

FY2009 2Q Consolidated Financial Overview

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July 23/24, 2009

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.

Variance and % are calculated based on amounts shown.

Summary

- Significant increase in both Revenues and Profits (Year on Year)
 - Revenues: +31.4%, Sales excl. Tamiflu: +12.1%
 - Solid domestic sales
Oncology sales: +31.4% (#1 share in the domestic market*)
 - Overseas sales: -9.0% due to the impact of strong yen and biosimilars
 - Operating Income : +61.0%
 - Gross Profit: +20.3% due to increase in Revenues
 - SG&A expenses: +6.2 %
 - Recurring Profit: +79.0% , Net Income: +39.2%
 - Accelerated by Non-operating income from exchange forward contract

*The scope of the market is defined by Chugai and its share is calculated based on IMS Data.

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Financial Overview Jan-Jun

(Billion JPY)	2008 Jan-Jun	As % of Revenues	2009 Jan-Jun	As % of Revenues	Variance	(%)
Revenues	145.9		191.7		+45.8	+31.4
Sales	144.9		185.9		+41.0	+28.3
excl. Tamiflu	143.3		160.6		+17.3	+12.1
Tamiflu	1.6		25.4		+23.8	+1,487.5
Other Operating Revenues	1.0		5.7		+4.7	+470.0
Operating Income	23.1	15.8	37.2	19.4	+14.1	+61.0
Non-operating Income	2.4		6.9		+4.5	+187.5
Non-operating Expenses	1.2		0.6		-0.6	-50.0
Recurring Profit	24.3	16.7	43.5	22.7	+19.2	+79.0
Extraordinary Gain	7.2		0.3		-6.9	-95.8
Extraordinary Loss	0.3		0.1		-0.2	-66.7
Net Income	18.9	13.0	26.3	13.7	+7.4	+39.2

Sales of Tamiflu

(Bil. JPY, Jan – Jun, 2008) Ordinary: 1.4, Govt. stockpile etc.: 0.2

(Bil. JPY, Jan – Jun, 2009) Ordinary: 11.0, Govt. stockpile etc.: 14.4

Average rate

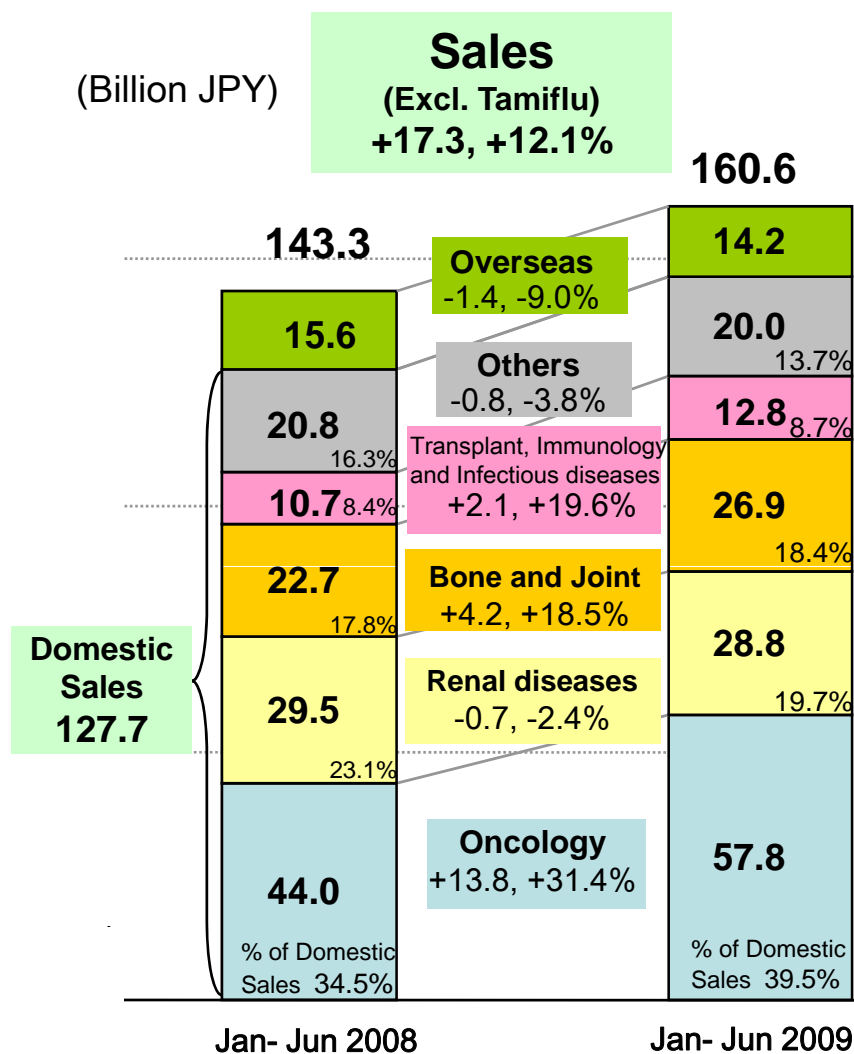
(JPY, Jan. 1 – Jun. 30, 2008) CHF: 99.95, EUR: 160.54, USD: 104.98, GBP: 207.31

