $15,621 |
| Bonuses to the members of the Board and corporate auditors | 45 | 363 |
| | ¥1,982 | $15,984 |

## 13. Segment Information:

The Company and its consolidated subsidiaries are mainly engaged in the pharmaceutical business, including ethical pharmaceuticals and OTC drugs, which is shown as "Pharmaceuticals". The rest of the Company's business, which is shown as "Others," includes medical supplies and systems, home care business, and chemicals business. The Company also enhances its overseas businesses through its subsidiaries mainly in North America, Europe and Asia.

Certain segment information about the operations of the Company and its consolidated subsidiaries in different geographic areas and business segments are disclosed below. Intercompany sales between geographic areas and business categories are recorded at cost plus a mark-up. However, intercompany sales and profits are eliminated. Corporate assets are composed principally of cash and cash equivalents, marketable securities and short-term investments.

| By business segment | Millions of yen | | | | |
|---|---|---|---|---|---|
| | Year ended March 31, 2001 | | | | |
| | Pharmaceuticals | Others | Total | Eliminations or Corporate | Consolidated |
| Net sales to unrelated entities | **¥263,020** | **¥34,497** | **¥297,517** | **¥ —** | **¥297,517** |
| Transfers between business segments | **22** | **5,158** | **5,180** | **(5,180)** | **—** |
| Total net sales | **263,042** | **39,655** | **302,697** | **(5,180)** | **297,517** |
| Operating expenses | **229,555** | **39,450** | **269,005** | **(5,094)** | **263,911** |
| Operating income | **¥ 33,487** | **¥ 205** | **¥ 33,692** | **¥ (86)** | **¥ 33,606** |
| Assets | **¥324,867** | **¥39,125** | **¥363,992** | **¥ 98,333** | **¥462,325** |
| Depreciation and amortization | **¥ 13,545** | **¥ 2,558** | **¥ 16,103** | **¥ —** | **¥ 16,103** |
| Capital expenditures | **¥ 27,569** | **¥ 3,054** | **¥ 30,623** | **¥ —** | **¥ 30,623** |

| By business segment | Thousands of U.S. dollars | | | | |
|---|---|---|---|---|---|
| | **Year ended March 31, 2001** | | | | |
| | Pharmaceuticals | Others | Total | Eliminations or Corporate | Consolidated |
| Net sales to unrelated entities | **$2,121,129** | **$278,201** | **$2,399,330** | **$ —** | **$2,399,330** |
| Transfers between business segments | **177** | **41,597** | **41,774** | **(41,774)** | **—** |
| Total net sales | **2,121,306** | **319,798** | **2,441,104** | **(41,774)** | **2,399,330** |
| Operating expenses | **1,851,250** | **318,145** | **2,169,395** | **(41,081)** | **2,128,314** |
| Operating income | **$ 270,056** | **$ 1,653** | **$ 271,709** | **$ (693)** | **$ 271,016** |
| Assets | **$2,619,895** | **$315,524** | **$2,935,419** | **$793,008** | **$3,728,427** |
| Depreciation and amortization | **$ 109,234** | **$ 20,629** | **$ 129,863** | **$ —** | **$ 129,863** |
| Capital expenditures | **$ 222,331** | **$ 24,629** | **$ 246,960** | **$ —** | **$ 246,960** |

| By business segment | Millions of yen | | | | |
|---|---|---|---|---|---|
| | Year ended March 31, 2000 | | | | |
| | Pharmaceuticals | Others | Total | Eliminations or Corporate | Consolidated |
| Net sales to unrelated entities | ¥ 255,450 | ¥ 33,692 | ¥ 289,142 | ¥ — | ¥ 289,142 |
| Transfers between business segments | 14 | 4,156 | 4,170 | (4,170) | — |
| Total net sales | 255,464 | 37,848 | 293,312 | (4,170) | 289,142 |
| Operating expenses | 218,397 | 39,789 | 258,186 | (3,887) | 254,299 |
| Operating income (loss) | ¥ 37,067 | ¥ (1,941) | ¥ 35,126 | ¥ (283) | ¥ 34,843 |
| Assets | ¥ 292,558 | ¥ 37,316 | ¥ 329,874 | ¥ 91,815 | ¥ 421,689 |
| Depreciation and amortization | ¥ 13,063 | ¥ 2,517 | ¥ 15,580 | ¥ — | ¥ 15,580 |
| Capital expenditures | ¥ 19,939 | ¥ 2,248 | ¥ 22,187 | ¥ — | ¥ 22,187 |

