

# **Agenda**

**1. Opening Remarks  
Deputy President**

**Hiromasa Nakai**

**2. Semiannual Financial Results Outline**



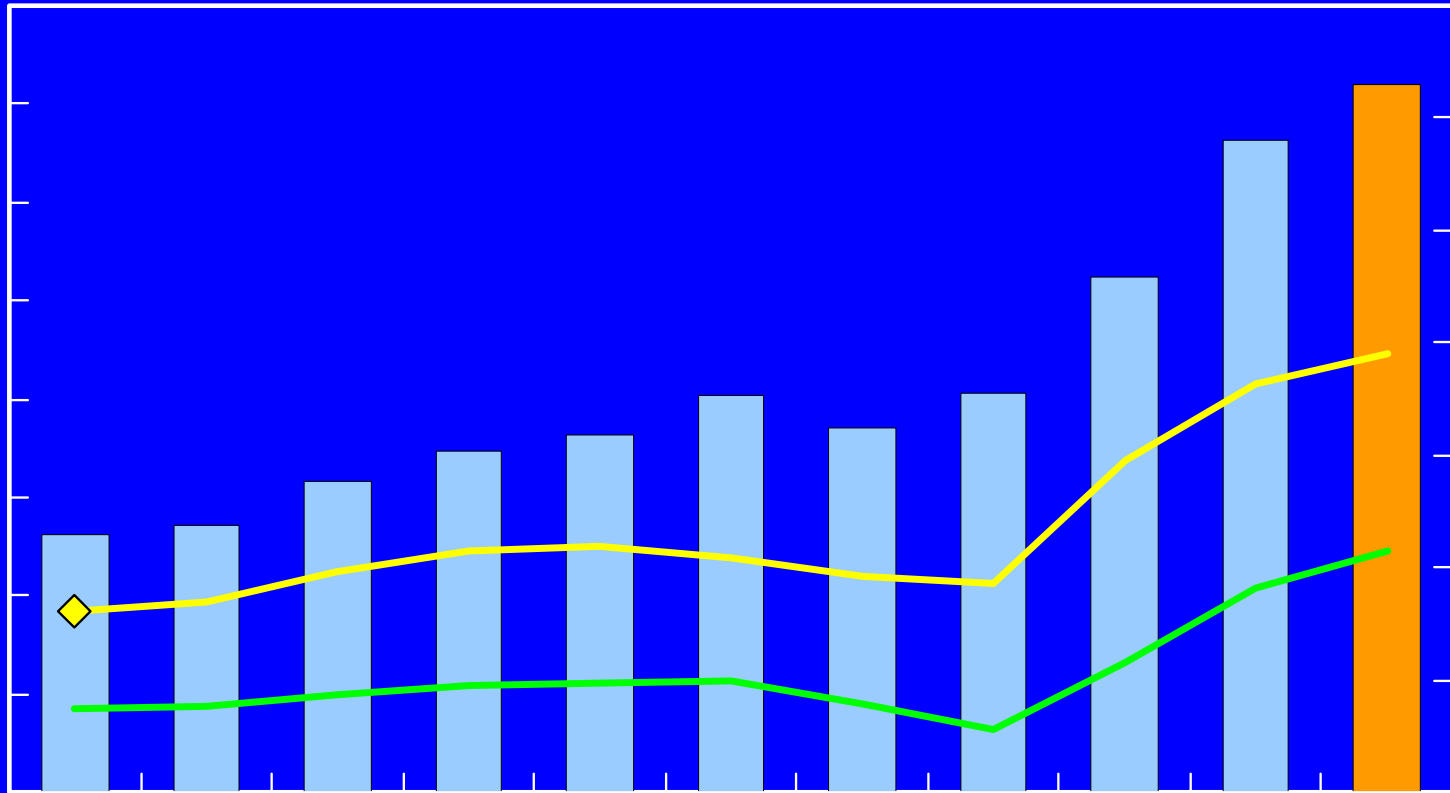
**Fiscal Year Ending March 2003**  
**Semiannual Financial Results**  
**Outline**

**Executive Vice President**  
**Corporate Planning & Management Affairs**

**Hideaki Matsui**

# CONSOLIDATED RESULTS

---



# CONSOLIDATED STATEMENTS OF INCOME

(Billions of Yen)

