



FY2008 Interim Consolidated Financial Overview

CHUGAI PHARMACEUTICAL CO., LTD.
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Forward-Looking Statements

This presentation may include forward-looking statements pertaining to the business and prospects of Chugai Pharmaceutical Co., Ltd. (the “Company”). These statements reflect the Company’s current analysis of existing information and trends. Actual results may differ from expectations based on risks and uncertainties that may affect the Company’s businesses.

Note: Amounts are rounded to the nearest 0.1 billion yen.

% is calculated based on amounts shown.

Financial Overview (Year on Year)

(Billion Yen)	Jun. 2007	Jun. 2008	Variance	(%)
Revenues	170.9	145.9	-25.0	-14.6
Cost of Sales	68.4	56.3	-12.1	-17.7
% of Sales	41.9%	38.9%		
Selling & Admin. Exp.	41.0	42.2	+1.2	+2.9
% of Revenues	24.0%	28.9%		
R&D Exp.	25.7	24.2	-1.5	-5.8
% of Revenues	15.0%	16.6%		
Operating Income	35.8	23.1	-12.7	-35.5
% of Revenues	20.9%	15.8%		
Recurring Profit	36.8	24.3	-12.5	-34.0
% of Revenues	21.5%	16.7%		
Net Income	21.1	18.9	-2.2	-10.4
% of Revenues	12.3%	13.0%		

	(Billion Yen)
> Revenues	- 25.0 (-14.6%)
Refer to P.4-P.6	
> Operating Income	-12.7 (-35.5%)
Refer to P.7	
> Recurring Profit	- 12.5 (-34.0%)
> Net Income	- 2.2 (-10.4%)

Foreign Exchange Rate

Average rate (Jan. 1 – Jun. 30, 2007)

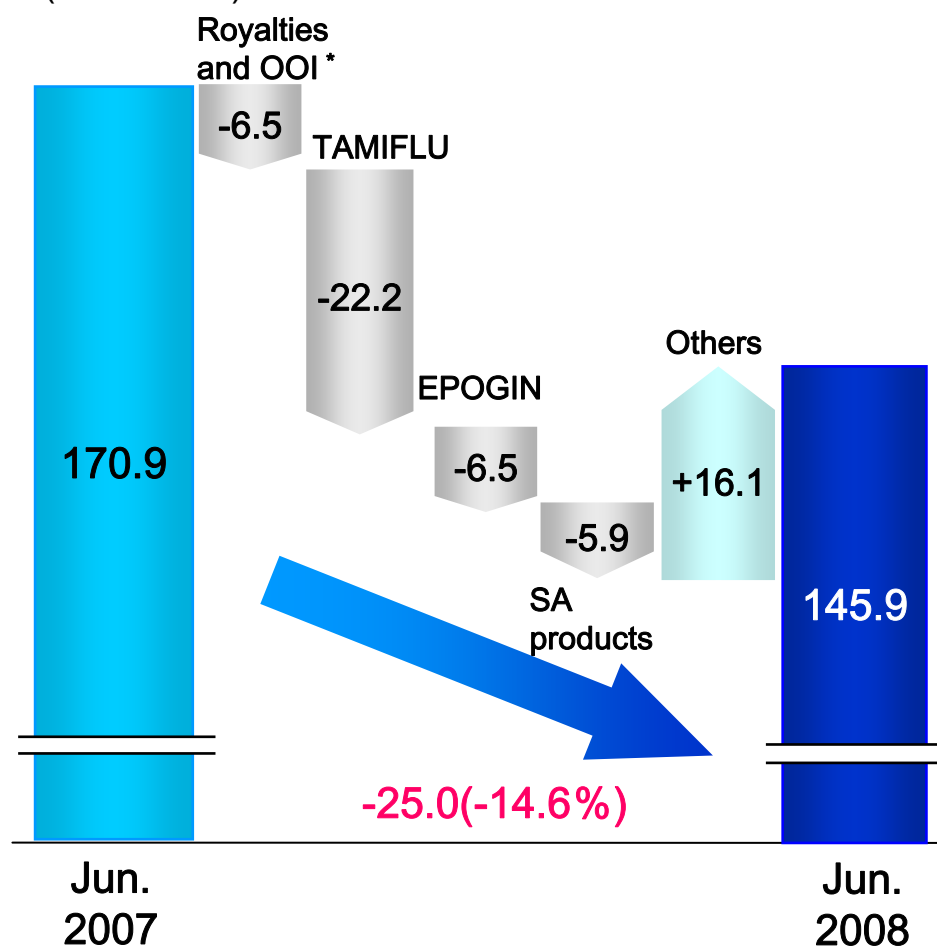
120.07Yen/US\$, 159.58Yen/€, 236.54Yen/ £ , 97.79Yen/CHF

