

Consolidated Financial Data

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31			Previous
	2000	2001	Change	2001	2002(* 2)	Change	2002(* 2)
Net sales	141.8	140.0	-1.2%	274.3	275.5	0.4%	281.0
Operating Income	39.4	35.2	-10.7%	66.5	61.0	-8.3%	64.4
Ordinary income	42.6	38.6	-9.5%	73.8	67.2	-9.0%	70.2
Net income	19.6	21.7	10.7%	31.2	39.1	25.0%	39.7
Net income per share(full yen)	57.28	63.70	11.2%	91.41	114.72	25.5%	
Cost of sales ratio(%)	25.3	25.1	-0.8%	25.7	25.9	-2.3%	26.0
Capital investment	5.6	12.4	121.4%	15.6	23.2	48.7%	23.1
Depreciation and amortization	7.1	6.5	-8.5%	14.5	13.7	-5.5%	14.4
Research and development expenses	15.8	15.5	-1.9%	33.4	33.5	0.3%	36.0
Advertising expenses	9.8	10.3	5.1%	19.4	19.4	0.0%	20.4
Sales promotion expenses	10.1	10.6	5.0%	23.0	24.0	4.3%	25.4
Total assets	567.2	588.0	3.7%	573.6	605.3	5.5%	
Shareholders' equity	457.4	479.4	4.8%	467.6	496.8	6.2%	
Return on equity(%) (* 1)	8.7	9.2	5.7%	6.9	8.1	17.4%	
Return on assets(%) (* 1)	7.2	7.5	4.2%	5.7	6.6	15.8%	
Equity ratio(%)	80.7	81.5	1.0%	81.5	82.1	0.7%	
Number of employees	5,029	4,920	-2.2%	5,026	-	-	

(* 1) Average of the beginning and year-end balance of shareholders' equity

(* 2) Forecast

Consolidated Statements of Income

(Millions of yen)

	Half year ended September 30, 2000		Half year ended September 30, 2001		Change	
		%		%		%
Net sales	141,800	100.0	140,045	100	-1,755	-1.2
Cost of sales	35,918	25.3	35,174	25	-744	-2.1
Gross profit on sales	105,881	74.7	104,871	75	-1,010	-1.0
Provision for sales returns	0	0.0	0	0	0	-
Reversal of provision for sales returns	17	22.8	87	0	70	411.8
Gross profit	105,864	74.7	104,783	75	-1,081	-1.0
Selling, general and administrative expenses	66,415	46.9	69,567	50	3,152	4.7
Depreciation and amortization	2,289	1.6	2,247	2	-42	-1.8
Research and development expenses	15,801	11.1	15,526	11	-275	-1.7
Advertising expenses	9,800	6.9	10,346	7	546	5.6
Sales promotion expenses	10,190	7.2	10,627	8	437	4.3
Others	28,335	20.0	30,821	22	2,486	8.8
Operating income	39,448	27.8	35,216	25	-4,232	-10.7
Non-operating profits	3,326	2.3	3,569	3	243	7.3
Interest income	2,201	1.6	2,362	2	161	7.3
Dividend income	231	0.2	195	0	-36	-15.6
Rent income for real estate	245	0.2	231	0	-14	-5.7
Equity in earnings of unconsolidated	50	0.0	93	0	43	86.0
Others	596	0.4	686	1	90	15.1
Non-operating expenses	80	0.1	152	0	72	90.0
Interest expense	13	0.0	8	0	-5	-38.5
Others	66	0.0	143	0	77	116.7
Ordinary income	42,694	30.0	38,633	28	-4,061	-9.5
Special profits	0	0.0	199	0	199	-
Profit on disposal of fixed assets	0	0.0	197	0	197	-
Others	0	0.0	2	0	2	-
Special losses	8,851	6.2	2,068	2	-6,783	-76.6
Loss on disposal of fixed assets	126	0.1	208	0	82	65.1
Others	8,725	6.2	1,859	1	-6,866	-78.7
Income before income taxes	33,843	23.9	36,764	26	2,921	8.6
Income taxes	14,233	10.0	15,098	11	865	6.1
Deferred income taxes	13	0.0	-17	0	-30	-230.8
Minority interests in loss of consolidated subsidiaries	6	0.0	26	0	20	333.3
Net income	19,603	13.8	21,709	16	2,106	10.7

