



***Presentation of Fiscal 2008
Financial Results***

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Forward-Looking Statements

- **This presentation contains forward-looking statements. These statements are based on expectations in light of the information currently available, assumptions that are subject to risks and uncertainties which could cause actual results to differ materially from these statements.**
- **Risks and uncertainties include general domestic and international economic conditions such as general industry and market conditions, and changes of interest rate and currency exchange rate. These risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, completion and discontinuation of clinical trials; obtaining regulatory approvals; claims and concerns about product safety and efficacy; technological advances; adverse outcome of important litigation; domestic and foreign healthcare reforms and changes of laws and regulations. Also for existing products, there are manufacturing and marketing risks, which include, but are not limited to, inability to build production capacity to meet demand, unavailability of raw materials and entry of competitive products.**
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- **This material contains information on pharmaceuticals (including compounds under development), but this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of these preparations nor provide medical advice of any kinds.**



***Overview of Financial Results
for Fiscal 2008***

Financial Results (Consolidated/Non-consolidated)

(Units: billion yen)

<Consolidated>	FY2008	FY2007	Y on Y change (%)	Y on Y change
Sales	227.5	214.2	6.2	13.3
Operating income	32.0	40.3	(20.8)	(8.3)
Ordinary income	32.0	39.8	(19.7)	(7.8)
Net income	15.6	25.0	(37.5)	(9.4)
<Non-consolidated>				
Sales	206.7	201.0	2.9	5.7
Operating income	36.2	36.3	(0.4)	(0.1)
Ordinary income	37.9	37.2	1.8	0.7
Net income	23.8	22.4	6.2	1.4
Year-end dividend per share (yen)	28	22		

Financial Position and Cash Flows (Consolidated)

(Units: billion yen)

<Financial position>	3/31/2009	3/31/2008	Change
Total assets	501.8	413.7	88.1
Net assets	310.0	342.2	(32.2)
Equity ratio (%)	61.7	82.7	(21.0)
Net assets per share (yen)	924	1020	(96)
<Cash flows>	FY2008	FY2007	Change
Net cash provided by operating activities	29.1	15.6	13.5
Net cash used in investing activities	(149.0)	(5.3)	(143.7)
Net cash provided by (used in) financing activities	105.2	(17.1)	122.3
Total	(16.0)	(6.9)	(9.1)
Cash & cash equivalents at the end of period	51.5	67.6	(16.1)

FY2008 Results

Sales by Segments (consolidated)

(Units: billion yen)	FY2008	FY2007	Y on Y change (%)	Y on Y change
Prescription drugs	153.2	155.1	(1.2)	(1.9)
Flomox	27.3	28.6	(4.7)	(1.3)
Crestor	17.7	10.4	69.5	7.3
Flumarin	10.1	12.2	(17.0)	(2.1)
Rinderon	9.6	10.0	(4.1)	(0.4)
Claritin	9.6	9.0	7.1	0.6
Vancomycin	8.1	10.6	(23.3)	(2.5)
OxyContin	7.7	6.6	16.4	1.1
Imunace	6.1	11.7	(47.8)	(5.6)
Finibax	2.9	2.5	14.8	0.4
Avelox	1.5	1.9	(18.6)	(0.4)
Irbetan	1.2	-	-	1.2
Differin	1.2	-	-	1.2
Pirespa	0.2	-	-	0.2
Export/Overseas operating	18.6	6.3	196.2	12.3
Sciele Pharma, Inc.	9.2	-	-	9.2
Doripenem	3.5	0.4	759.4	3.1
Contract manufacturing	5.7	5.8	(2.2)	(0.1)
OTC and quasi-drugs	5.2	5.6	(7.1)	(0.4)
Diagnostics	3.3	3.3	(2.2)	0.0
Royalty income	36.8	32.0	15.1	4.8
Crestor	34.3	29.8	15.0	4.5
Real estate & others	4.4	5.8	(24.1)	(1.4)
Total	227.5	214.2	6.2	13.3

Statements of Income (Consolidated)