Average rate (Jan. 1 – Jun. 30, 2008)

104.98Yen/US\$, 160.54Yen/€, 207.31Yen/ £ , 99.95Yen/CHF

Revenues (Year on Year)

(Billion Yen)

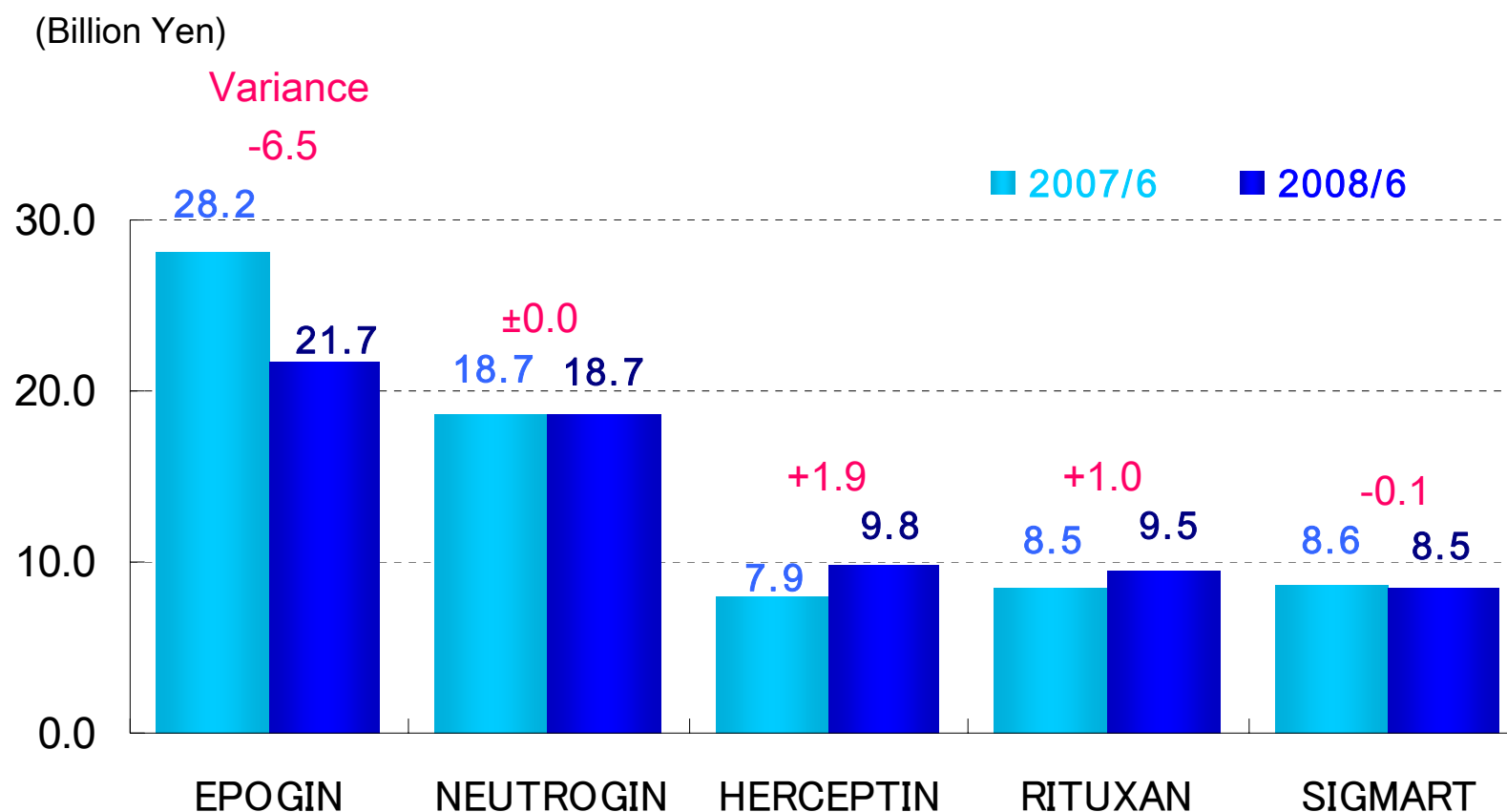


<Breakdown of Revenues>

(Billion Yen)		Jun.2007	Jun.2008	Variance	----- (%)
Revenues		170.9	145.9	-25.0	-14.6
Sales		163.4	144.9	-18.5	-11.3
TAMIFLU	Ordinary Sales	5.0	1.4	-3.6	-72.0
	Govt. Stock etc.	18.9	0.2	-18.7	-98.9
	Total	23.8	1.6	-22.2	-93.3
Sales excl. TAMIFLU		139.5	143.3	+3.8	+2.7
EPOGIN		28.2	21.7	-6.5	-23.0
Others		111.4	121.6	+10.2	+9.2
Royalties and OOI*		7.5	1.0	-6.5	-86.7
Overseas		18.6	15.7	-2.9	-15.6