(JPY, Jan. 1 – Jun. 30, 2009) CHF: 84.52, EUR: 127.19, USD: 95.46, GBP: 142.14

(Billion JPY)

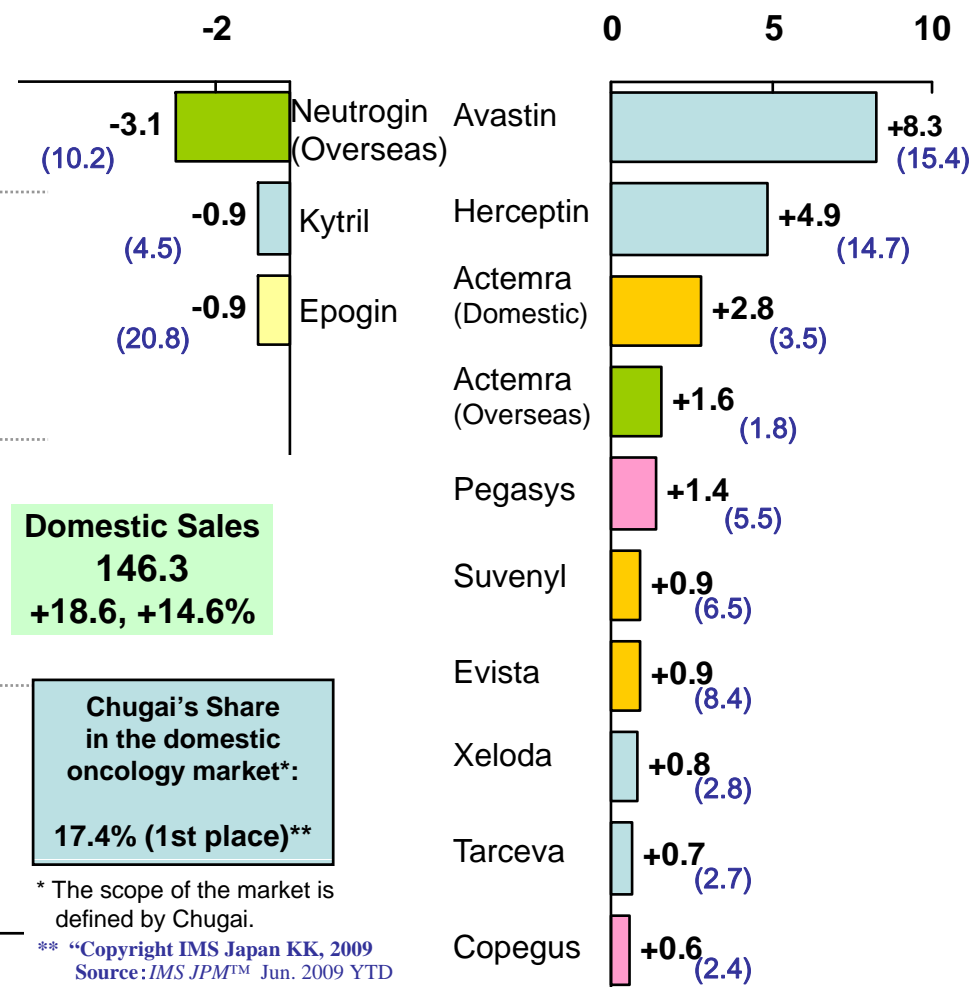
- > Sales excl. Tamiflu +17.3
Refer to P.5
- > Sales of Tamiflu +23.8
Govt. stockpile etc. +14.2
- > Other Operating Revenues +4.7
Milestone Income
Co-promotion income
- > Operating Income +14.1
Refer to P.7
- > Non-operating Inc. / Exp. +5.1
Gain on exchange forward contract
- > Extraordinary Gain / Loss -6.7
Gain on settlement of
co-development costs
for Actemra (April 2008)

