ANNUAL REPORT 2003

Fujisawa Pharmaceutical Co., Ltd.
Fujisawa Pharmaceutical Co., Ltd., headquartered in Japan, is a research-driven pharmaceutical company with a firm commitment to innovative research in its quest to satisfy unmet medical needs and contribute to the progress of medical care.

**Corporate Mission**

“Fujisawa contributes to healthier, more prosperous lives for people around the world by exploring the frontiers of human health and disease.”

The F-mark, Fujisawa’s logo, encapsulates Fujisawa’s desire to share the joy of good health with people all over the world.

- **Red:** Passionate commitment to research and development
- **Blue:** Pursuit of purity and quality
- **Yellow:** Desire to improve the health and lives of people everywhere

Under the banner of the F-mark, Fujisawa will continue to help people live healthy, satisfying lives.

Tremendous progress has been made in the biomedical sciences in recent years. In an attempt to summarize in a few words the essence of Fujisawa’s corporate philosophy, we have coined the corporate slogan “New Medicines for New Times.”
Financial Highlights
Years ended March 31

<table>
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<th>Statement</th>
<th>Millions of yen 2003</th>
<th>Millions of yen 2002</th>
<th>Thousands of U.S. dollars* 2003</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥ 382,079</td>
<td>¥ 341,356</td>
<td>$ 3,183,992</td>
<td>111.9</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>44,690</td>
<td>47,007</td>
<td>372,417</td>
<td>95.1</td>
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<tr>
<td>Net income</td>
<td>28,635</td>
<td>26,151</td>
<td>238,625</td>
<td>109.5</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>335,337</td>
<td>317,870</td>
<td>2,794,475</td>
<td>105.5</td>
</tr>
</tbody>
</table>

Amounts per share (in yen and dollars):

- Basic Net income:
  - Millions of yen: ¥ 86.62, ¥ 80.07
  - Thousands of U.S. dollars*: $ 0.72
  - Change (%): 108.2
- Diluted Net income:
  - Millions of yen: ¥ 85.37, ¥ 78.14
  - Thousands of U.S. dollars*: $ 0.71
  - Change (%): 109.3
- Cash dividends:
  - Millions of yen: ¥ 18.00, ¥ 16.00
  - Thousands of U.S. dollars*: $ 0.15
  - Change (%): 112.5

- Total assets:
  - Millions of yen: ¥ 511,516, ¥ 474,546
  - Thousands of U.S. dollars*: $ 4,262,633
  - Change (%): 107.8

- Research and development expenses:
  - Millions of yen: ¥ 62,426, ¥ 57,093
  - Thousands of U.S. dollars*: $ 520,217
  - Change (%): 109.3

* The U.S. dollar amounts in this report represent, for convenience only, translations of Japanese yen at the rate of ¥120=US$1.

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Statements made in this annual report with respect to Fujisawa’s current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Fujisawa. These statements are based on management’s current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. Consequently, undue reliance should not be placed on these statements. Fujisawa cautions the reader that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to: (i) changes in general economic conditions in, and the Pharmaceutical Affairs Law and other laws and regulations relating to, Fujisawa’s markets, (ii) currency exchange rate fluctuations, (iii) delays in new product launches, (iv) the inability of Fujisawa to market existing and new products effectively, (v) Fujisawa’s ability to continue to research and develop products accepted by customers in highly competitive markets and (vi) infringements of Fujisawa’s intellectual property rights.
In 1984 in Japan, through extensive research into fermentation products, tacrolimus, the generic name for the immunosuppressant Prograf®, was isolated from the microbe Streptomyces tsukubaensis, named after Mt. Tsukuba where the soil was obtained. Intensive testing of the agent followed the discovery and confirmed its superior immunosuppressive effects in organ transplants.

In the US in 1989, clinical studies on Prograf® were initiated by Professor Thomas E. Starzl, a leading transplant physician at the University of Pittsburgh. Promising clinical evidence discovered by Prof. Starzl led Fujisawa to conduct its own clinical trials for Prograf® in Japan, the US and Europe. Since its launch in Japan in 1993, which was followed by marketing in the US and the UK the next year, Prograf® has been marketed throughout the world, and is now commercially available in approximately 70 countries.

