

## . Statements of Income

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(Billions of Yen)

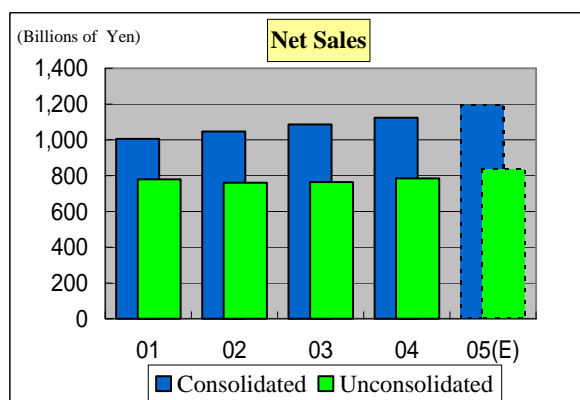
	FY01	FY02	FY03	FY04	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
<b>Net Sales</b>	1,005.1	1,046.1	1,086.4	1,123.0	566.7	<b>599.8</b>	33.1	5.8%
(Royalty income)	(40.2)	(44.0)	(50.5)	(50.3)	(26.2)	<b>(23.6)</b>	( 2.6)	( 10.1%)
Pharmaceuticals		874.2	935.3	970.5	488.8	<b>530.3</b>	41.4	8.5%
Ethical drugs		810.3	877.1	914.8	460.3	<b>500.9</b>	40.6	8.8%
Consumer Healthcare		63.9	58.2	55.7	28.5	<b>29.4</b>	0.9	3.0%
Others		171.9	151.1	152.5	77.9	<b>69.6</b>	8.3	10.7%
Cost of sales	337.9	300.3	269.4	279.2	141.6	<b>141.5</b>	0.1	0.1%
(% of net sales)	(33.6%)	(28.7%)	(24.8%)	(24.9%)	(25.0%)	<b>(23.6%)</b>	( 1.4%)	
Gross Profit	667.2	745.7	817.0	843.8	425.1	<b>458.4</b>	33.2	7.8%
(% of net sales)	(66.4%)	(71.3%)	(75.2%)	(75.1%)	(75.0%)	<b>(76.4%)</b>	(1.4%)	
<b>Selling, G&amp;A expenses</b>	386.0	435.1	445.4	458.5	206.1	<b>243.1</b>	37.1	18.0%
(% of net sales)	(38.4%)	(41.6%)	(41.0%)	(40.8%)	(36.4%)	<b>(40.5%)</b>	(4.2%)	
(R&D expenses)	(100.3)	(124.2)	(129.7)	(141.5)	(53.7)	<b>(82.3)</b>	(28.5)	(53.1%)
<b>Operating income</b>	281.2	310.7	371.6	385.3	219.1	<b>215.2</b>	3.8	1.7%
(% of net sales)	(28.0%)	(29.7%)	(34.2%)	(34.3%)	(38.7%)	<b>(35.9%)</b>	( 2.8%)	
Pharmaceuticals				377.7	217.1	<b>210.1</b>	7.0	3.2%
(% of net sales)				(38.9%)	(44.4%)	<b>(39.6%)</b>	( 4.8%)	
Others				7.6	2.1	<b>5.1</b>	3.1	149.3%
(% of net sales)				(5.0%)	(2.6%)	<b>(7.4%)</b>	(4.7%)	
Eliminations/Corporate				0.0	0.0	<b>0.0</b>	0.1	
<b>Non-operating income / expenses</b>	78.0	94.5	74.4	56.8	35.6	<b>44.2</b>	8.5	24.0%
<b>Non-operating income</b>	94.2	110.5	91.8	74.8	41.6	<b>49.9</b>	8.3	19.9%
Interest income	6.8	7.0	7.9	15.0	6.0	<b>12.5</b>	6.6	110.2%
Dividend income	2.9	3.1	3.0	3.1	1.9	<b>2.4</b>	0.5	28.4%
Equity in earnings of unconsolidated subsidiaries and affiliates	74.3	88.6	72.7	45.4	26.6	<b>26.1</b>	0.4	1.6%
Other non-operating income	10.4	11.8	8.3	11.3	7.2	<b>8.8</b>	1.6	22.6%
<b>Non-operating expenses</b>	16.3	16.0	17.4	18.0	5.9	<b>5.7</b>	0.3	4.5%
Interest expenses	0.8	0.4	0.4	0.3	0.2	<b>0.2</b>	0.0	1.1%
Other non-operating expenses	15.5	15.6	17.0	17.6	5.8	<b>5.5</b>	0.3	4.6%
<b>Ordinary income</b>	359.2	405.2	446.1	442.1	254.7	<b>259.4</b>	4.7	1.9%
(% of net sales)	(35.7%)	(38.7%)	(41.1%)	(39.4%)	(44.9%)	<b>(43.2%)</b>	( 1.7%)	
<b>Extraordinary gain and loss</b>	14.2	26.7	0.1	1.0	0.8	<b>32.6</b>	33.4	
<b>Income before income tax and minority</b>	373.4	431.9	446.1	441.1	253.9	<b>292.0</b>	38.1	15.0%
Income taxes	134.9	157.5	157.9	160.2	88.8	<b>108.8</b>	20.0	22.5%
Current	109.6	128.1	139.8	146.0	82.9	<b>106.9</b>	23.9	28.9%
Business taxes	28.8	30.7	33.6	26.9	14.8	<b>19.7</b>	4.9	33.0%
Deferred	3.5	1.3	15.5	12.6	8.9	<b>17.8</b>	8.8	
Minority interests	2.9	2.7	3.0	3.4	1.8	<b>1.9</b>	0.1	
<b>Net income</b>	235.7	271.8	285.3	277.4	163.2	<b>181.3</b>	18.0	11.0%
(% of net sales)	(23.4%)	(26.0%)	(26.3%)	(24.7%)	(28.8%)	<b>(30.2%)</b>	(1.4%)	
<b>Effective tax rate</b>								
Japanese statutory tax rate	42.1%	42.1%	42.1%	40.9%	40.9%	<b>40.9%</b>	0.0%	
Effective tax rate	36.1%	36.5%	35.4%	36.3%	35.0%	<b>37.3%</b>	2.3%	