	<b>HY2001</b>	<b>%</b>	<b>HY2002</b>	<b>%</b>	<b>CY/PY %</b>	<b>Change</b>
<b>Net Sales</b>	<b>211.0</b>	<b>100.0</b>	<b>234.4</b>	<b>100.0</b>	<b>111</b>	<b>23.4</b>
Cost of Goods	52.2	24.8	52.9	22.5	101	0.6
R&D	24.7	11.7	27.9	11.9	113	3.2
SG&A	95.1	45.0	113.3	48.4	119	18.2
<b>Operating Income</b>	<b>39.0</b>	<b>18.5</b>	<b>40.4</b>	<b>17.2</b>	<b>104</b>	<b>1.4</b>
Non-Operating Income	1.2		(0.4)			
<b>Ordinary Income</b>	<b>40.2</b>	<b>19.1</b>	<b>40.1</b>	<b>17.1</b>	<b>100</b>	<b>(0.1)</b>
Extra- ordinary Loss	(5.7)		(2.9)			
Income Taxes	14.6		15.0			
<b>Net Income</b>	<b>20.0</b>	<b>9.5</b>	<b>22.2</b>	<b>9.5</b>	<b>112</b>	<b>2.3</b>

# PRINCIPAL PRODUCT SALES

---

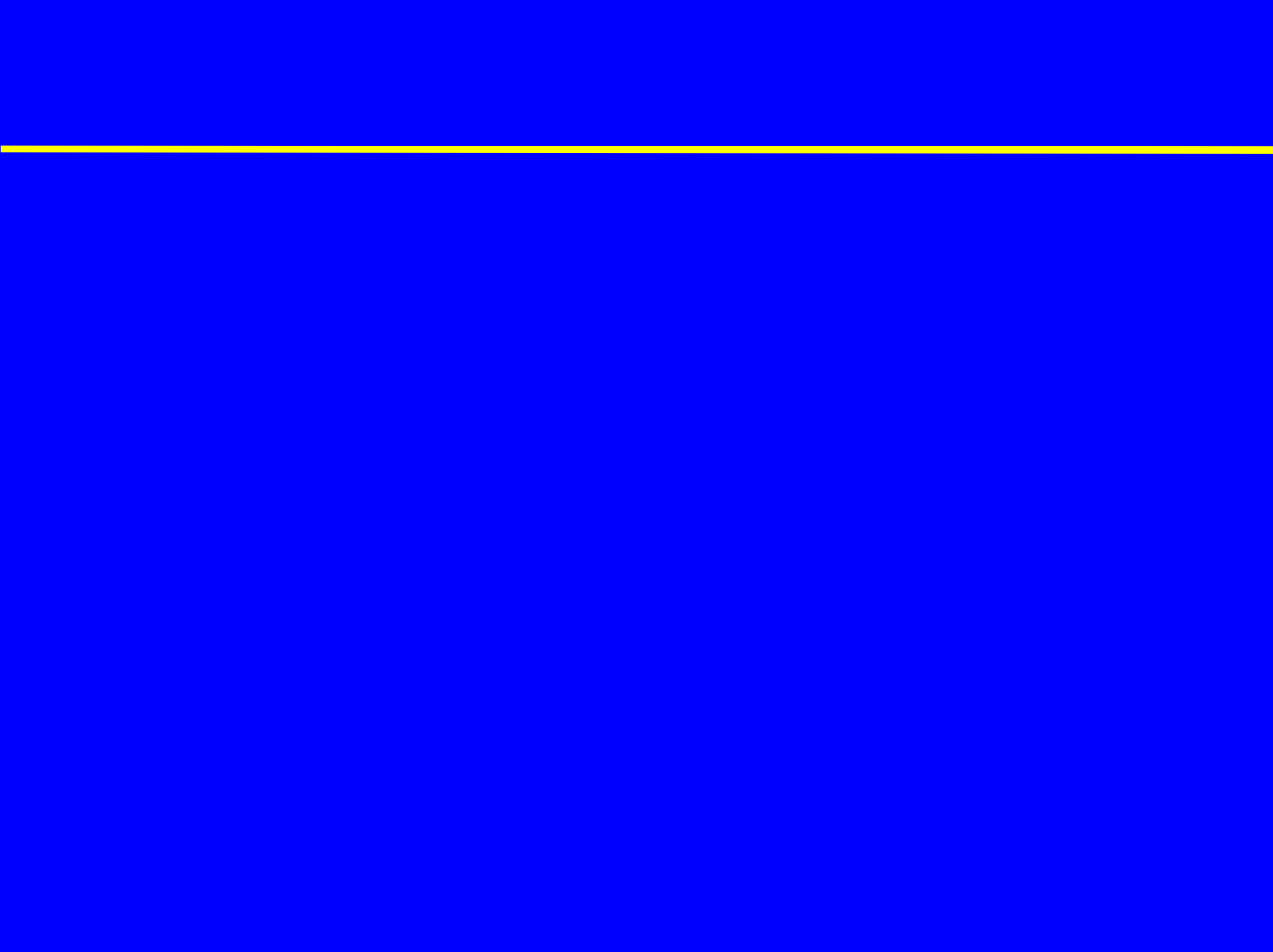
	<b>HY2001</b>	<b>HY2002</b>	<b>Change</b>
<b>ACIPHEX/ PARIET</b>	<b>46.7</b>	<b>57.2</b>	<b>10.5</b>
<b>ARICEPT</b>	<b>42.5</b>	<b>54.2</b>	<b>11.7</b>
<b>METHYCOBAL</b>	<b>15.6</b>	<b>16.5</b>	<b>0.9</b>
<b>SELBEX</b>	<b>14.8</b>	<b>13.9</b>	<b>(1.0)</b>
<b>GLAKAY</b>	<b>6.7</b>	<b>6.2</b>	<b>(0.6)</b>
<b>IOMERON</b>	<b>5.4</b>	<b>5.0</b>	<b>(0.5)</b>

