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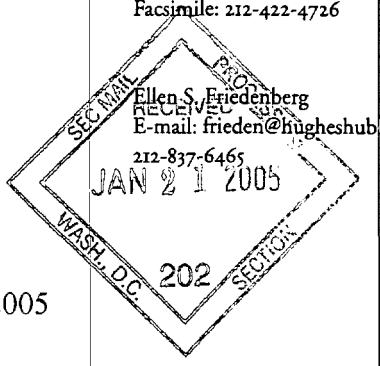

January 20, 2005

FEDERAL EXPRESS

Securities and Exchange Commission
Office of International Corporate Finan
450 Fifth Street NW
Stop 3-2
Washington, DC 20549

SUPPL

Re: Chugai Pharmaceutical Co., Ltd. – File Number 82-34668

Dear Sirs:

On behalf of Chugai Pharmaceutical Co., Ltd. (the "Company"), I enclose the Company's letter submitting materials pursuant to Rule 12g3-2(b)(iii) under the Securities Exchange Act of 1934, together with the attachments thereto.

I would be grateful if you could stamp one copy of the enclosed letter in order to acknowledge receipt thereof and return it to me in the enclosed envelope.

Please direct any communications regarding this filing to me at the above address. I can also be reached at 212-837-6465 (telephone), 212-422-4726 (fax) or frieden@hugheshubbard.com.

Very truly yours,

Ellen Friedenberg

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JAN 27 2005
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Enclosure

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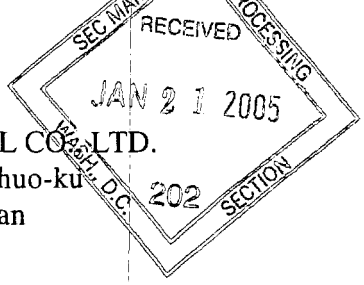


CHUGAI PHARMACEUTICAL CO., LTD.
1-9 Kyobashi 2-chome, Chuo-ku
Tokyo 104 8301, Japan

Jan.14 , 2005

Securities and Exchange Commission
Office of International Corporate Finance
Division of Corporation Finance
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Chugai Pharmaceutical Co., Ltd.
Rule 12g3-2(b) Exemption: File Number 82-34668

Ladies and Gentlemen:

Pursuant to Rule 12g3-2(b)(iii) under the Securities Exchange Act of 1934, as amended, Chugai Pharmaceutical Co., Ltd., a company incorporated under the laws of Japan (the "Company"), is submitting the enclosed documents as identified on Exhibit A hereto. With respect to Japanese language documents listed in Exhibit A for which no English language version has been prepared, brief descriptions are set forth in Exhibit B hereto.

In the event of any questions or requests for additional information, please do not hesitate to contact our United States counsel in connection with this submission, Ellen Friedenberg of Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004, telephone (212) 837-6465, fax number (212) 422-4726.

Sincerely,

Chugai Pharmaceutical Co., Ltd.

By: _____

Yoshio Itaya
General Manager of
Finance and Accounting Department

Enclosure

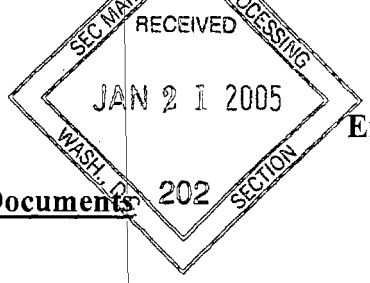


Exhibit A

Additional Rule 12g3-2(b) Documents

A. English Language Documents.

None.

B. Japanese Language Documents.

1. Semi-annual Securities Report, dated September 8, 2004, for the six-month period ended June 30, 2004 (brief description of which is set forth in Exhibit B)

2. Semi-annual Business Report, dated September 9, 2004, for the six-month period ended June 30, 2004 (brief description of which is set forth in Exhibit B)

3. Report, dated November 11, 2004, on the status of purchase of its own shares by the Company for the period from October 22, 2004 through October 31, 2004 (brief description of which is set forth in Exhibit B)

4. Report, dated December 10, 2004, on the status of purchase of its own shares by the Company for the period from November 1, 2004 through November 30, 2004 (brief description of which is set forth in Exhibit B)

5. Brief announcement of interim consolidated financial statements (unaudited) dated August 3, 2004, for the six-month period ended June 30, 2004 (English translation as Attachment 1)

6. Brief announcement of interim non-consolidated financial statements (unaudited) dated August 3, 2004, for the six-month period ended June 30, 2004 (English translation as Attachment 2)

7. Supplementary materials for consolidated interim financial results for the six-month period ended June 30, 2004 (English translation as Attachment 3)

8. Overview of consolidated company performance (unaudited), dated October 21, 2004, for the third quarter of the fiscal year 2004 (English translation as Attachment 4)

9. Documents concerning material information concerning the Company which may have a material influence on an investor's decision (which have been filed by the Company with the stock exchanges on which the common stock of the Company is listed and which are made public by such stock exchanges)

   a. Document titled "Flash Report (Provisional) of the Interim Financial Results for the Fiscal Term ended June 30, 2004" dated July 13, 2004 (English translation as Attachment 5)

   b. Document titled "F. Hoffmann-La Roche Announces Half Year Results 2004" dated July 21, 2004 (English translation as Attachment 6)

c. Document titled "Transfer of Nonprescription Products (OTC) Business from Chugai Pharmaceutical to Lion Corporation" dated July 30, 2004 (English translation as Attachment 7)

d. Document titled "Results of the Early Retirement Program" dated August 25, 2004 (English translation as Attachment 8)

e. Document titled "Notice of the Establishment of the *Chugai Clinical Research Center Co., Ltd.*" dated September 6, 2004 (English translation as Attachment 9)

f. Document titled "Restructuring Retirement Pension Program" dated September 30, 2004 (English translation as Attachment 10)

g. Document titled "F. Hoffmann-La Roche Announces Third Quarter Sales 2004" dated October 14, 2004 (English translation as Attachment 11)

h. Document titled "Notice Concerning Acquisition of the Company's Own Shares" dated October 21, 2004 (English translation as Attachment 12)

i. Document titled "Notice Concerning Completion of the Acquisition of the Company's Own Shares" dated November 16, 2004 (English translation as Attachment 13)

j. Document titled "Chugai Relocates U.S. Subsidiaries" dated November 16, 2004 (English translation as Attachment 14)

10. Press releases

a. Press release titled "Expansion of Indication: Cephalosporin Antibiotic Ceftriaxone Sodium (Product Name: Rocephin®) for injection" dated July 2, 2004 (English translation as Attachment 15)

b. Press release titled "Expansion of Indication: Anti-Influenza Drug Oseltamivir Phosphate (Product Name: Tamiflu® Capsule 75)" dated July 13, 2004 (English translation as Attachment 16)

c. Press release titled "New Product Release: *Kamemushi Varsan*®" dated July 26, 2004 (English translation as Attachment 17)

d. Press release titled "Nationwide Release of the Half-body Bathing Refreshment Drink (Soft Drink) *YUAMI*" dated September 21, 2004 (English translation as Attachment 18)

e. Press release titled "Presentation to the American Society for Bone and Mineral Research on Japanese Early Phase II Trial Data on *CHS13340* Intranasal PTH (1-34) Therapy" dated October 5, 2004 (English translation as Attachment 19)

f. Press release titled "Antibody Research by Chugai Pharmaceutical will be Published in *blood*, the American Society of Hematology Journal" dated October 27, 2004 (English translation as Attachment 20)

g. Press release titled "Operation of WISDOM: Chugai's Integrated Electronic Document Management System Supporting the CTD Inclusive of R&D to Submission" dated November 4, 2004 (English translation as Attachment 21)

h. Press release titled "Chugai Takes Supportive Measures for Niigata Chuetsu Earthquake Disaster Area" dated November 15, 2004 (English translation as Attachment 22)

i. Press release titled "Chugai to Join University of Tokyo Hospital *The Twenty-second Century Medical Center* Project" dated December 21, 2004 (English translation as Attachment 23)

[End]

Exhibit B

Brief Description of Japanese Language Documents Designated in Exhibit A

1. Semi-annual Securities Report, dated September 8, 2004, for the six-month period ended June 30, 2004

   Under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"), the Company is required to file with the Kanto Local Financial Bureau a Semi-annual Securities Report within three months following the end of the first six months of each fiscal year, i.e., June 30. A Semi-annual Securities Report filed by the Company is made public at the Kanto Local Financial Bureau, the stock exchanges on which the Company's common stock is listed, and at the head office and major branch offices of the Company pursuant to the Securities and Exchange Law.

   The information contained in the above-referenced Semi-annual Securities Report includes, *inter alia*, an outline of the Company, its business conditions, information concerning the Company, such as major shareholders, development of its stock price and management, for the six months ended June 30, 2004. The interim financial statements for the six months ended June 30, 2004 are also included in the report (an English translation of such interim financial statements is included in the brief announcements of interim consolidated and non-consolidated financial statements for the six months ended June 30, 2004, English translations of which are submitted herewith as Attachments 1 and 2, and the supplementary materials for interim financial results for the six months ended June 30, 2004, an English translation of which is submitted herewith as Attachment 3).

2. Semi-annual Business Report, dated September 9, 2004, for the six-month period ended June 30, 2004

   A Semi-annual Business Report is not required to be prepared, made public or distributed to shareholders under Japanese law. The Company voluntarily prepares and distributes the same to its shareholders, analysts and investors.

   Set forth in the above-referenced Semi-annual Business Report are a message from the CEO and President of the Company and brief descriptions of business and financial conditions of the Company. The information included in this report which is material to an investment decision, including financial information, is set forth in more detail in the brief announcements of interim consolidated and non-consolidated financial statements for the six months ended June 30, 2004, English translations of which are submitted herewith as Attachments 1 and 2, and the supplementary materials for interim financial results for the six months ended June 30, 2004, an English translation of which is submitted herewith as Attachment 3.

3. Report, dated November 11, on the status of purchase of its own shares by the Company for the period from October 22, 2004 through October 31, 2004

Under the Commercial Code of Japan, a company can, upon the authorization at its annual general meeting of shareholders or its meeting of the Board of Directors subject to the certain requirements, purchase its own shares up to the number authorized by the said annual general meeting of shareholders or its meeting of the Board of Directors within the aggregate purchase price not exceeding the amount of the profit available for dividend. In light of the foregoing, the Securities and Exchange Law requires a listed company which has been authorized to purchase its own shares by its annual general meeting of shareholders or its meeting of the Board of Directors, to submit to the relevant local financial bureau a monthly report (the "Share Purchase Report") on the status of the purchase of its own shares by no later than the 15th day of the following month. A Share Purchase Report filed by a company is made public at a relevant local financial bureau, the stock exchanges on which the shares of the company are listed and at the head office and major branch offices of the company pursuant to the Securities and Exchange Law.

The matters set forth in a Share Purchase Report are (i) the status of the purchase under the resolution of the annual general meeting of shareholders or the meeting of the Board of Directors, such as the number of shares authorized for purchase and the number of shares actually purchased in the relevant month, (ii) the status of the disposition of the shares purchased by the Company, and (iii) the number of shares held by the Company in treasury.

The above-captioned Share Purchase Report for the period from October 22, 2004 (the next day of the date of the board resolution set forth below) through October 31, 2004 states that the Company purchased 181,400 shares of the Company at an aggregate price of 294,864,700 yen during the period from October 22 through October 31, 2004 pursuant to the resolution adopted at the meeting of the Board of Directors held on October 21, 2004.

4. Report, dated December 10, 2004, on the status of purchase of its own shares by the Company for the period from November 1, 2004 through November 31, 2004

The above-captioned Share Purchase Report for November states that the Company purchased 818,600 shares of the Company at an aggregate price of 1,347,837,500 yen during November, and that the total number of the Company's shares held in treasury as of November 30, 2004 is 5,393,776.

[End]

CHUGAI PHARMACEUTICAL CO., LTD. Creating Value for Life

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(for the first half of fiscal year 2004.12 ended June 30, 2004)

August 3, 2004

Name of Company: **Chugai Pharmaceutical Co., Ltd.**
Address of the Head Office: 1-9, Kyobashi 2-Chome, Chuo-ku, Tokyo 104-8301, Japan
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. Yoshio Itaya, General Manager of Finance and Accounting Department
Phone: +81-(0) 3-3281-6611
Date of Board Meeting for Settlement of Accounts: August 3, 2004
Parent Company Name: Roche Pharmholding B.V. Shareholding ratio of the Parent Company: 50.1%
Application of US Accounting Standards: No

1. Consolidated Operating Results for the First Half of Fiscal Year ended June 2004

(1)Results of operations

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

	Net Sales	% change	Operating Income	% change	Recurring Profit	% change
First half of FY2004.12	¥142,002 million	—	¥22,337 million	—	¥23,638 million	—
First half of FY2003.12	¥141,054 million	41.4%	¥27,732 million	128.6%	¥28,622 million	128.9%
FY ended December 2003	¥232,748 million		¥42,719 million		¥43,947 million	

	Net Income	% change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
First half of FY2004.12	¥13,838 million	—	¥25.33	¥24.96
First half of FY2003.12	¥18,225 million	—	¥33.19	¥32.69
FY ended December 2003	¥28,445 million		¥51.73	¥50.94

Note 1. Equity in earnings of unconsolidated subsidiaries and affiliates: none for the first half ended June 30, 2004, none for the first half ended September 30, 2003, and none for the year ended December 31, 2003, respectively.
2. Average number of outstanding shares: 546,330,235 shares for the first half ended June 30, 2004, 549,139,197 shares for the first half ended September 30, 2003 and 548,191,365 shares for the year ended December 31, 2003, respectively.
3. Change in method of accounting: None
4. % change for net sales, operating income, recurring profit and net income is presented in comparison with the previous first half.
5. Due to the Company's change of fiscal year-end in previous year, the Company didn't present % change for net sales, operating income, recurring profit and net income, because this fiscal half-year period (Jan-Jun) wasn't the same as previous half-year period (Apr-Sep).

(2)Financial conditions

	Total Assets	Shareholders' Equity	Shareholders' Equity/Total Assets	Shareholders' Equity per Share
As of June 30, 2004	¥402,194 million	¥305,070 million	75.9%	¥558.14
As of September 30, 2003	¥396,772 million	¥286,903 million	72.3%	¥525.18
As of December 31, 2003	¥405,197 million	¥296,717 million	73.2%	¥542.96

Note: Number of outstanding shares at the end of the first half or fiscal year (consolidated): 546,588,849 shares as of June 30, 2004, 546,298,597 shares as of September 30, 2003, and 546,314,597 shares as of December 31, 2003, respectively.

(3)Results of cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalents
First half of FY2004.12	¥26,863 million	¥(18,933) million	¥(7,122) million	¥37,217 million
First half of FY2003.12	¥(16,857) million	¥6,495 million	¥(11,341) million	¥48,978 million
FY ended December 2003	¥(36,795) million	¥14,413 million	¥(11,582) million	¥36,226 million

(4) Scope of consolidation and application of equity method:
Number of consolidated subsidiaries: 16
Number of non-consolidated subsidiaries accounted for by the equity method: —
Number of affiliates accounted for by the equity method: —

(5) Changes in scope of consolidation and application of equity method:
Number of companies newly consolidated: —
Number of company excluded from consolidation: —
Number of companies newly accounted for by the equity method: —
Number of companies excluded from the equity method of accounting: —

2. Forecast for the Year Ending December 31, 2004 (January 1, 2004 - December 31, 2004)

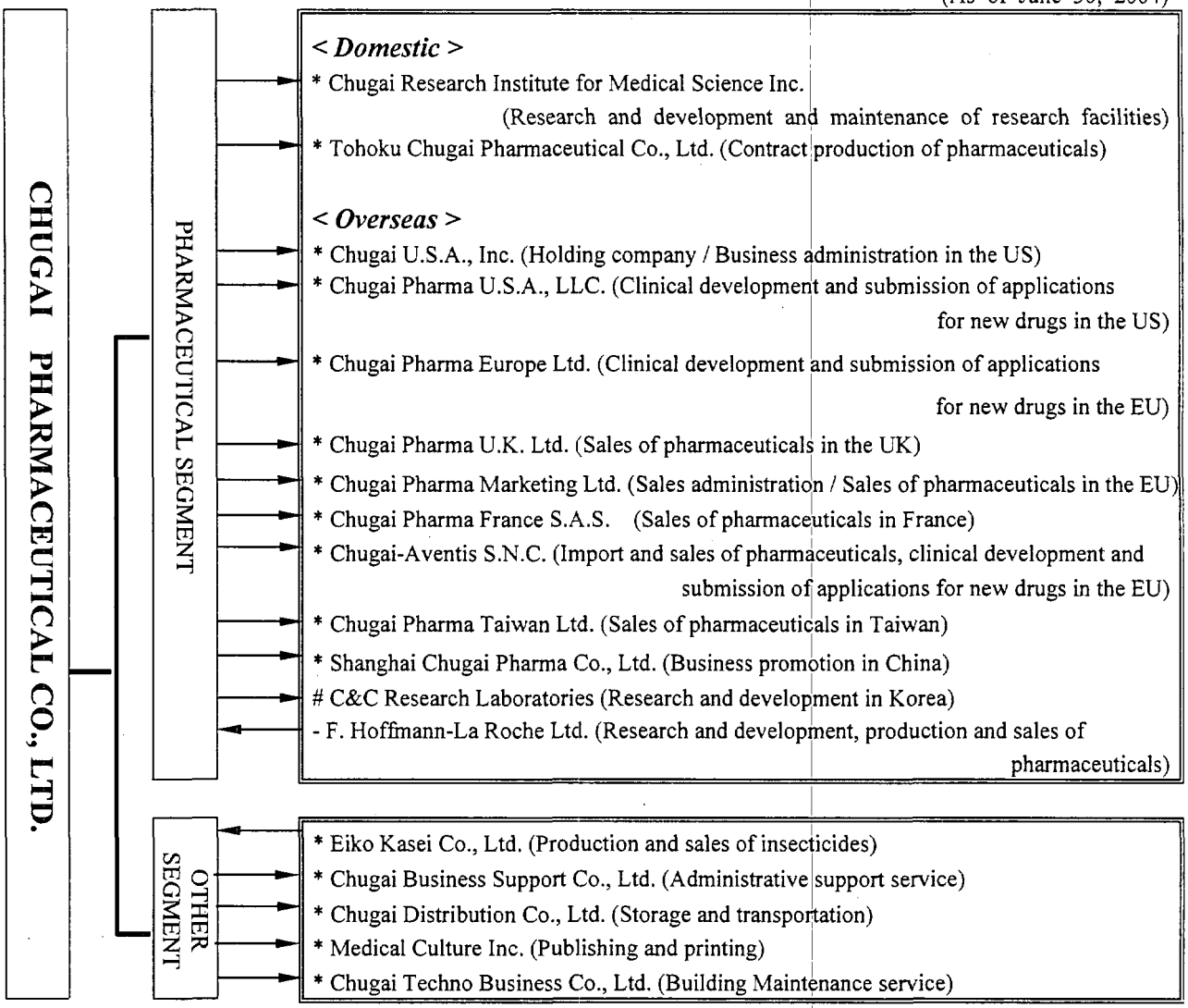
	Net Sales	Recurring Profit	Net Income
FY ending December 2004	¥297,000 million	¥53,000 million	¥31,500 million

Reference: Projected net income per share for the year ending December 31, 2004 is ¥57.63.