| By business segment | Millions of yen | | | | |
|---|---|---|---|---|---|
| | Year ended March 31, 1999 | | | | |
| | Pharmaceuticals | Others | Total | Eliminations or Corporate | Consolidated |
| Net sales to unrelated entities | ¥ 252,300 | ¥ 24,981 | ¥ 277,281 | ¥ — | ¥ 277,281 |
| Transfers between business segments | — | 2,433 | 2,433 | (2,433) | — |
| Total net sales | 252,300 | 27,414 | 279,714 | (2,433) | 277,281 |
| Operating expenses | 216,754 | 29,628 | 246,382 | (2,458) | 243,924 |
| Operating income (loss) | ¥ 35,546 | ¥ (2,214) | ¥ 33,332 | ¥ 25 | ¥ 33,357 |
| Assets | ¥ 312,005 | ¥ 34,080 | ¥ 346,085 | ¥ 90,123 | ¥ 436,208 |
| Depreciation and amortization | ¥ 12,612 | ¥ 2,324 | ¥ 14,936 | ¥ — | ¥ 14,936 |
| Capital expenditures | ¥ 14,900 | ¥ 2,107 | ¥ 17,007 | ¥ — | ¥ 17,007 |

| By geographic area | Millions of yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Year ended March 31, 2001** | | | | | | |
| | Japan | North America | Europe | Others | Total | Eliminations or Corporate | Consolidated |
| Net sales to unrelated entities | **¥205,150** | **¥58,095** | **¥29,753** | **¥4,519** | **¥297,517** | **¥ —** | **¥297,517** |
| Transfers between geographic areas | **18,298** | **3,447** | **6,728** | **22** | **28,495** | **(28,495)** | **—** |
| Total net sales | **223,448** | **61,542** | **36,481** | **4,541** | **326,012** | **(28,495)** | **297,517** |
| Operating expenses | **205,895** | **47,968** | **32,899** | **4,111** | **290,873** | **(26,962)** | **263,911** |
| Operating income | **¥ 17,553** | **¥13,574** | **¥ 3,582** | **¥ 430** | **¥ 35,139** | **¥ (1,533)** | **¥ 33,606** |
| Assets | **¥281,044** | **¥58,961** | **¥39,759** | **¥4,169** | **¥383,933** | **¥ 78,392** | **¥462,325** |

| By geographic area | Thousands of U.S. dollars | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Year ended March 31, 2001** | | | | | | |
| | Japan | North America | Europe | Others | Total | Eliminations or Corporate | Consolidated |
| Net sales to unrelated entities | **$1,654,435** | **$468,508** | **$239,944** | **$36,443** | **$2,399,330** | **$ —** | **$2,399,330** |
| Transfers between geographic areas | **147,565** | **27,798** | **54,258** | **177** | **229,798** | **(229,798)** | **—** |
| Total net sales | **1,802,000** | **496,306** | **294,202** | **36,620** | **2,629,128** | **(229,798)** | **2,399,330** |
| Operating expenses | **1,660,443** | **386,839** | **265,315** | **33,152** | **2,345,749** | **(217,435)** | **2,128,314** |
| Operating income | **$ 141,557** | **$109,467** | **$ 28,887** | **$ 3,468** | **$ 283,379** | **$ (12,363)** | **$ 271,016** |
| Assets | **$2,266,484** | **$475,492** | **$320,637** | **$33,621** | **$3,096,234** | **$632,193** | **$3,728,427** |

| By geographic area | Millions of yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | Year ended March 31, 2000 | | | | | | |
| | Japan | North America | Europe | Others | Total | Eliminations or Corporate | Consolidated |
| Net sales to unrelated entities | ¥204,138 | ¥49,144 | ¥31,920 | ¥3,940 | ¥289,142 | ¥ — | ¥289,142 |
| Transfers between geographic areas | 13,405 | 4,821 | 5,343 | 18 | 23,587 | (23,587) | — |
| Total net sales | 217,543 | 53,965 | 37,263 | 3,958 | 312,729 | (23,587) | 289,142 |
| Operating expenses | 197,244 | 42,222 | 34,316 | 3,672 | 277,454 | (23,155) | 254,299 |
| Operating income | ¥ 20,299 | ¥11,743 | ¥ 2,947 | ¥ 286 | ¥ 35,275 | ¥ (432) | ¥ 34,843 |
| Assets | ¥254,211 | ¥49,499 | ¥39,843 | ¥3,636 | ¥347,189 | ¥74,500 | ¥421,689 |