# JAPAN: NON-CONSOLIDATED STATEMENTS OF INCOME

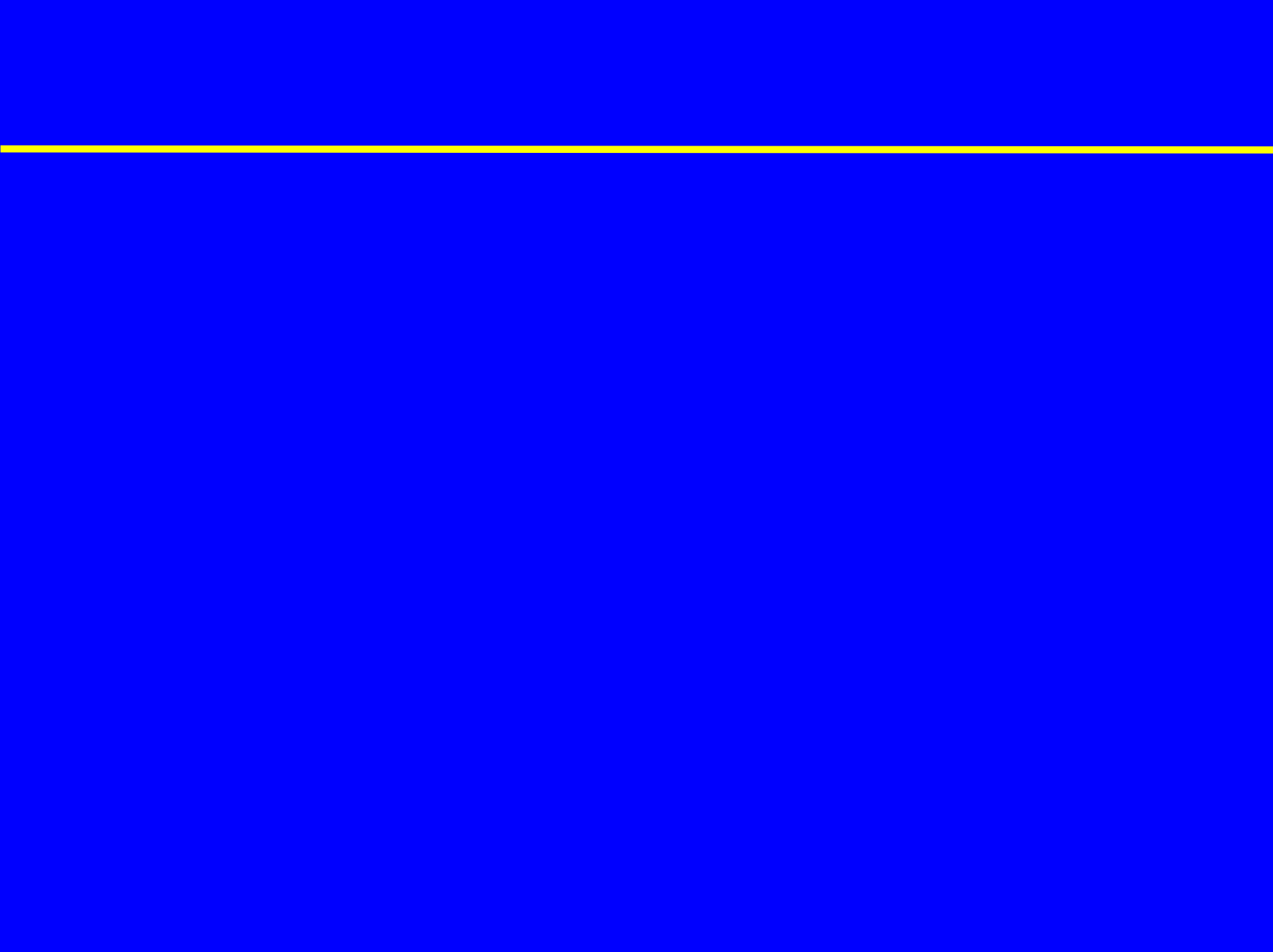
(Billions of Yen)