* other operating income

Sales of Top Five Products (Year on Year)



TAMIFLU: Sales Performance

(Billion Yen)		Fiscal Term Sales												Seasonal Sales	*Number of Patients* (millions)	
		FY2003.3		FY2003.12	FY2004.12		FY2005.12		FY2006.12		FY2007.12		FY2008.12			
		Oct.-Dec.	Jan.-Mar.	Apr.-Dec.	Jan.-Jun.	Jul.-Dec.	Jan.-Jun.	Jul.-Dec.	Jan.-Jun.	Jul.-Dec.	Jan.-Jun.	Jul.-Dec.	Jan.-Jun.			Jul.-Dec.
Ordinary Seasonal Sales	2002/2003	5.2	7.2												12.4	1.19
	2003/2004			11.6	7.2										18.8	0.77
	2004/2005					1.4	23.2								24.6	1.47
	2005/2006							11.9	9.9						21.8	0.92
	2006/2007									3.7	5.0				8.7	1.01
	2007/2008											5.2	1.4		6.6	0.66
	2008/2009													2.3		
Ordinary Sales		12.4		11.6		8.6		35.1		13.6		10.2		3.7		

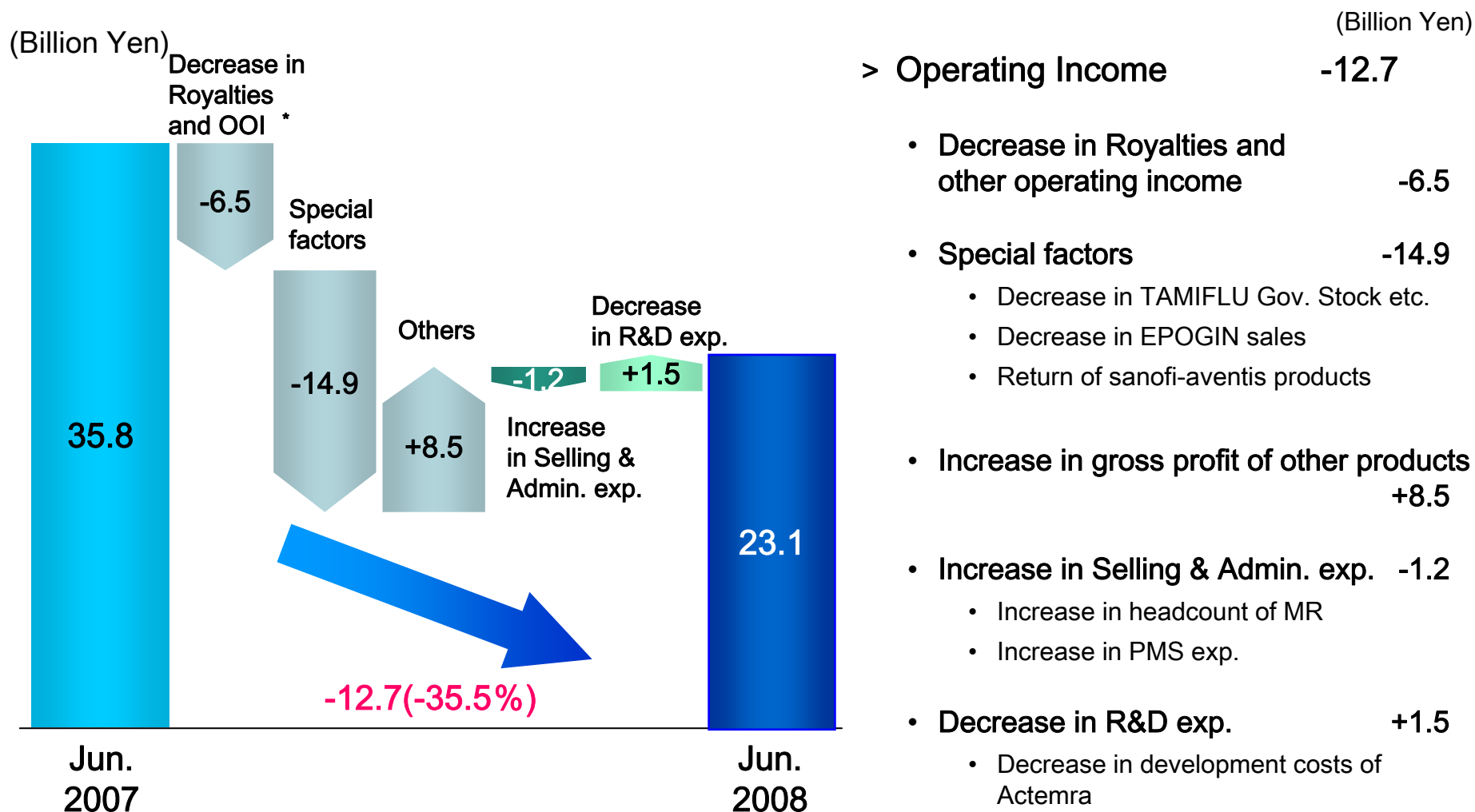
Govt. Stock etc.	2005/2006							0.2	6.5							6.7
	2006/2007									17.9	18.9					36.8
	2007/2008											9.6	0.2			9.8
	2008/2009													1.1		
Govt. Stock etc.								0.2		24.4		28.5		1.3		