The Company bases its forecasts on assumptions that are believed to be reasonable under information available at the time of the forecasts. Actual results may differ from these forecasts due to potential risks and uncertainties.

Outline of Chugai Group

(As of June 30, 2004)



*	Consolidated subsidiaries
#	Affiliated companies not accounted for by the equity method
-	Subsidiary of the parent company

There is no company listed on a stock exchange.

Management Principles and Goals

1. Basic Management Principles

As part of its strategic alliance with F. Hoffmann-La Roche (Headquarters: Switzerland) (Roche), Chugai Pharmaceutical merged with Nippon Roche K.K. (Nippon Roche) on October 1, 2002.

In keeping with this development, the Company has set forth a new mission statement, stating "to dedicate itself to adding exceptional value through the creation of innovative medical products and services for the benefit of the medical community and human health around the world," as its mission and "as a most important member of the Roche group, we aim to become a top Japanese pharmaceutical company by providing a continuous flow of innovative new medicines domestically and internationally," for its envisioned future.

In addition, we are endeavoring to further boost actions that make patients and customers our primary focus as well as committing to the highest ethical and moral standards befitting a company involved in the healthcare industry.

Under these Basic Management Principles, Chugai's main endeavor is to raise the Chugai Group's corporate value and, with the conviction that these are the best measures for meeting the expectations of all of our stakeholders, such as customers and shareholders, we are redoubling efforts to realize them.

2. Basic Profit Distribution Principles

Although Chugai's basic profit distribution policy has the fundamental goal of appropriately adjusting dividend levels in line with corporate performance, it also emphasizes strengthening the Company's financial position in preparation for future expansion and maintaining stable dividend levels. In addition, internal reserves will be used to fund R&D activities in Japan and around the world as well as for making capital investments related to new products to help establish a management base for long-term stability.

3. Medium-Term Strategy

Prescription pharmaceuticals form the core of Chugai's business and are the focus of a highly unique foundation in R&D that is driven by the most advanced technologies. In particular, we are using the knowledge and technology we have amassed in the field of biotechnology in the development of antibody drugs. At the same time, Roche, which is our strategic partner, possesses capabilities in the R&D and manufacture of biopharmaceuticals that rate among the best in the world.

Chugai plans to maximize the benefits from its alliance with Roche, creating a win-win relationship through which it will further expand its business by developing and marketing innovative new drugs.

Furthermore, Chugai has set management targets for the fiscal year ending December 31, 2005, that include an operating income ratio 20% of net sales.

4. Future Tasks

As Japan's premier R&D-based pharmaceutical company with a global operating base, Chugai is making Company-wide efforts to quickly develop its business further by leveraging the strategic alliance with Roche to achieve growth through market share expansion, enhance R&D efficiency, adopt a streamlined business structure, and strengthen its business foundation.

(1) Growth through market share expansion

Chugai introduced Xeloda®, an anti-tumor agent, and Renagel®, a hyperphosphatemia drug, in June 2003 as well as Pegasys®, a treatment for chronic hepatitis C, in December 2003. In May 2004, the Company also introduced Evista®, a postmenopausal osteoporosis drug. By attaining growth for these new products as well as such existing drugs as Epogin®, a recombinant human erythropoietin, we will aim to achieve market share expansion and sales growth.

(2) Enhancement of R&D efficiency

While continuing to pursue the development of antibody drugs as well as create innovative new drugs, Chugai will leverage its alliance with Roche to raise its technical standards through collaborative research, expand its development pipeline, and increase R&D efficiency.

In April 2004, Chugai further strengthened its research framework by signing an agreement with Roche for collaboration in non-small molecule research.

In the months and years ahead, Chugai will continue to augment its pipeline while implementing efficient R&D-oriented management and work to bring appealing new drugs promptly to market.

(3) Streamlined business structure

Having closed two research centers and sold and closed two production centers, in July 2004, Chugai implemented an Early Retirement Program as part of the Company's efforts to improve its cost structure. As two years have elapsed since integration and the Company is in the process of achieving stable operations management, the program aims at providing employees with a greater range of lifestyle options by providing support for career changes and optimizing its workforce structure.

We will continue to review our operations from a variety of perspectives and work to achieve a more streamlined business structure.

(4) Strengthening our business foundation

Chugai endeavors to foster its human resources and improve corporate earnings by implementing a system of evaluation that emphasizes not only the performance of employees responsible for specific results, but also those responsible for the processes that enable results.

We will also create a solid foundation for future growth by engaging in such tasks as augmenting corporate governance, strengthening overseas business operations, and enhancing our data infrastructure.

5. Corporate Governance

Chugai places the issue of thoroughgoing corporate governance among its most crucial management tasks, and it considers the strengthening of decision making and the clarification of responsibility for the sake of continual expansion of corporate value to be particularly important issues.

With the objective of strengthening the function of the Board of Directors and accelerating decision making, we have adjusted the number of members of the board and increased the number of outside and overseas directors. At the same time, we adopted an executive officer system to clarify the responsibilities associated with the execution of operations. In addition, Chugai's International Advisory Council (IAC), which comprises specialists in various fields from Japan and other countries, serves to further the Company's goal of responding appropriately to changes in the global business environment and ensuring a corporate stance conducive to global business growth. In the future, the Company will continue to bolster and enhance efforts to accelerate decision making and clarify accountability.

As of June 2004, Chugai's Board of Directors is composed of 11 members, five of whom are outside directors. There are four corporate auditors, two of whom are from outside the company, and, to augment the corporate auditor function, we have established a new auditing staff. Executive officers serving under the president play a central role in the execution of business operations and report administrative conditions to the Board of Directors every fiscal quarter. The Management Committee, which is staffed by the primary executive officers, is entrusted by the Board of Directors to make critical decisions in the execution of business operations. The Management Committee notifies the Board of all important decisions made.

Chugai has established an Internal Auditing Department to monitor the execution of business operations, as well as a Risk Management Committee—a sub-organization of the Management Committee—to handle all areas of risk management including ensuring Company-wide compliance with legislation and working to prevent improprieties.

Chugai also maintains its own Chugai Business Conduct Guidelines. Based on these guidelines, Chugai will augment and strengthen its fulfillment of its social responsibilities, including those related to corporate ethics, the environment, and the protection of personal information. To meet this end, Chugai has established a Corporate Social Responsibilities Committee as a sub-organization of the Management Committee and a Corporate Social Responsibilities Promotion Department (a reworking of the former Corporate Ethics Department) as a full-time organization.

Chugai undergoes regular financial audits conducted by the accounting firm Shin Nihon & Co. and seeks legal counsel related to business management as well as daily operations as necessary.

6. Basic Principles Regarding Relationship with Related Parties

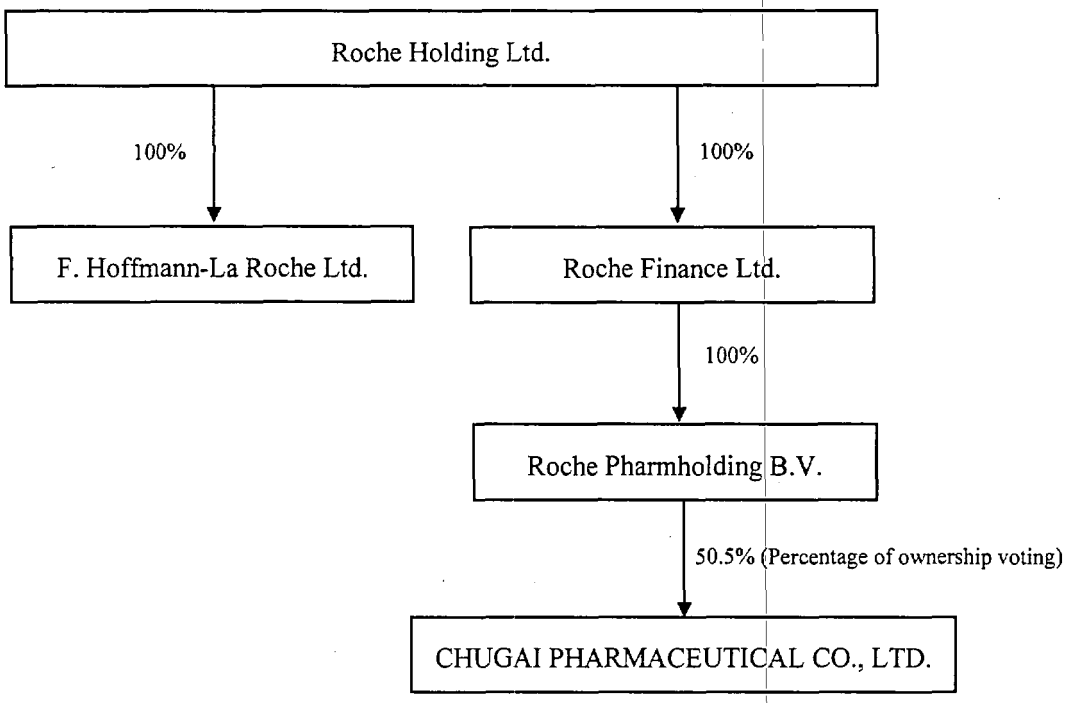
Based on the strategic alliance between Chugai and Roche, on October 1, 2002, Roche obtained 50.1% of Chugai's shares through a wholly owned subsidiary, Roche Pharmholding B.V. (head office: the Netherlands).

Under the agreement to the alliance, Chugai has exclusive rights to market Roche's pharmaceuticals, including OTCs, in Japan, and has first refusal rights regarding the development and marketing in Japan of all development candidates advanced by the Roche Group.

In cases when Chugai decides that it requires a partner for the overseas development and/or marketing activities, Roche will have the right of first refusal regarding the development and marketing of Chugai's development candidates in markets outside Japan (excluding South Korea). The alliance aims to create a new business model that differs from ordinary acquisitions and mergers.

Although Roche Pharmholding includes Chugai in its consolidated financial statements, Chugai continues to function as an independent, listed company, and, while engaging in business in a manner that is in keeping with Japanese culture and society, it will expand its research, development, manufacturing, and marketing activities both domestically and abroad, with the objective of contributing to healthcare and raising profits.

As of June 2004, three of Chugai's outside directors also serve as members of the Roche Group's Executive Committee.



Financial Review and Financial Position

1. Business Overview

(1) Overview of First Six Months of Fiscal 2004

a) Sales Results

During the period under review, the environment surrounding the pharmaceuticals industry remained extremely challenging as an industry average 4.2% cut in the National Health Insurance drug reimbursement prices was implemented while Government medical cost reduction policies remained in place.

In this business climate, Chugai sought to become an important member of the Roche Group and endeavored to expedite product development, promote products in domestic and overseas markets, and implement marketing campaigns based on sound ethical and scientific principles that promote appropriate drug use as well as customer confidence.

As a result, net sales for the interim term amounted to ¥142,002 million.

With respect to the prescription pharmaceuticals segment of its Pharmaceutical Business, sales of the mainstay offering Epogin® (epoetin beta), a recombinant human erythropoietin, and Neutrogin(lenograstim), a recombinant human granulocyte-colony stimulating factor (rG-CSF) , were strong. Rituxan®, an antitumor agent for which Chugai received approval for an expanded indication in September 2003, and the postmenopausal osteoporosis drug Evista®, launched in May 2004, also contributed to sales. As a result, in spite of the delay in market penetration of some drugs such as the peginterferon alfa-2a drug, Pegasys®, net sales amounted to ¥132,842 million.

Regarding nonprescription products, with persistent sluggishness in consumer spending, sales of the tonic drinks New Guromont® and Guronsan® grew steadily, and sales for the segment amounted to ¥5,116 million.

In Chugai's Other Business, which consists primarily of the home-use insecticide Varsan®, sales amounted ¥4,043 million.

Overseas sales, including exports, amounted to ¥8,956 million, representing 6.3% of the Company's net sales.

b) Financial Results

At the profit level, some sales promotion expenses and research and development expenses have been shifted to the latter half of the year, and with the continued efforts to improve the efficiency of expenses, operating income amounted to ¥22,337 million and recurring profit totaled ¥23,638 million.

As a result, Chugai's net income for the interim period was ¥13,338 million.

Principal non-consolidated and consolidated performance figures and the ratios between those figures are as follows.

(Billions of Yen)

	Non-Consolidated (A)	Consolidated (B)	B/A
Net Sales	137.8	142.0	1.03
Operating Income	20.2	22.3	1.10
Recurring Profit	22.0	23.6	1.07
Net Income	13.2	13.8	1.04

The Company plans to pay interim dividends of ¥9 per share.

(3) R&D Activities

Chugai Pharmaceutical Co., Ltd., is proactively developing its prescription pharmaceutical-focused R&D activities in Japan as well as overseas.

Specifically, the Company is working to develop innovative products with global applications in the strategic domains of oncology, renal diseases, bone and joint, cardiovascular diseases, and transplant, immunology and infectious diseases. In Japan, Chugai's Fuji Gotemba Research Laboratories, Kamakura Research Laboratories, and Tsukuba Research Laboratories—which specialize in antibody drug research—are collaborating in drug discovery research. Overseas, Chugai Pharma USA, LLC., and Chugai Pharma Europe Ltd., are engaged in clinical development activities in the United States and Europe, respectively.

In its Pharmaceutical Business R&D activities during the interim term, Chugai concentrated on maximizing R&D synergies through its strategic alliance with Roche. Specifically, in a move that will help reaffirm the significance of widely sharing fundamental drug discovery technologies at the research level, as part of our efforts to create new values, Chugai signed a new agreement with Roche for collaboration in non-small molecule research, in April 2004.

In domestic clinical development activities, Chugai achieved progress in its strategic areas of oncology, bone and joint, and renal diseases.

In the field of oncology, Chugai commenced phase III clinical trials on the recombinant human erythropoietin EPOCH (expected indication: cancer chemotherapy associated anemia) in February 2004. In June 2004, Chugai also began phase I clinical trials on R1273, a HER dimerization inhibitory humanized monoclonal antibody licensed in from Roche in December 2003. Chugai is also making preparations for clinical trials in the second half of the fiscal year on R435, a humanized anti-VEGF (Vascular Endothelial Growth Factor) monoclonal antibody that was licensed in from Roche at the same time as R1273.

In the bone and joint field, in February 2004, Chugai commenced a pivotal phase III double-blind clinical trials with MRA, a humanized anti-human IL-6 receptor monoclonal antibody (prospective trade name: Actemra® injection). The selective estrogen receptor modulator LY139481–HCl (generic name: raloxifene hydrochloride; indication: postmenopausal osteoporosis; applicant: Eli Lilly Japan K.K.) also obtained import approval and was brought to market in May 2004 under the name Evista® Tablets.

In the field of renal disease, in July 2004, Chugai commenced phase II clinical trials on R744, a continuous erythropoiesis receptor activator.

In July 2004, the anti-influenza drug Tamiflu Capsule was approved for prophylaxis of influenza in adults, which Chugai had applied for approval in June 2003. Chugai is currently awaiting approval of the manufacturing (or importing) applications filed for six development projects, including MRA (expected indication: Castleman's disease).

Overseas, in the United States the Company is conducting phase II clinical trials on BO-653, an antioxidant, and GM-611, a gastrointestinal motility recovery agent, through Chugai Pharma USA, LLC. However, Chugai was unable to obtain the clinical results it had expected with BO-653 for the restenosis in post-PCI.

Chugai also established a joint MRA office in the U.K. with Roche and it is currently making preparations to commence phase III trials (expected indication: rheumatoid arthritis) on MRA in the second half of 2004.

During the period under review, R&D costs amounted to ¥22,951 million.

(2) Outlook for the Current Fiscal Year

The market environment for fiscal 2004 remains extremely challenging, due in large part to a series of reforms to Japan's medical care system, including the April 2004 revision of drug prices. As the previous fiscal year was an irregular nine-month term due to the change of the fiscal year-end to December 31, fiscal 2004 will be the first term in which the contribution of the management integration with Nippon Roche will be reflected on Company's earnings for the full 12 months.

In prescription pharmaceuticals, Chugai anticipates continued steady growth in sales along with the increasing market penetration of Xeloda®, Renagel®, Pegasys® and Evista®, carrying out sales and marketing operation of Euglucon® by itself, and expanded revenue due to the use of Rituxan® for additional indications. In nonprescription products, the Company anticipates earnings on a par with those of the previous fiscal year, thanks to its bolstering of retail development and the effects of the unusually hot summer temperatures in Japan. Chugai also expects solid results from its European subsidiaries and other overseas operations. For the full fiscal year, the Company predicts consolidated net sales of ¥297.0 billion.

