

April 25, 2003

## Fujisawa Announces Financial Results for FY 03/2003

Japan, April 25, 2003– Fujisawa Pharmaceutical Co., Ltd. today announced its financial results for the fiscal year ended March 2003 (FY 03/2003). Net sales, operating income, recurring income and net income on a consolidated basis renewed historical high numbers.

Consolidated net sales increased by 11.9 % to **382,079 million yen (US \$ 3,184 million)** over the year earlier period. Operating income of **62,143 million yen (US \$ 518 million)** and recurring income of **61,503 million yen (US \$ 513 million)** showed 32.6 % and 26.4 % growth over the year earlier period, respectively. Net income rose 9.5 % to **28,635 million yen (US \$ 239 million)**.

The Company also revealed forecasts for the fiscal year ending March 2004. Net Sales of **405,000 million yen** and net income of **32,000 million yen** will continue to renew the historical highs, while operating income of **55,000 million yen** and recurring income of **57,000 million yen**, respectively, show the declines from results of FY 03/2003.

Fujisawa also announced the detailed plan for the separation of domestic pharmaceutical plants as “Fujisawa Toyama Co., Ltd.” and “Fujisawa Shizuoka Co., Ltd.” on October 1, 2003, which is one of the measures reinforcing the Japanese business announced on September 3, 2002. The detailed plan is subject to approval of shareholders at the General Shareholders’ Meeting to be held on June 25, 2003. Meanwhile, the separation of chemicals business described in the same announcement has been cancelled because the Company now prefers to pursue strategic alternatives while keeping the business within the Company.

Note:

The U.S. dollar amounts in this announcement represent, for convenience only, translations of the financial results in Japanese yen at the rate of 120 yen per U.S. dollar.

## Financial Highlights

	FY03/2002	FY 03/2003			FY03/2004 Forecast
	Million Yen	Million Yen	Million US\$	% (*1)	Million Yen
Net sales	341,356	382,079	3,184	+11.9	405,000
Operating income	46,852	62,143	518	+32.6	55,000
Recurring income	48,644	61,503	513	+26.4	57,000
Net income	26,150	28,635	239	+9.5	32,000
Shareholders equity	317,870	335,336	2,794	+5.5	
Per share profit (yen)	80.07	86.62	\$0.72	+8.2	
Total assets	474,546	511,515	4,263	+7.8	
R&D expenses	57,092	62,425	520	+9.3	74,000

\*1: Changes from previous year in %.

## [Summary of the FY 03/2003]

### Net Sales

- Sales in Japan increased by 7.1 % with **221,992 million yen (US \$ 1,850 million)**. Domestic ethical pharmaceuticals, the Company's main business, recorded robust sales growth. The increases in sales come mainly from the antipsychotic agent "*Seroquel*", the hypnotic "*Myslee*" and the glycopeptide antibiotic "*Targocid Injection*". "*Funguard Injection*", a candid antifungal agent newly launched during the year, also contributed to the sales growth. On the other hand, sales of such products as the oral cephalosporin antibiotic "*Cefzon*" and the antihypertensive "*Nivadil*" declined. Exports of "*Cefzon*" bulk chemicals increased, reflecting rapid sales increases in the US where the product is marketed as "*Omnicef*" by Abbott Laboratories. Although OTC drug business and the chemicals business showed unfavorable figures, the total sales in Japan increased due to increased sales of domestic ethical pharmaceuticals business and exports.
- North America recorded 14.6 % growth with **102,524 million yen (US \$ 854 million)**. Sales of Fujisawa Healthcare, Inc. increased due to strong sales of the immunosuppressant "*Prograf*", the pharmacologic stress imaging agent "*Adenoscan*", and "*Protopic*" for the treatment of atopic dermatitis.
- Sales in Europe increased by 25.4 % to **48,928 million yen (US \$ 408 million)** over the year earlier period. Fujisawa GmbH increased its sales because of the growth of "*Prograf*". The lipid-lowering agent "*Cranoc*" also contributed to the sales increase as well as "*Protopic*", newly launched in the area during the period. Favorable currency exchange rate against euro also contributed to sales increase on yen basis.
- In other regions, the sales increased by 56.2 % to **8,633 million yen (US \$ 72 million)**.
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## Income

### **Operating income**

- Operating income increased by 32.6% to **62,143 million yen(US\$518million)**
- Increased gross profit more than offset increases in R&D expenses and Selling, General and Administrative expenses.
- Operating income in Japan and North America showed brisk growth and more than offset decrease in Europe.
- R&D expenses for the period were up 9.3 % with **62,425 million yen (US \$ 520 million)**. Its ratio to sales stood at 16.3 %.

