




**CHUGAI PHARMACEUTICAL CO., LTD.**

 A member of the Roche group

## OVERVIEW OF CONSOLIDATED COMPANY PERFORMANCE (Unaudited) (for the first quarter of fiscal year 2008)

Name of Company: **Chugai Pharmaceutical Co., Ltd.** April 22, 2008  
 Stock Listings: Tokyo  
 Security Code No.: 4519  
 (URL <http://www.chugai-pharm.co.jp/english>)  
 Representative: Mr. Osamu Nagayama, President and CEO, Chairman of the Board of Directors  
 Contact: Mr. Toshiaki Itagaki, General Manager of Finance and Accounting Department  
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### 1. Consolidated Operating Results for the First Quarter of FY 2008 (January 1 - March 31)

#### (1) Results of operations (Consolidated)

*Note: Amounts of less than one million yen are omitted.*

	Revenues	% change	Operating Income	% change	Recurring Profit	% change
1 <sup>st</sup> quarter of FY 2008 (Jan.-Mar.)	¥66,160 million	(27.4)	¥10,060 million	(50.6)	¥10,231 million	(51.7)
1 <sup>st</sup> quarter of FY 2007 (Jan.-Mar.)	¥91,074 million	17.9	¥20,363 million	44.9	¥21,181 million	31.5
FY 2007 (Jan.-Dec.)	¥344,808 million	—	¥66,702 million	—	¥67,687 million	—

	Net Income	% change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
1 <sup>st</sup> quarter of FY 2008 (Jan.-Mar.)	¥6,698 million	(49.6)	¥12.30	¥12.29
1 <sup>st</sup> quarter of FY 2007 (Jan.-Mar.)	¥13,281 million	27.8	¥23.97	¥23.94
FY 2007 (Jan.-Dec.)	¥40,060 million	—	¥73.23	¥73.16

*Note: Percentages represent changes compared with the same period of the previous fiscal year.*

#### (2) Financial conditions (Consolidated)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of Mar. 31, 2008	¥443,957 million	¥381,789 million	85.6%	¥697.17
As of Mar. 31, 2007	¥427,329 million	¥367,158 million	85.5%	¥670.98
As of Dec. 31, 2007	¥458,942 million	¥385,797 million	83.5%	¥703.80

#### (3) Results of cash flows (Consolidated)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalents
1 <sup>st</sup> quarter of FY 2008 (Jan.-Mar.)	¥9,845 million	¥(2,187) million	¥(8,819) million	¥70,385 million
1 <sup>st</sup> quarter of FY 2007 (Jan.-Mar.)	¥10,156 million	¥27,512 million	¥(37,529) million	¥68,447 million
FY 2007 (Jan.-Dec.)	¥60,364 million	¥(7,509) million	¥(47,173) million	¥73,723 million

**2. Forecast for the Year ending December 31, 2008 (January 1, 2008 - December 31, 2008)(Consolidated)**

	Revenues	% Change	Operating Income	% Change	Recurring Profit	% Change
First half ending June 30, 2008	¥150,000 million	(12.2)	¥19,000 million	(46.9)	¥19,000 million	(48.3)
FY 2008 ending Dec. 31, 2008	¥335,000 million	(2.8)	¥43,000 million	(35.5)	¥42,200 million	(37.7)

	Net Income	% Change	Net Income per Share (Basic)
First half ending June 30, 2008	¥15,500 million	(26.6)	¥28.45
FY 2008 ending Dec. 31, 2008	¥29,000 million	(27.6)	¥53.23

Note: % change figures for revenues, operating income, recurring profit, and net income is presented in comparison with the previous interim period and fiscal year.

**3. Others**

- (1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with change in scope of consolidation): No
- (2) Adoption of simplified method: None
- (3) Change in accounting policies: No

Note: Explanation of the appropriate use of performance forecasts and other related items

- The Company has revised the interim and full year financial outlook for fiscal year 2008 (January – December, 2008), originally released on January 30, 2008.
- Portions of this report that refer to performance forecasts or any other future events are believed to be reasonable under information available at the time of the forecasts. Actual financial results may materially differ from these forecasts due to potential risks and uncertainties. For presumptions and instructions for the use of the forecasts, and the specifics of the revised forecasts, please refer to “Revision of Financial Outlook for Fiscal Year 2008” released on April 22, 2008.