Consolidated Sales by Category

(Millions of yen)

	Half year ended September 30			Fiscal year ended March 31			Previous
	2000	2001	Change	2001	2002 Forecast	Change	2002 Forecast
Self-medication operations :	104,422	102,462	-1.9%	198,897	197,297	-0.8%	203,500
OTC products, etc.	99,965	98,071	-1.9%	190,042	188,200	-1.0%	194,690
Consumer goods	3,562	3,592	0.8%	7,166	7,600	6.1%	7,120
Others	895	799	-10.7%	1,689	1,497	-11.4%	1,690
Prescription pharmaceutical operations :	37,377	37,583	0.6%	75,499	78,203	3.6%	77,500
Prescription pharmaceutical operations	29,612	31,142	5.2%	59,141	62,303	5.3%	61,700
Others	4,998	3,528	-29.4%	10,133	9,700	-4.3%	9,600
Royalty income	2,767	2,913	5.3%	6,225	6,200	-0.4%	6,200
Total	141,800	140,045	-1.2%	274,396	275,500	0.4%	281,000

Consolidated Operating Income by Category

(Millions of yen)

	Half year ended September 30			Fiscal year ended March 31
	2000	2001	Change	2001
Self-medication operations	35,681	31,629	-11.4%	61,093
Prescription pharmaceutical operations	3,767	3,587	-4.8%	5,498
Total	39,448	35,216	-10.7%	66,591

Leading Self-Medication Products (Consolidated)

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31	
	2000	2001	Changes	2001	
Tonics and nutrient drinks	64.4	63.9	-0.8%	115.5	
Lipovitan series	58.2	58.2	0.0%	103.1	
Lipovitan D	45.7	44.1	-3.5%	79.7	
Others	12.5	14.1	12.8%	23.4	
Zena series	2.6	1.9	-26.9%	5.4	
Alfe etc.	1.3	1.3	0.0%	2.5	
Overseas drinks	2.3	2.4	4.3%	4.5	
Cold remedies	10.2	11.1	8.8%	26.2	
Gastrointestinal treatments	2.3	2.7	17.4%	5.4	
RiUp	12.6	10.2	-19.0%	23.6	
Others	12.6	12.5	-0.8%	23.6	

Consolidated Sales of Leading Prescription Pharmaceutical Products

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31		
	2000	2001	Changes	2001	2002 Forecast	Changes
Clarith	10.6	11.6	9.4%	23.2	25.0	7.8%
Palux	10.4	9.4	-9.6%	19.0	17.0	-10.5%
Solon	2.0	1.8	-10.0%	3.7	3.4	-8.1%
Metligine	1.4	1.4	0.0%	2.7	2.7	0.0%
Limas	1.2	1.2	0.0%	2.3	2.3	0.0%
Ankaron	0.9	1.2	33.3%	1.9	2.5	31.6%
Rinlaxer	0.9	0.9	0.0%	1.7	1.5	-11.8%
Biopex	1.3	0.1	-92.3%	1.6	0.7	-56.3%
Hikamilon	0.6	0.5	-16.7%	1.0	0.9	-10.0%
Alvo	0.5	0.3	-40.0%	0.9	0.5	-44.4%
Pandel	0.5	0.4	-20.0%	0.9	0.8	-11.1%
Metalcaptase	0.4	0.4	0.0%	0.8	0.7	-12.5%
Lorcam	0.0	1.6	-	0.5	4.2	740.0%
Others	0.2	0.4	100.0%	0.5	0.8	60.0%

Consolidated Selling, General and Administrative Expenses

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31		
	2000	2001	Changes	2001	2002 Forecast	Changes
Depreciation cost	7.1	6.5	-8.5%	14.5	13.8	-4.8%
R&D Expenditures	15.8	15.5	-1.9%	33.4	33.5	0.3%
Advertising costs	9.8	10.3	5.1%	19.4	19.5	0.5%
Sales Promotion Costs	10.1	10.6	5.0%	23.0	24.0	4.3%