(Units: billion yen)	FY2008	FY2007	Y on Y change (%)	Y on Y change
Sales	227.5	214.2	6.2	13.3
[Royalty]	[36.8]	[32.0]	[15.1]	[4.8]
	31.2	32.0		
	[37.2]	[37.6]		
Cost of sales	70.9	68.5	3.4	2.4
Gross profit	156.5	145.6	7.5	10.9
	54.7	49.1		
SG&A expenses	124.5	105.2	18.3	19.3
Selling & general expenses	71.7	64.9	10.4	6.8
R&D expenses	52.8	40.2	31.1	12.6
	14.1	18.9		
Operating income	32.0	40.3	(20.8)	(8.3)

Impact of Sciele Acquisition

<Fiscal 2008>

Units: billion yen

<Sales>

■ Sales ■ Operating income ■ Effect of consolidation with Sciele

Excluding Sciele
(+ Sciele 4Q)

218.2 (up 1.9% y/y)

Including Sciele

227.5 (up 6.2% y/y)

9.2
(\$101 million)

<Operating income>

Excluding Sciele

40.8 (up 1.2% y/y)

(+ Sciele 4Q)

2.6 (\$30 million)

Expenses associated
with business combination

-11.4 (Intangible assets: 0.8, Goodwill: 0.9, IP R&D: 9.6)

Including Sciele

32.0 (down 20.8% y/y)



Forecast for Fiscal 2009

Financial Results (Consolidated/Non-consolidated)

(Units: billion yen)

<u><Consolidated></u>	<u>FY2009</u>	<u>FY2008</u>	<u>Y on Y change (%)</u>	<u>Y on Y change</u>
Sales	284.0	227.5	24.8	56.5
Operating income	60.0	32.0	87.4	28.0
Ordinary income	58.0	32.0	81.2	26.0
Net income	35.0	15.6	123.5	19.4
<u><Non-consolidated></u>				
Sales	225.5	206.7	9.1	18.8
Operating income	49.5	36.2	36.6	13.3
Ordinary income	49.5	37.9	30.5	11.6
Net income	31.0	23.8	29.9	7.2
Year-end dividend per share (yen)	36	28		

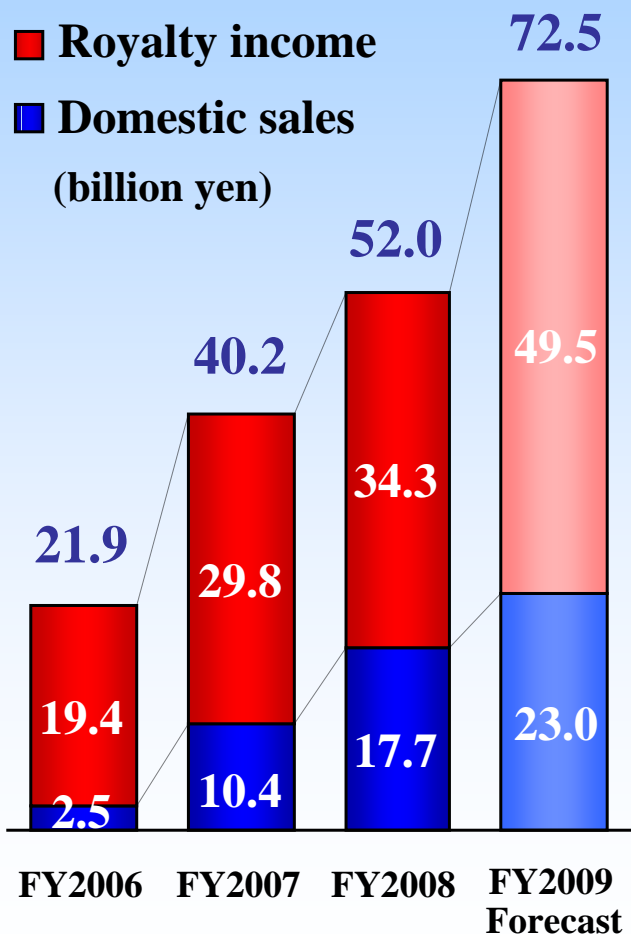
FY2009 Forecast

Sales by Segments (Consolidated)