[Reference] Outline of operations (Non-Consolidated)

**Non-Consolidated Operating Results for the First Quarter of FY 2008 (January 1 – March 31)**

Results of operations

	Revenues	% change	Operating Income	% change	Recurring Profit	% change
1 <sup>st</sup> quarter of FY 2008 (Jan.-Mar.)	¥62,606 million	(28.6)	¥7,100 million	(59.7)	¥7,793 million	(58.2)
1 <sup>st</sup> quarter of FY 2007 (Jan.-Mar.)	¥87,644 million	17.8	¥17,641 million	39.4	¥18,662 million	24.9
FY 2007 (Jan.-Dec.)	¥329,203 million	—	¥56,469 million	—	¥57,355 million	—

	Net Income	% change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
1 <sup>st</sup> quarter of FY 2008 (Jan.-Mar.)	¥5,083 million	(59.8)	¥9.33	¥9.33
1 <sup>st</sup> quarter of FY 2007 (Jan.-Mar.)	¥12,657 million	27.8	¥22.85	¥22.81
FY 2007 (Jan.-Dec.)	¥33,788 million	—	¥61.77	¥61.71

Note: Percentages represent changes compared with the same period of the previous fiscal year.

## Qualitative Information

### 1. Qualitative Information Regarding Operating Results Financial Condition (Consolidated)

Consolidated revenues for the fiscal period under review totaled ¥66,160 million, down 27.4% from the same period last year.

Regarding domestic revenues, performance was solid for oncology products as a whole, particularly anti-cancer agent Avastin, a humanized anti-VEGF monoclonal antibody which was launched in June 2007. Also, peginterferon alfa-2a Pegasys, and the antiviral agent Copegus contributed to revenues as the market penetration of combination treatment for hepatitis C patients increased. However, domestic revenues saw a substantial decline from the same period last year, due to the factors such as a sharp decline in sales of the anti-influenza agent Tamiflu, the continued impact of change in pricing policy of the recombinant human erythropoietin Epogin, and a decrease in royalties and other operating income.

Overseas revenues totaled ¥7,828 million and represented 11.8% of the Company's revenues.

At the profit level, as a result of the decrease in sales, operating income, recurring profit, and net income all decreased substantially, totaling ¥10,060 million, down 50.6%, ¥10,231 million, down 51.7%, and ¥6,698 million, down 49.6%, respectively, from the same period last year.

R&D expenses for the period under review amounted to ¥ 11,750 million.

### 2. Qualitative Information Regarding Financial Condition (Consolidated)

#### (1) Changes in the Company's Financial Condition

Total assets at the end of the fiscal period under review were ¥443,957 million, down ¥14,984 million from the end of the fiscal period last year, as the increase in tangible fixed assets was offset by the decrease in investment securities and trade notes and accounts receivable. Total liabilities amounted to ¥62,167 million, down ¥10,976 million mainly due to the decrease in accrued income taxes. Net asset amounted to ¥381,789 million, down ¥4,008 million.

Working capital (current assets minus current liabilities) came to ¥247,241 million, and the current ratio was 518.8% (472.5% at the end of the last year), and the equity ratio was 85.6% (83.5% at the end of the last year), reflecting the Company's sound financial condition.

#### (2) Cash Flows

Cash and cash equivalents at the end of the period under review totaled ¥70,385 million, decreasing by ¥3,337 million from the previous fiscal year-end.

Net cash provided by operating activities amounted to ¥9,845 million, down ¥311 million from the end of same period last year, a similar level to last year, as increase in income taxes paid was offset by the decrease in notes and accounts receivable.

Net cash used in investing activities amounted to ¥2,187 million, down ¥29,699 million, mainly due to the decrease in income from sales of marketable securities.

Net cash used in financing activities amounted to ¥8,819 million, up ¥28,710 million, mainly as a result of the decrease in acquisition of the Company's own shares.