Note: Until the year ended March 31, 2004, results of overseas subsidiaries and affiliates were consolidated for the January-December period.

From the period ended March 31, 2005, Takeda prepares its consolidated financial statements using April-March results for major overseas subsidiaries and affiliates.

## 2 . Breakdown of main accounts of Statements of Income

### Net Sales



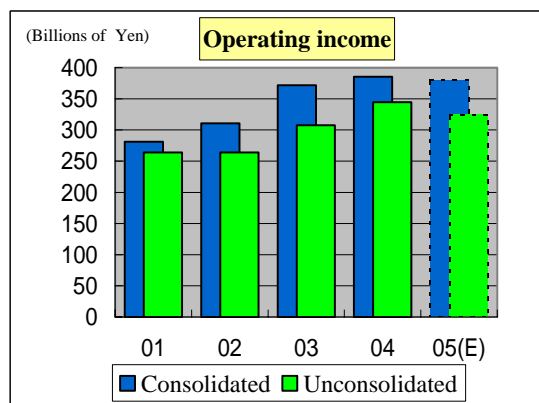
Consolidated net sales increased ¥33.1 billion (5.8%) to ¥599.8 billion over the same period in the previous year.

Increase in net sales was supported by the sales growth of in-house ethical drugs, which was partially offset by the decrease in sales resulting from transfer of stocks of subsidiaries and affiliated companies engaged in the Life-Environment business in April 2005.

The impact of foreign exchange rate fluctuations increased revenues by ¥0.4 billion compared to the previous period, as a result of the slight shift to a stronger euro against the Japanese currency while the US dollar-Japanese yen rate remained almost the same as that in the same period last year.

[Net Sales] (Billions of Yen)	FY01	FY02	FY03	FY04	Estimate for FY2005	FY2004	FY2005	vs. 1st half	increase/ decrease
						1st half	1st half	FY2004	
Consolidated	1,005.1	1,046.1	1,086.4	1,123.0	1,195.0	566.7	599.8	33.1	5.8%
Unconsolidated	779.2	760.0	764.1	784.8	835.0	403.4	424.8	21.5	5.3%

### Operating income

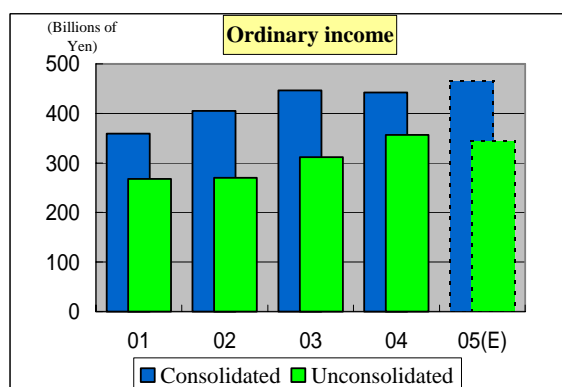


Operating income decreased ¥3.8 billion (1.7%) to ¥215.2 billion.

