

Financial Results for the 1Q of FY2007

(April 1, 2007 - June 30, 2007)

July 31, 2007

Overview of Consolidated Financial Results for 1Q FY2007 (compared with 1Q FY2006 ①)

(Unit: Billions of yen)

	FY2006 1Q Results				FY2007 1Q Results				Change	
	①	Non-Pharma Business	Change in the accounting period (U.S.)	* Special Factors Excluded ②	③	Non-Pharma Business	Change in the accounting period (EU)	* Special Factors Excluded ④	Simple Comparison ③-①	Real term Comparison ④-②
Net Sales	270.5	30.9	31.5	208.1	235.5	8.1	14.1	213.3	-35.0	5.2
Cost of Sales	73.6	19.2	5.1	49.3	57.9	7.1	3.6	47.2	-15.7	-2.1
SG&A Expenses	98.2	7.3	15.6	75.4	77.1	1.0	8.3	67.8	-21.1	-7.6
R&D Expenses	37.9	1.9	1.8	34.2	32.7	0.2	0.3	32.2	-5.2	-2.0
Total Expense	136.2	9.2	17.4	109.5	109.9	1.2	8.6	100.0	-26.3	-9.5
Operating Income	60.8	2.5	9.0	49.3	67.8	-0.2	1.9	66.2	7.0	16.9
Non-operating income (expenses)	7.1	0.2	1.5	5.4	3.8	0.0	0.2	3.6	-3.3	-1.8
Ordinary Income	67.8	2.6	10.6	54.6	71.7	-0.2	2.2	69.7	3.9	15.1
Extraordinary gains (losses)	15.9	20.1	-1.0	-3.2	-0.2	1.7	0.0	-1.8	-16.1	1.4
Income tax and Minority interests	35.8	11.4	3.8	20.6	30.1	0.2	0.1	29.8	-5.7	9.2
Net Income	48.0	11.3	5.8	30.9	41.4	1.3	2.0	38.1	-6.6	7.2

* Figures of non-pharmaceutical subsidiaries to be spun off, and the effect of change in the accounting periods of U.S./EU subsidiaries are considered as special factors. In order to compare the results in the real term, figures excluding such factors are shown as "Special Factors Excluded."

Overview of Consolidated Financial Results for 1Q FY2007 (compared with 1Q FY2006 ②)

(Unit: Billions of yen)

Special Factors Excluded	FY2006 1Q (Apr-Jun)	FY2007 1Q (Apr-Jun)	Real term change	Remarks
Net Sales	208.1	213.3	5.2	Olmesartan +11.1, Levofloxacin +4.5, Pravastatin -5.8 Receipt of lump-sum payment related to Plavix in FY06 1Q, etc (Gains on currency +4.7 \$:115.7→120.8, €140.7→159.6)
Cost of Sales	49.3	47.2	-2.1	Cost-to-sales ratio 23.7→22.1% Product mix improvement
SG&A Expenses	75.4	67.8	-7.6	
R&D Expenses	34.2	32.2	-2.0	R&D expenses ratio 16.4→15.1%
Total Expense	109.5	100.0	-9.5	Decrease in personnel cost due to personnel downsizing in domestic companies
Operating Income	49.3	66.2	16.9	Operating income to sales 23.7→31.0%
Non-operating income (expenses)	5.4	3.6	-1.8	
Ordinary Income	54.6	69.7	15.1	Ordinary income to sales 26.2→32.7%
Extraordinary gains (losses)	-3.2	-1.8	1.4	
Income tax and Minority interests	20.6	29.8	9.2	
Net Income	30.9	38.1	7.2	Net income to sales 14.8→17.9%

Overview of Consolidated Forecasts for FY2007

(Unit: Billions of yen)