### 3. Others

(1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with change in scope of consolidation): No

(2) Adoption of simplified method: None

(3) Change in accounting policies: No

**4. Financial Statements****(1) Consolidated Balance Sheets**

Accounts	As of March 31, 2007 (A)		As of March 31, 2008 (B)		Change (B)-(A)	As of December 31, 2007	
	Millions of Yen	%	Millions of Yen	%		Millions of Yen	%
<b>Assets</b>							
<b>I Current assets:</b>							
Cash and deposits	68,447		69,950		1,503	73,167	
Trade notes and accounts receivable	112,735		84,608		(28,127)	107,012	
Marketable securities	51,730		61,945		10,214	65,547	
Inventories	53,102		58,381		5,278	55,186	
Deferred tax assets	17,002		21,782		4,780	20,467	
Other	3,940		9,649		5,709	8,478	
Reserve for doubtful accounts	(53)		(44)		9	(53)	
Total current assets	306,905	71.8	306,274	69.0	(631)	329,807	71.9
<b>II Fixed assets:</b>							
<b>1. Tangible fixed assets:</b>							
Buildings and structures	38,061		47,921		9,860	45,472	
Machinery and vehicles	13,415		22,322		8,907	18,605	
Furniture and fixtures	5,936		6,177		241	6,506	
Land	9,927		9,927		—	9,927	
Construction in progress	16,064		12,512		(3,552)	11,983	
Total tangible fixed assets	83,405		98,862		15,456	92,495	
<b>2. Intangible fixed assets:</b>							
Software	3,191		2,357		(833)	2,652	
Other	1,519		929		(589)	1,071	
Total intangible fixed assets	4,711		3,287		(1,423)	3,724	
<b>3. Investments and other assets:</b>							
Investment securities	14,410		20,497		6,087	16,832	
Long-term loans	90		59		(30)	64	
Deferred tax assets	9,915		8,980		(935)	8,991	
Other	8,168		6,242		(1,926)	7,269	
Reserve for doubtful accounts	(278)		(245)		32	(243)	
Total investments and other assets	32,307		35,533		3,226	32,915	
Total fixed assets	120,424	28.2	137,683	31.0	17,259	129,134	28.1
Total assets	427,329	100.0	443,957	100.0	16,628	458,942	100.0

Accounts	As of March 31, 2007 (A)		As of March 31, 2008 (B)		Change (B)-(A)	As of December 31, 2007	
	Millions of Yen	%	Millions of Yen	%		Millions of Yen	%
<b>Liabilities</b>							
<b>I Current liabilities:</b>							
Trade notes and accounts Payable	20,033		18,788		(1,244)	17,325	
Bonds with warrants due within one year	—		300		300	300	
Convertible bonds due within one year	—		41		41	42	
Other payables	5,028		12,574		7,545	5,201	
Accrued tax liabilities	8,538		5,575		(2,963)	16,325	
Accrued consumption taxes	1,814		557		(1,256)	1,164	
Accrued expenses	7,783		7,988		205	17,635	
Reserve for bonuses to employees	6,904		8,643		1,738	4,534	
Reserve for bonuses to directors	48		51		2	198	
Reserve for sales rebates and other items	2,503		2,070		(432)	4,090	
Other	2,764		2,440		(324)	2,979	
Total current liabilities	55,419	13.0	59,032	13.3	3,613	69,797	15.2
<b>II Fixed liabilities:</b>							
Bonds with warrants	300		—		(300)	—	
Convertible bonds	151		—		(151)	—	
Deferred tax liabilities	6		5		(1)	2	
Reserve for employees' retirement benefits	3,678		2,391		(1,286)	2,604	
Reserve for directors' retirement benefits	564		625		60	633	
Other	49		113		63	106	
Total fixed liabilities	4,750	1.1	3,135	0.7	(1,615)	3,346	0.7
Total liabilities	60,170	14.1	62,167	14.0	1,997	73,144	15.9

Accounts	As of March 31, 2007 (A)		As of March 31, 2008 (B)		Change (B)-(A)	As of December 31, 2007	
	Millions of Yen	%	Millions of Yen	%		Millions of Yen	%
<b>Net assets</b>							
I Shareholders' equity:							
1. Common stock	72,893	17.1	72,948	16.4	55	72,947	15.9
2. Additional paid-in capital	92,741	21.7	92,796	20.9	54	92,796	20.2
3. Retained earnings	229,512	53.7	246,624	55.6	17,112	248,098	54.1
4. Treasury stock, at cost	(35,146)	(8.3)	(35,108)	(7.9)	37	(35,108)	(7.7)
Total shareholders' equity	360,001	84.2	377,260	85.0	17,259	378,733	82.5
II Valuation and translation adjustments:							
1. Net unrealized gain on securities	3,387	0.8	2,868	0.6	(519)	2,757	0.6
2. Foreign currency translation adjustments	2,055	0.5	(305)	(0.0)	(2,361)	1,944	0.5
Total valuation and translation adjustments	5,443	1.3	2,562	0.6	(2,880)	4,701	1.1
III New share warrants	—	—	186	0.0	186	139	0.0
IV Minority interests	1,714	0.4	1,779	0.4	65	2,222	0.5
Total net assets	367,158	85.9	381,789	86.0	14,630	385,797	84.1
Total liabilities and net assets	427,329	100.0	443,957	100.0	16,628	458,942	100.0

