

April 27, 2004

Fujisawa Announces Financial Results for FY 03/2004

Japan, April 27, 2004 – Fujisawa Pharmaceutical Co., Ltd. today announced its financial results for the fiscal year ended March 2004 (FY 03/2004).

Consolidated net sales increased by 3.5 % to **395,401 million yen (US \$ 3,730 million)** over the year earlier period and renewed historical high number. Operating income of **56,702 million yen (US \$ 535 million)** and recurring income of **59,475 million yen (US \$ 561 million)** recorded 8.8 % and 3.3 % decrease over the year earlier period, respectively. Net income rose 44.8 % to **41,468 million yen (US \$ 391 million)**.

The Company also revealed forecasts for the fiscal year ending March 2005. Net sales of **406,000 million yen** will continue to renew the historical high. While net income of **38,000 million yen** shows decline from the results for FY 03/2004, both operating income and recurring income is forecast to increase to **61,000 million yen** and **63,000 million yen**, respectively.

The above forecasts do not include expenses expected to incur in relation to the merger of the Company with Yamanouchi, 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.

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 106 yen per U.S. dollar.

Financial Highlights

	FY03/2003	FY 03/2004			FY03/2005 Forecast
	Million Yen	Million Yen	Million US\$	% (*1)	Million Yen
Net sales	382,079	395,401	3,730	+3.5	406,000
Operating income	62,143	56,702	535	-8.8	61,000
Recurring income	61,503	59,475	561	-3.3	63,000
Net income	28,635	41,468	391	+44.8	38,000
Shareholders equity	335,336	375,944	3,547	+12.1	
Per share profit (yen)	86.62	125.63	1.19	+45.0	
Total assets	511,515	499,693	4,714	-2.3	
R&D expenses	62,425	73,642	695	+18.0	75,000

*1: Changes from previous year in %.

[Summary of the FY 03/2004]

Net Sales

- Sales in Japan leveled out to **221,739 million yen (US \$ 2,092 million)**. Domestic ethical pharmaceuticals increased by robust sales growth of the candidin antifungal agent “*Funguard Injection*” and the hypnotic “*Myslee*”. Favorable sales growth of the immunosuppressant “*Prograf*”, the antidepressant “*Luvox*” and the antipsychotic agent “*Seroquel*” and the newly launched ketolide class oral antibiotic “*Ketek*” also contributed to the sales growth. On the contrary, sales of such products as the anti-allergic “*Intal*”, the oral cephalosporin antibiotic “*Cefzon*” and the antihypertensive “*Nivadil*” declined. Although the sales of the chemicals business decreased, the total sales in Japan stayed flat due to the sales growth of domestic ethical pharmaceuticals business.
- North America recorded 5.8 % growth with **108,435 million yen (US \$ 1,023 million)** in spite of negative impact from yen’s appreciation against dollar. Sales of Fujisawa Healthcare, Inc. on a local currency basis showed a large increase thanks to strong sales of “*Prograf*”, the pharmacologic stress imaging agent “*Adenoscan*”, and “*Protopic*” for the treatment of atopic dermatitis.
- Sales in Europe increased by 17.8 % to **57,639 million yen (US \$ 544 million)** over the year earlier period. Fujisawa GmbH increased its sales because of the growth of “*Prograf*”. “*Protopic*” contributed to the sales increase as well. Favorable currency exchange rate of yen against euro also contributed to sales increase on yen basis.

Income

Operating income

- Operating income declined by 8.8 % to **56,702 million yen (US \$ 535 million)**.
- Although gross profit increased, increases in R&D expenses and Selling, General and Administrative expenses resulted in decline of operating income.
- Operating income in North America and Europe declined and those in Japan and the other area remained at the same levels of the year earlier period.
- R&D expenses were up 18.0 % with **73,642 million yen (US \$ 695 million)**. Its ratio to net sales stood at 18.6 %.

Recurring income

- Recurring income declined by 3.3 % to **59,475 million yen (US \$ 561 million)**.

Net income

- **16,008 million yen (US \$ 151 million)** in total from the return of the substitute portion of the employees' pension fund, sales of the fixed assets along with sales of clearing and hygiene product business during the period were recorded as extraordinary gain.
- Loss on withdrawal of the chemicals business in the US and expenses related to the planned transfer of the OTC business to a joint venture to be newly established with Yamanouchi as well as the planned closing of the Kuanyin plant in Taiwan were recorded as extraordinary loss of **6,344 million yen (US \$ 60 million)** in total.
- Income taxes increased by **11,843 million yen (US \$ 112 million)**.
- As a result of the above, net income increased by 44.8 % to **41,468 million yen (US \$ 391 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