Selling, general, and administrative expenses increased ¥37.1 billion from the same period last year to ¥243.1 billion. In addition to the increase in R&D costs, there were marketing preparation expenses incurred by our US consolidated subsidiary Takeda Pharmaceuticals North America, Inc. ("TPNA") for the launches of ROZERM, used a treatment of insomnia, (generic-name: ramelteon) and Actosplus Met, a treatment of Type 2 diabetes (a fixed combination of Actos and metformin).

[Operating income] (Billions of Yen)	FY01	FY02	FY03	FY04	Estimate for FY2005	FY2004	FY2005	vs. 1st half	increase/ decrease
						1st half	1st half	FY2004	
Consolidated	281.2	310.7	371.6	385.3	380.0	219.1	215.2	3.8	1.7%
Unconsolidated	263.9	263.8	307.7	344.4	325.0	182.3	187.8	5.5	3.0%

## Ordinary income



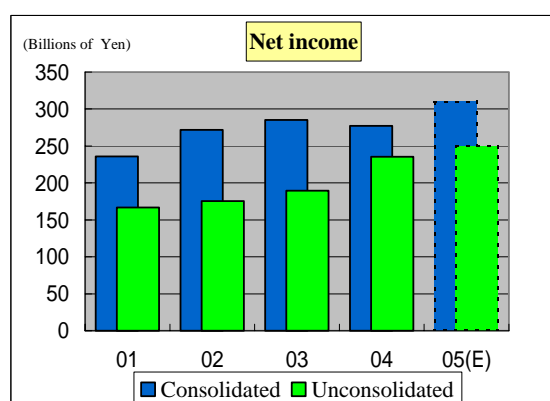
Ordinary income increased ¥4.7 billion (1.9%) from the same period last year to ¥259.4 billion.

Equity in earnings of affiliated companies decreased ¥0.4 billion (1.6%) to ¥26.1 billion. Equity in earnings of TAP Pharmaceutical Products Inc. ("TAP"), a U.S. affiliated company reported by the equity method, decreased by ¥0.1 billion (0.3%) to ¥24.4 billion. In contrast, net total of other non-operating income/expense increased ¥9.0 billion profitable compared to the same period last year, mainly due to the increase in interest income.

As a result, offsetting the decrease in operating income of ¥3.8 billion, ordinary income increased by ¥4.7 billion.

[Ordinary income] (Billions of Yen)	FY01	FY02	FY03	FY04	Estimate for FY2005	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
<b>Consolidated</b>	359.2	405.2	446.1	442.1	<b>465.0</b>	254.7	<b>259.4</b>	4.7	1.9%
Unconsolidated	267.5	270.0	311.7	356.7	<b>345.0</b>	197.0	<b>204.8</b>	7.7	3.9%
Equity in earnings of unconsolidated subsidiaries and affiliates	74.3	88.6	72.7	45.4		26.6	<b>26.1</b>	0.4	1.6%

## Net income

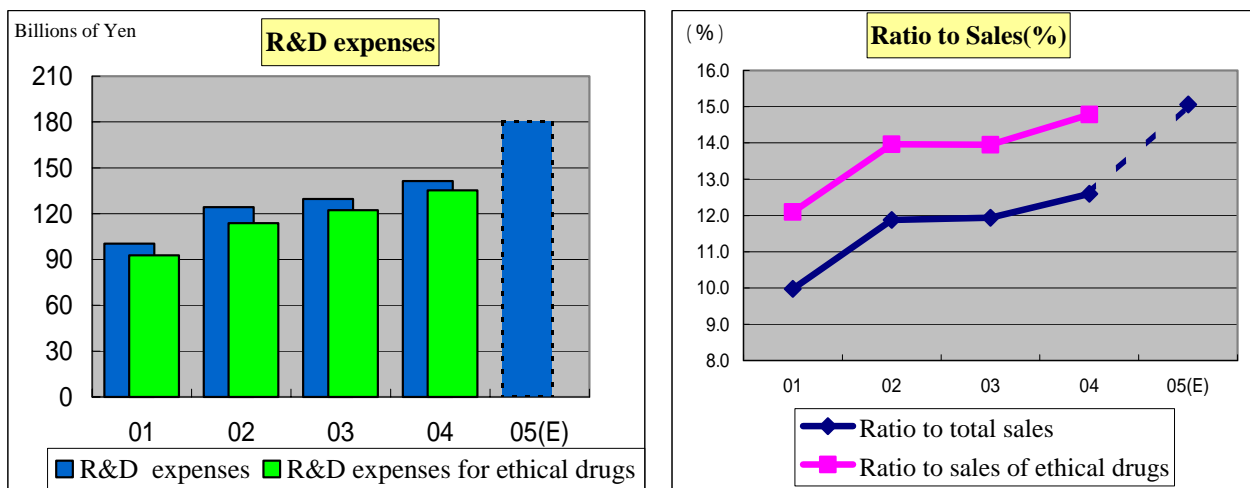


Consolidated net income increased ¥18.0 billion (11.0%) to ¥181.3 billion.

