

<Reference>

## Sales details -Consolidated-

### ■ Three months ended June 30,2003

(Millions of yen)

	Domestic	Overseas	Total
Prescription pharmaceuticals	17,499	2,814	20,313
Ophthalmic	15,431	2,778	18,209
Anti-rheumatic	1,976	21	1,998
Other prescription pharmaceuticals	91	14	105
OTC pharmaceuticals	1,018	0	1,018
Medical devices	228	9	237
Others	347	886	1,233
<b>Total net sales</b>	<b>19,093</b>	<b>3,709</b>	<b>22,803</b>

### ■ Year ended March 31,2003

(Millions of yen)

	Domestic	Overseas	Total
Prescription pharmaceuticals	72,010	7,335	79,345
Ophthalmic	64,009	7,112	71,122
Anti-rheumatic	7,537	94	7,631
Other prescription pharmaceuticals	463	128	591
OTC pharmaceuticals	5,623	32	5,656
Medical devices	853	65	918
Others	1,245	3,086	4,332
<b>Total net sales</b>	<b>79,732</b>	<b>10,519</b>	<b>90,252</b>

## ■ Sales of major prescription pharmaceuticals

(Millions of yen)

Brand name Generic name/formulation	Therapeutic category	Year ended March 31, 2003 Actual	Three months ended June 30, Actual	Six months ending September 30, Forecast	Year ending March 31, 2004 Forecast
<b>Prescription pharmaceuticals</b>		79,345 (1.5)	20,313 —	40,420 (Δ0.8)	80,160 (1.0)
Cravit levofloxacin/ophthalmic solution	Bacterial conjunctivitis	12,691 (2.9)	3,175 —	6,930 (0.7)	12,920 (1.8)
Quixin levofloxacin/ophthalmic solution	Bacterial conjunctivitis	1,399 (156.7)	745 —	880 (47.9)	1,840 (31.5)
Tarivid ofloxacin/ophthalmic solution	Bacterial conjunctivitis	5,566 (Δ22.5)	1,295 —	2,670 (Δ16.6)	4,980 (Δ10.5)
Timoptol timolol maleate/ophthalmic solution	Glaucoma	5,289 (Δ7.9)	1,221 —	2,540 (Δ9.0)	4,890 (Δ7.5)
Timoptol XE timolol maleate/ long-acting ophthalmic solution	Glaucoma	2,477 (15.4)	644 —	1,240 (Δ1.1)	2,690 (8.6)
Pivalephrine dipivefrine hydrochloride	Glaucoma	628 (Δ25.9)	133 —	330 (Δ4.6)	600 (Δ4.5)
Detantol bunazosin hydrochloride	Glaucoma	1,498 (152.6)	447 —	920 (32.2)	2,060 (37.5)
Betimol timolol ophthalmic solution	Glaucoma	856 (Δ4.0)	498 —	450 (5.9)	1,040 (21.5)
Livostin levocabastine hydrochloride/ ophthalmic solution	Allergy	3,028 (36.1)	511 —	1,370 (73.2)	3,440 (13.6)
Alegysal pemirolast potassium/ophthalmic solution	Allergy	848 (Δ2.0)	146 —	400 (8.1)	850 (0.2)
Alamast pemirolast potassium/ophthalmic solution	Allergy	199 (Δ3.9)	136 —	110 (13.4)	250 (25.6)
Hyalain sodium hyaluronate/ophthalmic solution	Corneal disease	13,156 (8.5)	3,288 —	6,720 (1.3)	13,380 (1.7)
Flumetholon fluorometholone/ophthalmic solution	Inflammation	5,234 (Δ9.6)	1,143 —	2,630 (Δ1.8)	5,150 (Δ1.6)
Kary Uni pirenoxine/ophthalmic solution	Early-stage senile cataract	3,326 (7.6)	856 —	1,660 (Δ5.8)	3,180 (Δ4.4)
Opegan Hi sodium hyaluronate/ adjuvant for ophthalmic operations	Adjuvant for ophthalmic operations	2,305 (Δ0.6)	587 —	1,120 (Δ6.4)	2,190 (Δ5.0)
BSS PLUS oxiglutatione/ophthalmic perfusate and lotion	Perfusate/ lotion	1,505 (Δ25.1)	364 —	630 (Δ23.3)	1,240 (Δ17.6)
Rimatil bucillamine/tablet	Rheumatoid arthritis	4,751 (1.4)	1,219 —	2,480 (2.7)	4,920 (3.6)
Azulfidine EN salazosulfapyridine/enteric coated tablet	Rheumatoid arthritis	2,880 (10.5)	779 —	1,530 (5.2)	3,040 (5.6)
<b>OTC pharmaceuticals</b>		5,656 (Δ14.2)	1,018 —	2,610 (Δ20.5)	5,570 (Δ1.5)