At the profit level, although the cost of sales ratio is expected to rise due to a greater proportion of Roche product sales, through continued endeavors to improve cost efficiency across the board, Chugai expects to record consolidated operating income of ¥52.5 billion, consolidated recurring profit of ¥53.0 billion, and net income of ¥31.5 billion.

These forecasts are the same as those disclosed in Chugai's February 13, 2004, financial announcement.

Note: The above earnings outlook is based on information available at the time of preparation and contains predictions considered reasonable by the Company. As such, this outlook is subject to potential risks and uncertainties and actual results may differ from the forecast stated herein.

2. Financial Position

(1) Overview of First half of Fiscal 2004 (January-June, 2004)

Total assets at the end of the period under review totaled ¥402,194 million, reflecting a ¥3,003 million decrease from the end of the previous fiscal year, while total liabilities amounted to ¥95,719 million, reflecting a ¥11,856 million decrease primarily due to a decline in trade notes and accounts payable. Working capital (current assets less current liabilities) came to ¥206,189 million, and the current ratio was 530.5%, reflecting the Company's sound financial position.

Shareholders' equity totaled ¥305,070 million, up ¥8,353 million from the previous fiscal year-end, and the equity ratio was 75.9%, compared with 73.2% at the previous fiscal year-end.

(2) Cash Flows

Net cashed provided by investing activities amounted to ¥26,863 million, due to a decline in trade notes and accounts receivable that compensated for the decrease in trade notes and accounts payable since the previous fiscal year-end.

Net cash used in investing activities amounted to ¥18,933 million, due to an increase in expenditures for the acquisition of marketable securities, which canceled out the increase in gain on the sale of marketable securities.

Net cash used in financing activities amounted to ¥7,122 million, due to such factors as an increase in dividend payments.

Thus, cash and cash equivalents at the end of the period under review amounted to ¥37,217 million, down ¥990 million.

(3) Financial Indices

	Interim period for the year ended March 31, 2003	Interim period for the nine-month period ending December 31, 2003	Interim period for the year ended December 31, 2004	Year-end (for the year ended March 31, 2003)	Year-end nine-month period ending December 31, 2003)
Equity ratio (%)	62.4	72.3	75.9	65.2	73.2
Market value equity ratio (%)	96.5	191.8	232.7	155.2	207.8
Interest-bearing debt to cash flows from operating activities	0.1	0.3	0.2	0.4	0.5
Interest coverage ratio	94.8	113.0	160.3	78.7	79.4

Equity ratio: equity/total assets

Market value equity ratio: total market capitalization/total assets

Interest-bearing debt to cash flows from operating activities (Year-end): interest-bearing debt/operating cash flow (prior to interest and income tax deductions)

Interest-bearing debt to cash flows from operating activities (Interim period): interest-bearing debt/ operating cash flow (prior to interest and income tax deductions) x 2

Interest coverage ratio: operating cash flow (prior to interest and income tax deductions)/interest payments

* All of the figures in the aforementioned indices were calculated on a consolidated basis.
* Total market capitalization was calculated by multiplying the closing stock price at the end of the term by the total number of outstanding shares at the end of the term (excluding treasury stock).
* Cash flows from operating activities (prior to interest and income tax deductions) in the consolidated statements of cash flow were treated as an operating cash flow (prior to payment of interest and income tax deductions) in the calculations above.
* Interest-bearing debt refers to all debt posted in the consolidated balance sheet upon which interest is paid.
* The amount of paid interest column in the consolidated cash flow statement was treated as an interest payment in the calculations above.
* Due to the Company's change of fiscal year-end and the resultant irregular nine-month fiscal year, the redemption of debt has been calculated using the following formula: interest-bearing debt / (operating cash flow (before interest and income taxes) x 12/9).

Summary of Orders, Production, and Sales

1. Mainstay Products by Product Applications

Business Segments	Product Application	In-house products	Purchased products
Pharmaceutical	Central Nervous System	Rohypnol	Amoban, Laughing gas, Alpen (cold remedy)
	Cardiovascular, Respiratory	Sigmart, Preran, Lanirapid, Digosin, Bezalip	Rythmodan
	Gastrointestinal	Kytril, Ulcerlmin, New Chugai Ichoyaku	Chugai Geridome (paregoric)
	Hormone, Vitamin, Tonic	Alfarol, Oxarol, Rocaltrol, Tigason	Blutal, Rojelly Gold, Guronsan G
	Hematological Agents	Epogin, Neutrogin	—
	Metabolic	Suvenyl, Euglucon, Renagel, Cellcept	Evista, New Guromont, Guronsan Strong Oral Liquid Guronsan Oral Liquid
	Anticancer, Chemotherapeutic	Tamiflu, Furtulon, Herceptin, Xeloda, Picibanil	Rituxan
	Antibiotic	Rocephin, Cefotax	—
	Other	Pegasys	Benambax, Zenol (anti-inflammatory analgesic), Pair Acne Cream
Other	Pest Control	Varsan (insecticidal fumigators)	Varsan (aerosol propellent)

2. Production

(1)Production volume by product application

(Millions of Yen)

Business Segments	Product Application	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	Change (Compared to the First Half of FY 2003.12)	FY 2003.12 (Apr. 1, 2003– Dec. 31, 2003)
Pharmaceutical	Central Nervous System	4,906	— %	6,960
	Cardiovascular, Respiratory	13,843	—	22,529
	Gastrointestinal	8,531	—	16,379
	Hormone, Vitamin, Tonic	17,751	—	24,489
	Hematologic Agents	46,030	—	69,657
	Metabolic	10,170	—	11,865
	Anticancer, Chemotherapeutic	28,436	—	46,628
	Antibiotic	3,179	—	6,163
	Other	4,232	—	2,809
	(Subtotal)	(137,083)	(—)	(207,483)
Other	Pest Control	1,032	—	1,442
	(Subtotal)	(1,032)	(—)	(1,442)
	Total	138,116	—	208,925

Note: 1. Amounts are computed based on expected sales price net of consumption tax.

2. Due to the Company's change of fiscal year-end in previous year, the Company didn't present "Change (Compared to the First Half of FY 2003.12), because this fiscal half-year period (Jan-Jun) wasn't the same as previous half-year period (Apr-Sep).

(2)Purchase volume by product application

(Millions of Yen)

Business Segments	Product Application	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	Change (Compared to the First Half of FY 2003.12)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
Pharmaceutical	Central Nervous System	1,688	— %	2,952
	Cardiovascular, Respiratory	3,386	—	4,832
	Gastrointestinal	60	—	63
	Hormone, Vitamin, Tonic	377	—	617
	Metabolic	4,977	—	4,221
	Anticancer, Chemotherapeutic	6,998	—	7,104
	Other	374	—	496
	(Subtotal)	(17,864)	(—)	(20,287)
Other	Other	331	—	523
	(Subtotal)	(331)	(—)	(523)
	Total	18,195	—	20,811

Note: 1. Amounts are reported based on purchase price net of consumption tax.

2. Due to the Company's change of fiscal year-end in previous year, the Company didn't present "Change (Compared to the First Half of FY 2003.12), because this fiscal half-year period (Jan-Jun) wasn't the same as previous half-year period (Apr-Sep).

3. Orders

All of the Chugai Group's production are based on sales forecast, not on orders.

4. Sales by Product Application

(Millions of Yen)

Business Segments	Product Application	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	Change (Compared to the First Half of FY 2003.12)	FY 2003.12 (Apr. 1, 2003- Dec. 31, 2003)
Pharmaceutical	Central Nervous System	6,343	— %	11,073
	Cardiovascular, Respiratory	15,934	—	27,570
	Gastrointestinal	7,352	—	13,736
	Hormone, Vitamin, Tonic	14,668	—	25,144
	Hematological Agents	45,053	—	80,348
	Metabolic	15,477	—	22,322
	Anticancer, Chemotherapeutic	26,407	—	41,164
	Antibiotic	2,993	—	5,013
	Other	3,727	—	2,330
	(Subtotal)	(137,958)	(—)	(228,704)
Other	Pest Control	4,043	—	4,043
	(Subtotal)	(4,043)	(—)	(4,043)
	Total	142,002	—	232,748

Note: 1. Amounts are reported net of consumption tax.

2. Due to the Company's change of fiscal year-end in previous year, the Company didn't present "Change (Compared to the First Half of FY 2003.12), because this fiscal half-year period (Jan-Jun) wasn't the same as previous half-year period (Apr-Sep).

Interim Consolidated Balance Sheets

(Millions of Yen)

Accounts	As of September 30, 2003		%	As of June 30, 2004		%	As of December 31, 2003		%
Assets									
I Current assets:									
Cash and deposits		48,978			37,217			36,226	
Trade notes and accounts receivables		93,926			104,632			113,861	
Marketable securities		33,887			42,384			30,694	
Inventories		52,063			57,068			53,156	
Deferred tax assets		10,890			8,784			9,502	
Other		6,303			4,838			12,711	
Reserve for doubtful accounts		(355)			(841)			(648)	
Total current assets		245,695	61.9		254,083	63.2		255,504	63.1
II Fixed assets:									
1. Tangible fixed assets:									
Buildings and structures	107,073			106,330			102,309		
Accumulated depreciation	57,797	49,276		55,701	50,629		53,988	48,320	
Machinery and vehicles	62,854			63,273			64,485		
Accumulated depreciation	45,456	17,397		45,954	17,319		45,213	19,272	
Furniture and fixtures	35,007			33,841			34,003		
Accumulated depreciation	28,008	6,999		27,343	6,497		27,234	6,769	
Land		12,615			10,938			10,938	
Construction in progress		7,582			7,466			6,669	
Total tangible fixed assets		93,870			92,851			91,969	
2. Intangible fixed assets:		3,167			3,036			3,373	
3. Investments and other assets:									
Investment securities		18,523			19,531			17,101	
Long-term loans		199			178			192	
Deferred tax assets		18,569			18,394			20,809	
Other		17,052			14,419			16,549	
Reserve for doubtful accounts		(307)			(302)			(303)	
Total investments and other assets		54,038			52,221			54,349	
Total fixed assets		151,076	38.1		148,110	36.8		149,693	36.9
Total assets		396,772	100.0		402,194	100.0		405,197	100.0

(Millions of Yen)

Accounts	As of September 30, 2003		As of June 30, 2004		As of December 31, 2003	
Liabilities		%		%		%
I Current liabilities:						
Trade notes and accounts payable	16,792		12,446		20,709	
Short-term borrowings	118		—		11	
Other payables	8,118		7,254		10,497	
Accrued income taxes	7,307		6,384		244	
Deferred tax liabilities	5		5		3	
Accrued consumption tax	304		1,198		284	
Accrued expenses	9,443		11,671		14,013	
Reserve for bonuses to employees	8,120		4,002		4,226	
Reserve for sales returns	737		438		498	
Reserve for sales rebates	1,414		1,629		2,043	
Other	4,137		2,861		3,771	
Total current liabilities	56,501	14.2	47,894	11.9	56,304	13.9
II Fixed liabilities						
Bonds with warrant	6,312		6,011		6,312	
Convertible bonds	3,455		3,395		3,438	
Long-term debt	1,124		1,000		1,000	
Deferred tax liabilities	15		21		18	
Reserve for employees' retirement benefits	40,533		36,701		39,558	
Reserve for officers' retirement benefits	490		348		511	
Other	23		347		434	
Total fixed liabilities	51,954	13.1	47,825	11.9	51,272	12.7
Total liabilities	108,455	27.3	95,719	23.8	107,576	26.6
Minority interests						
Minority interests	1,413	0.4	1,403	0.3	903	0.2
Shareholders' equity						
I Common stock	68,228	17.2	68,409	17.0	68,237	16.8
II Additional paid-in capital	88,090	22.2	88,271	21.9	88,099	21.7
III Retained earnings	133,841	33.7	150,707	37.5	144,062	35.6
IV Net unrealized gain on securities	2,252	0.6	3,657	0.9	2,340	0.6
V Foreign Currency translation adjustments	415	0.1	(29)	(0.0)	(85)	(0.0)
VI Treasury stock, at cost	(5,927)	(1.5)	(5,945)	(1.4)	(5,936)	(1.5)
Total shareholders' equity	286,903	72.3	305,070	75.9	296,717	73.2
Total liabilities, minority interests and shareholders' equity	396,772	100.0	402,194	100.0	405,197	100.0

Interim Consolidated Statements of Income

(Millions of Yen)

Accounts	First Half of FY 2003.12 (Apr. 1, 2003 – Sep. 30, 2003)			First Half of FY 2004.12 (Jan. 1, 2004 – Jun. 30, 2004)			FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)		
			%			%			%
I Net sales		141,054	100.0		142,002	100.0		232,748	100.0
II Cost of sales:		48,511	34.4		54,416	38.3		83,830	36.0
Gross profit		92,542	65.6		87,586	61.7		148,917	64.0
Reserve for sales returns		(49)	(0.0)		(60)	(0.0)		(288)	(0.1)
Net gross profit		92,592	65.6		87,646	61.7		149,206	64.1
III Selling, general and administrative expenses (*1)		64,859	46.0		65,308	46.0		106,487	45.7
Operating income		27,732	19.6		22,337	15.7		42,719	18.4
IV Non-operating income:									
Interest income	195			181			321		
Dividend income	76			53			101		
Life insurance dividends received	24			446			24		
Patent royalties	469			612			736		
Gain on foreign exchanges	312			339			—		
Redemption of R&D expenses	698			—			698		
Gain on derivatives	—			—			521		
Other	684	2,461	1.7	1,134	2,767	1.9	900	3,305	1.4
V Non-operating expenses:									
Interest expense	147			137			210		
Loss on disposal of fixed assets	271			281			397		
Reserve for doubtful accounts	10			24			7		
Loss on inventories	—			499			130		
Loss on foreign exchange	—			—			821		
Loss on derivatives	828			186			—		
Other	313	1,571	1.1	336	1,466	1.0	510	2,077	0.9
Recurring profit		28,622	20.3		23,638	16.6		43,947	18.9
VI Extraordinary gain:									
Gain on sales of investment securities	511			—			1,312		
Fee of Licensing Agreement (*2)	3,294			—			3,294		
Profit from sales of fixed assets (*3)	—	3,805	2.7	—	—	—	3,466	8,073	3.5
VII Extraordinary loss:									
Office closing cost (*4)	435	435	0.3	—	—	—	2,777	2,777	1.2
Income before income taxes and minority interests		31,992	22.7		23,638	16.6		49,243	21.2
Income taxes:									
Current	9,000			6,970			16,533		
Deferred	4,189	13,190	9.4	2,253	9,224	6.5	3,263	19,796	8.5
Minority interests		576	0.4		576	0.4		1,000	0.5
Net income		18,225	12.9		13,838	9.7		28,445	12.2

Interim Consolidated Statements of Retained Earnings

(Millions of Yen)

Accounts	First Half of FY 2003.12 (Apr. 1, 2003 – Sep. 30, 2003)		First Half of FY 2004.12 (Jan. 1, 2004 – Jun. 30, 2004)		FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)	
(Additional paid-in capital)						
I Additional paid-in capital at beginning of year		88,077		88,099		88,077
II Increase in Additional paid-in capital						
Conversion of convertible bonds	13		171		21	
Gain on disposal of treasury stock	0	13	0	171	0	21
III Additional paid-in capital at ending balance		88,090		88,271		88,099
(Retained earnings)						
I Retained earnings at beginning of year		120,114		144,062		120,114
II Increase in retained earnings						
Net income	18,225	18,225	13,838	13,838	28,445	28,445
III Decrease in retained earnings						
Dividends paid	4,404		7,102		4,404	
Bonuses to directors	93	4,497	90	7,192	93	4,497
IV Retained earnings at ending balance		133,841		150,707		144,062

Interim Consolidated Statements of Cash Flows

(Millions of Yen)

Accounts	First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 -Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 – Dec. 31, 2003)
I Cash flows from operating activities			
Income before income taxes and minority interests	31,992	23,638	49,243
Depreciation and amortization	6,490	6,844	10,513
Decrease in reserve for employees' retirement benefits	(1,775)	(2,856)	(2,749)
Interest and dividend income	(271)	(234)	(422)
Interest expense	147	137	210
Loss on disposal of fixed assets	271	281	397
Profit from sales of fixed assets	—	—	(3,466)
Loss on sales and revaluation of investment securities	(474)	(182)	(1,275)
Decrease (increase) in notes and accounts receivable	3,862	9,300	(16,175)
Increase in inventories	(11,204)	(3,853)	(12,364)
(Decrease) increase in notes and accounts payable	(213)	(8,198)	3,653
Increase (decrease) in accrued consumption tax	(1,415)	914	(1,429)
Other	(11,020)	(3,854)	(9,491)
Subtotal	16,389	21,936	16,643
Interest and dividends received	271	234	422
Interest paid	(147)	(138)	(215)
Income taxes paid	(33,371)	(824)	(53,646)
Refund of income taxes	—	5,655	—
Net cash (used in) provided by operating activities	(16,857)	26,863	(36,795)
II Cash flows from investing activities			
Purchases of marketable securities	(24,897)	(47,497)	(40,896)
Proceeds from sales of marketable securities	42,097	42,597	62,396
Purchases of investment securities	(1,801)	(7,552)	(1,802)
Proceeds from sales of investment securities	2,656	698	3,893
Purchases of fixed assets	(11,223)	(7,230)	(15,973)
Proceeds from sales of fixed assets	120	33	7,242
Net decrease (increase) in short-term loans	0	5	(4)
Net decrease (increase) in long-term loans	(9)	12	6
Additional acquisition of shares of consolidated subsidiaries	(448)	—	(448)
Net cash (used in) provided by investing activities	6,495	(18,933)	14,413
III Cash flows from financing activities			
Net (decrease) in long-term debt	(1,071)	(11)	(1,302)
Redemption of bonds	(0)	(0)	(0)
Net (increase) in treasury stock	(5,857)	(9)	(5,867)
Cash dividends paid	(4,404)	(7,102)	(4,404)
Cash dividends paid to minority shareholders	(7)	—	(7)
Net cash used in financing activities	(11,341)	(7,122)	(11,582)
IV Effect of exchange rate changes on cash and cash equivalents	89	182	(332)
V Net increase (decrease) in cash and cash equivalents	(21,614)	990	(34,296)
VI Cash and cash equivalents at beginning of year	70,593	36,226	70,593
VII Cash decrease resulting from exclusion of subsidiaries from consolidation	—	—	(70)
VIII Cash and cash equivalents at end of year	48,978	37,217	36,226