	HY2001	%	HY2002	%	CY/PY%	Change
<b>Net Sales</b>	<b>137.7</b>	<b>100.0</b>	<b>150.2</b>	<b>100.0</b>	<b>109</b>	<b>12.5</b>
<b>Cost of Goods</b>	<b>42.5</b>	<b>30.8</b>	<b>44.7</b>	<b>29.7</b>	<b>105</b>	<b>2.2</b>
<b>Gross Profit on Sales</b>	<b>95.2</b>	<b>69.2</b>	<b>105.6</b>	<b>70.3</b>	<b>111</b>	<b>10.3</b>
<b>R&amp;D</b>	<b>23.8</b>	<b>17.3</b>	<b>26.9</b>	<b>17.9</b>	<b>113</b>	<b>3.2</b>
<b>SG&amp;A</b>	<b>36.8</b>	<b>26.7</b>	<b>41.2</b>	<b>27.4</b>	<b>112</b>	<b>4.4</b>
<b>Operating Income</b>	<b>34.7</b>	<b>25.2</b>	<b>37.4</b>	<b>24.9</b>	<b>108</b>	<b>2.7</b>









# GEOGRAPHICAL SEGMENT OPERATING INCOME

%

42.3 99.7

5.2

3.2

2.3

10.7

Eliminations/  
Corporate

(5.2) (13.3)

(4.2) (10.4)

-

1.0

100

# RESULTS BY INDUSTRY SEGMENT

	HY2001		HY2002		%	
<b>Net Sales</b>						
			220.7	94.1		
			13.8	5.9		
			234.4	100.0		
<b>Operating Income</b>						
<b>Pharmaceuticals</b>			41.1	101.7		
<b>Others</b>			0.9	2.1		
<b>Eliminations/ Corporate</b>	(3.4)	(8.6)	(1.6)	(3.9)	• PL	1.8
<b>Total</b>	<del>39.0</del>	<del>100.0</del>	<del>40.4</del>	<del>100.0</del>		104 1.4

# BALANCE SHEET (ASSETS)

(Billions of Yen)

	FY2001	HY2002	Change
<b>Current Assets</b>	<b>320.4</b>	<b>319.1</b>	<b>(1.4)</b>
Cash & Time			
Deposits, Short-term investments	131.5	120.0	(11.5)
Accounts receivable- trade	129.8	140.5	10.7
<b>Net property, plant &amp; equipment</b>	<b>112.1</b>	<b>111.0</b>	<b>(1.1)</b>
<b>Intangible asset</b>	<b>14.5</b>	<b>14.4</b>	<b>(0.1)</b>
<b>Investments and other assets</b>	<b>110.6</b>	<b>112.1</b>	<b>1.5</b>
<b>Total</b>	<b>557.6</b>	<b>556.6</b>	<b>(1.0)</b>