Consolidated Prant & Equipment

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31		
	2000	2001	Change	2001	2002 Forecast	Change
Omiya Factory	0.8	2.5	212.5%	2.9	6.2	113.8%
Hanyu Factory	0.02	0.03	50.0%	0.1	0.1	0.0%
Okayama Factory	3.4	4.2	23.5%	7.5	5.9	-21.3%
Research Center	0.6	0.7	16.7%	1.5	1.5	0.0%
Others	0.7	5.0	614.3%	3.6	9.5	163.9%
Total	5.6	12.4	121.4%	15.6	23.2	48.7%

Consolidated Nonoperating profit and loss

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31
	2000	2001	Change	2001
Nonoperating income	3.3	3.5	6.1%	7.4
Interest income	2.2	2.3	4.5%	5.0
Dividend income	0.2	0.2	0.0%	0.4
Rent on real estate	0.2	0.2	0.0%	0.5
Investment profit on equity method	0.1	0.1	0.0%	0.2
Ohters	0.6	0.6	0.0%	1.3
Non-operating expenses	0.1	0.1	0.0%	0.1
Interest expense	0.0	0.0	-	0.0
Others	0.1	0.1	0.0%	0.1

Consolidated Balance Sheets

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31
	2000	2001	Changes	2001
<Assets>	567.2	588.0	3.7%	573.4
Current assets	249.2	238.9	-4.1%	245.0
Fixed assets	105.8	116.3	9.9%	109.5
Investments and other assets	212.1	232.7	9.7%	218.9
<Liabilities>	109.1	108.0	-1.0%	105.3
Current liabilities	66.9	66.0	-1.3%	64.2
Long-term liabilities	42.1	41.9	-0.5%	41.1
<Minority interests>	0.6	0.5	-16.7%	0.6
<Shareholders' Equity>	457.4	479.4	4.8%	467.5
Common stock	29.8	29.8	0.0%	29.8
Additional paid-in capital	14.9	14.9	0.0%	14.9
Retained earnings	400.0	424.7	6.2%	411.6
Net unrealized gains on securities	18.8	13.9	-26.1%	16.1
Foreign currency translation adjustments	-5.5	-3.4	-38.2%	-4.4
Treasury stock	-0.5	-0.5	0.0%	-0.5

Consolidated Statements of Cash Flows

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31
	2000	2001	Change	2001
Net cash provided by operating activities	19.2	23.1	20.3%	36.6
Net cash used in investing activities	-14.1	-19.5	38.3%	-27.9
Net cash used in financing activities	-16.7	-8.4	-49.7%	-16.9
Effect of exchange rate changes on cash and cash equivalents	0.0	0.1	-	0.1
Net increase (decrease) in cash and cash equivalents	-11.6	-4.6	-60.3%	-8.0
Cash and cash equivalents at beginning of the year	30.9	22.8	-26.2%	30.9
Cash and cash equivalents at end of the year	19.2	18.1	-5.7%	22.8

Non-Consolidated Financial Data

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31			Previous
	2000	2001	Change	2001	2002(* 2)	Change	2002(* 2)
Net sales	139.2	137.3	-1.4%	269.5	270.0	0.2%	276.0
Operating Income	39.5	35.4	-10.4%	66.9	61.5	-8.1%	64.7
Ordinary income	42.4	38.3	-9.7%	73.4	67.0	-8.7%	70.0
Net income	19.4	21.5	10.8%	31.2	39.0	25.0%	39.6
Net income per share(full yen)	56.88	63.29	11.3%	91.33	114.38	25.2%	-
Diluted net income per share(full yen)	56.88	63.29	11.3%	91.33	114.38	25.2%	-
Cost of sales ratio(%)	24.5	24.2	-1.2%	24.8	25.0	0.8%	25.0
Capital investment	5.5	12.3	123.6%	15.5	23.0	48.4%	23.0
Depreciation and amortization	6.9	6.2	-10.1%	14.1	13.3	-5.7%	14.0
Research and development expenses	15.8	15.5	-1.9%	33.4	33.5	0.3%	36.0
Advertising expenses	9.6	10.1	5.2%	19.1	19.0	-0.5%	20.0
Sales promotion expenses	10.1	10.3	2.0%	22.6	23.5	4.0%	25.0
Total assets	569.5	588.7	3.4%	575.0	606.1	5.4%	-
Shareholders' equity	462.8	482.7	4.3%	471.9	500.1	6.0%	-
Return on equity(%) (* 1)	8.6	9.0	4.7%	6.8	8.0	17.6%	-
Return on assets(%) (* 1)	7.1	7.4	4.2%	5.7	6.6	15.8%	-
Equity ratio(%)	81.3	82.0	0.9%	82.1	82.5	0.5%	-
Number of employees	4,674	4,578	-2.1%	4,563	-	-	-

