

Sales of major prescription pharmaceuticals

(Millions of yen)

Brand name Generic name/formulation	Therapeutic category	Three months ended June 30, 2003 Actual	Six months ended September 30, 2003 Actual	Year ended March 31, 2004 Actual	Three months ended June 30, 2004 Actual	Six months ending September 30, 2004 Forecasts	Year ending March 31, 2005 Forecasts
Prescription pharmaceuticals		20,313	41,368	80,061	20,266	40,810	82,420
		-	(1.5)	(0.9)	(0.2)	(1.3)	(2.9)
Cravit levofloxacin/ophthalmic solution	Bacterial conjunctivitis	3,175	6,816	12,957	3,341	6,980	12,680
		-	(1.0)	(2.1)	(5.2)	(2.4)	(2.1)
Quixin levofloxacin/ophthalmic solution	Bacterial conjunctivitis	745	1,359	1,982	-	-	-
		-	(128.4)	(41.6)	-	-	-
Tarivid ofloxacin/ophthalmic solution	Bacterial conjunctivitis	1,295	2,670	4,847	1,277	2,420	4,520
		-	(16.6)	(12.9)	(1.3)	(9.4)	(6.7)
Timoptol timolol maleate/ophthalmic solution	Glaucoma	1,221	2,476	4,846	1,144	2,330	4,250
		-	(11.3)	(8.4)	(6.3)	(5.9)	(12.3)
Timoptol XE timolol maleate/ long-acting ophthalmic solution	Glaucoma	644	1,311	2,654	710	1,420	2,840
		-	(4.6)	(7.1)	(10.3)	(8.3)	(7.0)
Pivalephrine dipivefrine hydrochloride	Glaucoma	133	255	472	112	210	390
		-	(26.2)	(24.8)	(15.8)	(17.6)	(17.4)
Detantol bunazosin hydrochloride	Glaucoma	447	925	1,917	558	1,100	2,210
		-	(33.0)	(27.9)	(24.8)	(18.9)	(15.3)
Rescula unoprostone isopropyl	Glaucoma	-	-	-	-	-	2,800
		-	-	-	-	-	-
Betimol timolol ophthalmic solution	Glaucoma	498	843	1,412	-	-	-
		-	(98.5)	(64.9)	-	-	-
Livostin levocabastine hydrochloride/ ophthalmic solution	Allergy	511	1,110	2,729	743	1,540	3,950
		-	(40.3)	(9.9)	(45.5)	(38.7)	(44.7)
Alegysal pemirolast potassium/ophthalmic solution	Allergy	146	324	699	206	370	770
		-	(12.4)	(17.6)	(40.8)	(14.2)	(10.2)
Alamast pemirolast potassium/ophthalmic solution	Allergy	136	317	462	-	-	-
		-	(224.1)	(131.5)	-	-	-
Hyalain sodium hyaluronate/ophthalmic solution	Corneal disease	3,288	6,879	13,893	3,683	7,780	15,090
		-	(3.7)	(5.6)	(12.0)	(13.1)	(8.6)
Flumetholon fluorometholone/ophthalmic solution	Inflammation	1,143	2,385	4,658	1,268	2,520	4,720
		-	(10.9)	(11.0)	(10.9)	(5.7)	(1.3)
Kary Uni pirenoxine/ophthalmic solution	Early-stage senile cataract	856	1,763	3,295	835	1,650	3,180
		-	(0.1)	(0.9)	(2.5)	(6.4)	(3.5)
Opegan Hi sodium hyaluronate/ adjuvant for ophthalmic operations	Adjuvant for ophthalmic operations	587	1,188	2,267	572	1,170	2,340
		-	(0.6)	(1.7)	(2.5)	(1.5)	(3.2)
BSS PLUS oxiglutatione/ophthalmic perfusate and lotion	Perfusate/ lotion	364	712	1,358	329	630	1,180
		-	(13.2)	(9.7)	(9.7)	(11.5)	(13.1)
Rimatil bucillamine/tablet	Rheumatoid arthritis	1,219	2,445	4,836	1,265	2,500	4,790
		-	(1.3)	(1.8)	(3.8)	(2.2)	(1.0)
Azulfidine EN salazosulfapyridine/enteric coated tablet	Rheumatoid arthritis	779	1,577	3,132	845	1,630	3,170
		-	(8.5)	(8.8)	(8.5)	(3.4)	(1.2)
Prescription ophthalmic pharmaceuticals for U.S.A. (Quixin, Iquix, Betimol and Alamast)		-	-	-	141	350	1,370
		-	-	-	-	-	-
OTC pharmaceuticals		1,018	2,205	4,672	1,209	2,490	5,120
		-	(32.8)	(17.4)	(18.8)	(12.9)	(9.6)

lower: year on year percentage change

Pipeline of prescription pharmaceuticals (Clinical study)

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Levofloxacin (0.5%)	Cravit Quixin Oftraquix	Bacterial conjunctivitis Bacterial conjunctivitis Bacterial conjunctivitis	Daiichi Pharmaceutical	Japan						Apr-00
				USA						Nov-00
				Europe						May-02
Levofloxacin (1.5%)	Iquix	Bacterial corneal ulcer	Daiichi Pharmaceutical	USA					Mar-04	
Levofloxacin + prednisolone A	DE-094	Infectious keratitis	Daiichi Pharmaceutical	USA						

Characteristics: Fluoroquinolone antibacterial agent. In Europe, Ofaquix has obtained marketing authorization in 12 countries and was launched in five countries including Germany. Iquix is a higher-concentrated fluoroquinolone with potent antibacterial action. Levofloxacin + prednisolone A is a combination treatment with steroids.