Basis of Preparing Interim Consolidated Financial Statements

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
1. Scope of Consolidation (1) Number of consolidated subsidiaries: 17 companies Major subsidiaries: Domestic: Eiko Kasei Co., Ltd. Overseas: Chugai Pharma Marketing Ltd.	1. Scope of Consolidation (1) Number of consolidated subsidiaries: 16 companies Major subsidiaries: Same as in the left.	1. Scope of Consolidation (1) Number of consolidated subsidiaries:: 16 companies Major subsidiaries: Domestic: Eiko Kasei Co., Ltd. Overseas: Chugai Pharma Marketing Ltd. Hiroshima Chugai Pharmaceutical Co., Ltd. has been excluded from the scope of consolidation because its materiality fell down due to its liquidation.
(2) Non-consolidated subsidiaries: None	(2) Non-consolidated subsidiaries: Same as in the left.	(2) Non-consolidated subsidiaries: Hiroshima Chugai Co., Ltd. has been excluded from the scope of consolidation because its materiality fell down due to its liquidation.
2. Application of Equity Method (1) Number of non-consolidated subsidiaries and affiliates accounted for by the equity method: None	2. Application of Equity Method (1) Number of non-consolidated subsidiaries and affiliates accounted for by the equity method: Same as in the left.	2. Application of Equity Method (1) Number of non-consolidated subsidiaries and affiliates accounted for by the equity method: Same as in the left
(2) Companies to which the equity method has not been applied: Affiliates: C&C Research Laboratories. Investments in this company have been carried at cost and the effect of its net income and retained earnings on the consolidated financial results of the Company were immaterial.	(2) Companies to which the equity method has not been applied: Same as in the left.	(2) Companies to which the equity method has not been applied: Subsidiary: Hiroshima Chugai Co., Ltd. Affiliate: C&C Research Laboratories. Investments in these companies have been carried at cost and the effect of their net income and retained earnings on the consolidated financial results of the Company were immaterial.
3. Treatment for the difference in fiscal half-year period Nine foreign subsidiaries have been consolidated on the basis of their fiscal half-year period ended June 30, which differs from that of the Company; however, the effect of the difference in fiscal half-year periods was immaterial. Reconciliation will be made when necessary.	3. Treatment for the difference in fiscal half-year period Closing date in fiscal half-year period of all subsidiaries is in agreement with its Company.	3. Treatment for the difference in fiscal period Closing date of all subsidiaries is in agreement with its Company. (Additional information) Subsidiaries in domestic have changed closing date as December 31, because the Company has changed.

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
4. Significant Accounting Policies (1) Basis and method for valuation of significant assets a. Financial assets Held-to-maturity securities: Held-to-maturity securities are stated by the amortized cost method. Other securities: - Securities with market value are stated at fair value at closing date for the fiscal half-year period, and changes in fair value are recorded as a separate component of shareholders' equity at an amount net of tax, and the moving average method is used to calculate the original cost. - Securities without market value are stated at cost determined by the moving average method.	4. Significant Accounting Policies (1) Basis and method for valuation of significant assets a. Financial assets Same as in the left.	4. Significant Accounting Policies (1) Basis and method for valuation of significant assets a. Financial assets Held-to-maturity securities: Held-to-maturity securities are stated by the amortized cost method Other securities: - Securities with market value are stated at fair value at closing date for the fiscal year, and changes in fair value are recorded as a separate component of shareholders' equity at an amount net of tax, and the moving average method is used to calculate the original cost. - Securities without market value are stated at cost determined by the moving average method.
b. Basis of valuation of derivatives: Derivatives are revaluated by the market value method.	b. Basis of valuation of derivatives: Same as in the left.	b. Basis of valuation of derivatives: Same as in the left.
c. Inventories - Inventories other than work in process are stated at cost determined principally by the average method. - Work in process is stated at cost determined principally by the first-in, first-out method.	c. Inventories Same as in the left.	c. Inventories Same as in the left.
(2) Method of depreciation a. Tangible fixed assets Depreciation of tangible fixed assets is calculated primarily by the declining-balance method. b. Intangible fixed assets Depreciation of intangible fixed assets is calculated primarily by the straight-line method.	(2) Method of depreciation Same as in the left.	(2) Method of depreciation Same as in the left.
(3) Accounting for important reserves a. Reserve for doubtful accounts In order to prepare for losses of bad credits such as account receivables or loans and for revaluation losses on financial instruments, except valuation losses on securities, the reserve for doubtful accounts is provided for at uncollectable amount based on the historical percentage of credit losses for general credits, and is provided for at amount that is estimated individually considering these possibilities of collection for bad credits that is highly possible to loss and these possibilities of future loss on financial instruments.	(3) Accounting for important reserves a. Reserve for doubtful accounts Same as in the left.	(3) Accounting for important reserves a. Reserve for doubtful accounts Same as in the left.
b. Reserve for bonuses to employees The reserve for bonuses to employees is presented at an estimated amount of the liability for bonuses incurred for the fiscal half-year periods.	b. Reserve for bonuses to employees Same as in the left.	b. Reserve for bonuses to employees The reserve for bonuses to employees is presented at an estimated amount of the liability for bonuses incurred for the fiscal year.

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
c. Reserve for sales returns The reserve for sales returns is calculated by multiplying a sales credit at the end of fiscal half-year period by the ratio of returns to sales of the latest two fiscal years and by the ratio of current sales profit for the fiscal half-year periods, in order to prepare for a loss arising from sales returns subsequent to the interim balance sheet date.	c. Reserve for sales returns Same as in the left.	c. Reserve for sales returns The reserve for sales returns is calculated by multiplying a sales credit at the end of fiscal year by the ratio of returns to sales of the latest two fiscal years and by the ratio of current sales profit for the fiscal year, in order to prepare for a loss arising from sales returns subsequent to the balance sheet date.
d. Reserve for sales rebates The reserve for sales rebates is computed by multiplying the balance of account receivables at the interim balance sheet date by the current rebate ratio, in order to prepare for any expenditure on sales rebates subsequent to the interim balance sheet date.	d. Reserve for sales rebates The reserve for sales rebates is computed by based on sales amount in order to prepare for any expenditure on sales rebates subsequent to the first half of this fiscal year. (Additional information) Although the Company had computed by multiplying the balance of account receivables at the interim balance sheet date by the current rebate ratio, the Company has changed to compute estimated reserve for sales rebates, to be charged for the first half of this fiscal year, based on sales amount, because of revising the sales rebate calculation rule in this fiscal half-year period.	d. Reserve for sales rebates The reserve for sales rebates is computed by multiplying the balance of account receivables at the balance sheet date by the current rebate ratio, in order to prepare for any expenditure on sales rebates subsequent to the balance sheet date.
e. Reserve for employees' retirement benefits The reserve for employees' retirement benefits is stated at the amount required to cover the liabilities as of the interim balance sheet date, and is based on the Company's estimate of its liability for retirement benefits and pension assets as of the interim balance sheet date. This reserve also includes the amount which would be required to be paid if all eligible employees of domestic subsidiaries voluntarily terminated their employment as of the interim balance sheet date. Prior service cost is being amortized as incurred by the declining-balance method over 10 years which is shorter than the average remaining years of service of the eligible employees. Actuarial gain and loss are amortized by the declining-balance method over 10 years which is shorter than the average period of the remaining years of service of the eligible employees and are amortized from following year in which the gain or loss is recognized. The reserve for employees' retirement benefits of the foreign subsidiaries is calculated in conformity with accounting standards of their countries of domicile.	e. Reserve for employees' retirement benefits Same as in the left.	e. Reserve for employees' retirement benefits The reserve for employees' retirement benefits is stated at the amount required to cover the liabilities as of the balance sheet date, and is based on the Company's estimate of its liability for retirement benefits and pension assets as of the balance sheet date. This reserve also includes the amount which would be required to be paid if all eligible employees of domestic subsidiaries voluntarily terminated their employment as of the balance sheet date. Prior service cost is being amortized as incurred by the declining-balance method over 10 years which is shorter than the average remaining years of service of the eligible employees. Actuarial gain and loss are amortized by the declining-balance method over 10 years which is shorter than the average period of the remaining years of service of the eligible employees and are amortized from following year in which the gain or loss is recognized. The reserve for employees' retirement benefits of the foreign subsidiaries is calculated in conformity with accounting standards of their countries of domicile.
f. Reserve for officers' retirement benefits The reserve for officers' retirement benefits is recorded at an amount based on management's estimate, which would be required to be paid if all officers resigned as of the interim balance sheet date on the basis of the Company's internal regulations.	f. Reserve for officers' retirement benefits Same as in the left.	f. Reserve for officers' retirement benefits The reserve for officers' retirement benefits is recorded at an amount based on management's estimate, which would be required to be paid if all officers resigned as of the balance sheet date on the basis of the Company's internal regulations.

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
(4) Foreign currency translation The revenue and expense accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the interim balance sheet date, and, except for the components of shareholders' equity, the balance sheet accounts are also translated at the rates of exchange in effect at the interim balance sheet date. The components of shareholders' equity are translated at their historical rates. Translation differences are presented as translation adjustments in shareholders' equity of the accompanying consolidated financial statements.	(4) Foreign currency translation Same as in the left.	(4) Foreign currency translation The revenue and expense accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, and, except for the components of shareholders' equity, the balance sheet accounts are also translated at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical rates. Translation differences are presented as translation adjustments in shareholders' equity of the accompanying consolidated financial statements.
(5) Accounting for lease transactions Non-cancelable leases are primarily accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.	(5) Accounting for lease transactions Same as in the left.	(5) Accounting for lease transactions Same as in the left.
(6) Other Income and expenses for the Company and its domestic subsidiaries are recorded at net of consumption tax.	(6) Other Same as in the left.	(6) Other Same as in the left.
5. Basis of evaluation of consolidated subsidiaries Inter-company investments and the net equity of companies acquired are eliminated in accordance with the partial fair value method. This means that a portion of the assets and liabilities of the subsidiary that is allocable to the parent is re-measured at fair value as of the date of the investment, and the remaining portion of the assets and liabilities to be allocated to the minority interest(s) is carried at book value.	5. Basis of evaluation of consolidated subsidiaries Same as in the left.	5. Basis of evaluation of consolidated subsidiaries Same as in the left.
6. Excess of costs over net assets of acquired subsidiaries The excess of costs over the net assets of acquired subsidiaries is amortized over 20 years using the straight-line method or amortized fully when acquired if the amount is immaterial.	6. Excess of costs over net assets of acquired subsidiaries Same as in the left.	6. Excess of costs over net assets of acquired subsidiaries Same as in the left.
7. Appropriations of Retained Earnings The accompanying interim consolidated statements of retained earnings for fiscal half-year period have been prepared based on the appropriations approved by shareholders through the end of the fiscal half-year period.	7. Appropriations of Retained Earnings Same as in the left.	7. Appropriations of Retained Earnings The accompanying consolidated statements of retained earnings for fiscal year period have been prepared based on the appropriations approved by shareholders through the end of the fiscal year.
8. Scope of Cash Equivalents in Consolidated Statements of Cash Flows (fiscal half-year period) All highly liquid investments with maturities of three months or less when purchased and which are readily convertible into cash and are exposed to insignificant risk of changes in value, are considered cash equivalents.	8. Scope of Cash Equivalents in Consolidated Statements of Cash Flows (for fiscal half-year period) Same as in the left.	8. Scope of Cash Equivalents in Consolidated Statements of Cash Flows (for fiscal year) All highly liquid investments with maturities of three months or less when purchased and which are readily convertible into cash and are exposed to insignificant risk of changes in value, are considered cash equivalents.

Change in Presentation

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2003)
The Company separately presented "Profit on foreign exchange", which had been included in "Other" in the non-operating income for the first half ended September 30, 2002, because this amount became more than 10% of non-operating income. The amount of "Profit on foreign exchange" included in "non-operating income" for the first half ended September 30, 2002, was ¥66 million.	----------

Notes

1. Notes to the Consolidated Balance Sheets

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
(1) Contingent liabilities (Millions of Yen) Guarantees of loans of employees 1,339 (2) ----------	(1) Contingent liabilities (Millions of Yen) Guarantees of loans of employees 1,180 (2) Commitment line (loan framework) contract The Company maintains commitment line contracts with thirteen financial institutions in order to allow the efficient procurement of working capital. The balances of loans, etc in fiscal half-year period ended June 30 was as follows; (Millions of Yen) Total commitments 30,000 Commitments used — Commitments unused 30,000	(1) Contingent liabilities (Millions of Yen) Guarantees of loans of employees 1,276 (2) ----------

2. Notes to the Consolidated Income of Statements

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
(1) Significant components of SG&A expenses (Millions of Yen) Depreciation 727 Reserve for doubtful accounts 0 Reverse for bonuses to employees 4,863 Retirement benefit expenses 1,919 Reserve for officers' retirement benefits 42 Payroll expenses 10,244 Selling expenses 6,713 R&D expenses 24,843	(1) Significant components of SG&A expenses (Millions of Yen) Depreciation 729 Reserve for doubtful accounts 193 Reverse for bonuses to employees 2,429 Retirement benefit expenses 1,981 Reserve for officers' retirement benefits 36 Payroll expenses 13,008 Selling expenses 7,622 R&D expenses 22,951	(1) Significant components of SG&A expenses (Millions of Yen) Depreciation 1,249 Reserve for doubtful accounts 178 Reverse for bonuses to employees 2,611 Retirement benefit expenses 2,921 Reserve for officers' retirement benefits 62 Payroll expenses 19,892 Selling expenses 11,039 R&D expenses 43,524
(2) Fee of licensing agreement Milestone payments received based on the licensing agreement related to the co-development and co-promotion of MRA.	(2) ----------	(2) Fee of licensing agreement Milestone payments received based on the licensing agreement related to the co-development and co-promotion of MRA.
(3) ----------	(3) ----------	(3) Profit from sales of fixed assets It was based on the sales of building and land, etc from Takada Research Laboratory.
(4) Office closing costs This was mainly due to retirement of equipment.	(4) ----------	(4) Office closing costs This was mainly environmental protection and retirement of equipment, etc.

3. Notes to the Consolidated Statements of Cash Flows

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
Reconciliation between cash and cash equivalents in the interim consolidated statements of cash flows and cash and deposits in the interim consolidated balance sheets.	Reconciliation between cash and cash equivalents in the interim consolidated statements of cash flows and cash and deposits in the interim consolidated balance sheets.	Reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and deposits in the consolidated balance sheets
(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Cash and deposits 48,978	Cash and deposits 37,217	Cash and deposits 36,226
Cash and Cash Equivalents 48,978	Cash and Cash Equivalents 37,217	Cash and Cash Equivalents 36,226

4. Lease Transactions

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)

Finance lease transactions other than those which transfer ownership of the leased assets to the lessee were as follows:

(1) Acquisition costs, accumulated depreciation and net balance

(Millions of Yen)

	Acquisition cost	Accumulated depreciation	Net balance
Machinery and vehicle	62	26	35
Furniture and fixtures	1,984	1,133	850
Total	2,046	1,160	886

Acquisition cost includes interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the interim balance sheet date.

(2) Future minimum lease payments

(Millions of Yen)

Due within one year	376
Due over one year	509
Total	886

Future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the interim balance sheet date.

(3) Lease payments and depreciation

(Millions of Yen)

Lease payment	220
Depreciation	220

(4) Depreciation of leased assets

Assuming that the residual values are nil, depreciation of leased assets is calculated over the relevant lease periods using the straight-line method.

First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)

Finance lease transactions other than those which transfer ownership of the leased assets to the lessee were as follows:

(1) Acquisition costs, accumulated depreciation and net balance.

(Millions of Yen)

	Acquisition cost	Accumulated depreciation	Net balance
Machinery and vehicle	72	35	36
Furniture and fixtures	2,197	1,094	1,102
Total	2,269	1,129	1,139

Acquisition cost includes interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the interim balance sheet date.

(2) Future minimum lease payments

(Millions of Yen)

Due within one year	427
Due over one year	712
Total	1,139

Future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the interim balance sheet date.

(3) Lease payments and depreciation

(Millions of Yen)

Lease payment	241
Depreciation	241

(4) Depreciation of leased assets

Same as in the left.

FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)

Finance lease transactions other than those which transfer ownership of the leased assets to the lessee were as follows:

(1) Acquisition costs, accumulated depreciation and net balance

(Millions of Yen)

	Acquisition cost	Accumulated depreciation	Net balance
Machinery and vehicle	62	29	32
Furniture and fixtures	2,020	1,203	817
Total	2,082	1,232	850

Acquisition cost includes interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the balance sheet date.

(2) Future minimum lease payments

(Millions of Yen)

Due within one year	369
Due over one year	481
Total	850

Future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the balance sheet date.

(3) Lease payments and depreciation

(Millions of Yen)

Lease payment	319
Depreciation	319

(4) Depreciation of leased assets

Same as in the left.

5. *Fair Value of Marketable Securities and Investment Securities*

As of September 30, 2003:

(1) Held-to-maturity securities at market value

The Company and its consolidated subsidiaries had no held-to-maturity securities at market value.