(* 1) Average of the beginning and year-end balance of shareholders' equity

(* 2) Forecast

Non-Consolidated Statements of Income

(Millions of yen)

	Half year ended September 30, 2001		Half year ended September 30, 2000		Change	
		%		%		%
Net sales	139,298	100.0	137,399	100.0	-1,899	-1.4
Cost of sales	34,084	24.5	33,273	24.2	-811	-2.4
Operating income	105,213	75.5	104,126	75.8	-1,087	-1.0
Provision for sales returns	721	0.5	705	0.5	-16	-2.2
Reversal of provision for sales returns	737	0.5	792	0.6	55	7.5
Gross profit	105,197	75.5	104,038	75.7	-1,159	-1.1
Selling, general and administrative expenses	65,628	47.1	68,584	49.9	2,956	4.5
Depreciation and amortization	2,268	1.6	2,218	1.6	-50	-2.2
Research and development expenses	15,801	11.3	15,526	11.3	-275	-1.7
Advertising expenses	9,629	6.9	10,128	7.4	499	5.2
Sales promotion expenses	10,104	7.3	10,383	7.6	279	2.8
Others	27,826	20.0	30,329	22.1	2,503	9.0
Operating income	39,569	28.4	35,454	25.8	-4,115	-10.4
Non-operating profits	2,890	2.1	3,056	2.2	166	5.7
Interest income	95	0.1	209	0.2	114	120.0
Interest on securities	1,698	1.2	1,713	1.2	15	0.9
Others	1,097	0.8	1,134	0.8	37	3.4
Non-operating expenses	55	0.0	124	0.1	69	125.5
Interest expense	1	0.0	0	0.0	-1	-100.0
Others	54	0.0	124	0.1	70	129.6
Ordinary income	42,404	30.4	38,386	27.9	-4,018	-9.5
Special profits	0	0.0	194	0.1	194	-
Profit on disposal of fixed assets	0	0.0	194	0.1	194	-
Special losses	8,789	6.3	2,066	1.5	-6,723	-76.5
Loss on disposal of fixed assets	126	0.1	207	0.2	81	64.3
Loss on revaluation of golf membership	32	0.0	0	0.0	-32	-
Loss due to effect of accounting change	8,630	6.2	0	0.0	-8,630	-
Others	1	0.0	1,859	1.4	1,858	-
Income before income taxes	33,615	24.1	36,514	26.6	2,899	8.6
Corporate and inhabitants' taxes	14,147	10.2	14,936	10.9	789	5.6
Enterprise tax adjustment	0	0.0	0	0.0	0	-
Net income	19,467	14.0	21,578	15.7	2,111	10.8
Write-down of treasury stock from income	8,105	5.8	0	0.0	-8,105	-
Unappropriated retained earnings	11,362	8.2	21,578	15.7	10,216	89.9

Non-Consolidated Sales by Category

(Millions of yen)

	Half year ended September 30			Fiscal year ended March 31			Previous
	2000	2001	Change	2001	2002 Forecast	Change	2002 Forecast
Self-medication operations :	101,921	99,819	-2.1%	194,015	191,800	-1.1%	198,500
OTC products, etc.	99,893	97,971	-1.9%	189,866	188,000	-1.0%	194,500
Consumer goods	1,239	1,148	-7.3%	2,639	2,500	-5.3%	2,500
Others	789	700	-11.3%	1,510	1,300	-13.9%	1,500
Prescription pharmaceutical operations :	37,377	37,580	0.5%	75,496	78,200	3.6%	77,500
Prescription drugs	29,612	31,139	5.2%	59,138	62,300	5.3%	61,700
Others	4,998	3,528	-29.4%	10,133	9,700	-4.3%	9,600
Royalty income	2,767	2,913	5.3%	6,225	6,200	-0.4%	6,200
Total	139,298	137,399	-1.4%	269,511	270,000	0.2%	276,000

Leading Self-Medication Products (Non-Consolidated)