10 years after its launch on the market, Prograf® has improved clinical outcomes over conventional therapies in both liver and kidney transplant recipients. Various clinical experiences in other types of solid organ transplantation, including heart, lung, pancreas and intestines, as well as for the prevention of graft-versus-host disease in bone marrow transplantation, are further demonstrating the clinical benefits of Prograf®.

Fujisawa has been working to give full play to the potential of tacrolimus. Tacrolimus has been successfully developed and launched for the treatment of atopic dermatitis under the brand name Protopic® and is commercially available in over 20 countries worldwide. Tacrolimus is also under clinical studies for various kinds of auto-immune diseases.
“Prograf®: It’s a miracle med.
I’ve had no rejection and no problems whatsoever with Prograf®, and most importantly it doesn’t get in the way of any of my activities or interfere with my life in anyway. I’m stronger and healthier than ever while taking Prograf®. I eat like a horse and play as hard as I can.
Prograf® is easy to take and doesn’t have any side-effects for me!
It is easy to bring along with me wherever I’m traveling with my snowboard or surfboard. I was really concerned about the anti-rejection drugs I would take following my transplant and was concerned that they wouldn’t allow me to return to my training and snowboarding competition.
I’m grateful that there is a drug out there that allows me to do it all!
Thank you Fujisawa!
Rip it up!”

David, Kidney and Pancreas Recipient
“Prograf® is a tiny little capsule. It’s very easy to take. I carry them with me. When it’s time to take them, I take out my pill case, take a glass of water, and I’m done with it in 30 seconds. I really don’t think I’ve had any ill effects from them at all.”

John, Kidney and Pancreas Recipient
“For a long time I couldn’t take care of myself. And now with these medications and the easiness that the transplant has brought to my condition, I’m in total control. Prograf®’s got both of my organs working in tip top shape and got me feeling just wonderful.”

Ben, Liver Recipient
“It’s worth it because it just gives you a whole new chance at life.”

Lisa, Kidney Recipient
“The first time I heard about the medicine was when somebody came to our support group and talked about it. I ended up going to my doctor and saying this is something I’d like to try. At the time, my creatinine was about 2.0. As soon as I got on the Prograf®, it dropped. It went to a good level. And the side effects from the other medicine obviously went away. The hair went away.”
Prograf® is widely recognized as the drug of choice for primary immunosuppression in various solid organ transplants. Prograf® has become the leading immunosuppressant in the US, the UK and South Korea, and year by year continues to strengthen its position in markets worldwide.

The 13th World Transplant Games (WTG) in Kobe 2001
Approximately 1,300 athletes representing about 50 countries participated WTG Kobe 2001, the first games in Asia, and competed in 11 events. The performances of these athletes, who are all former transplant patients, showed the world the success of their transplants, both physically and mentally.

Now recognized as the cornerstone immu

Prograf® in the World

During the 10 years since its launch in Japan in 1993, Prograf® has been marketed throughout the world and is now commercially available in about 70 countries.

Accumulated Number of Publications with Regard to tacrolimus

Tacrolimus contributes not only to the progress of clinical transplantation therapy, but also to basic research into the mechanism of immunosuppression.
The Tackers Transplant Adventure Camp for Kids 2003
More than 100 children from around the world came to Anzère, Switzerland. Most of them were transplant recipients aged 3 to 18 and enjoyed themselves skiing, snowboarding and paragliding. This was a way of expressing their thanks to the anonymous donors’ families for the gift of life.

KILI LIVER LIVE
On February 20, 2003, a Belgian expedition including six liver transplant recipients ascended Mount Kilimanjaro (5,898m). “I felt exhilarated, there are no words to describe the feelings that you experience and the sense of achievement,” exclaimed Liz, one of the recipients, watching an unforgettable sunrise from the top of Africa.

Sales of Prograf® have increased impressively over the last 10 years. Prograf® is the product that has enabled Fujisawa to successfully expand its business into the global market.

The benefits of Prograf® have made it today’s first choice for new kidney and liver transplant recipients.
Under the long-term management strategy “VISION 2005,” we have been actively expanding our operations in major pharmaceutical markets with the aim of creating a much wider revenue and profit base. We have also been investing heavily in research and development to secure sustainable growth.