## (2) Consolidated Statements of Income

Accounts	First quarter of FY 2007 (Jan. 1, 2007-Mar. 31, 2007) (A)		First quarter of FY 2008 (Jan. 1, 2008-Mar. 31, 2008) (B)		Change (B)-(A)	FY 2007 (Jan. 1, 2007-Dec. 31, 2007)	
	Millions of Yen	%	Millions of Yen	%		Millions of Yen	%
I Revenues	<u>91,074</u>	100.0	<u>66,160</u>	100.0	<u>(24,914)</u>	<u>344,808</u>	100.0
Sales	86,085		65,928		(20,156)	332,943	
Royalties and other operating income	4,989		231		(4,758)	11,864	
II Cost of sales	39,812	43.7	24,969	37.7	(14,843)	137,293	39.8
Gross profit	51,262	56.3	41,191	62.3	(10,071)	207,514	60.2
III Selling, general and administrative expenses	<u>30,898</u>	33.9	<u>31,130</u>	47.1	<u>231</u>	<u>140,812</u>	40.8
Sales promotion expenses	2,347		2,449		101	13,066	
Salaries and benefits	4,772		5,335		563	27,264	
Reserve for bonuses	2,371		2,489		117	2,700	
R&D Expenses	11,874		11,750		(124)	54,243	
Other	9,532		9,105		(426)	43,537	
Operating income	20,363	22.4	10,060	15.2	(10,303)	66,702	19.3
IV Non-operating income:	<u>1,597</u>	1.8	<u>1,279</u>	1.9	<u>(318)</u>	<u>4,312</u>	1.3
Interest income	282		392		110	1,345	
Dividend income	0		0		0	98	
Life insurance dividends Received	314		332		18	314	
Gain on derivatives	294		107		(187)	368	
Insurance income received	396		—		(396)	—	
Other	310		446		136	2,186	
V Non-operating expenses:	<u>780</u>	0.9	<u>1,109</u>	1.7	<u>328</u>	<u>3,327</u>	1.0
Interest expenses	65		29		(36)	176	
Loss on disposal of fixed Assets	80		21		(59)	326	
Loss on inventories	275		859		584	2,236	
Loss on foreign exchanges	146		70		(75)	—	
Other	213		128		(84)	587	
Recurring profit	21,181	23.3	10,231	15.5	(10,949)	67,687	19.6
VI Extraordinary gain:	<u>293</u>	0.3	<u>903</u>	1.4	<u>609</u>	<u>293</u>	0.1
Gain on disposal of fixed Assets	—		403		403	—	
Gain on the liquidation of affiliates	293		—		(293)	293	
Revenue from subsidy	—		500		500	—	
VII Extraordinary loss:	<u>1,022</u>	1.1	<u>118</u>	0.2	<u>(904)</u>	<u>1,553</u>	0.5
Loss on disposal of fixed Assets	—		0		0	—	
Impairment loss	—		2		2	32	
Loss on office realignment costs	1,022		8		(1,014)	1,520	
Retirement benefit	—		107		107	—	
Income before income taxes and minority interests	20,452	22.5	11,016	16.7	(9,435)	66,427	19.3
Income taxes	6,695	7.4	3,874	5.9	(2,821)	24,537	7.1
Minority interests	474	0.5	443	0.7	(31)	1,829	0.5
Net income	<u>13,281</u>	14.6	<u>6,698</u>	10.1	<u>(6,583)</u>	<u>40,060</u>	11.6