Sales (Excl. Tamiflu) Jan-Jun



Major Products Sales, Variance Year on Year

() : FY2009 Actual



Tamiflu sales performance

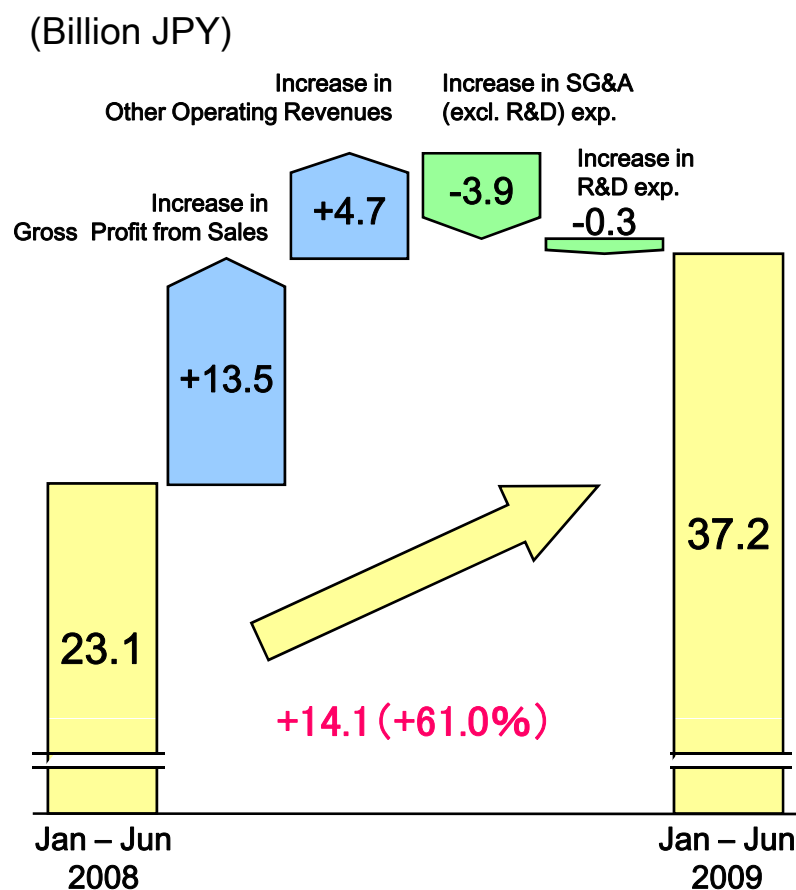
(Billion JPY)		Fiscal Term Sales												Seasonal Sales	Number of Patients* (millions)
		FY2004.12		FY2005.12		FY2006.12		FY2007.12		FY2008.12		FY2009.12			
		Jan.-Jun.	Jul.-Dec.	Jan.-Jun.	Jul.-Dec.	Jan.-Jun.	Jul.-Dec.	Jan.-Jun.	Jul.-Dec.	Jan.-Jun.	Jul.-Dec.	Jan.-Jun.	Jul.-Dec.		
Ordinary Sales	2004/2005		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										5.7	11.0		16.7	1.27
	2009/2010												n.a.		
Ordinary Sales		8.6		35.1		13.6		10.2		7.1					