Total Sales		5.2	7.2	11.6	7.2	1.4	23.2	12.0	16.3	21.6	23.8	14.8	1.6	3.4		
		12.4		11.6		8.6		35.2		38.0		38.7		5.0		

*Total patients number of the controlled samples in the infectious Diseases Weekly Report, period between late October and mid-April, published by Japan's National Institute of Infectious Diseases.

 Company forecast

Operating Income (Year on Year)



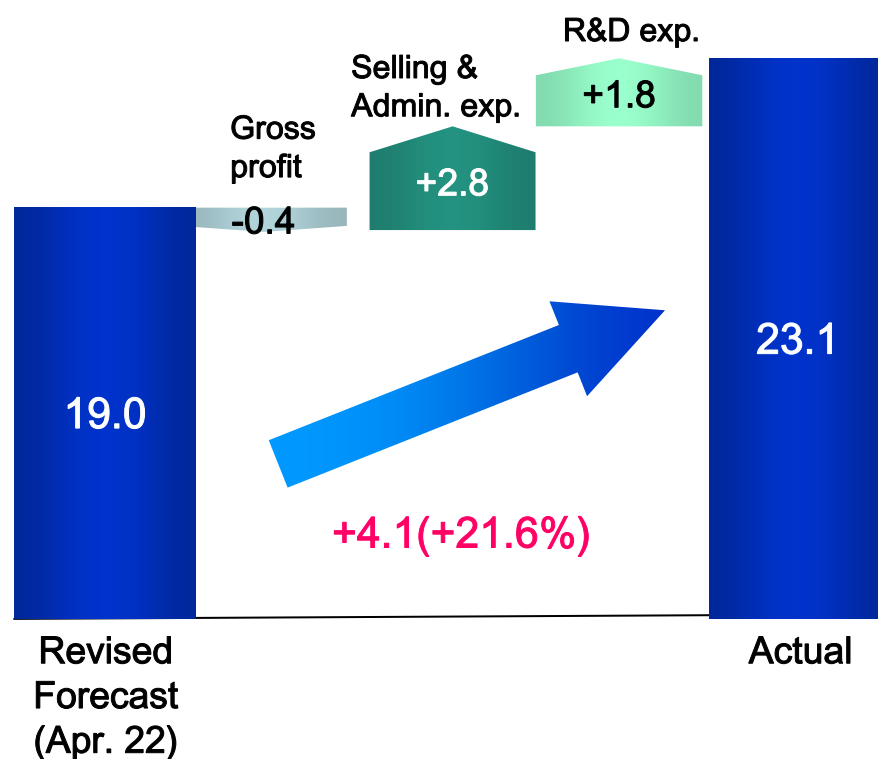
Financial Overview (vs. Forecast)