Extraordinary income/expense totaled ¥32.6 billion profitable. Extraordinary income includes profit from discontinuance of the handling of retirement annuities (employee pension fund) for the Company's employees on behalf of the government, a gain from the transfer of stocks of subsidiaries and affiliated companies engaged in the Life Environment business, and a gain from the partial transfer of stocks of Wyeth K.K. and Takeda-Kirin Foods Corporation.

[Net income] (Billions of Yen)	FY01	FY02	FY03	FY04	Estimate for FY2005	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
<b>Consolidated</b>	235.7	271.8	285.3	277.4	<b>310.0</b>	163.2	<b>181.3</b>	18.0	11.0%
Unconsolidated	166.9	175.5	189.7	235.5	<b>250.0</b>	129.1	<b>155.6</b>	26.5	20.5%

## R&D expenses



[R&D expenses] (Billions of Yen)	FY01	FY02	FY03	FY04	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
<b>Consolidated</b>	100.3	124.2	129.7	141.5	53.7	<b>82.3</b>	28.5	53.1%
<b>% of net sales</b>	10.0%	11.9%	11.9%	12.6%	9.5%	<b>13.7%</b>	4.2%	
R&D expenses for ethical (*) drugs (Consolidated)	92.7	113.7	122.4	135.2	50.5	<b>80.3</b>	29.8	59.0%
<b>% of ethical drugs sales</b>	12.1%	14.0%	13.9%	14.8%	11.0%	<b>16.0%</b>	5.1%	

\* The figure of FY2001 is calculated based on the previous segment classifications, while the figures of FY2002 and thereafter are calculated based on the current segment classifications.

The Company is focusing on promoting research activities in lifestyle-related diseases which is one of the core therapeutic areas, searching for new drug targets through utilization of genomic information and other sources, and accelerating development projects.

- In July 2005, Takeda Global Research and Development Center, Inc.(TGR&D), a subsidiary of TPNA in the U.S., was granted an approval from the Food and Drug Administration (FDA) in the U.S. to market ROZEREM (generic-name: ramelteon), which is a treatment of insomnia. TPNA worked efficiently to establish the necessary infrastructure for the marketing of ROZEREM, a major new product following on from Actos, including increase of the sales force, and launched the product in September 2005.

- In July 2005, TGR&D received "Fast Track Designation" from the U.S. FDA for TAK-242, a drug for severe sepsis. In accordance with this designation, we can receive advice from the FDA time to time, which is expected to accelerate development processes. Moreover, if good trial results are obtained from the clinical trials, the product may be granted another "Fast Track Designation" for the review of the New Drug Application (NDA), which means that the product can be approved six months from the date of the submission of NDA. Now the global Phase III trial is conducted concurrently in Japan, the U.S. and Europe, without conducting Phase II trials.

The Group is also actively pursuing maximization of added-value of its international strategic products through obtaining approvals for additional formulations and indications as well as licensing and alliance activities.

- With regard to the hypertension treatment Blopress tablet 2mg, 4mg and 8mg, Takeda received an approval for the indication in Japan for chronic heart failure from the Ministry of Health, Labour and Welfare in October 2005, as the first angiotensin II receptor blockers (ARB) approved for that indication in Japan.

- In September 2005, the results of PROactive Study (a randomised, double blind, placebo-controlled outcome study to determine the effects of ACTOS on mortality and morbidity associated with cardiovascular disease progression in high risk patients with type 2 diabetes) were announced. This is the first in the world to prospectively show that a specific oral glucose lowering medication, Actos, can significantly improve cardiovascular outcomes by helping to delay or reduce heart attacks, strokes and death in high-risk patients.