| By geographic area | Millions of yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | Year ended March 31, 1999 | | | | | | |
| | Japan | North America | Europe | Others | Total | Eliminations or Corporate | Consolidated |
| Net sales to unrelated entities | ¥194,260 | ¥46,482 | ¥33,442 | ¥3,097 | ¥277,281 | ¥ — | ¥277,281 |
| Transfers between geographic areas | 14,678 | 927 | 5,698 | 22 | 21,325 | (21,325) | — |
| Total net sales | 208,938 | 47,409 | 39,140 | 3,119 | 298,606 | (21,325) | 277,281 |
| Operating expenses | 182,744 | 39,347 | 37,501 | 3,009 | 262,601 | (18,677) | 243,924 |
| Operating income | ¥ 26,194 | ¥ 8,062 | ¥ 1,639 | ¥ 110 | ¥ 36,005 | ¥ (2,648) | ¥ 33,357 |
| Assets | ¥260,664 | ¥53,869 | ¥44,383 | ¥3,794 | ¥362,710 | ¥73,498 | ¥436,208 |

Overseas sales consisting of the Company's export sales to and royalty income from foreign third parties and the sales outside Japan of foreign consolidated subsidiaries for the years ended March 31, 2001, 2000 and 1999 amounted to ¥108,080 million ($871,613 thousand), ¥102,195 million and ¥103,723 million, accounting for 36.3%, 35.3% and 37.4% of consolidated net sales, respectively.

Sales to a single customer (Suzuken Co., Ltd.) represented 11.1% of consolidated net sales for each of the years ended March 31, 2001 and 2000. Information on a consolidated basis is not available for the year ended March 31, 1999.

## 14. Contingent Liabilities and Commitments:

Contingent liabilities of the Company and its consolidated subsidiaries at March 31, 2001 and 2000 are as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Contingent liabilities as guarantor of— | | | |
| indebtedness of affiliated companies and other parties | **¥ 123** | ¥ 134 | **$ 992** |
| indebtedness of employees | **2,285** | 2,980 | **18,427** |
| Other contingent liabilities— | | | |
| relating to debt assumption contract | **1,800** | 2,040 | **14,516** |
| others | **233** | 217 | **1,879** |

Lease commitments exclude finance lease contracts of the Company and its consolidated subsidiaries, under which the ownership of the leased assets is transferred to lessees.

Assumed acquisition cost, accumulated depreciation and net book value of the leased assets at March 31, 2001 and 2000 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Acquisition cost | | | |
| Machinery and automobile | **¥3,350** | ¥2,988 | **$27,016** |
| Others (computer and equipment) | **4,770** | 5,419 | **38,468** |
| Accumulated depreciation | **(4,535)** | (4,848) | **(36,573)** |
| Net book value | **¥3,585** | ¥3,559 | **$28,911** |

Outstanding future lease payments due at March 31, 2001 and 2000 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2001** | 2000 | **2001** |
| Within one year | **¥1,496** | ¥1,671 | **$12,064** |
| Over one year | **2,479** | 2,136 | **19,992** |
| Total | **¥3,975** | ¥3,807 | **$32,056** |

Lease expenses on finance lease contracts for the years ended March 31, 2001, 2000 and 1999 were as follows:

| | Millions of yen | | | Thousands of U.S. dollars |
|---|---|---|---|---|
| | **2001** | 2000 | 1999 | **2001** |
| Lease expenses | **¥2,037** | ¥2,376 | ¥2,687 | **$16,427** |
| including: | | | | |
| Depreciation (assumed) | **1,838** | 1,917 | 2,182 | **14,823** |
| Interest (assumed) | **422** | 465 | 579 | **3,403** |

Depreciation is based on the straight-line method over the lease term of the leased assets.

## 15. Litigation and Legal Matters:

In 1999, three substantially identical purported class actions were filed with the United States District Court for Southern District of New York and in California State Court against the Company, its U.S. subsidiary, PMP Fermentation Products, Inc. and another third party company with respect to certain alleged anti-competitive practices in the sodium erythorbate market in the United States and the State of California.

The State of California cases were reconciled with the plaintiffs in February 2001 with the settlement payment of $133 thousand, and in April 2001 a preliminary approval of the settlement was granted by the Court.