(Units: billion yen)	FY2009	FY2008	Y on Y change (%)	Y on Y change
Prescription drugs	155.5	153.2	1.5	2.3
Flomox	24.0	27.3	(12.1)	(3.3)
Crestor	23.0	17.7	30.0	5.3
Claritin	9.7	9.6	0.5	0.1
Rinderon	9.5	9.6	(1.0)	(0.1)
Flumarin	9.0	10.1	(10.9)	(1.1)
OxyContin	8.8	7.7	14.4	1.1
Vancomycin	6.5	8.1	(20.1)	(1.6)
Finibax	4.0	2.9	37.5	1.1
Irbetan	3.5	1.2	197.0	2.3
Differin	3.2	1.2	172.7	2.0
Imunace	3.0	6.1	(50.8)	(3.1)
Pirespa	2.0	0.2	-	1.8
Avelox	1.8	1.5	16.4	0.3
Export/Overseas operations	58.3	18.6	213.0	39.7
Sciele Pharma, Inc.	47.7	9.2	417.8	38.5
Doripenem	5.0	3.5	41.9	1.5
Contract manufacturing	6.4	5.7	11.0	0.7
OTC and quasi-drugs	5.0	5.2	(4.2)	(0.2)
Diagnostics	3.0	3.3	(9.6)	(0.3)
Royalty income	52.0	36.8	41.0	15.2
Crestor	49.5	34.3	44.3	15.2
Real estate & others	3.8	4.4	(14.2)	(0.6)
Total	284.0	227.5	24.8	56.5

Expansion of Crestor[®] Sales

Expansion of royalty income and domestic sales



- Royalty income
 - Global sales by AstraZeneca increased

(Unit: billion dollar)

Global Sales	06	07	08
	2.0	2.8	3.6

- Domestic sales
 - Consistent Market Share growth

(Unit: %, Based on NHI price, IMS data)

	06	07	08			
			1Q	2Q	3Q	4Q
Total Sales	1.8	7.8	11.3	12.7	13.9	15.6

- ◆ Further expansion expected from JUPITER and COSMOS clinical studies

Statements of Income (Consolidated)

(Units: billion yen)	FY2009	FY2008	Y on Y change (%)	Y on Y change
Sales	284.0	227.5	24.8	56.5
[Royalty]	[52.0]	[36.8]	[41.0]	[15.2]
	26.8	31.2		
	[32.8]	[37.2]		
Cost of sales	76.0	70.9	7.1	5.1
Gross profit	208.0	156.5	32.8	51.5
	52.1	54.7		
SG&A expenses	148.0	124.5	18.8	23.5
Selling & general expenses	98.0	71.7	36.6	26.3
R&D expenses	50.0	52.8	(5.3)	(2.8)
	21.1	14.1		
Operating income	60.0	32.0	87.4	28.0