(2) Marketable securities classified as other securities at market value

(Millions of Yen)

	Acquisition cost	Carrying value	Net unrealized gain (loss)
Stocks	4,683	8,425	3,741
Bonds	43,298	43,285	(13)
Total	47,982	51,710	3,728

(3) Balance sheet amounts of securities that are not presented at market value

(Millions of Yen)

	Carrying value
Other securities:	
Unlisted stocks, etc	640

As of June 30, 2004:

(1) Held-to-maturity securities at market value

The Company and its consolidated subsidiaries had no held-to-maturity securities at market value.

(2) Marketable securities classified as other securities at market value

(Millions of Yen)

	Acquisition cost	Carrying value	Net unrealized gain (loss)
Stocks	4,005	10,077	6,071
Bonds	51,248	51,231	(17)
Total	55,254	61,309	6,054

(3) Balance sheet amounts of securities that are not presented at market value

(Millions of Yen)

	Carrying value
Other securities:	
Unlisted stocks, etc	546

As of December 31, 2003:

(1) Trading securities

The Company and its consolidated subsidiaries had no trading securities.

(2) Held-to-maturity securities at market value

The Company and its consolidated subsidiaries had no held-to-maturity securities at market value.

(3) Other securities with market value

(a) Securities whose carrying value exceeds their acquisition costs (Millions of Yen)

	Acquisition cost	Carrying value	Net unrealized gain (loss)
Stocks	4,366	8,264	3,898
Bonds	6,798	6,803	4
Total	11,165	15,068	3,902

(b) Securities whose carrying value does not exceed their acquisition costs (Millions of Yen)

	Acquisition cost	Carrying value	Net unrealized gain (loss)
Stocks	114	94	(19)
Bonds	31,999	31,991	(8)
Total	32,113	32,085	(28)
Total (a+b)	43,279	47,153	3,874

(4) Other securities sold during the fiscal year

(Millions of Yen)

Total of sale	Total of gain on sale	Total of loss on sale
5,304	1,312	26

(5) Securities without market value

(Millions of Yen)

	Carrying value
Other securities:	
Unlisted stocks, etc	582

(6) Scheduled redemption value of other securities with maturity dates and held-to-maturity securities

(Millions of Yen)

	Within one year	Between one and five years
Other securities with maturity dates		
Corporate bonds	18,695	8,099
Others	11,999	—
Total	30,694	8,099

6. Derivative Transactions

As of September 30, 2003:

Description of fair value of the financial derivatives

a. Currency-related transactions

(Millions of Yen)

	Notional amounts	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts			
Buy:			
Swiss francs	17,540	16,585	(955)
Sell:			
Euro	1,492	1,406	86
Currency swaps:			
Euro/Yen	1,000	92	92
Total	—	—	(775)

(Notes)

1. Revaluation method of fair value:
   It is based on the prices that financial institutions present.
2. Derivatives applying hedge accounting:
   None

b. Interest-related transactions

(Millions of Yen)

	Notional amounts	Fair value	Unrealized gain (loss)
Interest rate swaps:			
Receive/floating and pay/fixed	5,000	(371)	(371)
Receive/fixed and pay/floating	5,000	449	449
Total	10,000	77	77

(Notes)

1. Revaluation method of fair value:
   It is based on the prices that financial institutions present.
2. Derivatives applying hedge accounting:
   None

As of June 30, 2004:

Description of fair value of the financial derivatives

a. Currency-related transactions

(Millions of Yen)

	Notional amounts	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts			
Buy:			
Swiss francs	6,518	6,878	359
Sell:			
Euro	939	907	31
Currency swaps:			
Euro/Yen	1,000	64	64
Total	—	—	456

(Notes)

1. Revaluation method of fair value:
   It is based on the prices that financial institutions present.
2. Derivatives applying hedge accounting:
   None

b. Interest-related transactions (Millions of Yen)

	Notional amounts	Fair value	Unrealized gain (loss)
Interest rate swaps:			
Receive/floating and pay/fixed	5,000	(332)	(332)
Receive/fixed and pay/floating	5,000	341	341
Total	10,000	9	9

(Notes)

1. Revaluation method of fair value:
   It is based on the prices that financial institutions present.
2. Derivatives applying hedge accounting:
   None

As of December 31, 2003:

(1) Items related to the status derivative transactions

a. Description of financial derivative transactions
   The derivative financial instruments that the Company utilizes are both foreign exchange contract transaction and currency swap relating to foreign currency, and interest rate swap transaction relating to interest rate.

b. Policy of financial derivative transactions
   The Company mainly utilizes financial derivative transactions in order to reduce a market risk on business, but does not utilize them for speculative purpose.

c. Purpose of financial derivative transactions
   The Company utilizes them for following purposes;
   - in order to hedge against fluctuation risks in foreign currency exchange rate according to monetary claim and liabilities in foreign currencies.
   - in order to hedge against fluctuation risks in interest rate according to borrowed money and reduce financial charges

d. Description of risks associated with derivative transactions
   The Company is exposed to fluctuation risks in foreign currency exchange rate according to foreign exchange contract transactions, and exposed to fluctuation risks in market interest rate according to interest rate swap agreement. It is believed that the risk of non-fulfillment of contracts would be quite low because the Company enters into transactions only with financial institutions with high credit ratings.

e. Risk management of the financial derivatives
   Bursary executes and controls the foreign exchange contract transactions relating to foreign currency, by getting the approval of the settlement person in charge based on the Company's rule. And bursary also executes interest swap transaction relating to interest rate, by getting the approval of the settlement person in charge.

f. Supplementary note for "Description of market value of the financial derivatives"
   The contract amount of the financial derivatives on following note is absolutely nominal amount or estimated notional principal. The contract amount is not representative of the size of risk associated with derivative transactions.

(2) Description of market value of the financial derivatives

a. Currency-related transactions (Millions of Yen)

	Notional amounts (Total)	Notional amounts (Over one year)	Fair value	Unrealized gain (Loss)
Forward foreign exchange contracts				
Buy:				
Swiss francs	14,007	—	14,561	553
Sell:				
Euro	945	—	921	23
Currency swaps:				
Euro/Yen	1,000	1,000	64	64
Total	—	—	—	640

(Notes)

1. Revaluation method of fair value:
   It is based on the prices that financial institutions present.
2. Derivatives applying hedge accounting:
   None

b. Interest-related transactions (Millions of Yen)

	Notional amounts (Total)	Notional amounts (Over one year)	Fair value	Unrealized gain (Loss)
Interest rate swaps:				
Receive/floating and pay/fixed	5,000	5,000	(404)	(404)
Receive/fixed and pay/floating	5,000	5,000	415	415
Total	10,000	10,000	10	10

(Notes)

1. Revaluation method of fair value:
   It is based on the prices that financial institutions present.
2. Derivatives applying hedge accounting:
   None

7. Segment Information

(1) Business Segments

For the First Half of FY 2003.12 Ended September 30, 2003 (April 1, 2003 - September 30, 2003) and For the First Half of FY 2004 Ended June 30, 2004 (January 1, 2004 – June 30, 2004)

The business segments of the Company and its consolidated subsidiaries are classified as pharmaceutical and other based on the types and characteristics of products and manufacturing methods.

As net sales and operating income of non-pharmaceutical segments constituted less than 10% of the consolidated totals, the disclosure of business segment information has been omitted.

For the Year ended December 31, 2003 (April 1, 2003 - December 31, 2003)

The business segments of the Company and its consolidated subsidiaries are classified as pharmaceutical and other based on the types and characteristics of products and manufacturing methods.

As net sales, operating income and total assets of non-pharmaceutical segments constituted less than 10% of the consolidated totals, the disclosure of business segment information has been omitted.

(2) Geographical Segments

For the First Half of FY 2003.12 Ended September 30, 2003 (April 1, 2003 - September 30, 2003) and For the First Half of FY 2004 Ended June 30, 2004 (January 1, 2004 –June 30, 2004)

As net sales of the foreign consolidated subsidiaries constituted less than 10% of the consolidated totals, the disclosure of geographical segment information has been omitted.

For the Year ended December 31, 2003 (April 1, 2003 - December 31, 2003)

As net sales and total assets of the foreign consolidated subsidiaries constituted less than 10% of the consolidated totals, the disclosure of geographical segment information has been omitted.

(3) Overseas Sales

For the First Half of FY 2003.12 Ended September 30, 2003 (April 1, 2003 - September 30, 2003), For the First Half of FY 2004 Ended June 30, 2004 (January 1, 2004 – June 30, 2004) and For the year ended December 31, 2003 (April 1, 2003 – December 31, 2003)

The disclosure of overseas sales has been omitted due to less than 10% of the consolidated total.

INTERIM NON-CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(for the first half of fiscal year 2004.12 ended June 30, 2004)

August 3, 2004

Name of Company: **Chugai Pharmaceutical Co., Ltd.**
Address of the Head Office: 1-9, Kyobashi 2-Chome, Chuo-ku, Tokyo 104-8301, Japan
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. Yoshio Itaya, General Manager of Finance and Accounting Department
Phone: +81-(0) 3-3281-6611
Date of Board Meeting for Settlement of Accounts: August 3, 2004 Interim Dividends: Applicable
Date of Declaration of Interim Dividends: September 10, 2004 Application of unit share system: Applicable
(A unit is 100 shares)

1. Non-Consolidated Operating Results for the First Half of FY 2004 Ended June 30, 2004

(1)Results of operations *Note: Amounts of less than one million yen are omitted.*

	Net Sales	% change	Operating Income	% change	Recurring Profit	% change
First half of FY2004.12	¥137,881 million	—	¥20,268 million	—	¥22,092 million	—
First half of FY2003.12	¥135,568 million	41.4%	¥24,757 million	124.9%	¥26,228 million	122.7%
FY ended December 2003	¥222,138 million		¥38,451 million		¥40,380 million	

	Net Income	% change	Net Income per Share
First half of FY2004.12	¥13,275 million	—	¥24.30
First half of FY2003.12	¥17,457 million	—	¥31.79
FY ended December 2003	¥27,232 million		¥49.51

Note 1. Average number of outstanding shares: 546,330,235 shares for the first half ended June 30, 2004, and 549,139,197 shares for the first half ended September 30, 2003, and 548,191,365 shares for the year ended December 31, 2003, respectively.
2. Change in method of accounting: None
3. % change for net sales, operating income, recurring profit and net income is presented in comparison with the previous first half.
4. Due to the Company's change of fiscal year-end in previous year, the Company doesn't present % change for net sales, operating income, recurring profit and net income, because this fiscal half-year period (Jan-Jun) isn't the same as previous half-year period (Apr-Sep).

(2)Dividends

	Interim Dividends per Share	Annual Dividends per Share
First half of FY2004.12	¥9.00	—
First half of FY2003.12	¥0.00	—
FY ended December 2003	—	¥13.00

(3)Financial conditions

	Total Assets	Shareholders' Equity	Shareholders' Equity/Total Assets	Shareholders' Equity per Share
As of June 30, 2004	¥392,052 million	¥298,659 million	76.2%	¥546.41
As of September 30, 2003	¥386,344 million	¥281,057 million	72.7%	¥514.48
As of December 31, 2003	¥395,221 million	¥290,925 million	73.6%	¥532.36

Note: (a) Number of shares outstanding at the end of the first half or fiscal year: 546,588,849 shares as of June 30, 2004, 546,298,597 shares as of September 30, 2003, and 546,314,597 shares as of December 31, 2003, respectively.
(b) Numbers of treasury stock: 4,383,311 shares as of June 30, 2004, 4,370,329 shares as of September 30, 2003 and 4,376,622 shares as of December 31, 2003, respectively.

2. Forecast for the Year Ending December 31, 2004 (January 1, 2004 - December 31, 2004)

	Net Sales	Recurring Profit	Net Income	Annual Dividends per Share	
				Second Half	
FY ending December 2004	¥288,000 million	¥51,000 million	¥31,000 million	¥9.00	¥18.00

Reference: Projected net income per share for the year ending December 31, 2004 is ¥56.72.

The Company bases its forecasts on assumptions that are believed to be reasonable under information available at the time of the forecasts. Actual results may differ from these forecasts due to potential risks and uncertainties.

Interim Non-Consolidated Balance Sheets

(Millions of Yen)

Accounts	As of September 30, 2003		%	As of June 30, 2004		%	As of December 31, 2003		%
Assets			%			%			%
I Current Assets:									
Cash and deposits	40,292			28,046			27,497		
Trade notes receivable	12,488			7,502			12,459		
Accounts receivable	79,129			95,940			99,958		
Marketable securities	33,887			42,384			30,694		
Inventories	51,428			56,189			52,228		
Deferred tax assets	10,315			7,877			8,839		
Other	6,767			5,503			13,468		
Reserve for doubtful accounts	(353)			(838)			(646)		
Total current assets		233,956	60.6		242,605	61.9		244,500	61.9
II Fixed Assets									
1. Tangible fixed assets: (*1)									
Buildings	45,198			46,690			44,309		
Machinery and equipment	16,632			16,643			18,486		
Land	11,547			9,870			9,870		
Construction in progress	7,560			7,466			6,669		
Other	9,774			9,336			9,620		
Total tangible fixed assets	90,713			90,007			88,956		
2. Intangible fixed assets:	905			1,296			1,371		
3. Investments and other assets:									
Investment securities	18,386			19,387			16,961		
Investments in subsidiaries and affiliates	6,071			6,071			6,071		
Deferred tax assets	18,433			17,969			20,391		
Other	18,184			15,016			17,271		
Reserve for doubtful accounts	(307)			(302)			(303)		
Total investments and other assets	60,768			58,143			60,392		
Total fixed assets		152,387	39.4		149,446	38.1		150,720	38.1
Total Assets		386,344	100.0		392,052	100.0		395,221	100.0

(Millions of Yen)

Accounts	As of September 30, 2003		%	As of June 30, 2004		%	As of December 31, 2003		%
Liabilities									
I Current Liabilities:									
Notes payable	337			6			56		
Accounts payable	16,228			12,261			20,371		
Short-term borrowings	118			—			11		
Accrued expenses	9,222			11,367			13,302		
Accrued income taxes	7,006			6,167			—		
Accrued consumption tax	246			1,145			241		
Reserve for bonuses to employees	7,721			3,922			4,128		
Reserve for sales returns	737			438			498		
Reserve for sales rebates	1,414			1,629			2,043		
Other	10,724			9,316			13,139		
Total current liabilities		53,757	13.9		46,254	11.8		53,792	13.6
II Fixed Liabilities:									
Bonds with warrant	6,312			6,011			6,312		
Convertible bonds	3,455			3,395			3,438		
Long-term debt	1,124			1,000			1,000		
Reserve for employees' retirement benefits	40,124			36,368			39,220		
Reserve for officers' retirement benefits	490			348			511		
Other	23			14			20		
Total fixed liabilities		51,529	13.4		47,137	12.0		50,503	12.8
Total liabilities		105,286	27.3		93,392	23.8		104,295	26.4
Shareholders' Equity									
I Common stock		68,228	17.6		68,409	17.5		68,237	17.2
II Additional paid-in capital									
Additional paid-in capital	88,090			88,270			88,099		
Other	0			0			0		
Total additional paid-in capital		88,090	22.8		88,271	22.5		88,099	22.3
III Retained earnings									
1. Legal reserve	6,480			6,480			6,480		
2. Voluntary earned reserve	94,624			114,525			94,624		
3. Unappropriated retained earnings for the current year	27,342			23,299			37,117		
Total retained earnings		128,446	33.2		144,305	36.8		138,222	35.0
IV Net unrealized gain on securities		2,218	0.6		3,619	0.9		2,303	0.6
V Treasury stock, at cost		(5,927)	(1.5)		(5,945)	(1.5)		(5,936)	(1.5)
Total shareholders' equity		281,057	72.7		298,659	76.2		290,925	73.6
Total Liabilities and Shareholders' Equity		386,344	100.0		392,052	100.0		395,221	100.0

Interim Non-Consolidated Statements of Income

(Millions of Yen)

Accounts	First Half of FY 2003.12 (Apr. 1, 2003-Sep. 30, 2003)			First Half of FY 2004.12 (Jan. 1, 2004-Jun. 30, 2004)			FY 2003.12 (Apr. 1, 2003-Dec. 31, 2003)		
			%			%			%
I Net sales		135,568	100.0		137,881	100.0		222,138	100.0
II Cost of sales		47,541	35.1		54,391	39.4		81,256	36.6
Gross profit		88,026	64.9		83,490	60.6		140,881	63.4
Reserve for sales returns		787	0.6		498	0.4		787	0.4
Reversal of reserve for sales returns		737	0.5		438	0.3		498	0.2
Net gross profit		88,076	65.0		83,551	60.6		141,170	63.6
III Selling, general and administrative expenses		63,318	46.7		63,283	45.9		102,719	46.2
Operating income		24,757	18.3		20,268	14.7		38,451	17.3
IV Non-operating income (*1)		3,015	2.2		3,192	2.3		3,959	1.8
V Non-operating expenses (*2)		1,544	1.1		1,367	1.0		2,029	0.9
Recurring profit		26,228	19.3		22,092	16.0		40,380	18.2
VI Extraordinary gain (*3)		3,804	2.8		—	—		8,073	3.6
VII Extraordinary loss (*4)		—	—		—	—		2,027	0.9
Income before income taxes		30,033	22.2		22,092	16.0		46,425	20.9
Income taxes:									
Current	8,313			6,293			15,467		
Deferred	4,263	12,576	9.3	2,523	8,816	6.4	3,726	19,193	8.6
Net income		17,457	12.9		13,275	9.6		27,232	12.3
Retained earnings at beginning of year		9,885			10,024			9,885	
Unappropriated retained earnings for the current year		27,342			23,299			37,117	