lower : year on year percentage change

## ■ Pipeline of prescription pharmaceuticals (Clinical study)

Generic name	Brand name/dev. code	Indication	Original/in-licensing	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched	
Levofloxacin	Cravit Quixin 0.5% Oftraquix 0.5% Levofloxacin 1.5%	Bacterial conjunctivitis Bacterial conjunctivitis Bacterial conjunctivitis Bacterial corneal ulcer	Daiichi Pharmaceuticals	Japan						Apr-00	
				USA						Nov-00	
				Europe							May-02
				USA						Apr-03	
Levofloxacin + prednisolone A	DE-094	Infectious keratitis	Daiichi Pharmaceuticals	USA							

Characteristics: New quinolone antibacterial agent. The adoption of a more highly concentrated formulation enables stronger antibacterial action. Also expected to be effective for intractable bacterial corneal ulcers. In Europe, the treatment has obtained marketing authorization in 10 countries and launched it in four countries including Germany. Levofloxacin + prednisolone A is an ophthalmic combination solution of levofloxacin and steroid.

Generic name	Brand name/dev. code	Indication	Original/in-licensing	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Pemirolast potassium	Alegysal Alamast Alamast	Allergic conjunctivitis	Mitsubishi Pharma	Japan						Apr-95
				USA						Jul-00
				France					Dec-99	

Characteristics: A mast cell stabilizer with superior efficacy on allergic conjunctivitis and vernal keratoconjunctivitis.

Generic name	Brand name/dev. code	Indication	Original/in-licensing	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Sodium hyaluronate	Hyalein Hyalein	Corneal and conjunctival epithelial disorders Dry eye	Original	Japan						Jun-95
				USA					Preparation	

Characteristics: Ophthalmic solution containing sodium hyaluronate. Treats dry eye and corneal and conjunctivitis epithelial lesions caused by contact lenses, etc.

Generic name	Brand name/dev. code	Indication	Original/in-licensing	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Cyclosporine	DE-076	Vernal keratoconjunctivitis	Licensed-in	Japan						

Characteristics: An orphan drug. Expected to treat advanced vernal keratoconjunctivitis for which existing anti-allergic agents are not effective. Because it is an ophthalmic solution, virtually no generalized side effects are noted.

Generic name	Brand name/dev. code	Indication	Original/in-licensing	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-085	Glaucoma, Ocular hypertension	Co-development with Asahi Glass	USA						
				Japan						

Characteristics: Prostaglandin-based treatment for glaucoma to reduce ocular pressure. Clinical trials will be conducted in parallel in the U.S., Europe and Japan. Expected to have greater efficacy in reducing ocular pressure than other prostaglandin-based agents. Can be stored at room temperature.

Generic name	Brand name/dev. code	Indication	Original/in-licensing	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Olmesartan	DE-092	Glaucoma, Ocular hypertension	Sankyo (Japan)	Japan						

Characteristics: Angiotensin II receptor antagonist developed by Sankyo. Expected to become a glaucoma treatment with unique anti-ocular hypertensive action not seen in any existing treatments.

