Fujisawa
New Medicines for New Times

Fujisawa Pharmaceutical Co.,Ltd.
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July 30, 2004

Fujisawa Announce Financial Results for 1st Quarter of FY 03/2005

Japan, July 30, 2004 – Fujisawa Pharmaceutical Co., Ltd. today announced its financial results for the first quarter of fiscal year ending March 2005 (FY 03/2005).

Consolidated net sales for the period decreased slightly by 0.5 % to **102,358 million yen** (**US $ 948 million**) over the year earlier mainly because of appreciated yen and withdrawal from chemicals business. Operating income of **25,403 million yen** (**US $ 235 million**), recurring income of **27,071 million yen** (**US $251 million**) and net income of **16,644 million yen (US $154 million)** are more than 40 % of annual forecast of the Company for respective income. As high progress in incomes is mainly due to slow occurrence of the expenses, the first half and full-year forecasts remain unchanged. Comparison to previous period is not available for incomes as this is the first announcement of the income on a quarterly basis.

Financial Highlights

	First Quarter				Full Year	
	FY03/2004 results(a)	FY03/2005 results(b)		Change (b/a)	FY03/2004 results	FY03/2005 forecast**
	Million Yen	Million Yen	Million US$*	(%)	Million Yen	Million Yen
Sales	102,873	102,358	948	99.5	395,401	406,000
Cost of sales	-	31,970	296	-	140,916	-
SG&A expenses	-	29,829	276	-	124,139	-
R&D expenses	-	15,155	140	-	73,642	75,000
Operating income	-	25,403	235	-	56,702	61,000
Recurring income	-	27,071	251	-	59,475	63,000
Net income	-	16,644	154	-	41,468	38,000
Earnings per share (yen)	-	50.47	$0.47	-	125.63	-
Shareholders' equity	-	391,271	3,623	-	375,944	-
Total assets	-	516,468	4,782	-	499,693	-

* : The U.S. dollar amounts in this announcement represent, for convenience only, translations of the financial results in Japanese yen at the rate of 108 yen per U.S. dollar.

**:The forecasts in the above do not include expenses expected to incur in relation to the merger of the Company with Yamanouchi Pharmaceutical Co., Ltd., which is planned on April 1, 2005. The merger related expenses will be disclosed as extraordinary loss once an amount of the expenses is available.

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[Summary of the 1st Quarter of FY 03/2005]

Net Sales

-Sales in Japan decreased to **55,153 million yen (US$ 511 million)**. Domestic ethical pharmaceuticals increased in spite of the overall 4.2% price cut on the National Health Insurance Drug Price, implemented in April 2004. Robust sales growth of the antipsychotic agent *"Seroquel"*, the hypnotic *"Myslee"*, and the antidepressant *"Luvox"* are the major reason of the increase. Favorable sales of the immunosuppressant *"Prograf"* and the candin antifungal agent *"Funguard Injection"* also contributed to the sales increase. However, the decrease in sales due to withdrawal from chemicals business offset the increase in ethical pharmaceutical business.

-North America recorded 3.5 % decrease with **29,587 million yen** (**US $ 274 million**) due to appreciated yen against dollar and withdrawal from the chemicals business. However, on a local currency basis, sales of Fujisawa Healthcare, Inc. increased by 7.1% thanks to, in particular, strong sales of the pharmacologic stress imaging agent *"Adenoscan"*.

-Sales in Europe increased by 9.5 % to **15,708 million yen** (**US $ 145 million**) despite yen's appreciation against euro. Fujisawa GmbH increased its sales mainly because of the growth of *"Prograf"*.

-Overseas sales during the period was **51,583 million yen (US$ 478 million)**, which occupies 50.4% of net sales.

Income

Operating income

- Operating income was **25,403 million yen** (**US $ 235 million**).
- The ratio of cost of sales to total sales was 31.2 %.
- Both R&D expenses and Selling, general and administrative expenses for first half of the year will occur more in the second quarter than they occurred in the first quarter.