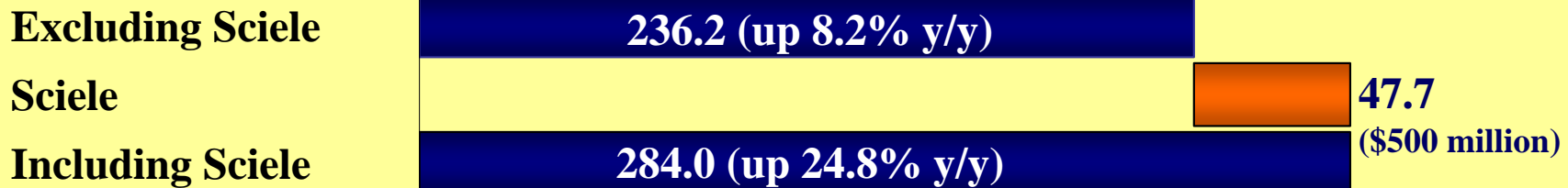
Benefits expected from Sciele

<FY2009 Forecast>

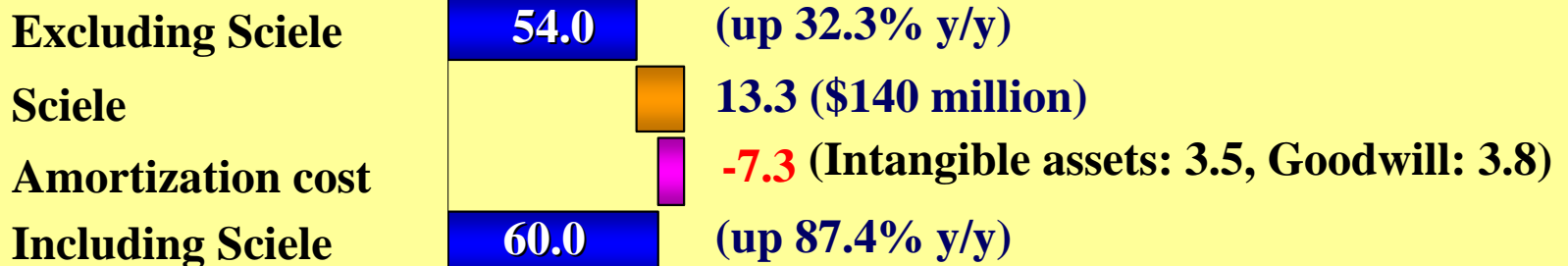
Units: billion yen

<Sales>

■ Sales ■ Operating income ■ Sales (Sciele) ■ Operating income (Sciele)



<Operating income>



FY2009 Exchange rate forecast (\$1) 95 yen

Sciele's Steady Growth

Therapeutic areas	Executing aggressive strategy in 2009	Sales (million dollar)	
		FY2008 Results	FY2009 Forecast
Cardiovascular	<ul style="list-style-type: none"> ● Grow Nitrolingual Pumpspray (Angina) and maintain Sular sales ● Strengthen position in hypertension through NDA filing of Clonidine XR (Hypertension) 	162	182
Diabetes	<ul style="list-style-type: none"> ● Sustain Fenoglide/Triglide sales ● Expand the market share of Prandin together with the launch of PrandiMet (type 2 diabetes) 	110	132
Women's Health	<ul style="list-style-type: none"> ● Expand the market share of Prenate Family through launches of new formulations 	59	84
Pediatrics	<ul style="list-style-type: none"> ● Expand the sales of Allegra OS/ODT (Allergies), Orapred ODT (Asthma) and Twinject (Anaphylaxis) ● Launch Head Lice Product and file improved Epinephrine auto-injector and Cloniceal (ADHD) 	73	102
Total		404	500

Approach to Strengthening Domestic Sales and Marketing

- **Selection and concentration to raise productivity**
 - ◆ **Further shift from acute diseases to chronic diseases**
 - ◆ **Prioritize medical institutions and products to concentrate sales and resources**
 - ◆ **Enhance sales and marketing activities to HP market**
- **Increase the sales of newly-launched products**
 - ◆ **Crestor[®]**
 - ◆ **Further expansion, based on positive evidence from clinical studies such as JUPITER and COSMOS**
 - ◆ **Irbetan[®]**
 - ◆ **Increase prescriptions through positive clinical studies in Japan and the long-term prescription beginning from July 2009**
 - ◆ **Differin[®]Gel: Capitalize on the potential market**
 - ◆ **Pirespa[®]: Promotion of appropriate use of the world's first anti-fibrosis drug**
 - ◆ **OxyContin[®]: Prevalence of WHO's cancer pain relief**
 - ◆ **Addition of the dosage form (OxiNorm[®])**
 - ◆ **Finibax[®]: Challenge to MDRP infection based on the evidences of Japan and abroad**
 - ◆ **MDRP: multidrug resistant *Pseudomonas aeruginosa***