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31			Previous
	2000	2001	Changes	2001	2002 Forecast	Changes	2002 Forecast
Tonics and nutrient drinks	62.1	61.4	-1.1%	111.0	111.8	0.7%	114.5
Lipovitan series	58.2	58.2	0.0%	103.1	105.0	1.8%	106.5
Lipovitan D	45.7	44.1	-3.5%	79.7	78.0	-2.1%	83.5
Others	12.5	14.1	12.8%	23.4	27.0	15.4%	23.0
Zena series	2.6	1.9	-26.9%	5.4	4.3	-20.4%	5.4
Alfe etc.	1.3	1.3	0.0%	2.5	2.5	0.0%	2.6
Cold remedies	10.2	11.1	8.8%	26.2	27.5	5.0%	27.2
Gastrointestinal treatments	2.3	2.7	17.4%	5.4	5.6	3.7%	5.5
RiUp	12.6	10.2	-19.0%	23.6	19.0	-19.5%	23.6
Others	12.6	12.5	-0.8%	23.6	24.1	2.1%	23.7

Lipovitan D Sales by Channel (Non-consolidated)

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31			Previous
	2000	2001	Changes	2001	2002 Forecast	Changes	2002 Forecast
Drug-oriented existing channels	29.6	24.9	-15.9%	49.7	41.0	-17.5%	45.5
Food-oriented new channels	16.0	19.1	19.4%	30.0	37.0	23.3%	38.0
Total	45.6	44.0	-3.5%	79.7	78.0	-2.1%	83.5

Non-Consolidated Sales of Leading Prescription Pharmaceutical Products

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31			Previous
	2000	2001	Changes	2001	2002 Forecast	Changes	2002 Forecast
Clarith	10.6	11.6	9.4%	23.2	25.0	7.8%	23.8
Palux	10.4	9.4	-9.6%	19.0	17.0	-10.5%	19.2
Solon	2.0	1.8	-10.0%	3.7	3.4	-8.1%	3.4
Metligine	1.4	1.4	0.0%	2.7	2.7	0.0%	2.7
Limas	1.2	1.2	0.0%	2.3	2.3	0.0%	2.4
Ankaron	0.9	1.2	33.3%	1.9	2.5	31.6%	2.4
Rinlaxer	0.9	0.9	0.0%	1.7	1.5	-11.8%	1.5
Biopex	1.3	0.1	-92.3%	1.6	0.7	-56.3%	1.1
Hikamilon	0.6	0.5	-16.7%	1.0	0.9	-10.0%	0.9
Alvo	0.5	0.3	-40.0%	0.9	0.5	-44.4%	0.4
Pandel	0.5	0.4	-20.0%	0.9	0.8	-11.1%	0.8
Metalcaptase	0.4	0.4	0.0%	0.8	0.7	-12.5%	0.7
Lorcam	0.0	1.6	-	0.5	4.2	740.0%	3.0
Others	0.2	0.4	100.0%	0.5	0.8	60.0%	0.5

Non-Consolidated Sales by Therapeutic Category

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31	
	2000	2001	Changes	2001	
Nervous system and sensory organ drugs	15.8	18.2	15.2%	37.2	
Cardiorascular and digestive system drugs	20.1	19.3	-4.0%	38.8	
Nutrient drugs	62.7	62.3	-0.6%	112.1	
Metabolic drugs	0.5	0.4	-20.0%	0.9	
Antibiotics	10.5	11.6	10.5%	23.2	
Permatological preparations	19.5	17.1	-12.3%	36.6	
Consumer goods	1.2	1.1	-8.3%	2.6	
Others	5.7	4.1	-28.1%	11.5	
Royalty Income	2.7	2.9	7.4%	6.2	
Total	139.2	137.3	-1.4%	269.5	

Non-Consolidated Selling, General and Administrative Expenses

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31			Previous
	2000	2001	Changes	2001	2002 Forecast	Changes	2002 Forecast
Depreciation cost	6.9	6.2	-10.1%	14.1	13.3	-5.7%	14.0
R&D Expenditures	15.8	15.5	-1.9%	33.4	33.5	0.3%	36.0
Advertising costs	9.6	10.1	5.2%	19.1	19.0	-0.5%	20.0
Sales Promotion Costs	10.1	10.3	2.0%	22.6	23.5	4.0%	25.0