### **Recurring income**

While net of non-operating items declined, recurring income increased by 26.4 % to **61,503 million yen (US \$ 513 million)**, due to increase in operating income.

### **Net income**

- **4,716 million yen (US \$ 39 million)** from sale of the German oncology business, previously held by Fujisawa Deutschland GmbH, during the period was recorded as extraordinary gain.
- The cost expected for the implementation of measures reinforcing the Japanese business and recognition of impairment with respect to investment securities were recorded as extraordinary loss of **21,529 million yen (US \$ 179 million)** in total.
- Income taxes decreased by **4,726 million yen (US \$ 39 million)**
- As a result of the above, net income increased by 9.5 % to **28,635 million yen (US \$ 239 million)** from the previous year.

This press release contains 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.

## Statement of Income

	FY02/03	FY03/03		Changes
	(a)	(b)		(b-a)
	Million Yen	Million Yen	Million US\$	Million Yen
<b>Net Sales</b>	<b>341,356</b>	<b>382,079</b>	<b>3,184</b>	<b>40,722</b>
<b>Cost of Sales</b>	<b>121,894</b>	<b>137,198</b>	<b>1,143</b>	<b>15,304</b>
<b>Gross Profit</b>	<b>219,461</b>	<b>244,881</b>	<b>2,041</b>	<b>25,419</b>
S.G.A Expenses	115,517	120,313	1,003	4,796
R&D expenses	57,092	62,425	520	5,332
<b>Operating income</b>	<b>46,852</b>	<b>62,143</b>	<b>518</b>	<b>15,290</b>
<b>Non-operating income</b>	<b>7,113</b>	<b>6,060</b>	<b>51</b>	<b>-1,052</b>
1. Interest incomes	2,198	1,419		
2. Dividend	243	377		
3. Others	4,672	4,264		
<b>Non-operating expenses</b>	<b>5,321</b>	<b>6,699</b>	<b>56</b>	<b>1,378</b>
1. Interest expenses	1,253	625		
2. Others	4,068	6,074		
<b>Recurring income</b>	<b>48,644</b>	<b>61,503</b>	<b>513</b>	<b>12,859</b>
<b>Extraordinary gain</b>	<b>-</b>	<b>4,716</b>	<b>39</b>	<b>4,716</b>
Gain on sales of investments in affiliated companies	-	4,716		
<b>Extraordinary loss</b>	<b>1,637</b>	<b>21,529</b>	<b>179</b>	<b>19,892</b>
1. Impairment of investment securities	1,508	6,829		
2. Impairment of golf club memberships	128	-		
3. Expenses related to implementation of measures reinforcing the Japanese business	-	14,700		
<b>Income before income taxes</b>	<b>47,007</b>	<b>44,690</b>	<b>372</b>	<b>-2,317</b>
<b>Income taxes</b>	<b>20,680</b>	<b>15,953</b>	<b>133</b>	<b>-4,726</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>176</b>	<b>101</b>	<b>1</b>	<b>-75</b>
<b>Net Income</b>	<b>26,150</b>	<b>28,635</b>	<b>239</b>	<b>2,484</b>

**Sales of Top 15 Ethical Pharmaceutical Products**

Product Name	Generic Name	FY03/2002	FY03/2003	FY03/2004 Forecasts	Remarks
1. <i>Prograf</i>	Tacrolimus	72.4	89.7	102.3	Immunosuppressant
2. <i>Cefzon</i>	Cefdinir	28.4	29.4	24.6	Oral cephalosporin
3. <i>Adenoscan</i>	Adenosine	19.2	24.5	27.4	Pharmacologic stress imaging agent
4. <i>Protopic</i>	Tacrolimus	8.8	13.0	19.0	For atopic dermatitis
5. <i>Intal</i>	Sodium cromoglycate	14.1	12.9	11.7	Anti-asthmatic and anti-allergic
6. <i>AmBisome</i>	Liposomal Amphotericin B	11.8	12.5	9.0	Antifungal
7. <i>Nivadil</i>	Nilvadipine	12.9	11.3	10.1	Antihypertensive
8. <i>Cefamezin</i>	Cefazolin	11.5	10.0	8.3	Injectable cephalosporin
9. <i>Myslee</i>	Zolpidem	5.8	10.0	12.5	Hypnotic
10. <i>Seroquel</i>	Quetiapine	5.1	9.8	11.2	Antipsychotic
11. <i>Cefspan</i>	Cefixime	9.3	8.8	7.1	Oral cephalosporin
12. <i>Dogmatyl</i>	Sulpiride	8.3	7.8	7.6	Anti-ulcer and neuroleptic
13. <i>Luvox</i>	Fluvoxamine maleate	6.3	7.0	7.4	Antidepressant
14. <i>Rescula</i>	isopropyl unoprostone	7.0	6.6	5.9	Antiglaucoma
15. <i>Vaccines</i>		5.2	6.0	6.7	
- <i>Funguard</i>	Micafungin	-	2.5	6.7	Candin antifungal agent
Average Yen / US \$		122.20	124.82	120	(January – December)
Average Yen / US \$		125.87	121.20	120	(April– March)