## (3) Consolidated Statements of Changes in Net Assets

The first quarter of fiscal year (Jan. 1, 2007–Mar. 31, 2007)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of Dec. 31, 2006	72,893	92,747	226,209	(7,590)	384,258
Changes:					
Dividends paid			(9,974)		(9,974)
First quarter net income			13,281		13,281
Purchase of treasury stocks				(27,595)	(27,595)
Disposition of treasury stocks		(5)	(4)	40	30
Net changes except for shareholders' equity					
Net changes		(5)	3,303	(27,555)	(24,257)
Balance as of Mar. 31, 2007	72,893	92,741	229,512	(35,146)	360,001

(Millions of Yen)

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gain on securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of Dec. 31, 2006	3,236	2,103	5,339	2,006	391,604
Changes:					
Dividends paid					(9,974)
First quarter net income					13,281
Purchase of treasury stocks					(27,595)
Disposition of treasury stocks					30
Net changes except for shareholders' equity	151	(47)	104	(291)	(187)
Net changes	151	(47)	104	(291)	(24,445)
Balance as of Mar. 31, 2007	3,387	2,055	5,443	1,714	367,158



The first quarter of fiscal year (Jan. 1, 2008–Mar. 31, 2008)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of Dec. 31, 2007	72,947	92,796	248,098	(35,108)	378,733
Changes:					
New stock issuance	0	0			1
Dividends paid			(8,172)		(8,172)
First quarter net income			6,698		6,698
Purchase of treasury stocks				(1)	(1)
Disposition of treasury stocks			(0)	1	0
Net changes except for shareholders' equity					
Net changes	0	0	(1,474)	(0)	(1,473)
Balance as of Mar. 31, 2008	72,948	92,796	246,624	(35,108)	377,260

(Millions of Yen)

	Valuation and translation adjustments			New share warrants	Minority interests	Total net assets
	Net unrealized gain on securities	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of Dec. 31, 2007	2,757	1,944	4,701	139	2,222	385,797
Changes:						
New stock issuance						1
Dividends paid						(8,172)
First quarter net income						6,698
Purchase of treasury stocks						(1)
Disposition of treasury stocks						0
Net changes except for shareholders' equity	110	(2,249)	(2,138)	46	(442)	(2,534)
Net changes	110	(2,249)	(2,138)	46	(442)	(4,008)
Balance as of Mar. 31, 2008	2,868	(305)	2,562	186	1,779	381,789

FY2007 (Jan. 1, 2007–Dec. 31, 2007)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of Dec. 31, 2006	72,893	92,747	226,209	(7,590)	384,258
Changes:					
New stock issuance	54	54			108
Dividends paid			(18,146)		(18,146)
Net income			40,060		40,060
Purchase of treasury stocks				(27,614)	(27,614)
Disposition of treasury stocks		(5)	(25)	97	66
Net changes except for shareholders' equity					
Net changes	54	49	21,889	(27,517)	(5,524)
Balance as of Dec. 31, 2007	72,947	92,796	248,098	(35,108)	378,733

(Millions of Yen)

	Valuation and translation adjustments			New share warrants	Minority interests	Total net assets
	Net unrealized gain on securities	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of Dec. 31, 2006	3,236	2,103	5,339	—	2,006	391,604
Changes:						
New stock issuance						108
Dividends paid						(18,146)
Net income						40,060
Purchase of treasury stocks						(27,614)
Disposition of treasury stocks						66
Net changes except for shareholders' equity	(478)	(159)	(637)	139	215	(281)
Net changes	(478)	(159)	(637)	139	215	(5,806)
Balance as of Dec. 31, 2007	2,757	1,944	4,701	139	2,222	385,797