These efforts have been rewarded with record growth in business performance for the year ended March 31, 2003, with Fujisawa once again setting new highs. Net sales for the year increased by 11.9% to ¥382,079 million (US$3,184 million) over the year earlier. We achieved operating income growth of 32.6% to ¥62,143 million (US$518 million) and net income rose to ¥28,635 million (US$239 million), a year-on-year increase of 9.5%. Thanks to continuing robust growth of Fujisawa Healthcare, Inc. and Fujisawa GmbH, 46.7% of total revenue came from Fujisawa’s overseas business. Another factor in the revenue growth was an upsurge in our domestic ethical pharmaceutical business, fueled by recently launched products.

*Prograf®,* an immunosuppressant and our No. 1 product, maintained its growth momentum with sales of ¥89.7 billion (US$748 million), up 24% year-on-year. *Prograf®* became the leading primary immunosuppressant in the US and the UK during 2002, and Fujisawa is now recognized as a major player in the field of transplantation worldwide. We are proud of our contributions to organ transplant efforts worldwide, and are fully committed to ongoing progress in this important medical care field.

*Protopic®,* the first topical immunomodulator (TIM) for the treatment of atopic dermatitis, is now commercially available in 22 countries, and recorded sales of ¥13.0 billion (US$108 million), in the reporting period, a 48% jump over the previous fiscal year. *Protopic®* improves the quality of life of patients suffering from atopic dermatitis. Scientific data further supporting its efficacy and safety is being accumulated, and is announced at academic congresses.

The successful launch of the injectable antifungal agent micafungin under the product name *Funguard® for Infusion* in Japan in December 2002 was a highlight of the year for Fujisawa. Thanks to its novelty and great usefulness in the clinical setting, *Funguard®* has been granted 30% premium pricing for innovativeness over a comparable drug under the National Health Insurance drug price scheme. *Funguard®* is the third drug to have received premium pricing in Japan. As the first drug granted premium pricing was *Prograf®,* Fujisawa has received two of the only three premiums awarded so far in Japan. I believe this is a good showcase for our capability to generate truly innovative drugs. The Japanese launch was the first in the world, and *Funguard®* has been firmly accepted in Japanese medical circles. It is now also under review in the US and Europe.

In the area of product development, efforts to strengthen existing drugs and our development pipeline have paid off with various deals consummated during the year. Most notably, this includes joint marketing rights for the oral ketoride antibiotic telithromycin from Aventis Pharma Ltd. in Japan and the exclusive rights to develop, manufacture and market carperitide, Alfa-human atrial natriuretic peptide, for acute heart failure in North America and European countries from Daiichi Suntory Pharma.
We are now implementing measures to reinforce business operations in Japan. The measures have been elaborated to improve competitiveness and profitability even more than envisaged in “VISION 2005.” Particularly significant is the spin-off of pharmaceutical plants located in Japan to two subsidiaries to be newly established in October 2003. This is expected to realize efficiency in pharmaceutical production activities.

To swiftly facilitate optimal decision-making and execution of our global agenda, we have put in place a new global management system, which went into effect on April 1, 2003. Under the new system, we have established the Global Headquarters as a virtual organization. The Global Headquarters comprises the Global Corporate Headquarters and Global Functional Headquarters for the development function, which critically needs global coordination and control among group companies, research and manufacturing functions. The Management Committee, the decision-making body in the Global Headquarters, has now been expanded to include the CEOs of two major business units — Fujisawa Healthcare and Fujisawa GmbH — and the head of each Global Functional Headquarters, with regard to the ethical pharmaceuticals business. This is a major step forward, but we do not intend to stop there: we will continuously evolve our global management system as Fujisawa’s globalization progresses.

Vice Chairman and CFO Michio Iida retired on June 25, 2003. I thank Mr. Iida for his contributions and achievements during his more than 20 years of service with Fujisawa.

I am confident that Fujisawa is on the right track toward the goals spelled out in “VISION 2005.” Our new corporate slogan — “New Medicines for New Times” — symbolizes our commitment to innovative research to create and bring to market drugs that satisfy unmet medical needs. New challenges continuously await us.

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

President Hatsuo Aoki (right) with Akira Fujiyama, Chairman of the Board
Fujisawa established new highs in business performance — net sales of ¥382,079 million (US$3,184 million), operating income of ¥62,143 million (US$518 million), and net income of ¥28,635 million (US$239 million).