Govt. Stockpile 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	14.4		15.5	
	2009/2010												n.a.		
Govt. Stockpile etc.				0.2		24.4		28.5		1.3					

Total Sales		7.2	1.4	23.2	12.0	16.3	21.6	23.8	14.8	1.6	6.8	25.4	
		8.6		35.2		38.0		38.7		8.4		53.0	

*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.

Operating Income Jan-Jun



(Billion JPY)	2008 Jan-Jun	2009 Jan-Jun	Variance	(%)
Revenues	145.9	191.7	+45.8	+31.4
Cost of Sales	56.3	83.9	+27.6	+49.0
Gross Profit	89.6	107.8	+18.2	+20.3
Sales	88.6	102.1	+13.5	+15.2
Other Operating Revenues	1.0	5.7	+4.7	+470.0
SG&A (excl. R&D) exp.	42.2	46.1	+3.9	+9.2
R&D exp.	24.2	24.5	+0.3	+1.2
Operating Income	23.1	37.2	+14.1	+61.0

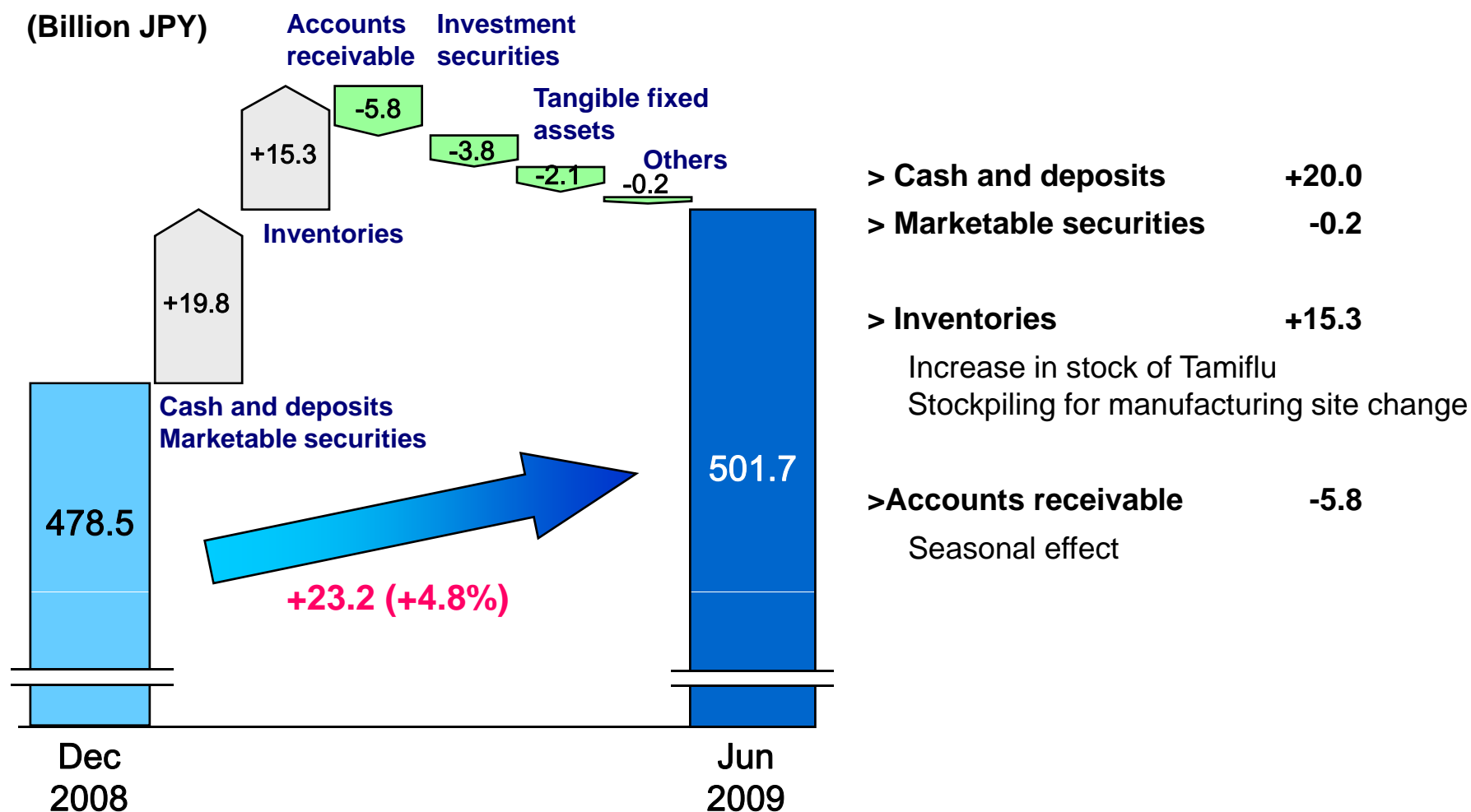
- Increase in Gross Profit from Sales +13.5
 - Increase in Tamflu, Oncology product sales
- Increase in SG&A (excl. R&D) expenses -3.9
 - Sales promotion and PMS expenses for new products etc. (Avastin, Actemra etc.)
 - Increase in personnel (pension etc.) and IT expenses