## (4) Consolidated Statements of Cash Flow

	First quarter of FY 2007 (Jan. 1, 2007-Mar. 31, 2007)	First quarter of FY 2008 (Jan. 1, 2008-Mar. 31, 2008)	FY 2007 (Jan. 1, 2007-Dec. 31, 2007)
Accounts	Millions of Yen	Millions of Yen	Millions of Yen
<b>I Cash flows from operating activities:</b>			
Income before income taxes and minority interests	20,452	11,016	66,427
Depreciation and amortization	3,045	4,375	14,913
Impairment loss	—	2	32
Increase (decrease) in reserve for employees' retirement benefits	(765)	(209)	(1,534)
Interest and dividend income	(282)	(392)	(1,444)
Interest expense	65	29	176
Loss on disposal of fixed assets	80	21	326
(Gain) loss on sales of fixed assets	(0)	(403)	34
(Gain) loss on sales and revaluation of investment securities	(85)	—	21
(Increase) decrease in notes and accounts receivable	(6,863)	22,110	(1,257)
(Increase) decrease in inventories	8,398	(3,698)	6,174
Increase (decrease) in notes and accounts payable	(8,083)	1,729	(10,709)
Increase (decrease) in accrued consumption tax	1,777	(1,265)	1,128
Other	444	(8,302)	5,639
Subtotal	18,184	25,013	79,929
Interest and dividends received	319	317	1,365
Interest paid	(65)	(30)	(176)
Income taxes paid	(8,281)	(15,455)	(20,754)
Net cash (used in) provided by operating activities	10,156	9,845	60,364
<b>II Cash flows from investing activities:</b>			
Purchase of marketable securities	(37,729)	(44,459)	(225,852)
Proceeds from sales of marketable securities	67,900	48,000	242,900
Purchase of investment securities	(192)	(3,501)	(3,504)
Proceeds from sales of investment securities	1,335	—	1,335
Purchases of fixed assets	(3,804)	(2,686)	(22,596)
Proceeds from sales of fixed assets	5	454	191
Net (increase) decrease in short-term loans	0	—	2
Net (increase) decrease in long-term loans	(2)	5	14
Net cash (used in) provided investing activities	27,512	(2,187)	(7,509)
<b>III Cash flows from financing activities:</b>			
Redemption of bonds	—	(0)	(0)
Net (increase) decrease in treasury stock	(27,555)	(0)	(27,517)
Cash dividends paid	(9,974)	(8,179)	(18,136)
Cash dividends paid to minority interests	—	(640)	(1,519)
Net cash (used in) provided by financing activities	(37,529)	(8,819)	(47,173)
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	(24)	(2,176)	(291)
<b>V Net increase (decrease) in cash and cash equivalents</b>	114	(3,337)	5,390
<b>VI Cash and cash equivalents at beginning of year</b>	68,332	73,723	68,332
<b>VII Cash and cash equivalents at end of the period</b>	68,447	70,385	73,723

[Reference]

Statements of revenues

(Millions of Yen)\*1

	Consolidated			Non-Consolidated		
	First quarter of FY2007	First quarter of FY2008	Change (%)	First quarter of FY2007	First quarter of FY2008	Change (%)
Epogin	12,000	10,200	△15.0	12,000	10,200	△15.0
Neutrogin	8,900	9,100	2.2	2,400	2,400	0.0
Rituxan	3,700	4,200	13.5	3,700	4,200	13.5
Herceptin	3,500	4,100	17.1	3,500	4,100	17.1
Sigmat	3,900	3,900	0.0	3,200	3,300	3.1
Evista	3,200	3,100	△3.1	3,200	3,100	△3.1
Alfarol	3,100	3,000	△3.2	3,100	3,000	△3.2
Avastin	—	2,700	—	—	2,700	—
Kytril	2,800	2,500	△10.7	2,800	2,500	△10.7
Suvenyl	2,100	2,500	19.0	2,100	2,500	19.0
Oxarol	1,600	2,100	31.3	1,600	2,100	31.3
Pegasys	900	1,900	111.1	900	1,900	111.1
Tamiflu	23,800	1,600	△93.3	23,800	1,600	△93.3
Rocephin	1,200	1,300	8.3	1,200	1,300	8.3
Renagel	1,200	1,300	8.3	1,100	1,200	9.1
Xeloda	600	800	33.3	600	800	33.3
Cellcept	700	800	14.3	700	800	14.3
Tarceva	—	800	—	—	800	—
Copegus	200	800	300.0	200	800	300.0
Femara	100	300	200.0	100	300	200.0
Actemra	100	100	0.0	100	100	0.0
Neutrogin (Export)				3,000	3,000	0.0
Sigmat (Export)				600	500	△16.7
Ulcerlmin (Export)				400	400	0.0
Other <sup>*2</sup>	17,400	9,100	△47.7	17,300	9,000	△48.0
Total	91,100	66,200	△27.3	87,600	62,600	△28.5

Notes: 1. Figures are rounded to the nearest 100 million yen. The percentages are calculated based on the rounded numbers.