Firm sales growth of Fujisawa Healthcare, Inc. and Fujisawa GmbH contributed significantly to Fujisawa’s business performance. Overseas business accounted for 46.7% of total revenue.

Our No. 1 product Prograf® achieved 24% sales growth with ¥89.7 billion (US$748 million) and is further strengthening its position as the cornerstone immunosuppressant for organ transplantation.
Launched throughout Europe and in East Asia in 2002, Protopic® is commercially available in 22 countries. The global marketing of Protopic® achieved a 48% sales jump over the previous term.

Micafungin, Fujisawa’s third global product, was successfully launched as Funguard® for Infusion in Japan in December 2002 and has been well accepted since its debut.

Under the Global Headquarters, a newly established global management system in April 2003, the local operations are now involved on an equal footing in decision-making and execution of the global agenda.

We announced measures to reinforce our Japanese business in September 2002, including the spin-off of four Japanese ethical pharmaceutical plants.
Global Network

Fujisawa has put considerable effort into creating a global network of research and development, manufacturing, and sales operations and currently has business bases in Japan, North America, Europe, and East Asia. Being managed autonomously, the local operations are involved on an equal footing in the decision-making process of Fujisawa’s global operations. Fujisawa’s products are also supplied throughout the world via licensing agreements with other pharmaceuticals companies.
Major Products

Fujisawa’s core business is its line of ethical pharmaceutical products, accounting for approximately 90% of net sales. The Company has introduced into the world markets a variety of novel products developed from its pipeline as well as in alliance with other pharmaceutical companies.

Prograf® (tacrolimus)

Prograf® has made a significant contribution in terms of reducing rejection rates and improving transplant outcome. Prograf® continues to strengthen its position as an established cornerstone immunosuppressant for organ transplant patients with successful long-term outcome.

Adenoscan® (adenosine injection)

Adenoscan®, a pharmacologic stress imaging agent, provides the best way to assess the risks of heart disease through accurate diagnosis. Adenoscan® is a market leader in the US for use with myocardial perfusion imaging when exercise stress testing is not an option.

Nivadil® (nilvadipine)

Nilvadipine, a dihydropyridine type Ca-channel blocker, is used for the treatment of essential hypertension. Other brand names: Escor®, etc.

Cefzon® (cefdinir)

Cefdinir, an oral cephalosporin antibiotic, has a well-balanced broad spectrum for both Gram-positive and Gram-negative bacteria. Cefdinir is also available in fine granule or oral suspension form for pediatrics. Other brand name: Omnicef®
Cefixime, an oral cephalosporin antibiotic, is widely used for a variety of community-acquired bacterial infections. It is also available in dispersible tablet form in Europe for patients with swallowing difficulties. Other brand names: Suprax®, Cefixoral®, Cephoral®, Oroken®, Denvar®, Tricef®, Necopen®, etc.

Protopic® (tacrolimus ointment)
A major breakthrough for the treatment of atopic dermatitis has appeared for the first time in 40 years. Protopic® is the first in a new class of steroid-free medications known as TIMs, offering a novel treatment option with distinct advantages over current therapies.

Cefamezin® (cefazolin)
Cefazolin is a first-generation parenteral cephalosporin antibiotic generated by Fujisawa. First launched in Japan in 1971, it is still broadly used for a wide range of bacterial infections. Other brand names: Cefacidal®, etc.

Cefspan® (cefixime)
Cefixime, an oral cephalosporin antibiotic, is widely used for a variety of community-acquired bacterial infections. It is also available in dispersible tablet form in Europe for patients with swallowing difficulties. Other brand names: Suprax®, Cefixoral®, Cephoral®, Oroken®, Denvar®, Tricef®, Necopen®, etc.

AmBisome® (liposomal amphotericin B)
By enclosing the amphotericin B in a liposome, AmBisome® helps target drug delivery and improves its safety profile over other formulations of amphotericin B for the treatment of life-threatening systemic fungal infections.

Funguard® for Infusion
(Japanese brand name for micafungin)
Micafungin belongs to an entirely new class of antifungal agents, the candins, which specifically inhibit fungal cell wall synthesis. Micafungin, now available as the first candin in Japan, has started contributing to the treatment of invasive fungal infections.
An overall 6.3% price cut on the National Health Insurance Drug Price List, carried out in April 2002, had a negative impact on the Japanese market. Even in this climate, Fujisawa recorded robust sales growth, particularly thanks to the contribution of the hypnotic Myslee® (zolpidem tartrate), the atypical antipsychotic agent Seroquel® (quetiapine fumarate), Funguard®, the glycopeptide antibiotic Targocid® Injection (teicoplanin) and Protopic®.