Significant accounting policies

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
1. Basis and method for valuation of assets a. Financial assets Held-to-maturity securities: Held-to-maturity debt securities are stated by the amortized cost method Other securities: - Investments in subsidiaries and affiliates are stated at cost determined by the moving average method. - Securities with market value are stated at fair value at closing date for the fiscal half-year period, and changes in fair value are recorded as a separate component of shareholders' equity at an amount net of tax, and the moving average method is used to calculate the original cost. - Securities without market value are stated at cost determined by the moving average method.	1. Basis and method for valuation of assets a. Financial assets Same as in the left.	1. Basis and method for valuation of assets a. Financial assets Held-to-maturity securities: Held-to-maturity debt securities are stated by the amortized cost method. Other securities: - Investments in subsidiaries and affiliates are stated at cost determined by the moving average method. - Securities with market are stated at fair value at closing date for the fiscal year, and changes in fair value are recorded as a separate component of shareholders' equity at an amount net of tax, and the moving average method is used to calculate the original cost. - Securities without market value are stated at cost determined by the moving average method.
b. Basis of valuation of derivatives: Derivatives are revaluated by the market value method.	b. Basis of valuation of derivatives Same as in the left.	b. Basis of valuation of derivatives Same as in the left.
b. Inventories - Inventories other than work in process are presented at cost determined principally by the average method. - Work in process is stated at cost determined principally by the first-in, first-out method.	c. Inventories Same as in the left.	c. Inventories Same as in the left.
2. Method of depreciation a. Tangible fixed assets Depreciation of tangible fixed assets is calculated primarily by the declining-balance method. b. Intangible fixed assets Depreciation of intangible fixed assets is calculated primarily by the straight-line method.	2. Method of depreciation Same as in the left.	2. Method of depreciation Same as in the left.
3. Accounting for important reserves a. Reserve for doubtful accounts In order to prepare for losses of bad credits such as account receivables or loans and for revaluation losses on financial instruments, except valuation losses on securities, the reserve for doubtful accounts is provided for at un-collectable amount based on the historical percentage of credit losses for general credits, and is provided for at amount that is estimated individually considering these possibilities of collection for bad credits that is highly possible to loss and these possibilities of future loss on financial instruments.	3. Accounting for important reserves a. Reserve for doubtful accounts Same as in the left.	3. Accounting for important reserves a. Reserve for doubtful accounts Same as in the left.
b. Reserve for bonuses to employees The reserve for bonuses to employees is presented at an estimated amount of the liability for bonuses incurred for the fiscal half-year periods.	b. Reserve for bonuses to employees Same as in the left.	b. Reserve for bonuses to employees The reserve for bonuses to employees is presented at an estimated amount of the liability for bonuses incurred for the fiscal year.
c. Reserve for sales returns The reserve for sales returns is calculated by multiplying a sales credit at the end of fiscal half-year period by the ratio of returns to sales of the latest two fiscal years and by the ratio of current sales profit for the fiscal half-year periods, in order to prepare for a loss arising from sales returns subsequent to the interim balance sheet date.	c. Reserve for sales returns Same as in the left.	c. Reserve for sales returns The reserve for sales returns is calculated by multiplying a sales credit at the end of fiscal year by the ratio of returns to sales of the latest two fiscal years and by the ratio of current sales profit for the fiscal year, in order to prepare for a loss arising from sales returns subsequent to the balance sheet date.

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
d. Reserve for sales rebates The reserve for sales rebates is computed by multiplying the balance of account receivables at the interim balance sheet date by the current rebate ratio, in order to prepare for any expenditure on sales rebates subsequent to the interim balance sheet date.	d. Reserve for sales rebates The reserve for sales rebates is computed by based on sales amount in order to prepare for any expenditure on sales rebates subsequent to the first half of this fiscal year. (Additional Information) Although the Company had computed by multiplying the balance of account receivables at the interim balance sheet date by the current rebate ratio, the Company has changed to compute estimated reserve for sales rebates, to be charged for the first half of this fiscal year, based on sales amount, because of revising the sales rebate calculation rule in this fiscal half-year period.	d. Reserve for sales rebates The reserve for s ales rebates is computed by multiplying the balance of account receivables at the balance sheet date by the current rebate ratio, in order to prepare for any expenditure on sales rebates subsequent to the balance sheet date.
e. Reserve for employees' retirement benefits The reserve for employees' retirement benefits is stated at the amount required to cover the liabilities as of the interim balance sheet date, based on the Company's estimate of its liability for retirement benefits and plan assets as of the interim balance sheet date. Prior service cost is being amortized as incurred by the declining-balance method over 10 years which is shorter than the average remaining years of service of the eligible employees. Actuarial gain and loss are amortized by the declining-balance method over 10 years which is shorter than the average period of the remaining years of service of the eligible employees and are amortized from following year in which the gain or loss is recognized.	e. Reserve for employees' retirement benefits Same as in the left.	e. Reserve for employees' retirement benefits The reserve for employees' retirement benefits is stated at the amount required to cover the liabilities as of the balance sheet date, based on the Company's estimate of its liability for retirement benefits and plan assets as of the balance sheet date. Prior service cost is being amortized as incurred by the declining-balance method over 10 years which is shorter than the average remaining years of service of the eligible employees. Actuarial gain and loss are amortized by the declining-balance method over 10 years which is shorter than the average period of the remaining years of service of the eligible employees and are amortized from following year in which the gain or loss is recognized.
f. Reserve for officers' retirement benefits The reserve for officers' retirement benefits is recorded at an amount based on management's estimate, which would be required to be paid if all officers resigned as of the interim balance sheet date on the basis of the Company's internal regulations.	f. Reserve for officers' retirement benefits Same as in the left.	f. Reserve for officers' retirement benefits The reserve for officers' retirement benefits is recorded at an amount based on management's estimate, which would be required to be paid if all officers resigned as of the balance sheet date on the basis of the Company's internal regulations..
4. Accounting for lease transactions Non-cancelable lease transactions are primarily accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease agreements that stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.	4. Accounting for lease transactions Same as in the left.	4. Accounting for lease transactions Same as in the left.
5. Other Income and expenses for the Company and its domestic subsidiaries are recorded at net of consumption taxes.	5. Other Same as in the left.	5. Other Same as in the left.

Notes

1. Notes to the Non-Consolidated Balance Sheets

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
(1) Accumulated depreciation of tangible fixed assets: ¥128,318 million	(1) Accumulated depreciation of tangible fixed assets:¥125,719million	(1) Accumulated depreciation of tangible fixed assets:¥123,359million
(2) Contingent liabilities (Millions of Yen) Guarantees of loans of employees 1,339	(2) Contingent liabilities (Millions of Yen) Guarantees of loans of employees 1,180	(2) Contingent liabilities (Millions of Yen) Guarantees of loans of employees 1,276
(3) Increment in outstanding shares Conversion from convertible bonds: Number of shares converted 35,408 shares Amount transferred to paid-in capital ¥13,525,856	(3) Increment in outstanding shares Conversion from convertible bonds: Number of shares converted 56,385 shares Amount transferred to paid-in capital ¥21,539,070 Exercise of warrant bonds: Number of shares acquired 224,556 shares Amount transferred to paid-in capital ¥150,452,520	(3) Increment in outstanding shares Conversion from convertible bonds: Number of shares converted 57,701 shares Amount transferred to paid-in capital ¥22,041,782
(4) ----------	(4) Commitment line (loan framework) contract The Company maintains commitment line contracts with thirteen financial institutions in order to allow the efficient procurement of working capital. The balances of loans in fiscal half-year period ended June 30 was as follows; (Millions of Yen) Total commitments 30,000 Commitments used — Commitments unused 30,000	(4) ----------

2. Notes to the Non-Consolidated Statements of Income

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
(1) Significant components in non-operating income: (Millions of Yen) Interests income 111 Interests on securities 56 Dividend income 443 Patent royalties 833 Redemption of research and development expenses 698	(1) Significant components in non-operating income: (Millions of Yen) Interests income 86 Interests on securities 34 Dividend income 143 Patent royalties 1,000	(1) Significant components in non-operating income: (Millions of Yen) Interests income 165 Interests on securities 83 Dividend income 468 Patent royalties 1,354 Redemption of research and development expenses 698 Profit on derivatives 521
(2) Significant components in non-operating expense: (Millions of Yen) Interests expense 101 Interests of bonds 46 Loss on derivatives 828	(2) Significant components in non-operating expense: (Millions of Yen) Interests expense 82 Interests of bonds 45 Loss on derivatives 186 Loss on inventories 499 Loss on disposal of fixed assets 280	(2) Significant components in non-operating expense: (Millions of Yen) Interests expense 140 Interests of bonds 69 Loss on disposal of fixed assets 376
(3) Extraordinary gains: (Millions of Yen) Gain on sales of investment securities 510 Fee of license agreement 3,294 Milestone payments received based on the licensing agreement related to the co-development and co-marketing of MRA.	(3) ----------	(3) Extraordinary gains: (Millions of Yen) Gain on sales of investment securities 1,312 Fee of licensing agreement 3,294 Milestone payments received based on the licensing agreement related to the co-development and co-marketing of MRA. Profit from sales of fixed assets 3,466 It was based on the sales of building and land, etc from Takada Research Laboratory.

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)	First Half of FY 2004.12 (Jan. 1, 2004 - Jun. 30, 2004)	FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)
(4) ----------	(4) ----------	(4) Extraordinary losses: (Millions of Yen) Office closing costs 2,027 This was mainly environmental protection, etc.
(5) Depreciation (Millions of Yen) Tangible fixed assets 5,647 Intangible fixed assets 8	(5) Depreciation (Millions of Yen) Tangible fixed assets 5,594 Intangible fixed assets 52	(5) Depreciation (Millions of Yen) Tangible fixed assets 8,770 Intangible fixed assets 35

3. Lease Transactions

First Half of FY 2003.12 (Apr. 1, 2003 - Sep. 30, 2003)

Finance lease transactions other than those which transfer ownership of the leased assets to the lessee were as follows:

(1) Acquisition costs, accumulated depreciation and net balance

(Millions of Yen)

	Acquisition cost	Accumulated depreciation	Net balance
Machinery and vehicle	62	26	35
Furniture and fixtures	1,963	1,120	842
Total	2,026	1,147	878

Acquisition cost includes interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the interim balance sheet date.

(2) Future minimum lease payments

(Millions of Yen)

Due within one year	371
Due over one year	507
Total	878

Future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the interim balance sheet date.

(3) Lease payments and depreciation

(Millions of Yen)

Lease payments	217
Depreciation	217

(4) Depreciation of leased assets

Assuming that the residual values are nil, depreciation of leased assets is calculated over the relevant lease periods using the straight-line method.

First Half of FY 2004.12 (Jan. 1, 2004- Jun. 30, 2004)

Finance lease transactions other than those which transfer ownership of the leased assets to the lessee were as follows:

(1) Acquisition costs, accumulated depreciation and net balance

(Millions of Yen)

	Acquisition cost	Accumulated depreciation	Net balance
Machinery and vehicle	72	35	36
Furniture and fixtures	2,177	1,077	1,099
Total	2,249	1,113	1,136

Acquisition cost includes interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the interim balance sheet date.

(2) Future minimum lease payments

(Millions of Yen)

Due within one year	423
Due over one year	712
Total	1,136

Same as in the left.

(3) Lease payments and depreciation

(Millions of Yen)

Lease payments	238
Depreciation	238

(4) Depreciation of leased assets

Same as in the left.

FY 2003.12 (Apr. 1, 2003 - Dec. 31, 2003)

Finance lease transactions other than those which transfer ownership of the leased assets to the lessee were as follows:

(1) Acquisition costs, accumulated depreciation and net balance

(Millions of Yen)

	Acquisition cost	Accumulated depreciation	Net balance
Machinery and vehicle	62	29	32
Furniture and fixtures	2,000	1,189	811
Total	2,062	1,218	844

Acquisition cost includes interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the balance sheet date.

(2) Future minimum lease payments

(Millions of Yen)

Due within one year	364
Due over one year	480
Total	844

Future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the balance sheet date.

(3) Lease payments and depreciation

(Millions of Yen)

Lease payments	315
Depreciation	315

(4) Depreciation of leased assets

Same as in the left.

4. Fair Value of Investments in subsidiaries and affiliates

As of September 30, 2003, As of June 30, 2004 and As of December 31, 2003

The Company has no investments in subsidiaries and affiliates that have fair-value.

Fiscal Year 2004.12
Supplementary Materials for
Consolidated Interim Financial Results
Period Ended June 30, 2004

1. Forecasted Results and Differentials P. 1
2. Financial Highlights P. 2
3. Forecasts for the Fiscal Year Ending December 31, 2004 P. 4
4. Income Statements P. 4
5. Balance Sheets P. 7
6. Outline of Principal Subsidiaries and the Status of Their Business Results P. 11

(Appendix 1) Fiscal Year 2004.12 Supplementary Materials for Non-Consolidated Interim Financial Results Period Ended June 30, 2004
(Appendix 2) Development Pipeline

Creating Value for Life

CHUGAI PHARMACEUTICAL CO., LTD.

A member of the Roche group

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Business Segments

In consideration of product categories, properties, and manufacturing methods, Chugai classifies its operations into the Pharmaceuticals Business and Other Business—i.e., that not belonging to the Pharmaceuticals Business.

Pharmaceuticals Business: prescription pharmaceuticals, nonprescription products
Other Business: insecticides

Comparisons

As a result of the change of the fiscal year-end in the previous fiscal year, while the previous year's interim period was from April 1, 2003, to September 30, 2003, the interim period under review was from January 1, 2004, to June 30, 2004. Comparisons with the previous year's interim period have therefore been omitted. Comparisons of forecasts for the full fiscal year and the previous fiscal year's results have likewise been omitted due to the previous fiscal year's atypical nine-month span.

1. Forecasted Results and Differentials

(Millions of Yen)

	First Half of FY 2004.12 (Actual Results)	Forecasts (Announced on February 13, 2004)	Change	
			Amount	%
Net Sales	142,002	144,000	(1,998)	(1.4)%
Operating Income	22,337	18,500	3,837	20.7%
Recurring Profit	23,638	19,000	4,638	24.4%
Net Income	13,838	11,500	2,338	20.3%
Net Income per Share (Yen)	¥25.33	¥21.05	¥4.28	20.3%

Due to the slow market penetration of some newly launched prescription pharmaceuticals, such as the peginterferon alfa-2a drug, Pegasys®, net sales fell slightly short of the initial forecast.

At the profit level, some sales promotion expenses and R&D expenses have been shifted to the latter half of the year, and, thanks to continued efforts to improve the efficiency of expenses, operating income, recurring profit, and net income exceeded the original forecasts.

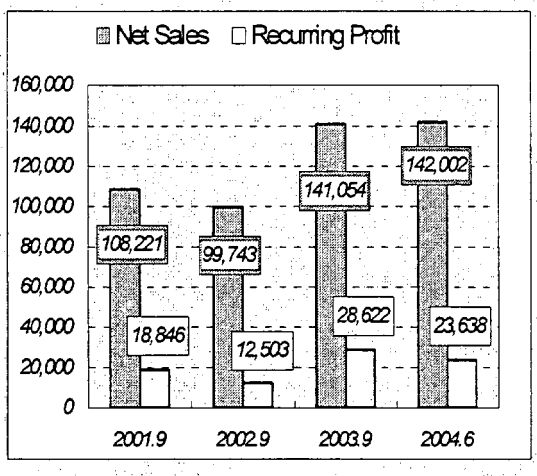
2.Financial Highlights

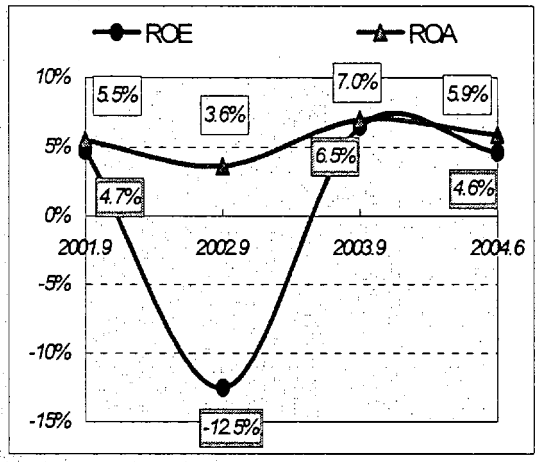
(Millions of Yen)

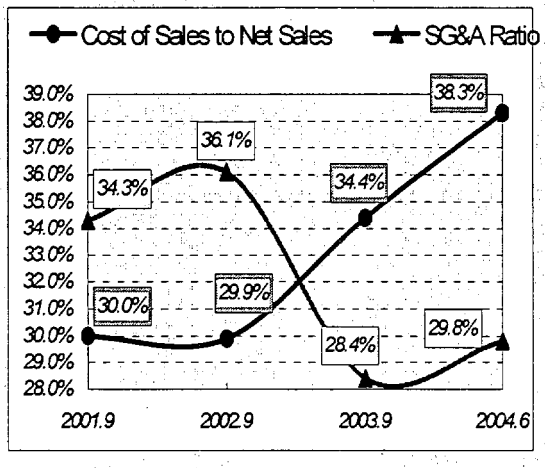
	First Half of FY2003.3	First Half of FY2003.12	First Half of FY2004.12	FY2003.12 (9 months)	FY2004.12 (Forecasts)
Net Sales	99,743	141,054	142,002	232,748	297,000
Operating Income	12,133	27,732	22,337	42,719	52,500
Operating Income to Net Sales	12.2%	19.6%	15.7%	18.4%	17.7%
Recurring Profit	12,503	28,622	23,638	43,947	53,000
Net Income(Loss)	(26,152)	18,225	13,838	28,445	31,500
Return on Equity	(12.5)%	6.5%	4.6%	9.9%	-
Return on Assets (Recurring Profit)	3.6%	7.0%	5.9%	10.6%	-
Net Income(Loss) per Share (Yen) [Basic]	¥(97.17)	¥33.19	¥25.33	¥51.73	¥57.63
Net Income per Share (Yen) [Fully Diluted]	-	¥32.69	¥24.96	¥50.94	-
Shareholders' Equity per Share (Yen)	¥665.68	¥525.18	¥558.14	¥542.96	-
Shareholders' Equity to Total Assets	62.4%	72.3%	75.9%	73.2%	-
Cost of Sales to Net Sales	29.9%	34.4%	38.3%	36.0%	37.9%
SG&A Expenses to Net Sales	36.1%	28.4%	29.8%	27.0%	27.9%
R&D Expenses	21,753	24,843	22,951	43,524	49,000
R&D Expenses to Net Sales	21.8%	17.6%	16.2%	18.7%	16.5%
Capital Expenditures	6,451	6,463	5,351	11,819	11,500
Depreciation	4,404	6,067	6,060	9,700	12,500
Overseas Sales	7,371	9,761	8,956	16,751	16,600
Overseas Sales to Net Sales	7.4%	6.9%	6.3%	7.2%	5.6%
Consolidated/Non-Consolidated Ratio (Net Sales)	1.04	1.04	1.03	1.05	1.03
Consolidated/Non-Consolidated Ratio (Operating Income)	1.10	1.12	1.10	1.11	1.06
Consolidated/Non-Consolidated Ratio (Recurring Profit)	1.06	1.09	1.07	1.09	1.04
Consolidated/Non-Consolidated Ratio (Net Income)	0.99	1.04	1.04	1.04	1.02
Net Cash Provided by (Used in) Operating Activities	20,095	(16,857)	26,863	(36,795)	-
Net Cash Provided by (Used in) Investing Activities	10,652	6,495	(18,933)	14,413	-
Net Cash Provided by (Used in) Financing Activities	12,053	(11,341)	(7,122)	(11,582)	-
Cash and Cash Equivalents	83,779	48,978	37,217	36,226	-
Number of Employees	4,346	5,723	5,582	5,680	5,500