---

---

---

---

# CONSOLIDATED BALANCE SHEET: ASSETS

	(Billions of Yen)		
	FY2001	HY2002	Change
Common stock	44.9	45.0	0.1
Additional paid-in capital	55.1	55.2	0.1
Retained earning	275.1	292.5	17.5
Net unrealized gain (loss) on available-for-sale securities	(0.1)	1.9	2.0
Foreign currency translation adjustments	1.5	(1.2)	(2.6)
Treasury stock	14.4	(23.7)	(9.4)
<b>Total shareholders' equity</b>	<b>362.1</b>	<b>369.8</b>	<b>7.7</b>
<b>Total Liabilities, Minority interests &amp; Shareholders' equity</b>	<b>557.6</b>	<b>556.6</b>	<b>1.0</b>

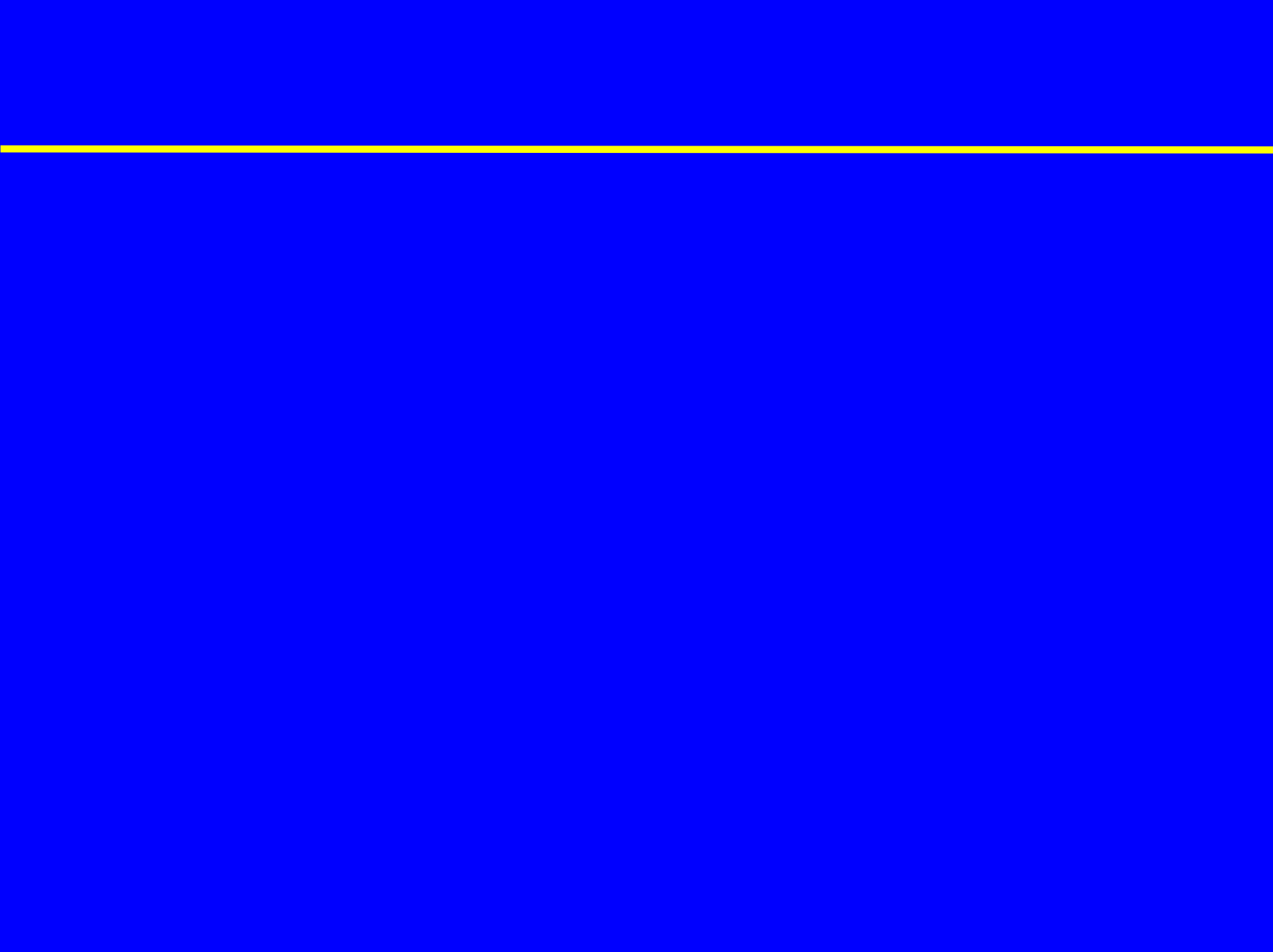
# CASH FLOW

---

# FY 2002 FORECAST

	(Billions of Yen)					
	FY2001	%	2002E	%	CY/PY %	Change
Net Sales	431.7	100.0	460.0	100.0	107	28.3
COGS	101.5	23.5	102.0	22.2	100	0.5
R&D	55.0	12.8	60.0	13.0	109	5.0
SG&A	202.5	46.9	220.0	47.8	109	17.5
Operating Income	72.7	16.8	78.0	17.0	107	5.3
Ordinary Income	76.1	17.6	80.0	17.4	105	3.9
Net Income	36.5	8.5	43.0	9.3	118	6.5







# FREE CASH FLOW

(Billions of Yen)

	<b>HY2001</b>	<b>HY2002</b>	<b>Changes</b>
<b>1. Operating Cash Flow</b>	<b>33.1</b>	<b>19.6</b>	<b>(13.6)</b>
<b>A. Operating Income Level Cash Flow</b>	<b>56.0</b>	<b>27.1</b>	<b>(28.9)</b>
<b>B. Income Taxes / Interest, etc.</b>	<b>(22.8)</b>	<b>(7.5)</b>	<b>15.3</b>