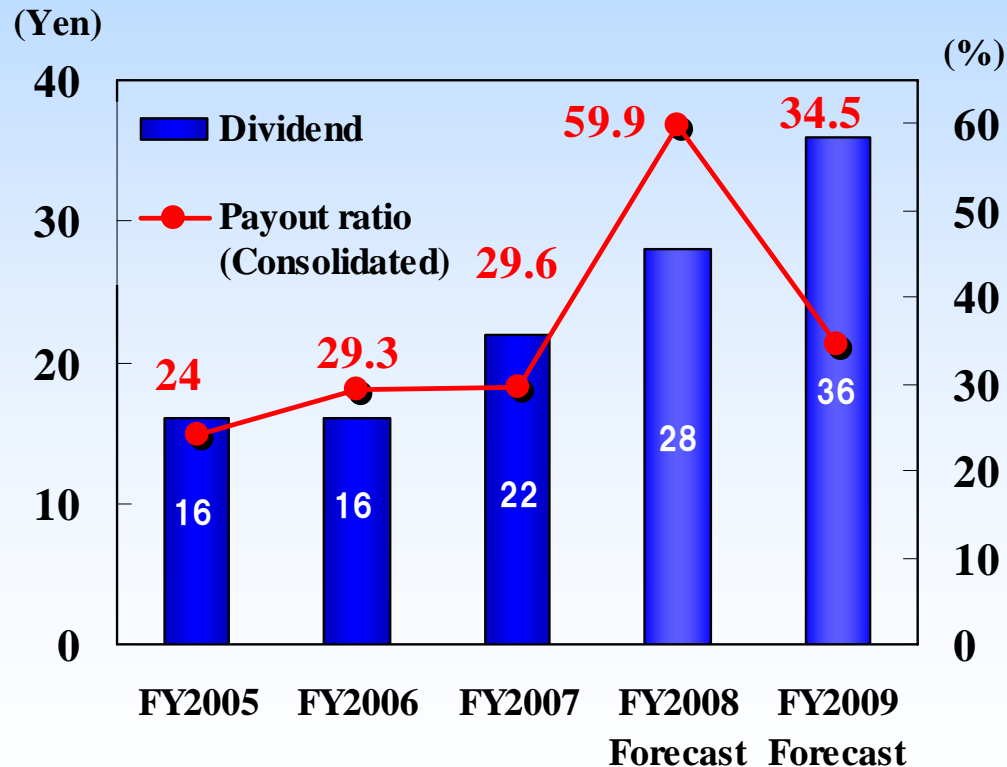
Approach to Strengthen Domestic Sales and Marketing

- **Enhance segmental approach in the domestic market**
 - ◆ **To HP market**
 - Assign persons in charge of building mechanisms to expand sales at hospitals, supporting and strengthening MRs' promotion
 - Enhance the MRs specialized in the cardiovascular and cancer pain areas
 - ◆ **To GP market**
 - On a trial basis, partially introduce the MRs specialized in therapeutic areas such as pediatrics, otolaryngology and dermatology
 - ◆ **To dispensing pharmacies covering significant territory**
 - Set up exclusive section in the Sales and Distribution Department

- **Improve management of human resources**
(Newly-established the Sales Resources Management Department)
 - ◆ **Maximize human resources by revising evaluations, human allocation and training systematically**

Dividend policy

- Steadily raise the consolidated payout ratio
- FY2008 forecast: **28 yen per share** as planned
- FY2009 forecast: **36 yen per share**





Pipeline

Pipeline (since February 2009)