Fujisawa launched Funguard®, a safe and highly efficacious candin antifungal agent for the treatment of invasive fungal infections caused by Aspergillus and Candida, in December 2002. Funguard®, developed by Fujisawa worldwide, has been selling well since its debut. As for the oral ketolide antibiotic, telithromycin, Fujisawa and Sankyo Co., Ltd. have obtained the Japanese marketing and distributing rights from Aventis Pharma Ltd.

With 11 business branches and 102 sales offices throughout the country, serving as the bases for about 1,100 medical representatives, Fujisawa is able to meet customers’ precise needs. The Company set up the DI (Drug Information) Center in May 2003 to provide not only prompt dissemination of reliable information on pharmaceuticals, but also value-added information on medical treatments to the medical frontline on request.

The principal products of Fujisawa include: Antibiotics and biological preparations; Cefzon®, Cefamezin®, Targocid® and Funguard®, Nervous system and sensory organ drugs; Seroquel®, Myslee®, the antidepressant Luvox® (fluvoxamine maleate), and the antiglaucoma Rescula® (isopropyl unoprostone), Cardiovascular and respiratory drugs; Nivadil®, Anti-allergy agents; the anti-asthmatic and anti-allergic Intel® (sodium cromoglicate), Metabolic drugs; Prograf®, Dermatological drugs; Protopic® and the anti-psoriasis Dovonex® ointment (calcipotriol).

**Export Business**

The export business from Japan, mainly cefdinir and cefixime, also achieved a sales increase. In the US market, sales of Omnicef® (cefdinir) by Abbott Laboratories for 2002 reached US$157 million, a 78% increase over the previous year. Local sales of cefixime, available under various names such as Suprax®, Cefixoral® and Oroken® set records in some countries, including Italy, Turkey, and South Korea, even though over ten years have passed since launch.
Fujisawa Healthcare, Inc. (www.fujisawa.com), headquartered in Deerfield, Illinois, forms the hub of our ethical pharmaceuticals business in the US. Fujisawa Healthcare is involved in the development, manufacture and sale of ethical pharmaceuticals, and markets products in the fields of transplantation, dermatology, infectious diseases and cardiovascular care. With a workforce of approximately 800, Fujisawa Healthcare now accounts for more than a quarter of consolidated net sales.

Prograf®, the leading product for Fujisawa Healthcare, achieved a sales increase of 14% this year. Prograf® is now used for almost 90% of new patients receiving a liver transplant, and more than 60% of new kidney transplant recipients. Having achieved the status of No.1 in new prescriptions written for the US market, Prograf® is now recognized as the cornerstone of immunosuppressant therapy.

Protopic® is a promising therapeutic alternative to conventional therapies, such as the topical steroids launched more than 40 years ago. The new 100-gram Protopic® tube, which will help physicians meet the needs of eczema sufferers under long-term therapy, became commercially available in June 2003. Additionally, a co-promotion with GlaxoSmithKline (GSK) Consumer Healthcare began in the US in July 2003. A newly formed sales force of GSK Consumer Healthcare representatives detail pediatricians, while Fujisawa promotes Protopic® to dermatologists.

Adenoscan®, together with Adenocard® (adenosine injection) for paroxysmal supraventricular tachycardia (PSVT), is a key product in the cardiovascular franchise. Adenoscan® leads a growing pharmacologic stress imaging agent market with over 50% market share. AmBisome® also increased its sales in a fiercely competitive marketplace.

As for Fujisawa’s third global product, micafungin, Fujisawa Healthcare is working closely with the FDA to meet their requirements for approval.

In Canada, Fujisawa Canada, Inc., a wholly owned subsidiary of Fujisawa Healthcare, markets Prograf® as its main product and has recently introduced AmBisome® and Protopic®. Micafungin, for which an NDS was submitted in Canada in June 2002, is now under review. With these proprietary products, Fujisawa Canada is strengthening Fujisawa’s presence in Canada.
Fujisawa GmbH (www.fujisawaeurope.com), located in Munich, Germany, is the European Headquarters of Fujisawa and is responsible for the development and sale of pharmaceuticals throughout Europe. Fujisawa GmbH has subsidiaries in Germany, the UK, France, Italy, Spain, Sweden, Austria, and Switzerland, and carries out promotional activities in Ireland, the Benelux countries and Central and Eastern Europe. The total head count for European operations now exceeds 1,100.