(Billion Yen)	Revised Forecast Apr. 22	Actual	Variance	(%)
Revenues	150.0	145.9	-4.1	-2.7
Cost of Sales	60.0	56.3	-3.7	-6.2
% of Revenues	40.0%	38.6%		
Selling & Admin Exp.	45.0	42.2	-2.8	-6.2
% of Revenues	30.0%	28.9%		
R&D Exp.	26.0	24.2	-1.8	-6.9
% of Revenues	17.3%	16.6%		
Operating Income	19.0	23.1	+4.1	+21.6
% of Revenues	12.7%	15.8%		
Recurring Profit	19.0	24.3	+5.3	+27.9
% of Revenues	12.7%	16.7%		
Net Income	15.5	18.9	+3.4	+21.9
% of Revenues	10.3%	13.0%		

	(Billion Yen)
> Revenues	- 4.1 (-2.7%)
PEGASYS	-1.6
HERCEPTIN	-1.1
AVASTIN	-0.9
COPEGUS	-0.8
EPOGIN	-0.8
> Operating Income	+4.1 (+21.6%)
Refer to P.9	
> Recurring Profit	+5.3 (+27.9%)
> Net Income	+3.4 (+21.9%)

Operating Income (vs. Forecast)

(Billion Yen)



(Billion Yen)

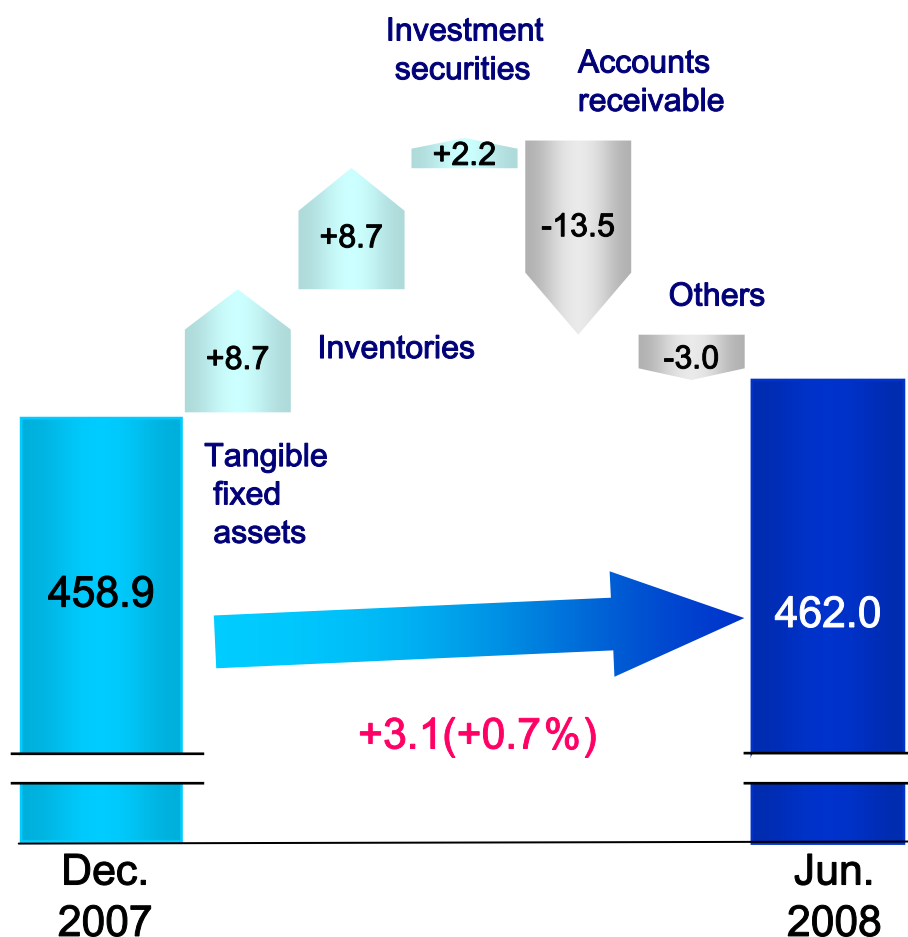
> Operating Income

+4.1

- Gross profit **-0.4**
- Selling & Admin. expense **+2.8**
 - Deferral of sales promotion, PMS exp.
 - Deferral of other expenses such as IT costs
- R&D expense **+1.8**
 - Deferral of R&D expenses

Balance Sheet Items (Assets)

(Billion Yen)