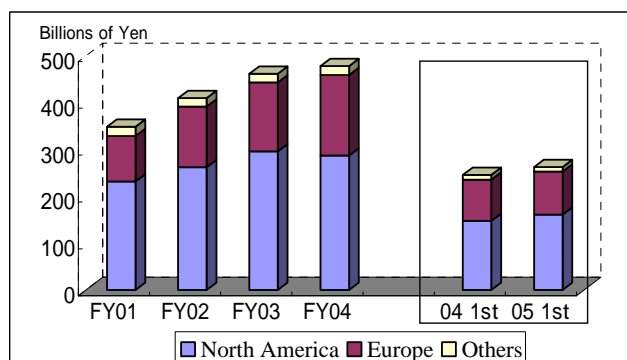
- In July 2005, Takeda signed an agreement with Pharmaceutical Product Development, Inc. (PPD) to take over the latter's rights with regard to joint development and marketing of therapeutic agent for diabetes Dipeptidylpeptidase IV inhibitor (DPP4), which was invented by Takeda San Diego, Inc., a U.S. consolidated subsidiary of Takeda.

- In September 2005, Takeda and Merck KGaA of Germany reached an agreement on the joint development and sale in the United States, Japan, Europe and some of the Asian countries, of Matuzumab (Merck's development code: EMD72000), the humanized antibody (invented by Merck) against epidermal growth factor receptor (EGFR), which is responsible for production and progression of cancer.

- In November 2005, Takeda and Pronova Biocare AS, a Norway pharmaceutical company, entered into a license and supply agreement for Omacor, a treatment of hypertriglyceridemia. Under the agreement, Takeda was granted an exclusive development, marketing and distribution right in Japan.

### 3 . Sales

#### Overseas sales



[Overseas sales] (Billions of Yen)	FY01	FY02	FY03	FY04
<b>Overseas sales</b>	348.7	409.8	461.9	478.4
(% of consolidated net sales)	(34.7%)	(39.2%)	(42.5%)	(42.6%)
North America	231.8	262.2	296.0	287.4
(% of overseas sales)	(66.5%)	(64.0%)	(64.1%)	(60.1%)
Europe	97.2	129.8	147.3	171.6
(% of overseas sales)	(27.9%)	(31.7%)	(31.9%)	(35.9%)
Others	19.7	17.8	18.6	19.4
(% of overseas sales)	(5.7%)	(4.3%)	(4.0%)	(4.1%)

FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
246.1	<b>262.8</b>	16.7	6.8%
(43.4%)	<b>(43.8%)</b>	(0.4%)	
147.9	<b>161.0</b>	13.1	8.8%
(60.1%)	<b>(61.3%)</b>	(1.1%)	
88.1	<b>92.0</b>	3.9	4.4%
(35.8%)	<b>(35.0%)</b>	( 0.8%)	
10.1	<b>9.8</b>	0.2	2.4%
(4.1%)	<b>(3.7%)</b>	( 0.4%)	

#### Foreign exchange rate

[Exchange rate] (Yen)	FY01	FY02	FY03	FY04
<b>US\$</b> Average (Apr.-Mar.)	125	122	113	108
Average (Jan.-Dec.)	122	125	116	
<b>Euro</b> Average (Apr.-Mar.)	111	121	133	135
Average (Jan.-Dec.)	109	118	131	

FY2004 1st half	FY2005 1st half	Estimate for 2nd half FY2005
110	<b>109</b>	<b>110</b>
133	<b>136</b>	<b>130</b>

## Sales by business segment

Total consolidated sales					(Billions of Yen)				
	FY01	FY02	FY03	FY04	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease	% of total
<b>Total consolidated sales</b>	1,005.1	1,046.1	1,086.4	1,123.0	566.7	<b>599.8</b>	33.1	5.8%	100.0%
Japan	656.3	636.2	624.5	644.5	320.6	<b>337.0</b>	16.4	5.1%	56.2%
Overseas	348.7	409.8	461.9	478.4	246.1	<b>262.8</b>	16.7	6.8%	43.8%
(Royalty income)	(40.2)	(44.0)	(50.5)	(50.3)	(26.2)	<b>(23.6)</b>	( 2.6)	( 10.1%)	(3.9%)

### Pharmaceuticals segment

Consolidated net sales by the Pharmaceuticals segment increased ¥41.4 billion (8.5%) to ¥530.3 billion. Operating income decreased ¥7.0 billion (3.2%) to ¥210.1 billion.

- Sales by the Ethical Drugs business increased ¥40.6 billion (8.8%) to ¥500.9 billion.

Sales in the Japanese market increased ¥21.3 billion (9.6%) to ¥243.5 billion, supported by strong sales growth of major products:

**Blopress** ¥60.3bn ¥11.8 bn (24.4%) increase  
**Takepron** ¥27.0bn ¥4.1 bn (17.9%) increase  
**Actos** ¥10.9bn ¥3.9 bn (54.9%) increase  
**Basen \*** ¥32.9bn ¥2.6 bn ( 8.6%) increase

\* improving agent for postprandial hyperglycemia in diabetes mellitus

Sales of ethical drugs in overseas markets increased ¥19.2 billion (8.1%) from the same period last year to ¥257.4 billion.