Financial Overview Apr-Jun

(Billion JPY)	2008		2009			
	Jan-Mar	Apr-Jun	Jan-Mar	Apr-Jun	Variance	
						(%)
Revenues	66.2	79.7	94.7	97.0	+17.3	+21.7
Sales	65.9	79.0	92.9	93.0	+14.0	+17.7
excl. Tamiflu	64.4	78.9	72.5	88.1	+9.2	+11.7
Tamiflu	1.6	0.0	20.4	5.0	+5.0	-
Other Operating Revenues	0.2	0.8	1.8	4.0	+3.2	+400.0
Cost of sales	25.0	31.3	43.7	40.1	+8.8	+28.1
Gross Profit	41.2	48.4	51.0	56.9	+8.5	+17.6
SG&A (excl. R&D) exp.	19.4	22.8	21.6	24.5	+1.7	+7.5
R&D exp.	11.8	12.5	11.8	12.7	+0.2	+1.6
Operating Income	10.1	13.1	17.5	19.6	+6.5	+49.6
Recurring Profit	10.2	14.1	22.8	20.7	+6.6	+46.8
Net Income	6.7	12.2	13.8	12.5	+0.3	+2.5

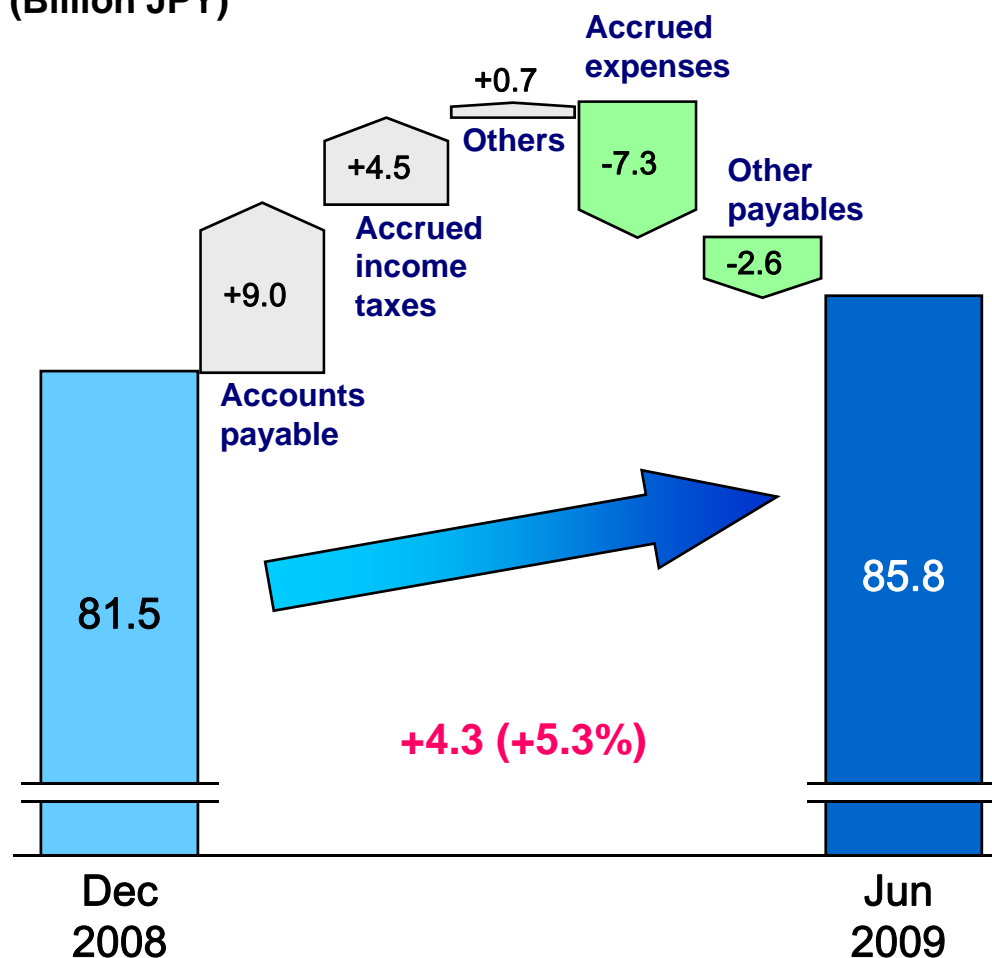
- Sales excl. Tamiflu +17.3
 - Avastin +4.2
 - Herceptin +2.4
 - Actemra(Domestic) +1.4
 - Actemra(Overseas) +1.2
 - Neutrogin(Overseas) -1.2
- Sales of Tamiflu +5.0
 - Govt. stockpile etc. +0.0
- Other Operating Revenues +3.2
 - Milestone Income
 - Co-promotion income
- Increase in SG&A expenses -1.9
- Extraordinary Gain -6.1
 - Gain on settlement of co-development costs for Actemra (April 2008)

Balance Sheet Items (Assets)



Balance Sheet Items (Liabilities)

(Billion JPY)