Generic name	Brand name/dev. code	Indication	Original/in-licensing	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Lomerizine HCL	DE-090	Glaucoma	Nippon Organon	Japan						

Characteristics: It has a calcium antagonizing activity. Currently sold by Nippon Organon as a migraine treatment. Expected to become a new type of treatment for glaucoma with excellent safety to suppress the progression of visual field disorder by improving ocular circulation. In oral administration tablets.

Generic name	Brand name/dev. code	Indication	Original/in-licensing	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Diquafosol tetrasodium	DE-089	Dry eye	Inspire Pharm.(USA)	Japan						

Characteristics: Facilitates secretion of lacrimal components and water from epithelial cells of conjunctiva and cornea through endogenous receptors in order to increase tears on conjunctiva and cornea while stabilizing tear film. Indicated for dry eye.

Generic name	Brand name/dev. code	Indication	Original/in-licensing	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-096	Rheumatoid arthritis	Original	Japan						

Characteristics: TNF inhibitor. Anti-rheumatic effect comparable to oral antibody drugs has been observed in basic research. Will soon begin negotiating with major overseas pharmaceutical company for overseas out-licensing. Also in tie-up negotiations with several companies for domestic development.

■ Pipeline of prescription pharmaceuticals (Preparation for clinical study)

Generic name	Brand name/dev. code	Indication	Original/in-licensing
(Undetermined)	DE-098(Anti-APO-1 antibody)	Rheumatoid arthritis	Original
Characteristics: Joint injection that induces apoptosis in diseased joints of rheumatoid arthritis patients. Bulk pharmaceutical manufacturing process for actual production scale established, and drug development being studied.			
Generic name	Brand name/dev. code	Indication	Original/in-licensing
Bucillamine	Rimatil	Osteoarthritis(additional indication)	Original
Characteristics: Shown to be effective on joint inflammation due to osteoarthritis (OA).			

■ Pipeline for medical devices

Product under development	Product name	Region
Intraocular lens	MD-13	Japan
Characteristics: Foldable intraocular lens using new new material. Already launched in Europe by Lenstec and STAAR Surgical.		
Product under development	Product name	Region
Intraocular lens	MD-14	Japan and USA
Characteristics: Foldable intraocular lens using new material with high refractive index. Developed by Advanced Vision Science in the U.S.		

■ Changes from May 9, 2003

[Progress]

Brand name/dev. code	Indication	Stage
DE-096	Rheumatoid arthritis	Pre-clinical → Ph I

[Discontinued study]

Brand name/dev. Code	Indication	Discontinued Stage
Apafant	Allergic conjunctivitis	Ph II
Reason: It became clear that PAF did not play a major role in the ocular allergy.		

■ Capital expenditures

(Millions of yen)

	Year ended March 31, 2003 Actual	Three months ended June 30,2003 Actual	Six months ending September 30,2003 Forecast	Year ending March 31,2004 Forecast
Capital expenditures	4,134	723	2,240	3,930

■ Depreciation and amortization

(Millions of yen)

	Year ended March 31, 2003 Actual	Three months ended June 30,2003 Actual	Six months ending September 30,2003 Forecast	Year ending March 31,2004 Forecast
Consolidated total	3,638	1,039	2,010	4,190
Manufacturing cost	1,549	473	760	1,620
Selling,general and administrative expenses	699	159	370	800
R&D expenses	1,224	400	800	1,630
Others	164	7	80	140

■ Lease expenses

(Millions of yen)

	Year ended March 31, 2003 Actual	Three months ended June 30,2003 Actual	Six months ending September 30,2003 Forecast	Year ending March 31,2004 Forecast
Consolidated total	675	142	260	770
Manufacturing cost	588	113	220	690

■ R&D expenses

(Millions of yen)

	Year ended March 31, 2003 Actual	Three months ended June 30,2003 Actual	Six months ending September 30,2003 Forecast	Year ending March 31,2004 Forecast
R&D expenses	12,719	3,371	6,500	13,000
Net sales ratio	14.1%	14.8%	14.3%	14.3%