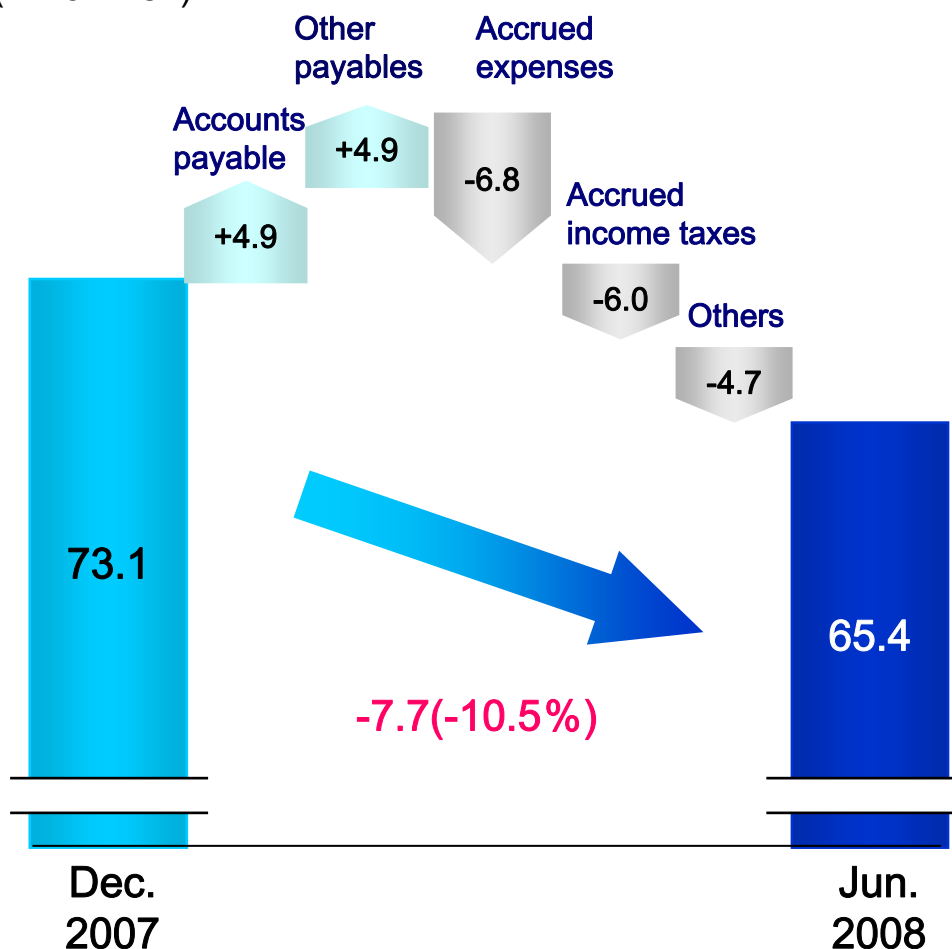


(Billion Yen)

- > **Tangible fixed assets** **+8.7**
Solid-form drug manufacturing wing (Fujieda)
Injection products building No.3 (Utsunomiya)
- > **Inventories** **+8.7**
Increase in inventories of newly launched products etc.
- > **Accounts receivable** **-13.5**
Seasonal effect

Balance Sheet Items (Liabilities)

(Billion Yen)