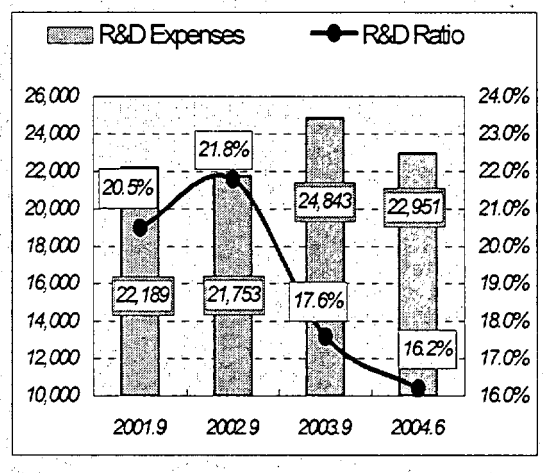
Notes:
1. Return on equity and return on assets (recurring profit) have not been annualized.
2. Net income per share (fully diluted) for the fiscal year ended September 30, 2003, has not been recorded as the Company recorded a net loss for this fiscal period.
3. Number of employees includes employees seconded to other companies.

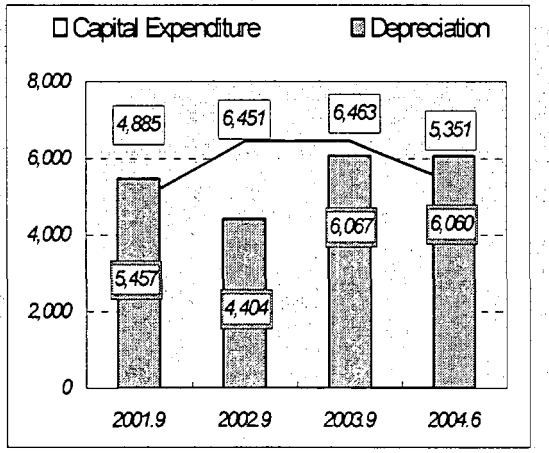
(Millions of Yen)

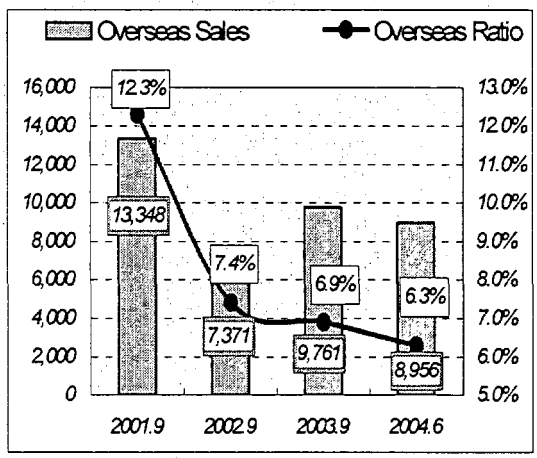












3. Forecasts for the Fiscal Year Ending December 31, 2004

(Millions of Yen)

	FY2004.12 (Forecasts)	FY2003.12 (9 months)	Change	
			Amount	%
Net Sales	297,000	232,748	-	-
Operating Income	52,500	42,719	-	-
Recurring Profit	53,000	43,947	-	-
Net Income	31,500	28,445	-	-
Net Income per Share (Yen)	¥57.63	¥51.73	-	-

* For more details, please refer to *"(2) Outlook for the Current Fscal Year"* on page 7 of the Interim Consolidated Financial Statements.

4. Income Statements

(1) Sales by Category

(Millions of Yen)

	First Half of FY2004.12		First Half of FY2003.12		Change	
	Amount	%	Amount	%	Amount	%
Prescription Pharmaceuticals	132,842	93.5%	129,764	92.0%	-	-
Nonprescription Products	9,160	6.5%	11,289	8.0%	-	-
Total	142,002	100.0%	141,054	100.0%	-	-
Overseas Sales	< 8,956>	< 6.3%>	< 9,761>	< 6.9%>	< ->	< ->

Notes:

1. Classification of category differs from that for business segments.
2. Nonprescription products figures include sales of Varsan®.

* For details, please refer to the next page.

(2) Sales of Mainstay Products

(Millions of Yen)

Figures are rounded off to the nearest 100 million

Product Name	First Half of FY2004.12	First Half of FY2003.12	Change	First Half of FY2004.12 (Forecasts)	Change	FY2004.12 (Forecasts)	FY2003.12 (9 months)	Change
Prescription Pharmaceuticals								
Epogin	32,000	36,200	-	32,500	(500)	68,800	55,700	-
Neutrogin	13,000	14,600	-	12,400	600	26,400	24,700	-
Sigmart	8,500	9,500	-	8,400	100	17,800	14,500	-
Alfarol	7,600	8,700	-	7,900	(300)	16,700	13,500	-
Rituxan	7,400	3,800	-	7,700	(300)	15,500	8,200	-
Tamiflu	7,200	0	-	7,600	(400)	10,300	11,600	-
Furtulon	6,000	8,100	-	7,100	(1,100)	13,200	12,200	-
Kytril	5,000	6,000	-	5,700	(700)	12,000	9,200	-
Herceptin	4,100	4,400	-	3,900	200	8,200	6,800	-
Rythmodan	3,600	4,100	-	3,500	100	7,300	6,400	-
Suvenyl	3,200	3,500	-	3,600	(400)	7,900	5,400	-
Oxarol	3,100	2,900	-	2,800	300	6,200	4,600	-
Euglucon	2,600	-	-	2,500	100	5,000	1,800	-
Pegasys	2,300	-	-	3,900	(1,600)	6,900	200	-
Rocephin	2,200	2,400	-	2,500	(300)	4,800	3,700	-
Renagel	1,600	800	-	1,700	(100)	4,200	1,700	-
Evista	1,500	-	-	-	-	3,700	-	-
Xeloda	900	400	-	900	0	2,100	900	-
Nonprescription Products								
Varsan	4,000	4,400	-	4,800	(800)	6,000	4,000	
Guronsan Brand	3,900	5,000	-	3,700	200	8,800	7,500	-
Chugai Ichoyaku Brand	400	600	-	500	(100)	1,300	1,000	-

Notes:

1. Sales of Euglucon® for the fiscal year ended December 31, 2003, were for the period from October to December, after the transfer of the marketing rights to Chugai.
2. Pegasys® was launched in December 2003.
3. Renagel® and Xeloda® were launched in June 2003.
4. Evista® was launched in May 2004.

(3) SG&A Expenses

(Millions of Yen)

	First Half of FY2004.12	Ratio	First Half of FY2003.12	Ratio	Change	
					Amount	%
SG&A Expenses	42,357	29.8%	40,016	28.4%	-	-
R&D Expenses	22,951	16.2%	24,843	17.6%	-	-
Total	65,308	46.0%	64,859	46.0%	-	-

(4) Non-Operating Income and Expenses

Financial Income and Expenses

(Millions of Yen)

	First Half of FY2004.12	First Half of FY2003.12	Change
Interest and Dividend Income [Dividend Income]	234 [53]	271 [76]	- [-]
Interest Expenses [Interest Payments on Corporate Bonds]	137 [45]	147 [46]	- [-]
Net Difference: Financial Income and Expenses	97	124	-

5. Balance Sheets

Summarized Balance Sheets

(Millions of Yen)

	As of June 30, 2004		As of December 31, 2003		Change	Notes
	Amount	%	Amount	%		
Assets	402,194	100.0%	405,197	100.0%	(3,003)	
Current Assets	254,083	63.2%	255,504	63.1%	(1,420)	(1)
Fixed Assets	148,110	36.8%	149,693	36.9%	(1,582)	(2)
Liabilities	95,719	23.8%	107,576	26.6%	(11,856)	
Current Liabilities	47,894	11.9%	56,304	13.9%	(8,410)	(3)
Fixed Liabilities	47,825	11.9%	51,272	12.7%	(3,446)	(4)
Minority Interests	1,403	0.3%	903	0.2%	499	
Shareholders' Equity	305,070	75.9%	296,717	73.2%	8,353	
Common Stock	68,409	17.0%	68,237	16.8%	171	(5)
Additional Paid-In Capital	88,271	21.9%	88,099	21.7%	171	(5)
Retained Earnings	150,707	37.5%	144,062	35.6%	6,645	
Net Unrealized Gain on Securities	3,657	0.9%	2,340	0.6%	1,316	(6)
Foreign Currency Translation Adjustments	(29)	(0.0)%	(85)	(0.0)%	56	
Treasury Stock, at Cost	(5,945)	(1.4)%	(5,936)	(1.5)%	(9)	

For details on increases and decreases from the previous period on a non-consolidated basis, please refer to Supplementary Materials for Non-Consolidated Interim Financial Results Period Ended June 30, 2004.

(1) Current Assets

a. Cash and Deposits

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
37,217	36,226	990

b. Marketable Securities

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
42,384	30,694	11,689

Note: This increase was mainly due to commercial paper acquisitions and the reclassification of bonds that will reach maturity within one year to marketable securities from investment securities.

c. Trade Receivables and Inventories

(Millions of Yen)

	As of June 30, 2004	As of December 31, 2003	Change
Trade Receivable Balance	104,632	113,861	(9,229)
Inventory Balance	57,068	53,156	3,912

Notes:

1. The decrease in the trade receivables balance was mainly due to the recovery of trade receivables for December, which is generally a high sales month.
2. The increase in the inventory balance is mainly due to an increase in inventories of the antitumor agent Rituxan® and the postmenopausal osteoporosis drug Evista®.

d. Accrued revenue (Major item of "Other" current assets)

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
2,383	4,735	(2,352)

Note: This decline was due primarily to the recovery of accrued revenue from F. Hoffmann-La Roche Ltd.

e. Accrued Income Taxes (Major item of "Other" current assets)

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
30	5,698	(5,668)

Note: Although accrued income taxes were incurred in the previous term due to the Company's implementation of estimated tax for the term based on the preceding fiscal year's declared total, which included taxes on deemed transfer income, local taxes and enterprise taxes arising from the spin-off of Gen-Probe Incorporated, accrued income taxes declined due to the payment of a substantial portion in the first half of the fiscal year 2004.

(2) Fixed Assets

a. Investment Securities

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
19,531	17,101	2,429

Note: This increase occurred in spite of a reclassification of bonds that will reach maturity within one year to marketable securities from investment securities due to bond purchases and gain on valuation of other marketable securities.

b. Deferred Tax Assets (Fixed assets)

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
18,394	20,809	(2,414)

Note: This decrease was mainly due to declines in retirement benefit provisions, the non-deductible amortization of deferred assets, and an increase in the gain on valuation of other marketable securities.

(3) Current Liabilities

a. Accrued Income Taxes

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
6,384	244	6,139

Note: The irregularity in the figure as of December 31, 2003, is due to the Company's implementation of estimated tax for the previous fiscal year based on the preceding fiscal year's declared total, which included income taxes arising from a taxable gain on the transfer of the Company's investment in Gen-Probe Incorporated following its spin-off.

b. Other Payables

(Millions of Yen)

	As of June 30, 2004	As of December 31, 2003	Change
Construction	4,633	4,614	18
Other	2,621	5,883	(3,261)

Note: The decline in other was due to the calculation of sales rebates by offsetting them against monthly trade receivables, a practice that the Company adopted during the interim term.

(4) Fixed Liabilities

a. Bonds with warrant

Type:	Balance of Unredeemed Bonds [Issued Amount]	Number of Warrant	Type of Stock Issued	Exercise Period	Exercise Price
#1 Series Bonds with Warrant	¥6,011 million [¥43,883 million]	20	Common stock	October 2002 – September 2008	¥1,338.5108

b. Convertible Bonds

Type:	Balance of Unredeemed Bonds [Issued Amount]	Redemption Period	Redemption Price
#6 Series of Unsecured Convertible Bonds	¥3,395 million [¥25,000 million]	September 2008	¥762.50

(5) Changes in Common Stock and Additional Paid-in Capital

Name	No. of Shares (Thousands)	Common Stock (Millions of Yen)	Additional Paid-in Capital (Millions of Yen)
As of December 31, 2003	550,691	68,237	88,099
Change Due to Conversion of Convertible Bonds	56	21	21
Increase due to exercise of Warrant on bonds with Warrant	224	150	150
Gain on the Disposal of Treasury Stock	-	-	0
As of June 30, 2004	550,972	68,409	88,271

(6) Net Unrealized Gain on Securities

Valuation gains of ¥3,657million (after deductions for tax-effect accounting) were directly credited to capital.

6. Outline of Principal Subsidiaries and the Status of Their Business Results

(1) Outline

Company Name	Chugai Pharma Marketing Ltd.	Eiko Kasei Co., Ltd.
Established	1997	1967
Location	London, United Kingdom	Nishi-Shirakawagun, Fukushima Prefecture
Business	Sale of pharmaceutical products	Manufacture and sale of insecticides
Capital	£8,677,000 (June 2004)	¥50 million (June 2004)
Percentage Ownership	100.0%	100.0%

Note: Chugai Pharma Marketing Ltd. oversees and coordinates the sales and marketing operations of the Germany branch, Chugai Pharma France S.A.S., Chugai Pharma U.K. Ltd., and Chugai Aventis S.N.C.

(2) Business Results

(Millions of Yen)

Company Name	Chugai Pharma Marketing Ltd.		Eiko Kasei Co., Ltd.	
	First Half of FY2004.12	First Half of FY2003.12	First Half of FY2004.12	First Half of FY2003.12
Net Sales	6,956	7,339	1,032	876
In local currency *(in thousands)*	*£35,458*	*£37,047*		
Compared with the previous period	95.7%	134.0%	-	75.6%
Net Income	801	914	(40)	7
In local currency *(in thousands)*	*£4,083*	*£4,618*		
Compared with the previous period	88.4%	367.7%	-	-

Notes:

1. Translations into yen have been calculated based on the prevailing exchange rates on June 30, 2004 and 2003. (June 2004: £1=¥196.18; June 2003: £1=¥198.11)
2. Comparison with previous term for Eiko Kasei's Net Income is omitted because it recorded a net loss on the previous year.

(Appendix 1)

Fiscal Year 2004.12
Supplementary Materials for
Non-Consolidated Interim Financial Results
Period Ended June 30, 2004

1. Forecasted Results and Differentials P. 1
2. Financial Highlights P. 2
3. Forecasts for the Fiscal Year Ending December 31, 2004 P. 4
4. Income Statements P. 4
5. Balance Sheets P. 7

Comparisons

As a result of the change of the fiscal year-end in the previous fiscal year, while the previous year's interim period was from April 1, 2003, to September 30, 2003, the interim period under review was from January 1, 2004, to June 30, 2004. Comparisons with the previous year's interim period have therefore been omitted. Comparisons of forecasts for the full fiscal year and the previous fiscal year's results have likewise been omitted due to the previous fiscal year's atypical nine-month span.

1. Forecasted Results and Differentials

(Millions of Yen)

	First Half of FY2004.12 (Actual Results)	Forecasts (Announced on February 13, 2004)	Change	
			Amount	%
Net Sales	137,881	140,000	(2,119)	(1.5)%
Operating Income	20,268	17,500	2,768	15.8%
Recurring Profit	22,092	18,500	3,592	19.4%
Net Income	13,275	11,000	2,275	20.7%
Net Income per Share (Yen)	¥24.30	¥20.13	¥4.17	20.7%

Due to the slow market penetration of some newly launched prescription pharmaceuticals, such as the peginterferon alfa-2a drug, Pegasys®, net sales fell slightly short of the initial forecast.

At the profit level, some sales promotion expenses and R&D expenses have been shifted to the latter half of the year, and, thanks to continued efforts to improve the efficiency of expenses, operating income, recurring profit, and net income exceeded the original forecasts.