Although royalty income from TAP decreased in the U.S., it was offset by higher sales from TPNA for Actos (increased US\$ 116 million (16.0%) to US\$ 842 million), and by higher sales in Europe of international strategic products such as Leuprorelin and Actos.

- Sales by the Consumer Healthcare business increased ¥0.9 billion (3.0%) to ¥29.4 billion.

The revenue increase for this period, after reporting decrease for four consecutive years, was mainly supported by sales growth of Alinamin tablets, Actage AN tablets, and Nicorette.

					(Billions of Yen)				
	FY01	FY02	FY03	FY04	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease	% of total
<b>Pharmaceuticals segment</b>		874.2	935.3	970.5	488.8	<b>530.3</b>	41.4	8.5%	88.4%
<b>Ethical drugs</b>		810.3	877.1	914.8	460.3	<b>500.9</b>	40.6	8.8%	83.5%
Japan		419.6	429.7	451.9	222.2	<b>243.5</b>	21.3	9.6%	40.6%
Overseas		390.8	447.4	462.9	238.2	<b>257.4</b>	19.2	8.1%	42.9%
(Royalty income)		(43.7)	(50.0)	(49.9)	(26.1)	<b>(23.3)</b>	( 2.8)	( 10.7%)	(3.9%)
Japan		0.9	1.0	1.5	0.7	<b>0.8</b>	0.0	5.4%	0.1%
Overseas		42.9	49.0	48.4	25.4	<b>22.5</b>	2.8	11.2%	3.8%
[Unconsolidated]									
Ethical drugs		612.3	644.6	687.4	365.6	<b>388.4</b>	22.8	6.2%	
Japan		396.8	417.5	425.3	220.8	<b>242.3</b>	21.5	9.7%	
Overseas		164.6	168.7	195.9	110.4	<b>113.5</b>	3.2	2.9%	
Royalty income		50.8	58.5	66.2	34.4	<b>32.6</b>	1.8	5.2%	
<b>Consumer Healthcare</b>		63.9	58.2	55.7	28.5	<b>29.4</b>	0.9	3.0%	4.9%
[Unconsolidated]									
Consumer Healthcare		75.4	70.6	64.4	31.5	<b>32.2</b>	0.7	2.2%	

## Sales of main ethical products by area

### Sales of in-house ethical products (including sales of unconsolidated affiliates/subsidiaries)

(Billions of Yen)

	FY01	FY02	FY03	FY04	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
<b>Overseas sales</b> (including the sales of unconsolidated companies)	675.9	772.0	769.9	682.0	366.0	<b>365.1</b>	0.9	0.2%
Americas	580.8	658.2	634.3	526.8	286.6	<b>277.9</b>	8.7	3.0%
Europe	86.4	103.8	123.6	142.1	72.6	<b>79.6</b>	7.0	9.6%
Asia	8.7	10.1	12.0	13.2	6.8	<b>7.8</b>	1.0	14.4%
<b>Domestic sales (unconsolidated)</b>	261.2	281.3	311.2	335.8	164.5	<b>182.4</b>	17.9	10.9%
Total sales	937.1	1,053.3	1,081.0	1,017.7	530.5	<b>547.5</b>	17.1	3.2%
<b>Ratio of Overseas sales</b>	72.1%	73.3%	71.2%	67.0%	69.0%	<b>66.7%</b>	2.3%	

### Worldwide sales of international strategic products (including sales of unconsolidated affiliates/subsidiaries)

(Billions of Yen)