Recurring income

- Recurring income was **27,071 million yen** (**US $ 251 million**).

Net income

- Net income was **16,644 million yen** (**US $ 154 million**).
- There was no extraordinary gain or loss for the period.
- Income taxes were **10,418 million yen (US $ 96 million).**

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Sales of Top 15 Ethical Pharmaceutical Products

(Unit: Billion Yen)

Product Name	Generic Name	First Quarter Results		Full Year Forecasts	Remarks
		FY03/2004	FY03/2005	FY03/2005	
1. *Prograf*	Tacrolimus	**29.0**	**29.1**	**115.4**	Immunosuppressant
2. *Adenoscan*	Adenosine	**7.2**	**8.6**	**31.7**	Pharmacologic stress imaging agent
3. *Cefzon*	Cefdinir	**7.7**	**6.4**	**23.0**	Oral cephalosporin
4. *Protopic*	Tacrolimus	**4.4**	**4.8**	**21.5**	For atopic dermatitis
5. *Myslee*	Zolpidem	**3.0**	**3.6**	**13.8**	Hypnotic
6. *Seroquel*	Quetiapine	**2.7**	**3.3**	**11.3**	Antipsychotic
7. *Funguard*	Micafungin	**2.6**	**3.2**	**13.1**	Candin antifungal agent
8. *Intal*	Sodium cromoglycate	**2.0**	**2.3**	**9.3**	Anti-asthmatic and anti-allergic
9. *AmBisome*	Liposomal Amphotericin B	**2.3**	**2.3**	**6.7**	Antifungal
10. *Luvox*	Fluvoxamine maleate	**2.0**	**2.3**	**8.0**	Antidepressant
11. *Nivadil*	Nilvadipine	**2.7**	**2.2**	**7.6**	Antihypertensive
12. *Dogmatyl*	Sulpiride	**2.0**	**2.0**	**6.8**	Anti-ulcer and neuroleptic
13. *Cefamezin*	Cefazolin	**2.2**	**1.9**	**7.1**	Injectable cephalosporin
14. *Targocid*	teicoplanin	**1.4**	**1.6**	**5.7**	Glycopeptide antibiotic
15. *Rescula*	Isopropyl unoprostone	**1.6**	**1.5**	**2.7**	antiglaucoma
Average Yen / US $		119.22	109.58	110	
Average Yen / Euro		136.84	132.41	130	

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Products Under Clinical Development

[Japan] NDA filed

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
tacrolimus	FK506	rheumatoid arthritis	immunosuppressant	capsule	New indication
tacrolimus	FK506	ulcerative colitis	immunosuppressant	capsule	New indication

[Japan] In Preparation for NDA Filing

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
micafungin	FK463	deep-seated fungal infection (for pediatric)	antifungal	intravenous	New indication

[Japan] Phase 3

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
tacrolimus	FK506	lupus nephritis	immunosuppressant	capsule	New indication
tacrolimus	FK506	vernal conjunctivitis	immunosuppressant	eye drops	New indication & formulation

[Japan] Phase 2

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
	FK614	non-insulin dependent diabetes mellitus (NIDDM)	insulin sensitizer	tablet	
	FK352B	dialysis-related hypotension	adenosine A1 antagonist	intravenous	
quetiapine fumarate	FK949	behavior psychological symptoms of dementia	antipsychotic	tablet	Licensed from AstraZeneca New indication
strontium ranelate	FK481	osteoporosis	bone formation stimulating and antiresorptive agent	powder	Licensed from Servier
tacrolimus	FK506	suppression of organ rejection in organ transplant (new oral formulation)	immunosuppressant	capsule	New formulation

[USA] NDA Filed

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
micafungin	FK463	deep-seated fungal infection	antifungal	intravenous	NDS Filed in Canada ('02/6)

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[USA] In Preparation for NDA Filing