Generic name	Brand name/dev. code	Indication	Original/licensor	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
				Europe					Dec-99	

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

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

Characteristics: Ophthalmic solution containing sodium hyaluronate. Treats corneal and conjunctival epithelial disorder associated by dry eye and wearing contact lenses.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Ciclosporin	DE-076	Vernal keratoconjunctivitis	Novartis Pharma	Japan					Aug-03	

Characteristics: An orphan drug. Ophthalmic application of immuno-suppressant ciclosporin. 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/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Tafluprost	DE-085	Glaucoma/ ocular hypertension	Co-development with Asahi Glass	Japan USA/Europe						

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

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Olmesartan	DE-092	Glaucoma/ ocular hypertension	Sankyo	Japan USA/Europe						In Preparation

Characteristics: The only angiotensin II receptor antagonist in full-fledged development as a glaucoma treatment. Comparable to prostaglandin-based treatments in reducing intraocular pressure. Very few side effects, including conjunctival hyperemia, are expected. Potentially big market in the U.S. and Europe where patients with ocular-hypertension consist majority of the glaucoma population.

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

Characteristics: A new type of oral glaucoma treatment studied for inhibiting the progression of visual field defects. The only calcium antagonist in full-fledged development as a glaucoma treatment. Compared with NMDA receptor antagonists, fewer generalized side effects are expected, thus having excellent safety. Marketed by Nippon Organon as a migraine drug

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

Characteristics: A treatment for dry eye that stimulates the eye surface to secrete tear fluid and moisture. Expected to be used in combination with existing dry eye treatments, and be effective for patients for whom existing treatments are insufficient.

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

Characteristics: An oral TNF inhibitor. Anti-rheumatic effect comparable to injectable biological agents has been observed in basic research.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Gefarnate	DE-099	Corneal and conjunctival epithelial disorder associated with dry eye, etc	Original	Japan						

Characteristics: Treats corneal and conjunctival epithelial disorder mostly associated with dry eye by stimulating the secretion of mucin and promoting the corneal epithelial migration. Preservative-free eye ointment that can be used in combination with existing drugs.

Pipeline of prescription pharmaceuticals (In preparation for clinical trials)

Generic name	Brand name/dev. code	Indication	Original/licensor
(Undetermined)	DE-098 (Anti-APO-1 antibody)	Rheumatoid arthritis	Centocor
Characteristics: Joint injection that induces apoptosis in diseased joints of rheumatoid arthritis patients. Bulk pharmaceutical manufacturing process for actual production scale has been established, and drug development is being studied.			

Generic name	Brand name/dev. code	Indication	Original/in-licensor
Bucillamine	Rimatil	Osteoarthritis (additional indication)	Original
Characteristics: Shown to be effective on joint inflammation caused by osteoarthritis.			

Pipeline of medical devices

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 U.S. subsidiary Advanced Vision Science, Inc.		

Changes from May 7, 2004

Brand name/dev. code	Indication	Region	Status change
Gefarnate/ DE-099	Corneal and conjunctival epithelial disorder associated with dry eye, etc	Japan	In preparation for clinical trials to phase I

Product under development	Product name	Region	Status change
Intraocular lens	MD-13	Japan	Discontinued launch plan in consideration of marketability.

Capital expenditures

(Millions of yen)

	Three months ended June 30,2003 Acutual	Six months ended September 30,2003 Acutual	Year ended March 31,2004 Acutual	Three months ended June 30,2004 Acutual	Six months ending September 30,2004 Forecasts	Year ending March 31,2005 Forecasts
Capital expenditures	723	1,735	2,871	450	1,510	2,380

Depreciation and amortization

(Millions of yen)

	Three months ended June 30,2003 Acutual	Six months ended September 30,2003 Acutual	Year ended March 31,2004 Acutual	Three months ended June 30,2004 Acutual	Six months ending September 30,2004 Forecasts	Year ending March 31,2005 Forecasts
Consolidated total	1,039	1,881	3,914	902	1,910	3,950
Manufacturing cost	473	769	1,626	375	770	1,620
Selling,general and administrative expenses	159	359	746	195	370	800
R&D expenses	400	738	1,499	324	750	1,500
Others	7	15	40	7	10	30

Lease expenses

(Millions of yen)

	Three months ended June 30,2003 Acutual	Six months ended September 30,2003 Acutual	Year ended March 31,2004 Acutual	Three months ended June 30,2004 Acutual	Six months ending September 30,2004 Forecasts	Year ending March 31,2005 Forecasts
Consolidated total	142	313	784	231	480	1,040
Manufacturing cost	113	246	656	199	400	880

R&D expenses

(Millions of yen)

	Three months ended June 30,2003 Acutual	Six months ended September 30,2003 Acutual	Year ended March 31,2004 Acutual	Three months ended June 30,2004 Acutual	Six months ending September 30,2004 Forecasts	Year ending March 31,2005 Forecasts
R&D expenses	3,371	6,245	11,853	3,216	6,400	13,000
Net sales ratio	14.8%	13.5%	13.2%	14.3%	14.2%	14.3%