> **Accounts payable** +9.0

Increase in purchase of Tamiflu

> **Accrued expenses** -7.3

Seasonal effect

> **Other payables** -2.6

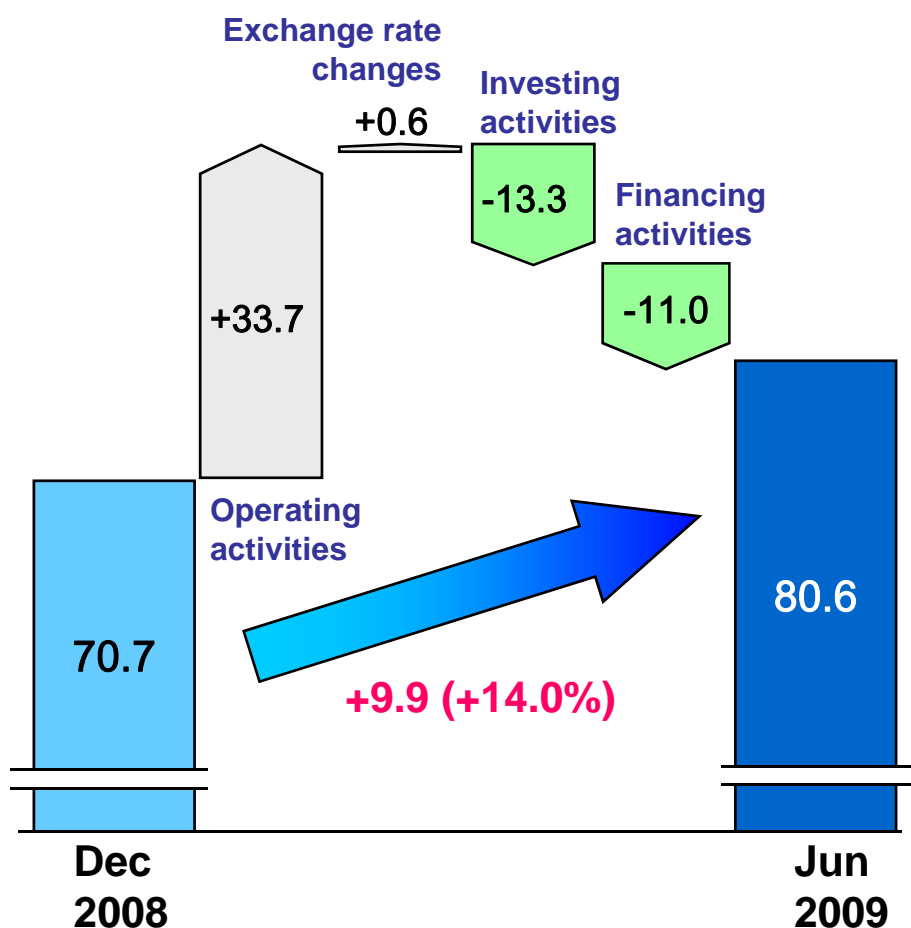
Decrease in capital expenditures

Equity Ratio

Dec. 2008	Jun. 2009	Variance
82.6%	82.5%	-0.1%pts

Cash Flow Statement Jan-Jun

(Billion JPY)



> Cash flow from operating activities +33.7

Income before taxes and minority interests	+43.7
Depreciation and amortization	+8.9
Decrease in working capital	+0.2