The European launch of Protopic® started in Switzerland in January 2002. Fujisawa has successfully introduced Protopic® in all European countries except Italy, where the launch is expected by the end of 2003. In addition to Protopic®, Zindaclin® (clindamycin phosphate/zinc), a new dermatological anti-acne product licensed from Strakan Group Ltd. in the UK, was launched in Germany and Ireland in May 2003, and will be launched in other European countries in the near future. In this way, Fujisawa’s dermatological franchise in Europe has been actively reinforced.

Prograf® is now positioned as a basic immunosuppressant for organ transplantation in Europe, and is commercially available in over 20 European countries. Thanks to sales of Prograf® and Protopic®, Fujisawa GmbH has firmly established its presence in European markets since its establishment in 1991, and is contributing significantly to the global growth of Fujisawa.

An application for authorization of the marketing of micafungin was filed with the European Agency for the Evaluation of Medicinal Products (EMEA) in February 2003, and in Switzerland in April 2003.

Within the network of Fujisawa GmbH, Fujisawa Deutschland GmbH, also located in Munich, has been conducting the largest operations in Europe, covering general practitioner business and hospital business, and plays an important role in sales and marketing in German-speaking countries — Germany, Austria and Switzerland. Its product portfolio includes Prograf®, Protopic®, Suprax®, the lipid-lowering agent Cranoc® (fluvastatin), Zindaclin® and anti-asthmatics.

“As a lawyer working for Legal Affairs I am not only responsible for drafting and executing various contracts with physicians, hospitals and central research organisations but also for sponsoring agreements. I really enjoy working with my highly motivated and young-at-heart colleagues amid the international atmosphere at Fujisawa, and look forward to the range of new products and challenges in a global environment.”

Dr. Sofia Halfmann
Manager, Legal Affairs
Fujisawa GmbH
In East Asia, Fujisawa has bases in Taiwan, Hong Kong, China, and South Korea which have established their presence in their respective markets and are contributing significantly to the global growth of Fujisawa. Prograf® is commercially available in about 10 markets throughout Asia, and Protopic® went on sale in Taiwan, Hong Kong and South Korea in 2002. The Company also has local partners in the region to distribute its products, mainly the cephalosporin products.

Fujisawa Taiwan Co., Ltd. (www.fujisawa.com.tw) is the subsidiary with the longest history as Fujisawa’s first base established overseas, and covers the whole range of functions from clinical development and manufacturing to sales and marketing. It covers a wide range of therapeutic categories comprising in-house products, such as Prograf®, Protopic®, the antipsychotic Lodopin® (zotepine), Cefamezin®, and Cefspan®, as well as in-licensed products, such as Rescula® and the anti-ulcer and neuroleptic Dogmatyl® (sulpiride). Stilnox® (zolpidem tartrate) from Sanofi-Synthelabo of France has been robustly growing since its launch in June 1997 and holds the first place in the sales ranking of Fujisawa Taiwan. Through the in-house and in-licensed product lines, Fujisawa Taiwan is positioned at the top among Japanese pharmaceutical companies in Taiwan.

Fujisawa Hong Kong Ltd., a wholly owned subsidiary of Fujisawa Taiwan, has been expanding its activities in Hong Kong and China, which has the potential of becoming one of the biggest pharmaceutical markets in the near future. Sales of Prograf® have been growing rapidly since its launch in Hong Kong in 1997 and in China in 1999, thanks to promotional activities through 4 offices in Hong Kong, Beijing, Shanghai and Guangzhou. Protopic® has been available in Hong Kong since July 2002.