As for the United States case, the Company and PMP came to a settlement with the plaintiffs in April 2001 with the settlement payment of $2,100 thousand. After the execution of the settlement agreements, the Company and PMP made both payments, with each paying one-half of the total amount. These three cases will be formally settled upon the final approvals of the settlements by the Courts.

# Report of Independent Accountants

PRICEWATERHOUSECOOPERS

**PricewaterhouseCoopers**
Nihon Seimei Imabashi Bldg.,
7th Floor 3-1-7, Imabashi,
Chuo-ku, Osaka 541-8582,
Japan

June 27, 2001

To the Shareholders and Board of Directors
Fujisawa Pharmaceutical Company Limited

We have audited the accompanying consolidated balance sheets of Fujisawa Pharmaceutical Company Limited and its consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2001, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practice generally accepted and applied in Japan and, accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Fujisawa Pharmaceutical Company Limited and its consolidated subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2001 in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis, except for the change in the year ended March 31, 2000, which we concur, in the method of accounting for pension and accrued severance indemnities for employees as described in Note 1-(10).

As described in Note 1, Fujisawa Pharmaceutical Company Limited and its domestic consolidated subsidiaries have adopted the new Japanese accounting standards for Financial Instruments, Retirement Benefits, and Foreign Currency Translation effective from the year ended March 31, 2001.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of readers, have been translated on the basis set forth in Note 2.

PricewaterhouseCoopers

***(Notice to readers)***

*The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Japan.*

# Management and Corporate Auditors

(As of July 1, 2001)

## Board of Directors

Akira Fujiyama
*Chairman of the Board*

Michio Iida*
*Vice Chairman and Chief Financial Officer*

Hatsuo Aoki, Ph. D.*
*President and Chief Executive Officer*

Koichi Sejima*
*Corporate Executive Vice President and Chief Administrative Officer*

Tomokichiro Fujisawa, Ph. D.
*Chairman Emeritus*

Akiro Kojima
*Member of the Board (Chairman, Daicel Chemical Industries, Ltd.)*

Kanji Kobayashi
*Member of the Board (Vice Chairman, Nippon Life Insurance Company)*

## Corporate Auditors

Kohei Adachi
Tateo Horita
Yoshiharu Senoue
Masahiko Kimbara

## Corporate Officers

Noboru Maeda*
*Corporate Executive Vice President and Chairman, Fujisawa Healthcare, Inc.*

Takeshi Shimomura*
*Corporate Executive Vice President, Sales & Marketing*

Shuji Inoue*
*Corporate Senior Vice President, European & Asian Operations*

Masanobu Kohsaka, Ph. D.*
*Corporate Senior Vice President, Science & Technology*

Hideo Tanaka*
*Corporate Senior Vice President, External Relations*

Masafumi Nogimori*
*Corporate Senior Vice President, Global Corporate Strategic Planning*

Tadahiko Inoue
*Corporate Vice President, General Administration*

Susumu Honda
*Corporate Vice President, Tokyo Business Branch, Sales & Marketing*

Hideo Fukumoto
*Corporate Vice President, and President & Chief Executive Officer, Fujisawa Healthcare, Inc.*

Hirofumi Onosaka
*Corporate Vice President, Corporate Planning, Global Corporate Strategic Planning*

Naoki Fujimoto
*Corporate Vice President, Sendai Business Branch, Sales & Marketing*

Masao Shimizu
*Corporate Vice President, Development*

Hiroaki Horii
*Corporate Vice President, Nagoya Business Branch, Sales & Marketing*

Hitoshi Ohta
*Corporate Vice President, Manufacturing*

Toshio Goto, Ph. D.
*Corporate Vice President, Research*

* Member of Management Committee

# Corporate Directory

(As of July 1, 2001)

## Fujisawa Pharmaceutical Co., Ltd. and Domestic Subsidiaries

### Offices, Plants and Laboratories

**Osaka Head Office**

4-7, Doshomachi 3-chome, Chuo-ku,
Osaka 541-8514, Japan
Telephone: 6-6202-1141
(International Business: 6-6206-7879)
(Medical Supplies & Systems: 6-6206-7889)
(Home Care: 6-6304-6830)
Facsimile: 6-6206-7926
(International Business: 6-6206-7928)
(Medical Supplies & Systems: 6-6206-7934)
(Home Care: 6-6304-6836)