Change of Phases and Post-Marketing Clinical Studies

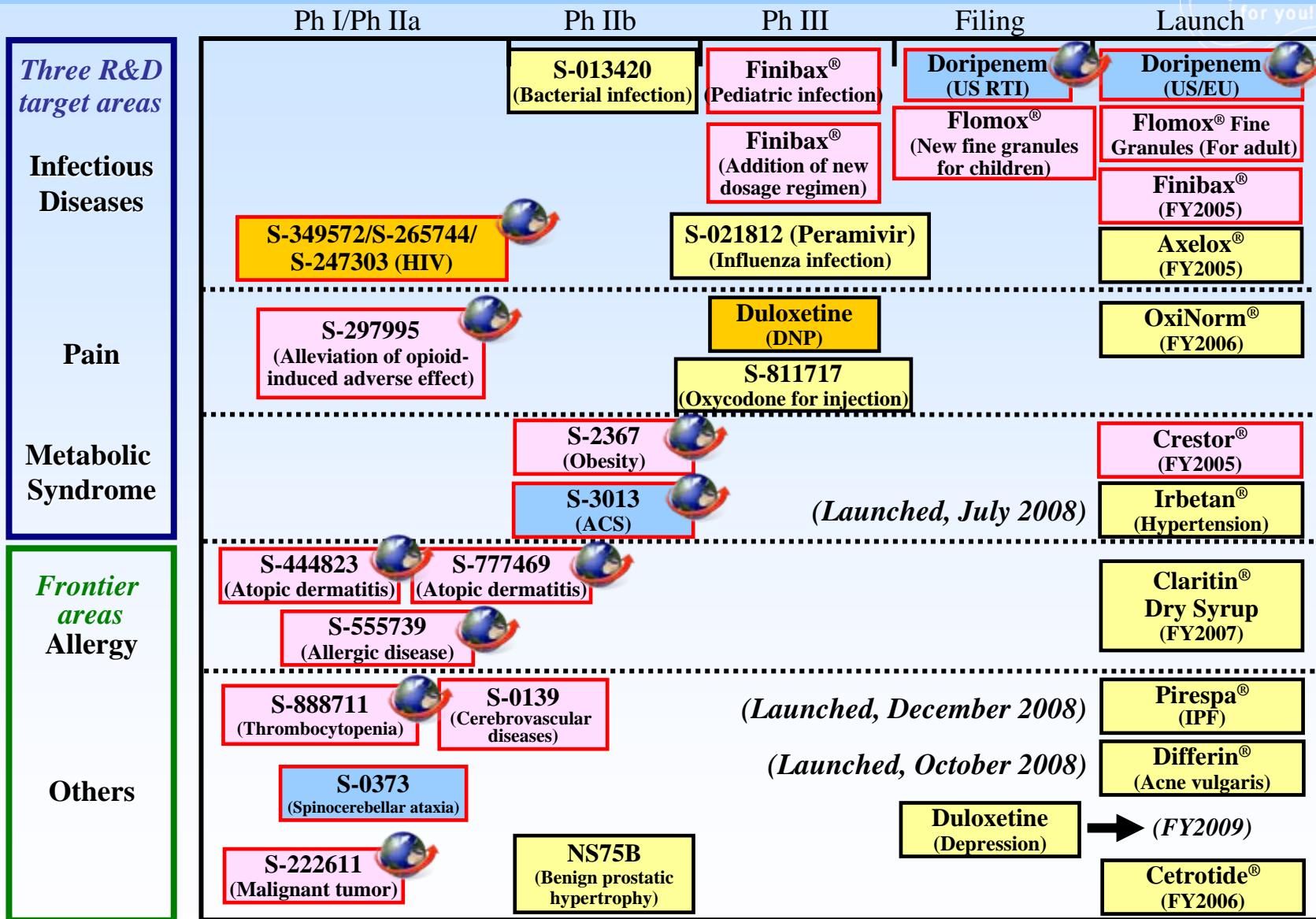
- **S-2367 (NPY Y5 receptor antagonist, Obesity)**
 - Completed Ph IIb in the US, and preparation for additional Ph II studies
- **S-349572 (HIV integrase inhibitor, HIV)**
 - Confirmed POC in the global Ph IIa
 - Preparation for Ph IIb
- **S-0373 (Non-peptide mimetic of TRH, Spinocerebellar ataxia)**
 - Ph II Started by Kissei Pharmaceutical Co., Ltd. (Out-Licensing)
- **S-444823 (CB receptor antagonist, Atopic dermatitis; Topical)**
 - Started Ph I in Japan
- **Crestor®**
 - COSMOS study (Japan): Confirmed plaque regression in coronary arteries from IVUS analysis
 - JUPITER study sub-analysis: Reduction of the risk of venous thromboembolism

Discontinued development

- **NS75A (GnRH antagonist, Uterine myoma)**
 - Licensed from Æterna Zentaris GmbH (Canada) and co-development with Nippon Kayaku Co., Ltd.