2. First quarter of FY 2007 includes royalties and other operating income. (consolidated ¥5,000 million, non-consolidated ¥5,300 million)

First quarter of FY 2008 includes royalties and other operating income. (consolidated ¥ 200 million, non-consolidated ¥500 million)

## Development pipeline (as of April 22, 2008)

Development code	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<b><u>Oncology</u></b>					
R435	Colon cancer (adjuvant) #	Phase III Multinational study	bevacizumab Avastin Injection	Roche /Genentech Avastin	Anti-VEGF(Vascular Endothelial Growth Factor) humanized monoclonal antibody
	Gastric cancer #	Phase III Multinational study			
	Non-small cell lung cancer #	Phase II			
	Breast cancer #	Phase II			
R1415	Non-small cell lung cancer	Launched Dec.07	erlotinib Tarceva Oral	OSI/Genentech/ Roche Tarceva	EGFR tyrosine kinase inhibitor
	Pancreatic cancer #	Phase II			
R340	Colon cancer (adjuvant) #	Launched Dec.07	capecitabine Xeloda Oral	Roche Xeloda	Antimetabolite, 5-FU derivative
	Colorectal cancer #	Filed Feb.08			
	Gastric cancer #	Phase III			
R597	Breast cancer (adjuvant) #	Launched Feb.08	trastuzumab Herceptin Injection	Roche /Genentech Herceptin	Anti-HER2 humanized monoclonal antibody
	Gastric cancer #	Phase III Multinational study			
EPOCH	Chemotherapy-induced anemia #	Phase III	epoetin beta Epogin Injection	In-house	Recombinant human erythropoietin
MRA	Multiple myeloma	Phase II Overseas	tocilizumab Actemra Injection	In-house (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody
R744	Chemotherapy-induced anemia	Phase II	Injection	Roche Mircera	C.E.R.A. (Continuous erythropoietin receptor activator)
R1273	Non-small cell lung cancer	Phase I	pertuzumab Injection	Roche /Genentech	HER dimerization inhibitory humanized monoclonal antibody
TP300	Colorectal cancer	Phase I Overseas	Injection	In-house	Topoisomerase I inhibitor
CIF (R7167)	Solid tumors	Phase I Overseas	Oral	In-house (Roche)	-
<b><u>Bone and Joint</u></b>					
MRA	Rheumatoid arthritis #	Launched Apr.08 Japan	tocilizumab Actemra Injection	In-house	Humanized anti-human IL-6 receptor monoclonal antibody

Development code	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
		Filed Nov.07 Overseas	tocilizumab Actemra Injection	In-house (Roche)	
	Systemic onset juvenile idiopathic arthritis (sJIA) #	Launched Apr.08 Japan	tocilizumab Actemra Injection	In-house	
		Phase III Overseas	tocilizumab Actemra Injection	In-house (Roche)	
R1594	Rheumatoid arthritis	Phase III Multinational study	ocrelizumab Injection	Roche /Genentech	Humanized anti-CD20 monoclonal antibody
ED-71	Osteoporosis	Phase III		In-house	Activated Vitamin D derivative
			Oral		
R484	Osteoporosis	Phase II / III	ibandronate sodium hydrate Injection	Roche Boniva in US / Bonviva in EU (Taisho Pharmaceutical)	Bisphosphonate
		Phase II	ibandronate sodium hydrate Oral		
<b><u>Renal diseases</u></b>					
R744	Renal anemia	Phase III		Roche Mircera	C.E.R.A. (Continuous erythropoietin receptor activator)
			Injection		
<b><u>Cardio/Cerebro-vascular diseases</u></b>					
SG-75	Acute heart failure #	Launched Oct.07	nicorandil Sigmart Injection	In-house	Potassium channel opener
AVS	Subarachnoidal hemorrhage	Filed Apr.95	nicaraven Antevas Injection	In-house	Hydroxyl radical scavenger
<b><u>Transplant, Immunology and Infectious diseases</u></b>					
R964	Compensated liver cirrhosis caused by hepatitis C virus #	Phase II / III	ribavirin Copegus Oral	Roche Copegus	Anti-viral agent in combination with Pegasys
R442			peginterferon alfa-2a Pegasys Injection	Roche Pegasys	Peginterferon alfa-2a agent (recombinant)
	Chronic hepatitis B #	Phase II / III			
MRA	Crohn's disease #	Phase II	tocilizumab Actemra Injection	In-house	Humanized anti-human IL-6 receptor monoclonal antibody
	Castleman's disease	Phase I Overseas	tocilizumab Actemra Injection	In-house (Roche)	
	Systemic lupus erythematosus (SLE)	Phase I Overseas			
NA808	Chronic hepatitis C	Phase I Overseas		In-house	-
			Injection		