<b>2. Capital Expenditures, etc.</b>	<b>(10.3)</b>	<b>(14.2)</b>	<b>(3.9)</b>
<b>3. Free Cash Flow</b>	<b>22.8</b>	<b>5.3</b>	<b>(17.5)</b>

# EUROPE: PHARMACEUTICAL RESULTS

---

# STATEMENTS OF INCOME (1)

( Billions of yen )

	<b>HY2001</b>	<b>%</b>	<b>HY2002</b>	<b>%</b>	<b>CY/PY %</b>	<b>Change</b>
<b>Sales</b>	<b>211.0</b>	<b>100.0</b>	<b>234.4</b>	<b>100.0</b>	<b>111</b>	<b>23.4</b>
<b>Cost of Goods</b>	<b>52.2</b>	<b>24.8</b>	<b>52.9</b>	<b>22.5</b>	<b>101</b>	<b>0.6</b>
<b>R&amp;D</b>	<b>24.7</b>	<b>11.7</b>	<b>27.9</b>	<b>11.9</b>	<b>113</b>	<b>3.2</b>
<b>SG&amp;A</b>	<b>95.1</b>	<b>45.0</b>	<b>113.3</b>	<b>48.4</b>	<b>119</b>	<b>18.2</b>
<b>Operating Income</b>	<b>39.0</b>	<b>18.5</b>	<b>40.4</b>	<b>17.2</b>	<b>104</b>	<b>1.4</b>

**COGS: 2.3 point improvement for Product Mix  
Improvement**

**SG&A: Increase in promotion expenses for U.S.  
pharmaceutical business**

# STATEMENTS OF INCOME (2)

	(Billions of Yen)					
	HY2001	%	HY2002	%	CY/PY %	Change
<b>Operating Income</b>	39.0	18.5	40.4	17.2	104	1.4
<b>Non-operating Income</b>	1.2		(0.4)			
<b>Ordinary Income</b>	40.2	19.1	40.1	17.1	100	(0.1)
<b>Extraordinary Losses</b>	(5.7)		(2.9)			
<b>Income Taxes</b>	14.6		15.0			
<b>Net Income</b>	20.0	9.5	22.2	9.5	112	2.3