We are also developing our business in South Korea, where Fujisawa Korea Ltd. is responsible for the Prograf® and Protopic® business. Fujisawa Korea, one of the fastest growing companies in the Fujisawa group, has succeeded in expanding sales of Prograf® and launched Protopic® in November 2002. Fujisawa Korea was honored by being elected to the board of the Korea Pharmaceutical Manufacturers Association in February 2003, the only Japanese-owned company to receive this honor.
Other Businesses

OTC Drugs
With the aging of society and an increasing health-consciousness among consumers, self-medication has become an important issue. Because it is the consumer who makes the decisions on how and when to use OTC drugs, they have to be safe and effective. Based on market research to meet a broader range of needs, Fujisawa is actively developing and marketing OTC drugs that are not just safe and effective but also convenient and easy-to-use, and that cover a wide range of therapeutic categories. To support appropriate use of our drugs, Fujisawa representatives promptly provide reliable product information.

Home Care
Home care allows patients to continue living with their families. This improves the patients’ quality of life, as they are in the familiar surroundings of their own homes and have more personal freedom. Fujisawa entered the home care business in 1995. We provide medical devices for home oxygen therapy (HOT), home infusion therapy (HIT), sleep apnea syndrome (SAS), and so on. Fujisawa provides medical institutions with instructions on the appropriate use of home care devices, and has established a 24-hour call center to support customers for safe and effective home treatment.

Medical Supplies and Systems
The spectacular advances made in medicine have been supported by biotechnological research and clinical diagnoses. In the field of biotechnology, Fujisawa handles a lineup of over 7,000 research reagents used in advanced research on immunology and genetics. The technology center conducts research into reagents to meet the needs of the market, which require production of a broad range of new reagents to keep pace with the speed of technological innovation. In the field of the clinical diagnosis, Fujisawa markets a wide range of diagnostic kits for reliable diagnoses — from urine test sticks to genomic diagnosis reagents.

Chemicals
In the chemicals business, Fujisawa puts to use the technologies it has developed in the pharmaceuticals business, and markets a variety of products — from industrial chemicals to food additives — across the world. The safe and useful properties of these old but new products are expected to provide opportunities for much wider use with the chemicals business. The chemicals business, with the full range of capabilities from product development and manufacturing to marketing, is engaged in by the parent company and PMP Fermentation Products, Inc. headquartered in Peoria, Illinois.
The OTC Drugs Business covers a wide range of therapeutic categories from Precol® brand cold remedy, the anti-allergic AG Nose and AG Eyes, Neuvita® Gold vitamin preparations, and Pyroace® brand remedy for athlete’s foot, to Fujipap® anti-inflammatory and analgesic plasters, and Eva Youth® women’s health products. Fujisawa actively pursues business expansion through introduction of new products. New products launched during the year ended March 2003 include: Precol® Cough Jelly, Precol® Troches for Children and Fujipap® ID 1.0% Aerosol.

The Medical Supplies and Systems Business of Fujisawa is an exclusive distributor in Japan of reagents of PharMingen and Immunocytometry Systems of BD Biosciences, a business unit of Becton Dickinson and Company. We also exclusively distribute DNA FISH (fluorescence in situ hybridization) probes and instruments manufactured by Vysis, Inc., a subsidiary of Abbott Laboratories. The PathVysion® HER-2 DNA Probe Kit is an in-vitro diagnostic kit to detect amplification of HER-2 gene in human breast cancer accurately by FISH. In March 2003, we launched the electrophoresis product series SureBlot.

The Home Care Business is conducted solely in Japan. Above HIT and SAS, HOT is a main area of service and Fujisawa has a share of approximately 15% in the Japanese HOT market. In addition to Bestsanso-3A, a current main product of Fujisawa in HOT, the Company launched Bestsanso-2X in January 2003, a new oxygen concentrator for patients receiving oxygen therapy at home. Bestsanso-2X is a low power consumption and eco-friendly product, the first device developed in-house for the home care business jointly with Daikin Industries, Ltd.

The Chemicals Business now focuses on industrial chemicals and food additives aimed at improving management efficiency and profitability. The Company produces and markets Sodium Gluconate, an environmentally friendly chelating agent and food additive, used for a broad range of purposes, including bottle washing and metal surface treatment as well as an admixture for concrete. Fujisawa also supplies the food antioxidant Eribate® (sodium erythorbate), the food acidulant Fujiglucon® (glucono delta lactone) and the calcium fortifier Calcium Gluconate.

Fujisawa is due to transfer the entire stake of Serachem Co., Ltd, a wholly owned subsidiary, which has been engaged in the manufacture and sale of activated carbon, to Ataka Construction & Engineering Co., Ltd. in the summer 2003.