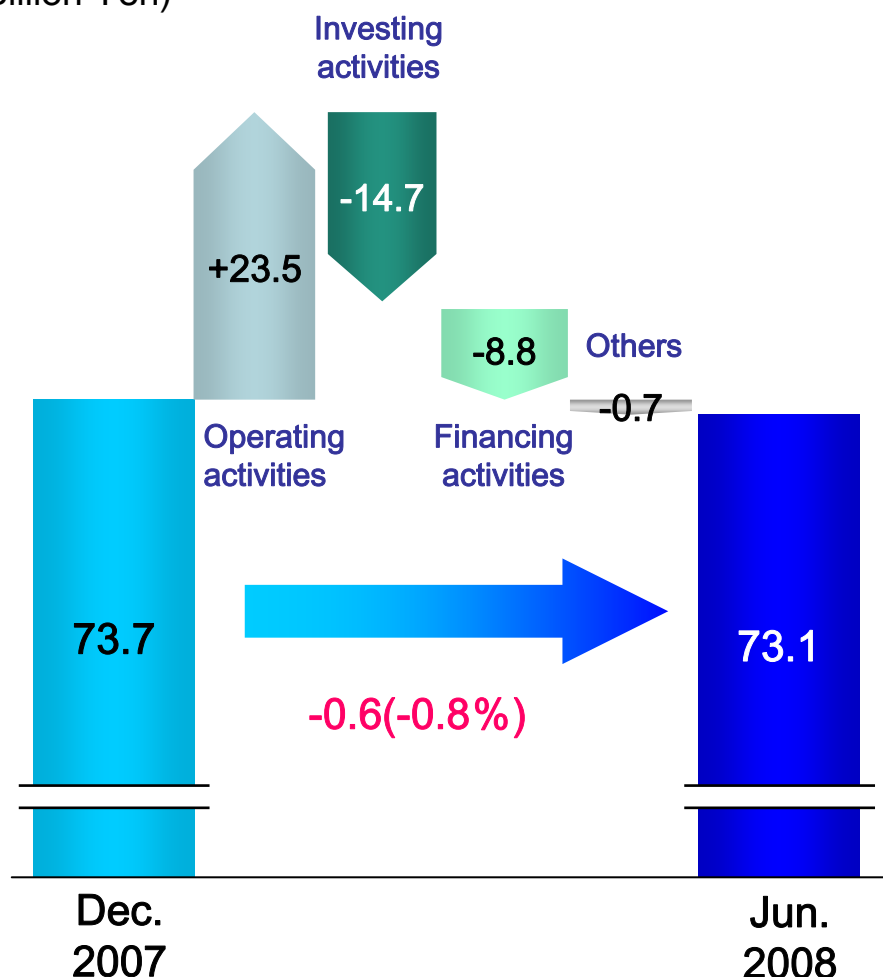


(Billion Yen)

- > **Accounts payable** **+4.9**
Increase in purchase of newly launched products etc.
- > **Other payables** **+4.9**
Increase in payables for capital expenditure
- Injection products building No.3 (Utsunomiya)
- > **Accrued expenses** **-6.8**
Seasonal effect
- > **Accrued Income taxes** **-6.0**

Cash Flow Statement

(Billion Yen)



(Billion Yen)

> Cash flow from operating activities	+23.5
• Income before income taxes and minority interests	+31.2
• Depreciation and amortization	+9.3
• Decrease in notes and accounts receivable	+13.3
• Increase in notes and accounts payable	+5.0
• Increase in inventories	-8.9
• Income taxes paid	-16.4
> Cash flow from investing activities	-14.7
• Purchase of marketable and investment securities	-111.4
• Redemption of marketable and investment securities, etc.	+109.5
• Acquisition of fixed assets	-13.3
> Cash flow from financing activities	-8.8
• Payment of dividends	-8.2

FY2008 Forecast

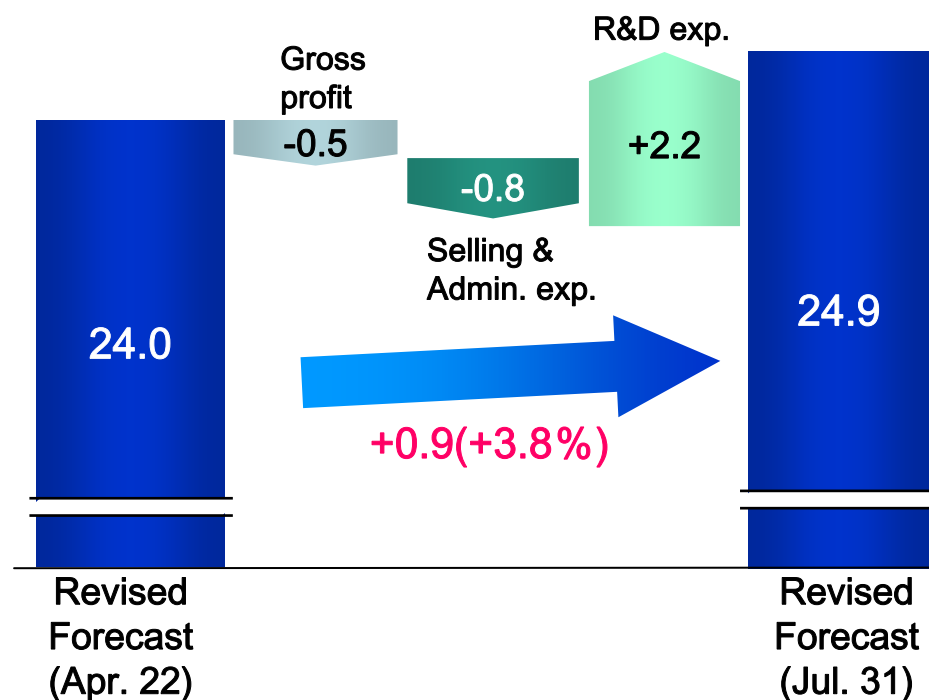
(Billion Yen)	1H			2H			FY		
	Revised Forecast Apr. 22	Actual	Variance	Revised Forecast Apr. 22	Revised Forecast Jul. 31	Variance	Revised Forecast Apr. 22	Revised Forecast Jul. 31	Variance
Revenues	150.0	145.9	-4.1	185.0	180.1	-4.9	335.0	326.0	-9.0
Cost of Sales	60.0	56.3	-3.7	78.0	73.7	-4.3	138.0	130.0	-8.0
% of Revenues	40.0%	38.6%		42.2%	40.9%		41.2%	39.9%	
Selling&Adm. Exp.	45.0	42.2	-2.8	51.5	52.3	+0.8	96.5	94.5	-2.0
% of Revenues	30.0%	28.9%		27.8%	29.0%		28.8%	29.0%	
R&D Exp.	26.0	24.2	-1.8	31.5	29.3	-2.2	57.5	53.5	-4.0
% of Revenues	17.3%	16.6%		17.0%	16.3%		17.2%	16.4%	
Operating Income	19.0	23.1	+4.1	24.0	24.9	+0.9	43.0	48.0	+5.0
% of Revenues	12.7%	15.8%		13.0%	13.8%		12.8%	14.7%	
Recurring Profit	19.0	24.3	+5.3	23.2	24.7	+1.5	42.2	49.0	+6.8
% of Revenues	12.7%	16.7%		12.5%	13.7%		12.6%	15.0%	
Net Income	15.5	18.9	+3.4	13.5	14.1	+0.6	29.0	33.0	+4.0
% of Revenues	10.3%	13.0%		7.3%	7.8%		8.7%	10.1%	