## Products Under Clinical Development

April 25, 2003

### [Japan] NDA filed

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
tacrolimus	FK506	atopic dermatitis (for pediatric)	immunosuppressant	ointment	New indication & formulation
tacrolimus	FK506	rheumatoid arthritis	immunosuppressant	capsule	New indication

### [Japan] Phase 3

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
micafungin	FK463	deep-seated fungal infection (for pediatric)	antifungal	intravenous	New indication
tacrolimus	FK506	ulcerative colitis	immunosuppressant	capsule	New indication
tacrolimus	FK506	lupus nephritis	immunosuppressant	capsule	New indication

### [Japan] Phase 2

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
abciximab		prevention of cardiac ischemic complications after PTCA	monoclonal antibody to GP II b/IIIa receptors	intravenous	Licensed from Centocor
	FK614	non-insulin dependent diabetes mellitus (NIDDM)	insulin sensitizer	tablet	
tacrolimus	FK506	vernal conjunctivitis & perennial allergic conjunctivitis	immunosuppressant	eye drops	New indication & formulation
	FK352B	dialysis-related hypotension	adenosine A1 antagonist	intravenous	
quetiapine fumarate	FK949	behavior psychological symptoms of dementia	antipsychotic	tablet	Licensed from AstraZeneca New indication
tilmacoxib	JTE-522	rheumatoid arthritis, osteoarthritis etc.	COX-2 inhibitor	tablet	Licensed from JT Fujisawa will participate in Phase 3 onwards

### [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)

### [USA] Phase 3

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
	MBI-226	prevention of central venous catheter-related bloodstream infections	antimicrobial	gel	Licensed from Micrologix
tacrolimus	FK506	rheumatoid arthritis	immunosuppressant	capsule	New indication
dapsone	(Atrisone)	acne	antibiotics antiphlogistic	gel	Licensed from Atrix

### [USA] Phase 2

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
	CVT-3146	pharmacologic stress agent in cardiac perfusion imaging studies	adenosine A <sub>2a</sub> agonist	intravenous	Licensed from CV Therapeutics
	DTI-0009	treatment for atrial fibrillation	adenosine A <sub>1</sub> agonist	intravenous	Licensed from Aderis
	FK614	non-insulin dependent diabetes mellitus (NIDDM)	insulin sensitizer	tablet	
tacrolimus	FK506	psoriasis	immunosuppressant	gel	New indication & formulation
	FK228	cancer	anticancer	intravenous	
tacrolimus	FK506	atopic dermatitis / psoriasis	immunosuppressant	cream	New indication & formulation

### [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	$\kappa$ opioid agonist	intravenous	Licensed from Toray

**[Europe] Phase 2**

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
tacrolimus	FK506	rheumatoid arthritis	immunosuppressant	capsule	New indication
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
	FK960	cognitive impairment in schizophrenia	antidementia	tablet	New indication
tacrolimus	FK506	asthma	immunosuppressant	inhalation	New indication & formulation
tacrolimus	FK506	psoriasis	immunosuppressant	cream / gel	New indication & formulation

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

Generic Name	Target Indication	Stage	Remarks
fluvoxamine maleate	social anxiety disorder	Phase 3	Licensed from Solvay Seiyaku K.K. New indication

Change from the previous announcement (February 27, 2003)

- Fujisawa has confirmed that FK960 shows a signal of efficacy in mild to moderate Alzheimer's disease (AD) patients with no safety concern in the Phase II study conducted in the USA. The Company, however, recognized it is a better to reconfirm target patient population for FK960 more clearly before moving to Phase III stage. On the other hand, the Company has an FK960 analogue compound in the early stage of development pipeline as a successor of FK960. This compound is expected to show higher potency than FK960 and to have a longer plasma half-life in human. Therefore, the Company has decided to concentrate its resources on the development of the FK960 analogue taking into account marketability and development period. Following this decision, the Company has decided to suspend the development of FK960 for AD and deleted it from its pipeline list. However, the development of FK960 to treat the cognitive impairment in Schizophrenia patients is continued as before.
- The MAA for micafungin was submitted in Switzerland in April 2003.
- Filing of tacrolimus for suppression of organ rejection in heart transplant in Europe was decided not to pursue.
- Phase 2 studies of tacrolimus cream & gel formulations for psoriasis started in Europe.