	FY03/03	FY04/03		Changes
	(a)	(b)		(b-a)
	Million Yen	Million Yen	Million US\$	Million Yen
Net sales	382,079	395,401	3,730	13,322
Cost of sales	137,198	140,917	1,329	3,719
Gross profit	244,881	254,484	2,401	9,603
S.G. A. expenses	120,313	124,139	1,171	3,826
R&D expenses	62,425	73,642	695	11,217
Operating income	62,143	56,702	535	-5,440
Non-operating income	6,060	6,634	63	573
1. Interest income	1,419	923		
2. Dividend income	377	398		
3. Others	4,264	5,311		
Non-operating expenses	6,699	3,862	36	-2,837
1. Interest expenses	625	403		
2. Others	6,074	3,457		
Recurring income	61,503	59,475	561	-2,028
Extraordinary gain	4,716	16,008	151	11,292
1. Gain on sales of investments in affiliated companies	4,716	-		
2. Gain on the return of the substitute portion of the employees' pension fund	-	13,933		
3. Gain on sales of the fixed assets	-	1,563		
4. Gain of sales of cleaning and hygiene products for the food and beverage industry	-	511		
Extraordinary loss	21,529	6,344	60	-15,184
Impairment of investment securities	6,829	-		
Expenses related to implementation of measures reinforcing the Japanese business	14,700	-		
Loss on withdrawal of the chemicals business in the US	-	3,443		
Expenses related to transfer of the OTC business	-	1,624		
Expenses related to closing the Kuanyin plant	-	1,276		
Income before income taxes	44,690	69,138	652	24,448
Income taxes	15,953	27,796	262	11,843
Minority interest in consolidated subsidiaries	101	-126	-1	-228
Net income	28,635	41,468	391	12,833

Sales of Top 15 Ethical Pharmaceutical Products

(Unit: Billion Yen)

Product Name	Generic Name	FY03/2003	FY03/2004	FY03/2005 Forecasts	Remarks
1. Prograf	Tacrolimus	89.7	104.4	115.4	Immunosuppressant
2. Adenoscan	Adenosine	24.5	28.3	31.7	Pharmacologic stress imaging agent
3. Cefzon	Cefdinir	29.4	27.8	23.0	Oral cephalosporin
4. Protopic	Tacrolimus	13.0	17.3	21.6	For atopic dermatitis
5. Myslee	Zolpidem	10.0	12.2	13.8	Hypnotic
6. Funguard	Micafungin	2.5	11.1	13.1	Candin antifungal agent
7. Seroquel	Quetiapine	9.8	10.4	11.3	Antipsychotic
8. Nivadil	Nilvadipine	11.3	9.6	7.6	Antihypertensive
9. Intal	Sodium cromoglycate	12.9	9.2	9.3	Anti-asthmatic and anti-allergic
10. AmBisome	Liposomal Amphotericin B	12.5	8.9	6.7	Antifungal
11. Cefamezin	Cefazolin	10.0	8.0	7.1	Injectable cephalosporin
12. Luvox	Fluvoxamine maleate	7.0	7.8	8.0	Antidepressant
13. Vaccines		6.0	7.5	8.0	
14. Dogmatyl	Sulpiride	7.8	7.4	6.9	Anti-ulcer and neuroleptic
15. Cefspan	Cefixime	8.8	7.4	6.3	Oral cephalosporin
Average Yen / US \$		124.82	-	-	(January – December)
Average Yen / Euro		118.25	-	-	(January – December)
Average Yen / US \$		121.20	112.73	110	(April– March)
Average Yen / Euro		121.46	132.57	130	(April– March)

Products Under Clinical Development

April 27, 2004

[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] 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	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
abciximab		prevention of cardiac ischemic complications after PTCA	monoclonal antibody to GPIIb/IIIa receptors	intravenous	Licensed from Centocor
	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)

[USA] In Preparation for NDA Filing

Generic Name	Code	Target Indication	Product Category	Formulation	Remarks
dapsone	(Atrisone)	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
selodenoson	DTI-0009	atrial fibrillation and atrial flutter	adenosine A ₁ agonist	intravenous	Licensed from Aderis
	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

[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

[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
	FK960	cognitive impairment in schizophrenia	antidementia	tablet	New indication
tacrolimus	FK506	asthma	immunosuppressant	inhalation	New indication & formulation
tacrolimus	FK506	psoriasis	immunosuppressant	gel/cream	New indication & formulation
tacrolimus	FK506	suppression of organ rejection in organ transplant (new oral formulation)	immunosuppressant	capsule	New 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 (February 25, 2004)

- In USA, a NDA of micafungin for the treatment of esophageal candidiasis was submitted in April 2004.
- FK228 was out-licensed to Gloucester Pharmaceuticals, Inc. in April 2004.
- Aventis Pharma Ltd. filed a sNDA of telithromycin for the treatment of skin and soft tissue infections and uterine infection in Japan.

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