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
dapsone	(Aczone)	acne	antibiotic and antiphlogistic agent	gel	Licensed from Atrix

[USA] Phase 3

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
tacrolimus	FK506	rheumatoid arthritis	immunosuppressant	capsule	New indication
tacrolimus	FK506	atopic dermatitis	immunosuppressant	cream	New indication & formulation
	RSD1235	atrial fibrillation and atrial flutter	antiarrhythmic agent	intravenous	Licensed from Cardiome
regadenoson	CVT-3146	pharmacologic stress agent in cardiac perfusion imaging studies	adenosine A_2a agonist	intravenous	Licensed from CV Therapeutics
tacrolimus	FK506	psoriasis	immunosuppressant	gel	New indication & formulation
tacrolimus	FK506	suppression of organ rejection in organ transplant (new oral formulation)	immunosuppressant	capsule	New formulation

[USA] Phase 2

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
	FK614	non-insulin dependent diabetes mellitus (NIDDM)	insulin sensitizer	tablet	
tacrolimus	FK506	psoriasis	immunosuppressant	cream	New indication & formulation
tacrolimus	FK506	dry eye	immunosuppressant	eye drops	Licensed to Sucampo New indication & formulation
	FK778	suppression of organ rejection in liver and kidney transplants	immunosuppressant	tablet	Licensed from Aventis
carperitide	(HANP)	acute heart failure	Alfa-human atrial natriuretic peptide	intravenous	Licensed from Daiichi Suntory Pharma
	FK962	Alzheimer’s disease	antidementia	tablet	

[Europe] MAA Filed

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
micafungin	FK463	deep-seated fungal infection	antifungal	intravenous	
	TRK-820	dialysis-related uremic pruritus	κ opioid agonist	intravenous	Licensed from Toray

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[Europe] Phase 3

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
tacrolimus	FK506	suppression of organ rejection in organ transplant (new oral formulation)	immunosuppressant	capsule	New formulation

[Europe] Phase 2

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
tacrolimus	FK506	rheumatoid arthritis	immunosuppressant	capsule	New indication
	FK778	suppression of organ rejection in liver and kidney transplants	immunosuppressant	tablet	Licensed from Aventis
tacrolimus	FK506	asthma	immunosuppressant	inhalation	New indication & formulation
tacrolimus	FK506	psoriasis	immunosuppressant	gel/cream	New indication & formulation

[Japan] In-licensed product with no clinical development by Fujisawa

Generic Name	Target Indication	Stage	Remarks
fluvoxamine maleate	social anxiety disorder	filed	Licensed from Solvay Seiyaku K.K. New indication
telithromycin	skin and soft tissue infections & uterine infection	filed	Licensed from Aventis Pharma New indication
telithromycin	pediatric use	Phase 3	Licensed from Aventis Pharma New indication

Change from the previous announcement (April 27, 2004)

- In Japan, the status of micafungin for pediatric use progressed to the point of sNDA file preparation in May 2004.
- Centocor, Inc., Nippon Centocor K.K. and Fujisawa mutually agreed to discontinue co-development of abciximab in Japan in July 2004.
- Fujisawa Healthcare, Inc. decided on terminating its participation with Aderis Pharmaceuticals Inc. in the development of selodenosone in the USA in July 2004.
- Phase 2 studies of FK962 for the treatment of Alzheimer's disease started in the USA in June 2004.
- Status of the new oral formulation of tacrolimus for suppression of organ rejection in organ transplant in Europe progressed to Phase 3 in June 2004.
- Development of FK960 for cognitive disorder in schizophrenia was discontinued due to no clear efficacy observed in Phase 2 studies in Europe in July 2004.

Note

- Following the U.S. Food and Drug Administration's recommendation on preclinical safety assessments for peroxisome proliferator – activated receptor (PPAR) agonists, the Phase 3 studies of FK614 will be initiated on and after fiscal year 2005.