Reason for discontinuation: Concentrate resources on the targeted therapeutic areas

Pipeline (As of May, 2009)



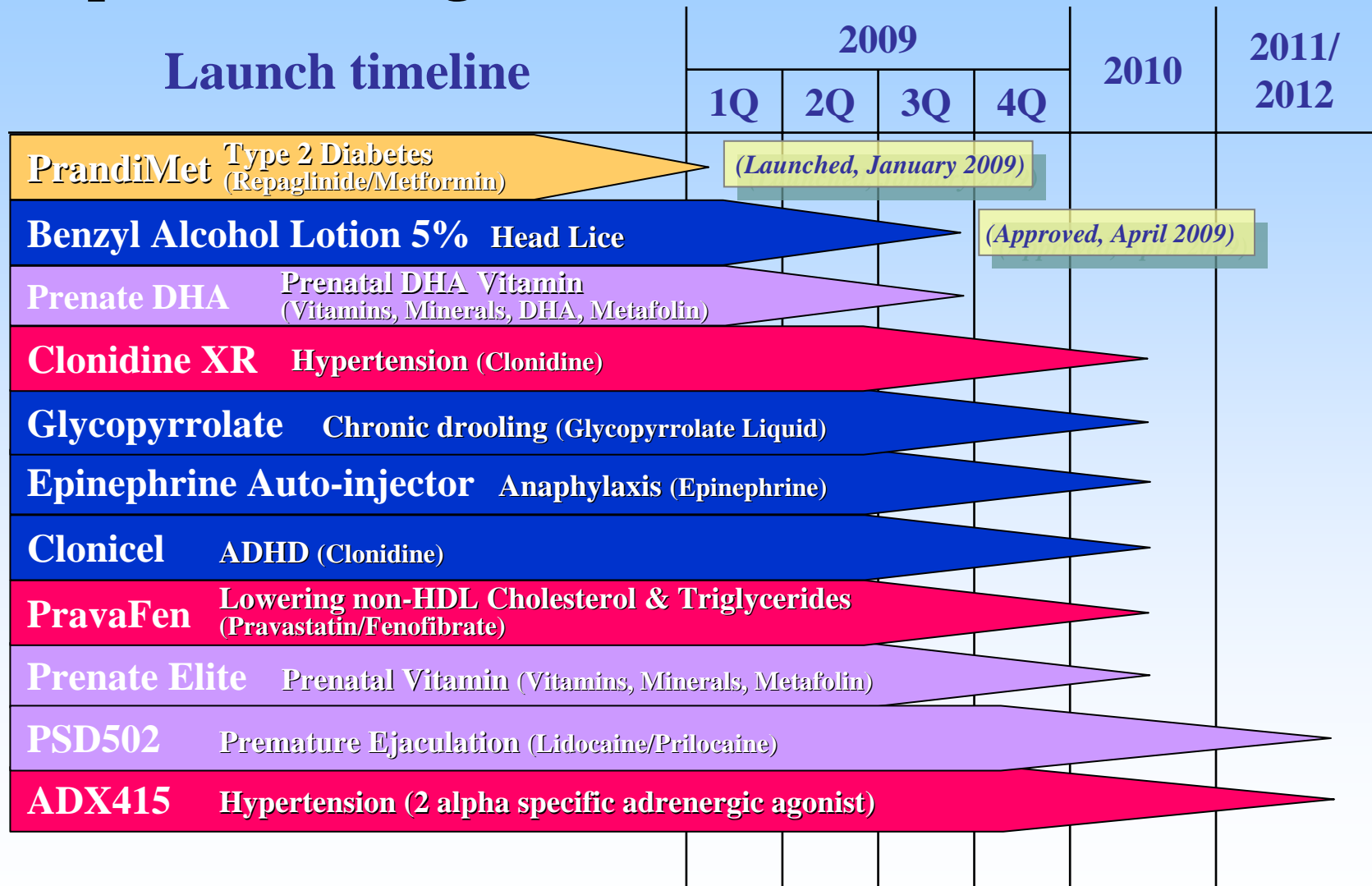
In-house
Co-development
Out-licensed
In-licensed

Developing in-house products globally

IPF: Idiopathic pulmonary fibrosis, DNP: Diabetic Neuropathic Pain, RTI: Respiratory Tract Infection, ACS: Acute coronary syndromes



Pipeline Leading Sciele's Growth



Cardiovascular



Diabetes



Women's Health



Pediatrics