**Kashima Office**

1-6, Kashima 2-chome, Yodogawa-ku,
Osaka 532-8514, Japan
Telephone: 6-6390-1111
Facsimile: 6-6304-1192

**Tokyo Head Office**

2-10, Nihonbashi-Honcho 2-chome, Chuo-ku,
Tokyo 103-0023, Japan
Telephone: 3-3279-0871
(Chemicals: 3-5641-8473)
Facsimile: 3-3274-0722
(Chemicals: 3-5641-8479)

**Business Branches**

Sapporo, Sendai, Kan-etsu, Tokyo, Nagoya, Osaka, Takamatsu,
Hiroshima, Fukuoka

**Plants**

Osaka, Fuji, Takaoka, Toyama, Nagoya

**Laboratories**

Exploratory Research Lab., Tsukuba
Advanced Technology Platform Research Lab., Tsukuba
Medicinal Chemistry Research Lab., Osaka
Medicinal Biology Research Lab., Osaka
Biopharmaceutical & Pharmacokinetic Research Lab., Osaka
Toxicology Research Lab., Osaka
Analytical Research Lab., Osaka
Chemical Development Lab., Osaka
Pharmaceutical Science Lab., Osaka
Fermentation Development Lab., Nagoya
OTC Technology Lab., Osaka
Chemical Products Research Lab., Tsukuba

### Domestic Subsidiaries

Analytical Science Laboratories Co., Ltd.
Fujisawa Technical Services Co., Ltd.
Fujisawa Medical System Co., Ltd.
Fujisawa Distribution Service Co., Ltd.
Fujisawa Business Service Co., Ltd.
Hoshienu Pharmaceutical Co., Ltd.
Serachem Co., Ltd.
Daisan Kogyo Co., Ltd.
Fujisawa Insurance and Benefits Services, Ltd.
Rainbow Tourist Inc.
Doei Co., Ltd.
Gakuei Co., Ltd.
Koei Co., Ltd.
Fujisawa Home Care Co., Ltd.

## Overseas

### North America

**Fujisawa Healthcare, Inc.**
Parkway North Center, Three Parkway North,
Deerfield, IL 60015, U.S.A.
Telephone: 847-317-8800
Facsimile: 847-317-7291

**Fujisawa Canada, Inc.**
625 Cochrane Drive, Suite 800,
Markham, Ontario L3R 9R9, Canada
Telephone: 905-470-7990
Facsimile: 905-470-7799

**Fujisawa Research Institute of America, Inc.**

**•Research Laboratory**
Northwestern University/Evanston Research Park
1801 Maple Avenue, Evanston,
IL 60201-3135, U.S.A.
Telephone: 847-467-4470
Facsimile: 847-467-4471

**•Clinical Research Center**
Parkway North Center, Three Parkway North,
Deerfield, IL 60015-2548, U.S.A.
Telephone: 847-317-1390
Facsimile: 847-317-1251

**Fujisawa Investments for Entrepreneurship, L.P. (I&II)**
c/o Fujisawa Research Institute of America, Inc.
(Research Laboratory)

**PMP Fermentation Products, Inc.**
900 N.E. Adams Street
Peoria, IL 61603, U.S.A.
Telephone: 309-637-0400
Facsimile: 309-637-9302

### Europe

**Fujisawa Holland B.V.**
De Molen 28 a
3994 DB Houten
The Netherlands
Telephone: 30-634-6000
Facsimile: 30-634-6001

**Fujisawa GmbH**
Levelingstrasse 12, D-81673,
Munich, Germany
Telephone: 89-4544-06
Facsimile: 89-4544-2120

**Fujisawa Ltd.**
8th Floor, CP House, 97-107
Uxbridge Road, Ealing,
London, W5 5TL, U.K.
Telephone: 20-8840-9520
Facsimile: 20-8840-9521

**Fujisawa SARL**
13, Avenue Gabriel
78170 La Celle Saint Cloud,
France
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Facsimile: 1-30-08-42-30

**Fujisawa SRL**
Corso di Porta
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I-20122 Milan, Italy
Telephone: 39-02-582081
Facsimile: 39-02-58208901

**Fujisawa SA**
Paseo de la Castellana 141-18
Edificio Cuzco IV 28046 Madrid, Spain
Telephone: 91-5706919
Facsimile: 91-5707257