Non-Consolidated Prant & Equipment

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31		
	2000	2001	Change	2001	2002 Forecast	Change
Omiya Factory	0.8	2.5	212.5%	2.9	6.2	113.8%
Hanyu Factory	0.02	0.03	50.0%	0.10	0.10	0.0%
Okayama Factory	3.4	4.2	23.5%	7.5	5.9	-21.3%
Research Center	0.6	0.7	16.7%	1.5	1.5	0.0%
Others	0.6	4.9	716.7%	3.5	9.3	165.7%
Total	5.5	12.3	123.6%	15.5	23.0	48.4%

Non-Consolidated Nonoperating profit and loss

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31		
	2000	2001	Change	2001	2002 Forecast	Change
Nonoperating income	2.8	3.0	7.1%	6.5	5.7	-12.3%
Interest income	1.8	1.9	5.6%	4.2	3.6	-14.3%
Dividend income	0.2	0.2	0.0%	0.6	0.4	-33.3%
Rent on real estate	0.2	0.2	0.0%	0.5	0.5	0.0%
Ohters	0.6	0.7	16.7%	1.2	1.2	0.0%
Non-operating expenses	0.1	0.1	0.0%	0.1	0.2	100.0%
Interest expense	0.0	0.0	-	0.0	0.0	-
Others	0.1	0.1	0.0%	0.1	0.2	100.0%

Non-Consolidated Balance Sheets

(Billions of yen)

	Half year ended September 30			Fiscal year ended March 31
	2000	2001	Changes	2001
<Assets>	569.5	588.7	3.4%	575.0
Current assets	241.9	230.5	-4.7%	237.5
Fixed assets	327.6	358.1	9.3%	337.5
<Liabilities>	106.7	106.0	-0.7%	103.0
Current liabilities	64.8	64.2	-0.9%	62.1
Long-term liabilities	41.9	41.7	-0.5%	40.9
<Shareholders' Equity>	462.8	482.7	4.3%	471.9
Common stock	29.8	29.8	0.0%	29.8
Additional paid-in capital	14.9	14.9	0.0%	14.9
Retained earnings	7.4	7.4	0.0%	7.4
Other retained earnings	391.8	416.6	6.3%	403.6
Net unrealized gains on securities	18.8	13.9	-26.1%	16.1

Development

1. Registration and Advanced Development of Prescription Pharmaceutical Drugs (As of October 2001)

(1) Pre-Registration

Clarith

Category: Eradication of *Helicobacter pylori* (expanded application)

Application date: August 1999

Development: Joint development with Astra Zeneca K.K., Kyowa Hakko Kogyo Co., Ltd., and Dainabot Co., Ltd

Product description: Taisho has applied to expand the application of this product to the treatment of *Helicobacter pylori* when used with Astra Zeneca's Omeprazole and Kyowa Hakko's Amoxicillin

Remarks: Under review

(2) Phase-III

OTC Drug RiUP (Minoxidil)

Category: Treatment of androgenetic alopecia(expanded application)

Development: Independent

Product description: Expansion of the application of this product to androgenetic alopecia in females

(3) Phase-II

ABT-773

Category: Respiratory infection

Development: Joint development with Abbot Laboratories

Product description: Ketolide antibiotic with strong antibacterial properties for use in the treatment of *H. influenzae* and resistant pneumococcal infections

LDP-977

Category: Asthma

Development: Joint development with Millennium Pharmaceuticals, Inc.

Product description: A 5-lipoxygenase inhibitor with bronchodilation and anti-inflammatory effects

Remarks: Currently in P-IIb trials in the United States; development and sales rights in Europe and Asia as well as First refusal right in the United States

INS-1

Category: Type II diabetes and polycystic ovarian syndrome (PCOS)

Development: Joint development with Insmmed Incorporated

Product description: An insulin-resistant agent that regulates glucose metabolism

Remarks: Currently in P-IIb trials in the United States; sales and development rights in Asia

NBI-6024

Effect: Type I diabetes

Development: Joint development with Neurocrine Biosciences, Inc.