	FY2007 Forecasts* (no change from disclosure in May 2007)			FY2007 1Q Results				Effect of accounting period change (EU) excluded		
	1st Half	2nd Half	Full Year		Non- Pharma Business	Pharma Business	Progress	1st Half Estimate	1Q Results	Progress
Net Sales	416.0	421.0	837.0	235.5	8.1	227.4	54.7%	401.9	213.3	53.1%
Cost of Sales	100.0	100.5	200.5	57.9	7.1	50.8	50.8%	96.4	47.2	49.0%
SG&A Expenses	159.0	159.0	318.0	77.1	1.0	76.1	47.9%	150.7	67.8	45.0%
R&D Expenses	82.0	79.5	161.5	32.7	0.2	32.5	39.6%	81.7	32.2	39.4%
Total Expense	241.0	238.5	479.5	109.9	1.2	108.7	45.1%	232.4	100.0	43.0%
Operating Income	75.0	82.0	157.0	67.8	-0.2	68.0	90.7%	73.1	66.2	90.6%
Non-operating income (expenses)	5.0	3.0	8.0	3.8	0.0	3.8		4.8	3.6	
Ordinary Income	80.0	85.0	165.0	71.7	-0.2	71.9	89.9%	77.8	69.7	89.6%
Extraordinary gains (losses)	-1.5	-3.5	-5.0	-0.2	1.7	-1.9		-1.5	-1.8	
Income tax and Minority interests	34.5	33.5	68.0	30.1	0.2	29.9		34.4	29.8	
Net Income	44.0	48.0	92.0	41.4	1.3	40.1	91.1%	42.0	38.1	90.7%

* FY2007 forecasts does not include figures of non-pharmaceutical subsidiaries, which are in the process of being independent from the group.

Trend of Major Products

● Sales of major products

(Unit: Billions of yen)

Product name		FY 2006	FY2007 Forecasts (no change from disclosure in May 2007)		FY2007 1Q Results			
		1Q Results	Full Year	1st Half	1Q Results	Proceed	Over the previous year	
		①	②	③	④	④/③	④-①	Ref.*
GLOBAL	Olmesartan <antihypertensive>	51.2	195.0	95.5	53.1	55.6%	1.8	11.1
	Levofloxacin <broad-spectrum antibacterial agent>	25.0	108.0	51.0	29.5	57.8%	4.5	
	Pravastatin <antihyperlipidemic agent>	25.9	78.0	40.5	21.7	53.5%	-4.2	-5.8
Japan	Calblock <antihypertensive>	2.1	13.5	6.0	2.5	42.1%	0.4	
	Artist <antihypertensive>	5.2	23.0	11.5	5.5	47.8%	0.3	
	Kremezin <treatment for chronic renal failure>	3.2	13.0	6.5	3.1	47.1%	-0.1	
	Loxonin <non-steroidal analgesic and anti-inflammatory agent>	7.9	35.0	17.0	8.3	48.6%	0.3	
	Omnipaque <non-ionic contrast agent>	8.5	34.0	18.0	8.2	45.7%	-0.3	
	Urief <treatment for dysuria>	0.8	8.0	2.9	1.1	38.0%	0.3	
U.S.	Venofer <treatment for iron deficiency anemia>	13.8	21.0	10.0	6.8	67.7%	-7.0	-0.1
	WelChol <antihyperlipidemic agent>	8.7	22.5	10.0	5.8	58.0%	-2.9	1.0

* Accounting periods of U.S. subsidiaries in FY2006 was 15 months from January 2006 to March 2007 following a change in fiscal year-end. Accounting periods of European subsidiaries will be 15 months in FY2007. Figures excluding the extra 3 months sales are shown for reference.

R&D Pipeline

(Change from disclosure in May 2007)

Stage of Development

Development Code	Before Change	After Change	Remarks
CS-011	Japan: —	Japan : Phase2	· antidiabetic (glitazone type)
AMG162	Japan: —	Japan : Phase3	· anti-RANKL antibody (denosumab) · bone metastases of cancer
	Japan: —	Japan : Phase2	· anti-RANKL antibody (denosumab) · osteoporosis

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