**Fujisawa Ges.m.b.H.**
Hietzinger Hauptstrasse 64,
A-1132 Vienna, Austria
Telephone: 1-87726680
Facsimile: 1-8771636

**Fujisawa Scandinavia AB**
Skeppsbron 5-6
41121 Göteborg
Sweden
Telephone: 31-711-5750
Facsimile: 31-711-0757

**Fujisawa Ireland Limited**
Killorglin, Co. Kerry,
Republic of Ireland
Telephone: 66-9761029
Facsimile: 66-9761061

**Klinge Pharma GmbH**
Berg-am-Laim-Strasse 129,
D-81673, Munich, Germany
Telephone: 89-4544-01
Facsimile: 89-4544-1329

**Klinge Pharma Ges.m.b.H.**
Hietzinger Hauptstrasse 64,
A-1132 Vienna, Austria
Telephone: 1-87726680
Facsimile: 1-8771636

**Klinge Unlimited**
Banshagh
Killorglin, Co. Kerry,
Republic of Ireland
Telephone: 66-61270
Facsimile: 66-61533

**Klinge Pharma AG**
Bachstrasse 10
CH-8280 Kreuzlingen, Switzerland
Telephone: 71-6724882
Facsimile: 71-6724884

**ribosepharm GmbH**
Munich, Germany

**Fujisawa Pharmaceutical Co., Ltd.**
**Clinical Research Center, Europe**
3rd Floor (Wing), CP House,
97-107 Uxbridge Road, Ealing,
London, W5 5TL, U.K.
Telephone: 20-8840-6969
Facsimile: 20-8840-3311

The Fujisawa Institute of Neuroscience in Edinburgh

### Asia

**Fujisawa Taiwan Co., Ltd.**
3rd Floor, No. 325, Sec. 1,
Tun Hwa South Road,
Taipei 106, Taiwan
Telephone: 22-709-1980
Facsimile: 22-700-1330

**Fujisawa Synthélabo Pharmaceutical Co., Ltd.**
2nd Floor, No. 325, Sec. 1,
Tun Hwa South Road,
Taipei 106, Taiwan
Telephone: 22-709-1980
Facsimile: 22-700-1330

**Fujisawa Hong Kong Ltd.**
Unit 1015, Tower 1,
Grand Century Place,
193 Prince Edward Road West,
Mongkok, Kowloon, Hong Kong
Telephone: 852-2377-9801
Facsimile: 852-2856-1440

**Fujisawa Korea Ltd.**
10F. Haesung No.1 Bldg., 942, Daechi-3 dong,
Kangnam-ku, Seoul, 135-725,
Republic of Korea
Telephone: 2-564-3180
Facsimile: 2-564-3421

# Stock Information

## Fujisawa Pharmaceutical Company Limited

Founded:
January 1894

Date of Incorporation:
December 20, 1930

Paid-in Capital:
¥33,045 million

Number of Shareholders:
12,062

Issued and Outstanding Number of Shares:
322,762,775

Independent Certified Public Accountants:
PricewaterhouseCoopers
Osaka Center Building, 10F.
1-3, Kyutaro-machi 4-chome,
Chuo-ku, Osaka 541-0056

Stock Exchange Listing:
Tokyo, Osaka, Nagoya

Transfer Agent:
The Toyo Trust and Banking Company, Limited
6-3, Fushimi-machi 3-chome,
Chuo-ku, Osaka 541-8502

Major Shareholders:
Nippon Life Insurance Company
Japan Trustee Services Bank, Ltd.
The Sanwa Bank, Limited
The Tokai Bank, Limited
Daido Life Insurance Company
The Chase Manhattan Bank, N.A. London
The Nippon Fire & Marine Insurance Co., Ltd.
The Toyo Trust and Banking Company, Limited
The Bank of Tokyo-Mitsubishi, Ltd.
The Mitsubishi Trust and Banking Corporation

(As of March 31, 2001)

**For information**
Corporate Communications
Fujisawa Pharmaceutical Co., Ltd.
■ Osaka Head Office
■ Tokyo Head Office

http://www.fujisawa.co.jp
(Fujisawa Pharmaceutical Co., Ltd.)

http://www.fujisawa.com
(Fujisawa Healthcare, Inc.)

http://www.fujisawaeurope.com/
(Fujisawa GmbH)

http://www.pmpinc.com/
(PMP Fermentation Products, Inc.)

Fujisawa Pharmaceutical Co.,Ltd.

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