FY2008 Forecast (Sales)

(Billion Yen)		1H			2H			FY		
		Revised Forecast Apr. 22	Actual	Variance	Revised Forecast Apr. 22	Revised Forecast Jul. 31	Variance	Revised Forecast Apr. 22	Revised Forecast Jul. 31	Variance
Revenues		150.0	145.9	-4.1	185.0	180.1	-4.9	335.0	326.0	-9.0
TAMIFLU	Ordinary Sales	1.3	1.4	+0.1	2.5	2.3	-0.2	3.8	3.7	-0.1
	Govt. Stock etc.	0.2	0.2	0.0	1.1	1.1	0.0	1.3	1.3	0.0
	Total	1.5	1.6	+0.1	3.6	3.4	-0.2	5.1	5.0	-0.1
Revenues excl. TAMIFLU		148.5	144.3	-4.2	181.4	176.7	-4.7	329.9	321.0	-8.9
EPOGIN		22.5	21.7	-0.8	25.5	23.5	-2.0	48.0	45.2	-2.8
HERCEPTIN		10.9	9.8	-1.1	12.8	13.6	+0.8	23.7	23.4	-0.3
AVASTIN		8.0	7.1	-0.9	15.1	11.9	-3.2	23.1	19.0	-4.1
PEGASYS		5.7	4.1	-1.6	8.4	4.9	-3.5	14.1	9.0	-5.1
COPEGUS		2.6	1.8	-0.8	4.6	2.5	-2.1	7.2	4.3	-2.9
ACTEMRA		0.6	0.9	+0.3	4.2	7.2	+3.0	4.8	8.1	+3.3
Others		98.2	98.9	+0.7	110.8	113.1	+2.3	209.0	212.0	+3.0

Revised 2H Forecast (Operating Income)

(Billion Yen)



(Billion Yen)

>Revenues

AVASTIN	-3.2
PEGASYS	-3.5
COPEGUS	-2.1
EPOGIN	-2.0
ACTEMRA (Overseas)	+3.0

>Changes in SG&A expenses

Selling & Administrative expenses

- Reclassification from R&D expenses

R&D expenses

- Decrease in R&D expenses
- Reclassification to Selling & Admin. Exp.

Breakdown of Revised Expenses

(Billion Yen)	1H			2H			FY		
	Difference between Actual and Revised Forecast (Apr. 22)			Difference between Revised Forecast (Jul. 31) and Revised Forecast (Apr. 22)			Difference between Revised Forecast (Jul. 31) and Revised Forecast (Apr. 22)		
	Selling & Admin	R&D	Total	Selling & Admin	R&D	Total	Selling & Admin	R&D	Total
Deferral	-2.1	-0.6	-2.7	+2.1	+0.6	+2.7	0.0	0.0	0.0
Actual increase/decrease	-0.7	-1.2	-1.9	-1.3	-2.8	-4.1	-2.0	-4.0	-6.0
Total	-2.8	-1.8	-4.6	+0.8	-2.2	-1.4	-2.0	-4.0	-6.0

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