Product description: Altered peptide ligand

Remarks: Currently in P-IIb in the United States and Europe; development and sales rights in worldwide

EPI-2010

Category: Asthma

Development: Joint development with EpiGenesis Pharmaceuticals, Inc

Product development: Adenosine A1 receptor antisense oligonucleotide

Remarks: Currently in P-IIa trials in the United States and Europe; development and sales rights in Asia; coordinated trials in the United States and Europe

NE-100

Category: Schizophrenia

Development: Independent

Product description: Powerful sigma receptor antagonist with superior selectivity. High expectations also of its improved efficacy in addressing negative symptoms

Remarks: Emphasis on overseas markets (Europe.). P-IIa trials in Europe complete

(4) Special Items

U.S. Subsidiary

In February 2002, Taisho plans to complete the establishment of a subsidiary in New Jersey. The new company will carry out clinical testing of independently developed drugs and will have four employees.

Tie-Ups with Biotechnology Companies (as of Oct. 2001)

Company	Licensed Technologies	Field of Research	Taisho's Rights, Activities, and Future Plans
Seikagaku Corp. (IDEC)	Anti-CD23 monoclonal antibodies	Allergies (Asthma)	Europe and Asia Phase I in the United States
IDEC Pharmaceuticals	Anti-MIF (macrophage migration inhibitory factor) monoclonal antibodies	Asthma	Europe and Asia Preclinical
FibroGen, Inc.	Anti-CTGF (connective tissue growth factor) monoclonal antibodies	Diabetic kidney diseases	Asia Royalties from sales in the EU and the United States Preclinical
Vertex Pharmaceuticals Inc.	Caspase inhibitors	Acute cerebral ischemic diseases	East Asia Preclinical
Quark Biotech Inc.	Gene discovery research	Diabetic kidney diseases	Worldwide
Millennium Pharmaceuticals, Inc.	LDP-977	Asthma	Europe and Asia First refusal rights in the United States Phase II in the United States; scheduled to enter Phase I trials in Japan in 2002
EpiGenesis Pharmaceuticals, Inc.	EPI-2010	Asthma	Asia 50% option in United States, 25% option in Europe Codevelopment in the EU and United States Phase I in the United States Phase I trials in Japan scheduled for 2002
Inmed Incorporated	INS-1	Type II diabetes and polycystic ovarian syndrome (PCOS)	Asia Phase II in the United States and Europe
Arena Pharmaceuticals, Inc.	Constitutively activated receptor technology (CART) technology (drug discovery)	Drug discovery that does not require identification of ligands	Worldwide
Nuerocrine Biosciences, Inc.	NBI-6024	Type I diabetes	Worldwide Phase I in the United States
Pherin Pharmaceuticals, Ltd.	Vomeropherins	Diabetes, etc.	Exclusive option right to enter licensing agreement in Asia; semi-exclusive option rights to enter licensing agreements in the United States and EU

3. Development of New Products (As of October 2001)

(1) Prescription Drugs

Lorcam Tablets

Effect: Anti-inflammatory pain relief for chronic rheumatism, etc.

Release: February 2001

Product description: Taisho's proprietary quick-release technology achieves superior absorption and enables active ingredients to be fully absorbed into the bloodstream in 30 to 40 minutes after ingestion (when taken on an empty stomach)

Sales target: ¥4.2 billion

Hornel Tablets

Effect: Relief from secondary hyperparathyroidism resulting from extended dialysis

Release: August 2001

Product description: Active vitamin D₃ derivative that is stronger than conventional active vitamin D₃ derivatives

Sales target: ¥300 million

(2) Over-the-Counter Drugs

Lipovitan D II

Product description: Medicinal vitamin tonic drink with an oriental bezoar, a natural medicine with revitalizing properties

Launch: April 2001

First-year sales target: ¥2.0 billion

White Iris Eyedrops

Product description: Eyedrops with maximum dosage of decongestant component allowed by the approval standards

Launch: May 2001

First-year sales target: ¥500 million

Taisho Chuyaku Ichoyaku

Product description: Gastrointestinal medicine with a formula based on Chinese medicine

Launch: May 2001

First-year sales target: ¥500 million

Lipovitan 11

Product description: Quasi-drug vitamin tonic drink containing natural medicine with revitalizing properties and royal jelly

Launch: August 2001

First-year sales target: ¥1.0 billion

Taisho Kampo Ichoyaku

Product description: Oral solution for stomach and intestine containing Chinese medicines *Wuling San* and *Huanglian Jiedu Tang*

Launch: September 2001

First-year sales target: ¥800 million