Decrease in notes and accounts receivable	+6.1
Increase in inventories	-14.6
Increase in notes and accounts payable	+8.8
Income taxes paid	-11.8

> Cash flow from investing activities -13.3

Payment into time deposits	-9.2
Decrease of marketable and investment securities	+5.1
Purchases of fixed assets	-9.7

> Cash flow from financing activities -11.0

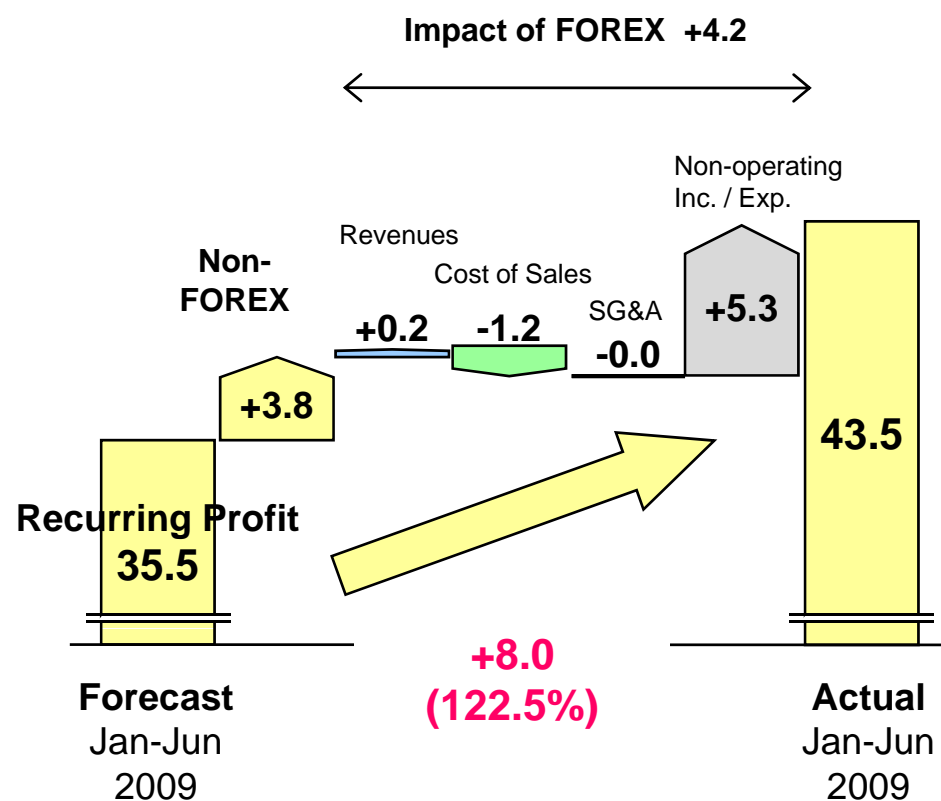
Payment of dividends	-10.4
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Financial Overview Jan-Jun