Non-Operating Losses: Foreign exchange losses 1.5 Billion Yen

Extraordinary Losses: Losses on revaluation of investment securities

1.9 Billion Yen

# CONSOLIDATED BALANCE SHEET: ASSETS

---

**Accounts Receivable-trade**                      **13.4 billion yen increase**

**- Increase in US sales subsidiary**

**Fixed Assets**                      **5.4 billion yen increase**                      **5.4 billion yen increase**

**-Capital investments (PP&E)**                      **19.0 billion yen**

**-Depreciation--**

# **CONSOLIDATED BALANCE SHEET: LIABILITIES & SHAREHOLDERS' EQUITY**

---

## **Borrowing (Short-term, Long-term)**

**6.9 billion yen decrease**

**-Shift to internal financing (inter-company loans)**

**Accrued Income Tax, etc.**

**17.4 billion yen decrease**

**Reserve for sales rebates**

**9.0 billion yen increase**

**-Increase from U.S. business expansion**

**Reserve for Retirements Benefits**

**5.3 billion yen increase**

**-Amortization of unrecognized actuarial losses, etc.**

**Treasury Stock**

**14.3 billion yen increase**



# MAJOR FINANCIAL INDICES TRENDS

---

FY2000

78.7Yen

3.5%

6.9%

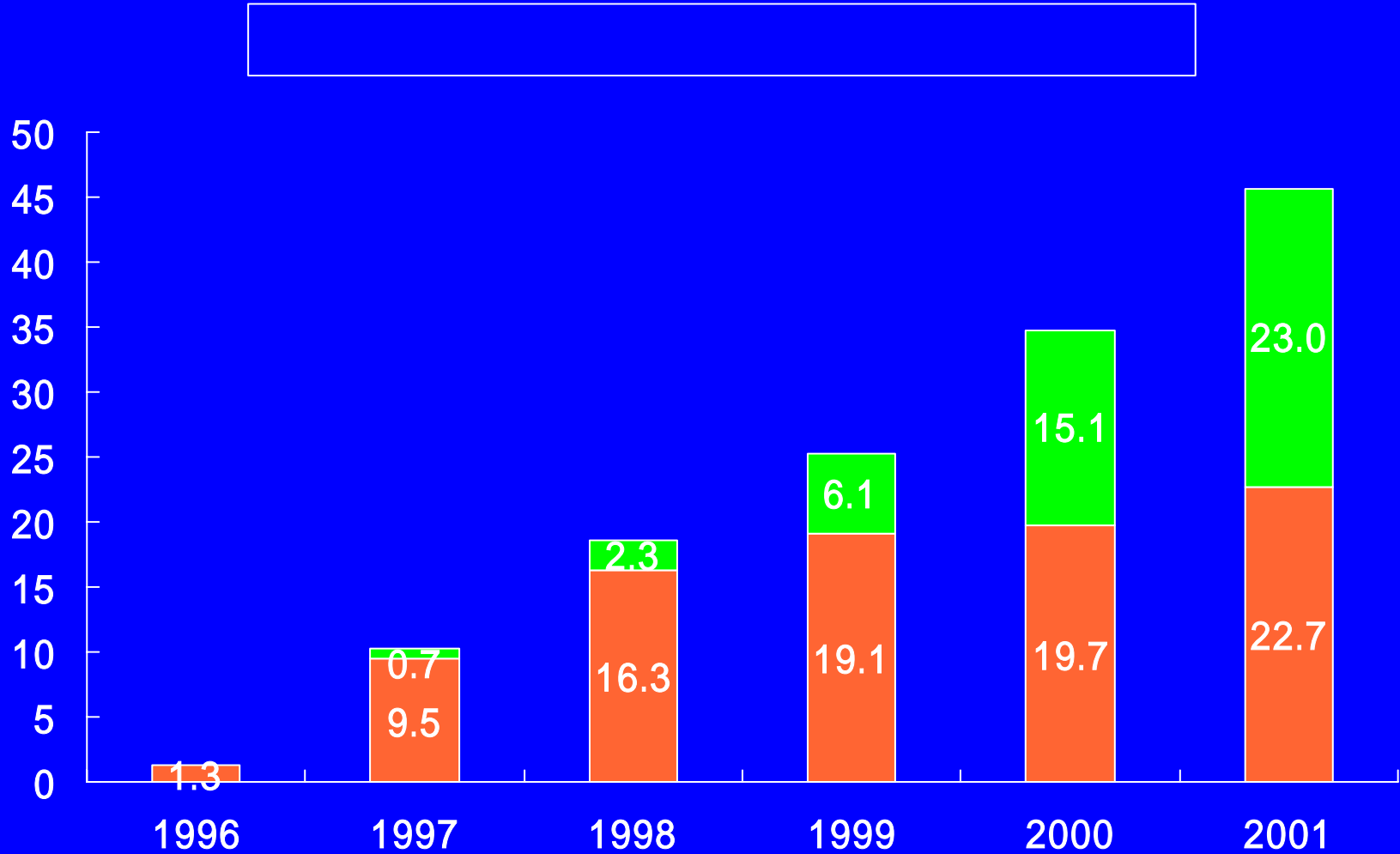
10.3%

4.5%





# SALES RATIO OF GLOBAL PRODUCTS

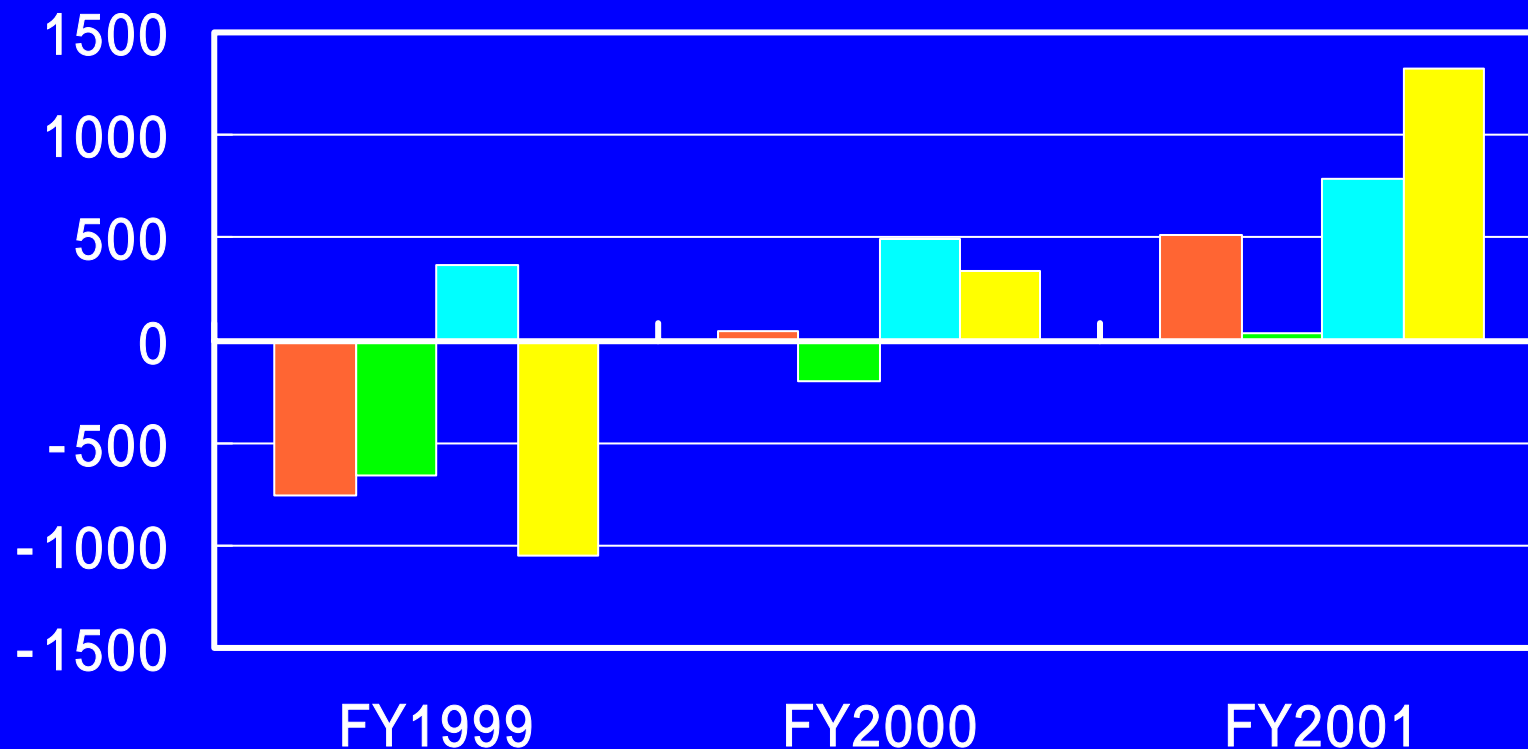


# EUROPE: PHARMACEUTICAL RESULTS

## Operating Income of Pharmaceutical Product Sales Subsidiaries

U.K. Germany France Total

(Millions of Yen)





**Fiscal Year Ending March 2003**

**Semiannual Financial Results**

**Outline**