Product	Launched	FY01	FY02	FY03	FY04	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
<b>Leuprorelin</b>									
Worldwide sales		180.3	194.1	181.1	178.1	89.6	<b>90.8</b>	1.2	1.3%
Japan (unconsolidated)	(92. 9)	53.1	55.1	56.8	59.7	29.6	<b>31.3</b>	1.8	6.0%
Americas	(89. 3)	102.5	111.3	92.7	82.8	42.6	<b>39.1</b>	3.5	8.1%
Europe	(89. 4)	23.4	26.0	29.7	33.5	16.3	19.0	2.7	16.5%
Asia	(91. 7)	1.3	1.6	1.9	2.1	1.1	1.3	0.2	17.1%
<b>Lansoprazole</b>									
Worldwide sales		421.2	471.3	459.0	373.5	211.0	<b>193.2</b>	17.7	8.4%
Japan (unconsolidated)	(92.12)	27.0	34.0	42.2	47.5	22.9	<b>27.0</b>	4.1	17.9%
Americas	(95. 6)	359.2	396.4	370.5	269.6	158.3	<b>140.2</b>	18.1	11.4%
Europe	(91.12)	33.0	39.0	44.1	53.8	28.4	<b>24.6</b>	3.8	13.5%
Asia	(94. 8)	2.0	2.0	2.3	2.6	1.4	<b>1.5</b>	0.1	5.1%
<b>Candesartan</b>									
Worldwide sales		81.9	105.6	141.5	152.7	75.2	<b>93.2</b>	18.0	23.9%
Japan (unconsolidated)	(99. 6)	53.6	70.2	92.7	103.5	48.5	<b>60.3</b>	11.8	24.4%
Americas, Europe, Asia	Americas (98.10) Europe (97.12) Asia (99. 1)	28.2	35.4	48.8	49.2	26.7	<b>32.9</b>	6.2	23.2%
<b>Pioglitazone</b>									
Worldwide sales		121.8	155.4	177.7	193.2	93.0	<b>111.5</b>	18.6	20.0%
Japan (unconsolidated)	(99.12)	7.6	9.6	11.6	15.5	7.1	<b>10.9</b>	3.9	54.9%
Americas	(99. 8)	111.2	141.2	158.3	164.5	79.8	<b>92.2</b>	12.4	15.6%
Europe	(00.10)	2.9	4.3	6.7	11.5	5.2	<b>7.3</b>	2.1	40.1%
Asia	(00.7)	0.1	0.3	1.2	1.7	0.9	<b>1.1</b>	0.2	19.0%

Note: Worldwide sales of Candesartan are divided into only two segments, because export sales of this product to a licensee are recorded under a single route.

### Worldwide sales of international strategic products (consolidated basis)

(Billions of Yen)

Product	FY01	FY02	FY03	FY04	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
<b>Leuprorelin</b>	98.2	105.0	109.0	115.9	58.1	<b>62.2</b>	4.1	7.1%
<b>Lansoprazole</b>	114.3	133.3	156.0	160.0	85.6	<b>86.0</b>	0.4	0.5%
<b>Candesartan</b>	77.5	105.4	141.3	152.4	75.1	<b>93.0</b>	18.0	23.9%
<b>Pioglitazone</b>	120.4	155.3	177.6	193.0	92.8	<b>111.3</b>	18.5	19.9%

**Ethical drugs: Domestic sales <Top 15 ranking>**

(Billions of Yen)

Product	Launched	Category	FY01	FY02	FY03	FY04	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
1 Blopess	(99. 6)	A -receptor antagonist	53.6	70.2	92.7	103.5	48.5	<b>60.3</b>	11.8	24.4%
2 Basen	(94. 9)	-glucosidase inhibitor	47.1	51.0	56.9	61.5	30.3	<b>32.9</b>	2.6	8.6%
3 Leuplin	(92. 9)	LH-RH antagonist	53.1	55.1	56.8	59.7	29.6	<b>31.3</b>	1.8	6.0%
4 Takepron	(92.12)	Proton pump inhibitor	27.0	34.0	42.2	47.5	22.9	<b>27.0</b>	4.1	17.9%
5 Actos	(99.12)	Insulin sensitizer	7.6	9.6	11.6	15.5	7.1	<b>10.9</b>	3.9	54.9%
6 Benet	(02. 5)	Bone resorption inhibitor		5.0	10.7	13.7	6.7	<b>7.7</b>	1.1	15.8%
7 Seltouch	(93. 9)	Topical NSAID	13.0	12.8	13.2	13.6	7.1	<b>7.3</b>	0.1	2.0%
8 Pansoporin	(81. 2)	Antibiotics	19.5	16.5	14.8	13.5	6.8	<b>6.5</b>	0.3	4.4%
9 Isovorin	(99.10)	Cytostatics	9.8	13.1	13.9	10.3	5.2	<b>6.0</b>	0.8	16.0%
10 Glovenin	(91.11)	Immuno-globulin	8.4	8.8	8.3	8.0	4.0	<b>4.2</b>	0.2	6.1%
11 Calslot	(90. 9)	Calcium channel blocker	12.7	11.3	10.1	8.7	4.6	<b>3.9</b>	0.7	15.7%
12 Dasen	(68.11)	Anti-inflammatory enzyme	9.8	9.3	8.7	8.8	3.7	<b>3.8</b>	0.0	1.3%
13 Firstcin	(95. 8)	Antibiotics	9.6	8.7	8.3	7.9	3.9	<b>3.8</b>	0.1	3.3%
14 Rheumatrex	(99.8)	Antifolic	3.0	4.1	5.2	6.3	3.1	<b>3.3</b>	0.2	6.4%
15 Leucovorin	(03.9)	Anti-neoplastic adjuvant			0.9	4.0	1.5	<b>3.3</b>	1.8	120.2%