(Billion JPY)	Forecast (Feb.4) 2009		Actual 2009				2008 Jan-Jun /Jan-Dec (%)
	Jan-Jun	Jan-Dec	Jan-Jun	Vs. Forecast			
				Jan-Jun		Jan-Dec	
			Variance	Achiev. (%)	Prog. (%)		
Revenues	199.5	400.0	191.7	-7.8	96.1	47.9	44.6
Sales	194.0	390.3	185.9	-8.1	95.8	47.6	45.0
excl. Tamiflu	155.0	337.3	160.6	+5.6	103.6	47.6	45.7
Tamiflu	39.0	53.0	25.4	-13.6	65.1	47.9	19.0
Other Operating Revenues	5.5	9.7	5.7	+0.2	103.6	58.8	19.6
Cost of sales	-	176.0	83.9	-	-	47.7	44.3
Gross Profit	-	224.0	107.8	-	-	48.1	44.8
SG&A (excl. R&D) exp.	-	100.5	46.1	-	-	45.9	44.4
R&D exp.	-	60.5	24.5	-	-	40.5	45.5
Operating Income	35.0	63.0	37.2	+2.2	106.3	59.0	44.8
Recurring Profit	35.5	63.5	43.5	+8.0	122.5	68.5	42.4
Net Income	22.0	40.0	26.3	+4.3	119.5	65.8	48.1

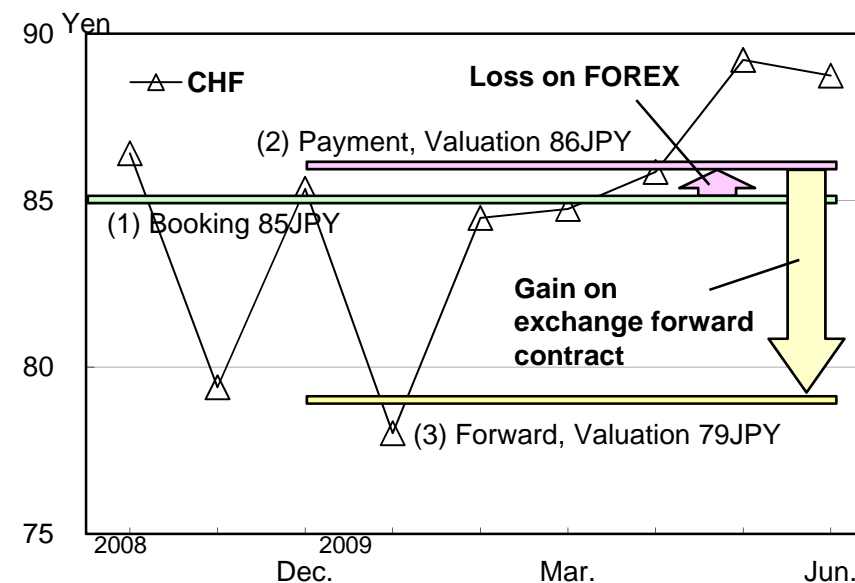
FOREX Impact on Recurring Profit

(Billion JPY)



- > Cost of Sales -1.2
Price revision of Roche products
- > Non-operating Inc. / Exp. +5.3
FOREX and exchange forward contract

Non-operating Inc. / Exp. FOREX impact



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