Development code	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<b><u>Other diseases</u></b>					
EPOCH	Predeposit of autologous blood transfusion #	Filed Mar.02	epoetin beta Epogin Injection	In-house	Recombinant human erythropoietin
GM-611	Diabetic gastroparesis	Phase I Completed Japan	mitemincinal  Oral	In-house	Motilin agonist Recovery of gastrointestinal motility
	Irritable bowel syndrome (IBS)	Phase II Overseas			
R1678	Schizophrenia	Phase I	Oral	Roche	-
R1583 (ITM-077)	Type II diabetes	Phase I	Injection	Roche / Ipsen (Teijin)	GLP-1 analogue
CSG452 (R7201)	Type II diabetes	Phase I	Oral	In-house  (Roche)	-

### Changes from the last announcement on January 30, 2008

#### Oncology

- R340 Phase II → Filed (colorectal cancer)
- R597 Filed → Launched (adjuvant breast cancer)
- CIF (R7167) Started Phase I (solid tumors)

#### Bone and Joint

- MRA Filed → Launched (rheumatoid arthritis, polyarticular-course juvenile idiopathic arthritis and systemic-onset juvenile idiopathic arthritis)

#### R&D Activities (Jan.1, 2008 – Apr. 22, 2008)

As for clinical development activities in Japan, the Company saw progress as described below:

#### Oncology

- In February, we filed for combination therapy with antimetabolite 5-FU derivative R340 (product name: Xeloda), and oxaliplatin, plus humanized anti-VEGF (vascular endothelial growth factor) monoclonal antibody R435 (product name: Avastin), as well as monotherapy of R340 for the additional indication of colorectal cancer.
- In February, we obtained the approval and launched for additional indication of adjuvant breast cancer for humanized anti-HER2 monoclonal antibody R597 (product name: Herceptin).

#### Bone and Joint Diseases

- In April, we obtained the approval and launched for additional indication of rheumatoid arthritis, polyarticular-course juvenile idiopathic arthritis and systemic-onset juvenile idiopathic arthritis for humanized anti-human IL-6 receptor monoclonal antibody MRA (product name: Actemra).

#### Renal Diseases

- In March, we filed for modification of manufacturing process for drug substance (serum-free version) for recombinant human erythropoietin EPOCH (product name: Epogin)

At present, we are awaiting the approval of applications filed for 4 development themes (new molecular entities and additions of indications), including R340 (expected indication: colorectal cancer).

Also, as for clinical development activities overseas, the Company saw progress as described below.

- In April, Roche started Phase I clinical trials for CIF (R7167) (expected indication: solid tumors), a compound licensed-out to Roche.

**Currently running clinical trials in oncology field in Japan**

Theme	Expected Indication	Regimen	Stage	Planned Filing Date
R435 (bevacizumab) Avastin	Non-small cell lung	carboplatin + paclitaxel ± R435	Phase II	2008
	Breast	paclitaxel + R435	Phase II	2009
R435 (bevacizumab) Avastin  R340 (capecitabine) Xeloda	Colon (adjuvant)	FOLFOX4 ± R435 XELOX + R435	AVANT study : Phase III Multinational study	2011   2013
	Gastric	Xeloda/5FU + CDDP ± R435	AVAGAST study : Phase III Multinational study	2011   2013
	Colorectal	XELOX + R435	Phase II	Filed (Feb.08)
R1415 (erlotinib) Tarceva	Pancreatic	gemcitabine + R1415	Phase II	2009
R597 (trastuzumab) Herceptin	Breast (adjuvant)	R597	HERA study : Phase III Multinational study	Launched (Feb.08)
R597 (trastuzumab) Herceptin  R340 (capecitabine) Xeloda	Gastric	5FU + CDDP ± R597 Xeloda + CDDP ± R597	ToGA study : Phase III Multinational study	2010