**Sales of major items - Consumer Healthcare**

(Billions of Yen)

	FY01	FY02	FY03	FY04	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
1 Alinamin A & EX	20.8	17.6	17.9	15.7	7.9	<b>8.7</b>	0.9	10.9%
2 Alinamin V/V&V/Dynamic/7	17.5	15.9	14.8	13.3	7.6	<b>7.1</b>	0.5	6.5%
3 Benza	8.9	9.4	3.9	7.6	4.0	<b>4.2</b>	0.2	5.5%
4 Biofermin	6.1	5.9	6.1	5.8	3.0	<b>3.2</b>	0.2	8.1%
5 Nicorette	4.9	3.1	3.6	3.4	1.7	<b>2.0</b>	0.4	21.1%

#### 4 . Selling, General and Administrative expenses

(Billions of Yen)

	FY01	FY02	FY03	FY04	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
<b>S, G &amp; A expenses</b>	386.0	435.1	445.4	458.5	206.1	<b>243.1</b>	37.1	18.0%
<b>(% of net sales)</b>	(38.4%)	(41.6%)	(41.0%)	(40.8%)	(36.4%)	<b>(40.5%)</b>	(4.2%)	
Selling expenses	128.2	132.1	128.4	124.7	53.3	<b>55.3</b>	2.0	3.8%
Advertising expenses	22.7	23.2	21.8	22.7	11.6	<b>10.8</b>	0.7	6.4%
Sales promotion expenses	25.9	29.4	31.7	32.3	14.4	<b>15.8</b>	1.4	10.0%
Transportation and custody expenses	10.5	9.8	8.7	8.4	4.3	<b>4.0</b>	0.3	6.6%
Personnel expenses	102.0	112.8	124.0	126.7	67.6	<b>65.6</b>	1.9	2.9%
Other expenses	55.4	65.9	63.4	65.6	31.5	<b>39.9</b>	8.5	26.9%
R&D expenses	100.3	124.2	129.7	141.5	53.7	<b>82.3</b>	28.5	53.1%
<b>(% of net sales)</b>	(10.0%)	(11.9%)	(11.9%)	(12.6%)	(9.5%)	<b>(13.7%)</b>	(4.2%)	
S, G & A expenses except R&D expenses	285.7	310.8	315.8	317.1	152.3	<b>160.9</b>	8.5	5.6%
<b>(% of net sales)</b>	(28.4%)	(29.7%)	(29.1%)	(28.2%)	(26.9%)	<b>(26.8%)</b>	( 0.1%)	

#### 5 . Non-operating income and expenses

(Billions of Yen)

	FY01	FY02	FY03	FY04	FY2004 1st half	FY2005 1st half	vs. 1st half FY2004	increase/ decrease
<b>Non-operating income and expenses</b>	78.0	94.5	74.4	56.8	35.6	<b>44.2</b>	8.5	24.0%
<b>Non-operating income</b>	94.2	110.5	91.8	74.8	41.6	<b>49.9</b>	8.3	19.9%
Interest income	6.8	7.0	7.9	15.0	6.0	<b>12.5</b>	6.6	110.2%
Dividend income	2.9	3.1	3.0	3.1	1.9	<b>2.4</b>	0.5	28.4%
Equity in earnings of affiliates	74.3	88.6	72.7	45.4	26.6	<b>26.1</b>	0.4	1.6%
Other non-operating income	10.4	11.8	8.3	11.3	7.2	<b>8.8</b>	1.6	22.6%
<b>Non-operating expenses</b>	16.3	16.0	17.4	18.0	5.9	<b>5.7</b>	0.3	4.5%
Interest expenses	0.8	0.4	0.4	0.3	0.2	<b>0.2</b>	0.0	1.1%
Loss on inventories	1.2	0.8	0.9	1.1	0.3	<b>0.5</b>	0.3	109.7%
Loss on marketable securities	0.5	2.2	0.1	0.1	0.1	<b>0.0</b>	0.1	88.7%
Loss on fixed assets	2.4	2.2	1.0	1.1	0.2	<b>0.4</b>	0.2	102.1%
Contributions	4.9	3.9	5.8	4.4	1.3	<b>1.3</b>	0.0	1.1%
Other non-operating expenses	6.5	6.4	9.2	10.9	3.9	<b>3.3</b>	0.7	16.7%