2. Financial Highlights

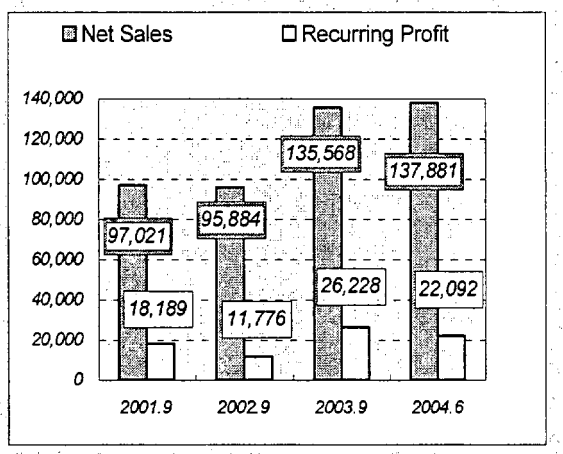
(Millions of Yen)

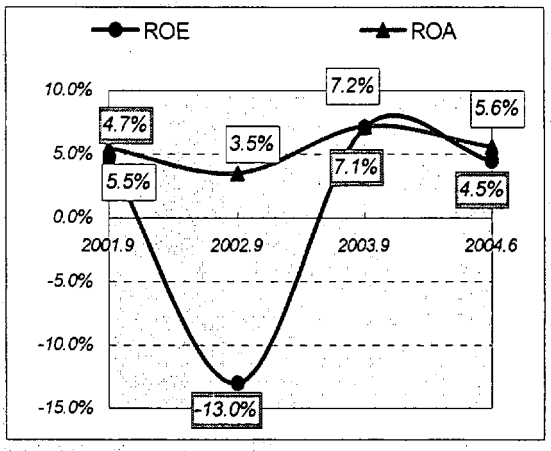
	First Half of FY2003.3	First Half of FY2003.12	First Half of FY2004.12	FY2003.12 (9 months)	FY2004.12 (Forecasts)
Net Sales	95,884	135,568	137,881	222,138	288,000
Operating Income	11,008	24,757	20,268	38,451	49,500
Operating Income to Net Sales	11.5%	18.3%	14.7%	17.3%	17.2%
Recurring Profit	11,776	26,228	22,092	40,380	51,000
Net Income(Loss)	(26,405)	17,457	13,275	27,232	31,000
Return on Equity	(13.0)%	7.1%	4.5%	9.7%	-
Return on Assets (Recurring Profit)	3.5%	7.2%	5.6%	9.9%	-
Net Income(Loss) per Share (Yen) [Basic]	¥(98.11)	¥31.79	¥24.30	¥49.51	¥56.72
Net Income per Share (Yen) [Fully Diluted]	-	¥31.31	¥23.94	¥48.76	-
Shareholders' Equity per Share (Yen)	¥656.33	¥514.48	¥546.41	¥532.36	-
Dividends per Share (Yen)	¥8.00	-	¥9.00	¥13.00	¥18.00
Payout Ratio	-	-	-	26.3%	-
Shareholders' Equity to Total Assets	62.7%	72.7%	76.2%	73.6%	-
Cost of Sales to Net Sales	30.4%	35.1%	39.4%	36.6%	38.2%
SG&A Expenses to Net Sales	35.4%	28.1%	29.2%	26.6%	27.4%
R&D Expenses	21,770	25,202	22,990	43,580	49,500
R&D Expenses to Net Sales	22.7%	18.6%	16.7%	19.6%	17.2%
Capital Expenditures	5,831	6,311	5,307	11,461	11,000
Depreciation	4,185	5,655	5,646	8,805	12,000
Exports	3,512	4,276	4,835	6,141	7,600
Exports to Net Sales	3.7%	3.2%	3.5%	2.8%	2.6%
Number of Employees	3,577	5,016	4,982	4,977	4,900

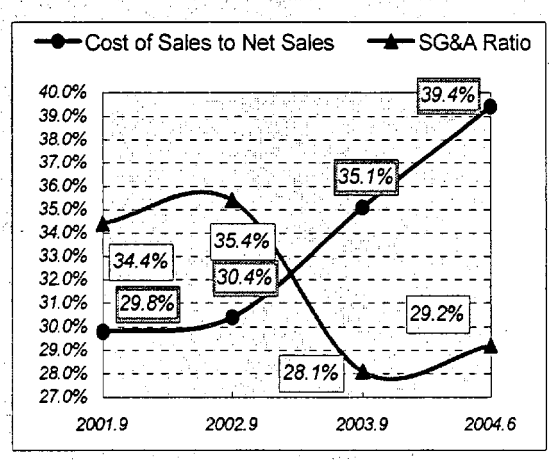
Notes:

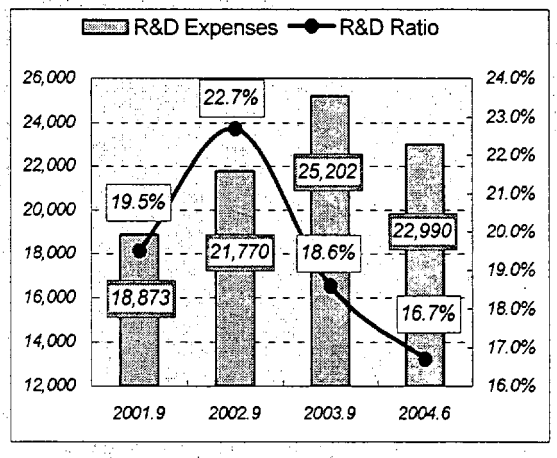
1. Return on equity and return on assets (recurring profit) have not been annualized.
2. Net income per share (fully diluted) for the fiscal year ended September 30, 2003, has not been recorded as the Company recorded a net loss for this fiscal period.
3. Number of employees includes employees seconded to other companies
4. Since the fiscal year ended December 31, 2003 was an irregular nine-month term due to the change in fiscal year-end, an interim dividend was not implemented.

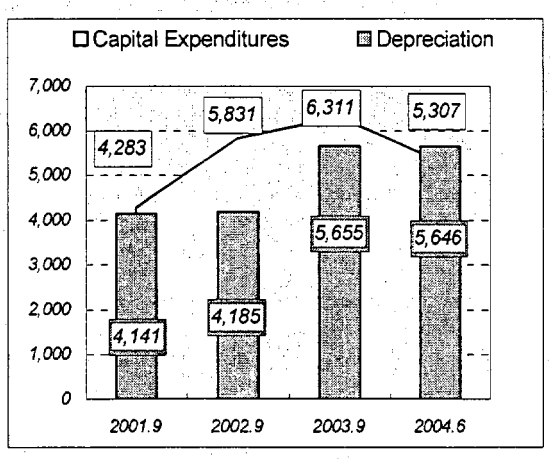
(Millions of Yen)

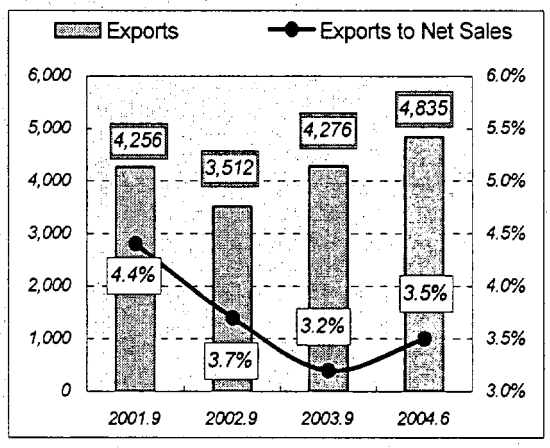












3. Forecasts for the Fiscal Year Ending December 31, 2004

(Millions of Yen)

	FY2004.12 (Forecasts)	FY2003.12 (9 months)	Change	
			Amount	%
Net Sales	288,000	222,138	-	-
Operating Income	49,500	38,451	-	-
Recurring Profit	51,000	40,380	-	-
Net Income	31,000	27,232	-	-
Net Income per Share (Yen)	¥56.72	¥49.51	-	-

4. Income Statements

(1) Sales by Category

(Millions of Yen)

	First Half of FY2004.12		First Half of FY2003.12		Change	
	Amount	%	Amount	%	Amount	%
Prescription Pharmaceuticals	128,721	93.4%	124,279	91.7%	-	-
Nonprescription Products	9,160	6.6%	11,289	8.3%	-	-
Total	137,881	100.0%	135,568	100.0%	-	-
Exports	< 4,835>	<3.5%>	< 4,276>	< 3.2%>	< ->	< ->

Note: Nonprescription products includes sales of Varsan®.

* For details, please refer to the next page.

(2) Sales of Mainstay Products

(Millions of Yen)

Figures are rounded off to the nearest 100 million

Product Name	First Half of FY2004.12	First Half of FY2003.12	Change	First Half of FY2004.12 (Forecasts)	Change	FY2004.12 (Forecasts)	FY2003.12 (9 months)	Change
Prescription Pharmaceuticals								
Epogin	32,000	36,200	-	32,500	(500)	68,800	55,700	-
Alfarol	7,600	8,700	-	7,900	(300)	16,700	13,500	-
Rituxan	7,400	3,800	-	7,700	(300)	15,500	8,200	-
Sigmart	7,300	8,000	-	7,300	0	15,400	12,600	-
Tamiflu	7,200	0	-	7,600	(400)	10,300	11,600	-
Furtulon	6,000	8,100	-	7,100	(1,100)	13,200	12,200	-
Neutrogin	5,800	7,000	-	6,000	(200)	13,200	10,900	-
Kytril	5,000	6,000	-	5,700	(700)	12,000	9,200	-
Herceptin	4,100	4,400	-	3,900	200	8,200	6,800	-
Rythmodan	3,600	4,100	-	3,500	100	7,300	6,400	-
Suvenyl	3,200	3,500	-	3,600	(400)	7,900	5,400	-
Oxarol	3,100	2,900	-	2,800	300	6,200	4,600	-
Euglucon	2,600	-	-	2,500	100	5,000	1,800	-
Pegasys	2,300	-	-	3,900	(1,600)	6,900	200	-
Rocephin	2,200	2,400	-	2,500	(300)	4,800	3,700	-
Renagel	1,600	800	-	1,700	(100)	4,200	1,700	-
Evista	1,500	-	-	-	-	3,700	-	-
Xeloda	900	400	-	900	0	2,100	900	-
Nonprescription Products								
Varsan	4,000	4,400	-	4,800	(800)	6,000	4,000	-
Guronsan Brand	3,900	5,000	-	3,700	200	8,800	7,500	-
Chugai Ichoyaku Brand	400	600	-	500	(100)	1,300	1,000	-
Export Products								
Neutrogin	3,300	2,400	-	2,600	700	4,700	3,700	-
Sigmart	1,000	1,300	-	1,000	0	2,100	1,600	-
Ulcerlmin	400	500	-	300	100	700	800	-

Notes:

1. Sales of Euglucon® for the fiscal year ended December 31, 2003, were for the period from October to December, after the transfer of the marketing rights to Chugai.
2. Pegasys® was launched in December 2003.
3. Renagel® and Xeloda® were launched in June 2003.
4. Evista® was launched in May 2004.

(3) SG&A Expenses

(Millions of Yen)

	First Half of FY2004.12	Ratio	First Half of FY2003.12	Ratio	Change	
					Amount	%
SG&A Expenses	40,293	29.2%	38,116	28.1%	-	-
R&D Expenses	22,990	16.7%	25,202	18.6%	-	-
Total	63,283	45.9%	63,318	46.7%	-	-

(4) Non-Operating Income and Expenses

a. Financial Income and Expenses

(Millions of Yen)

	First Half of FY2004.12	First Half of FY2003.12	Change
Interest and Dividend Income [Dividend Income]	263 [143]	612 [443]	- [-]
Interest Expenses [Interest Payments on Corporate Bonds]	128 [45]	148 [46]	- [-]
Net Difference: Financial Income and Expenses	135	464	-

Note: The decrease in dividend income is mainly due to a decrease in dividends from subsidiaries.

b. Other Non-Operating Income and Expenses

Other non-operating income consisted mainly of ¥1,000 million of revenues from patent royalties, while other non-operating expenses consisted mainly of a ¥499 million loss on inventories.

5. Balance Sheets

Summarized Balance Sheets

(Millions of Yen)

	As of June 30, 2004		As of December 31, 2003		Change	Notes
	Amount	%	Amount	%		
Assets	392,052	100.0%	395,221	100.0%	(3,168)	
Current Assets	242,605	61.9%	244,500	61.9%	(1,894)	(1)
Fixed Assets	149,446	38.1%	150,720	38.1%	(1,274)	(2)
Liabilities	93,392	23.8%	104,295	26.4%	(10,902)	
Current Liabilities	46,254	11.8%	53,792	13.6%	(7,537)	(3)
Fixed Liabilities	47,137	12.0%	50,503	12.8%	(3,365)	(4)
Shareholders' Equity	298,659	76.2%	290,925	73.6%	7,733	
Common Stock	68,409	17.5%	68,237	17.2%	171	(5)
Additional Paid-In Capital	88,271	22.5%	88,099	22.3%	171	(5)
Retained Earnings	144,305	36.8%	138,222	35.0%	6,083	
Net Unrealized Gain on Securities	3,619	0.9%	2,303	0.6%	1,316	(6)
Treasury Stock, at Cost	(5,945)	(1.5)%	(5,936)	(1.5)%	(9)	

(1) Current Assets

a. Cash and Deposits

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
28,046	27,497	548

b. Marketable Securities

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
42,384	30,694	11,689

Note: This increase was mainly due to commercial paper acquisitions and the reclassification of bonds that will reach maturity within one year to marketable securities from investment securities.

c. Trade Receivables, Inventories and Turnover Periods

(Millions of Yen)

	As of June 30, 2004	As of December 31, 2003	Change
Trade Receivable Balance	103,442	112,418	(8,975)
Trade Receivable Turnover Periods(Months)	4.29	4.22	0.07
Inventory Balance	56,189	52,228	3,960
Inventory Turnover Period (Months)	6.20	5.54	0.66

Notes:

1. The decrease in the trade receivables balance was mainly due to the recovery of trade receivables for December, which is generally a high sales month.
2. The increase in the inventory balance is mainly due to an increase in inventories of the antitumor agent Rituxan® and the postmenopausal osteoporosis drug Evista®.

d. Accounts Receivable (Major item of "Other" Current Assets)

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
2,384	4,659	(2,274)

Note: The decrease in accounts receivable was mainly due to the collection of R&D contributions from F. Hoffmann-La Roche Ltd.

e. Accrued Income Taxes (Major item of "Other" Current Assets)

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
1	5,653	(5,652)

Note: Although accrued income taxes were incurred in the previous term due to the Company's implementation of estimated tax for the term based on the preceding fiscal year's declared total, which included taxes on deemed transfer income, local taxes and enterprise taxes arising from the spin-off of Gen-Probe Incorporated, accrued income taxes declined due to the payment of a substantial portion in the first half of the fiscal year 2004.

(2) Fixed Assets

a. Principal Capital Investments

Ukima Plant

Construction of a new office welfare wing: ¥1,110 million (Total investment ¥2,950 million)

(Start and completion: February 2003—May 2004)

Utsunomiya Plant

Construction of antibody product manufacturing facilities (second-stage construction work)

¥2,398 million (Total investment ¥9,314 million)

(Start and completion: March 2003—July 2007)

b. Investment Securities

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
19,387	16,961	2,425

Note: This increase occurred in spite of a reclassification of bonds that will reach maturity within one year to marketable securities from investment securities due to bond purchases and gain on valuation of other marketable securities.

c. Deferred Tax Assets (Fixed assets)

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
17,969	20,391	(2,421)

Note: This decrease was mainly due to declines in retirement benefit provisions, the non-deductible amortization of deferred assets, and an increase in the gain on valuation of other marketable securities.

(3) Current Liabilities

a. Accrued Income Taxes

(Millions of Yen)

As of June 30, 2004	As of December 31, 2003	Change
6,167	-	6,167

Note: The irregularity in the figure as of December 31, 2003, is due to the Company's implementation of estimated tax for the previous fiscal year based on the preceding fiscal year's declared total, which included income taxes arising from a taxable gain on the transfer of the Company's investment in Gen-Probe Incorporated following its spin-off.

b. Accrued Payments (Major items of "Other" Current Liabilities)

(Millions of Yen)

	As of June 30, 2004	As of December 31, 2003	Change
Construction	4,630	4,606	24
Others	2,570	6,059	(3,489)

Note: The decline in other was due to the calculation of sales rebates by offsetting them against monthly trade receivables, a practice that the Company adopted during the interim term.

(4) Fixed Liabilities

Please see page 10 of the Supplementary Materials for Consolidated Interim Financial Results Period Ended June 30, 2004.

(5) Common Stock

a. Changes in Common Stock and Additional Paid-in Capital

Please see page 10 of the Supplementary Materials for Consolidated Interim Financial Results Period Ended June 30, 2004.

b. Major Shareholders

Name	Number of Shares Held (Thousands)	Percentage of Ownership Voting (%)
Roche Pharmholding B.V.	276,026	50.54
The Master Trust Bank of Japan, Ltd. *trust account*	26,007	4.76
State Street Bank And Trust Company	24,950	4.57
The Chase Manhattan Bank, N.A., London	16,778	3.07
Japan Trustee Services Bank, Ltd. *trust account*	16,065	2.94
The Chase Manhattan Bank, N.A., London, Secs Lending Omnibus Account	13,273	2.43
The Nichido Fire and Marine Insurance Co., Ltd.	5,767	1.06
Investors Bank and Trust Company (west)-Treaty	4,874	0.89
JPM Chase Oppenheimer Funds JASDEC A/C	3,943	0.72
The Mitsubishi Trust and Banking Corporation *trust account*	3,756	0.69
Total	391,445	71.67

Note: 4,383,311 million shares of treasury stock held by the Company are not included in the above breakdown of major shareholders.

c. Shareholders

	As of March 31, 2003	As of December 31, 2003	As of June 30, 2004
Finance	18.24 %	16.95 %	15.71 %
Securities	0.26 %	0.16 %	1.21 %
Corporate	1.33 %	1.28 %	1.26 %
Foreign Corporate	73.43 %	74.51 %	74.93 %
Individual and Others	6.74 %	6.30 %	6.09 %
Treasury stock	0.00 %	0.80 %	0.80 %
Total	100.00 %	100.00 %	100.00 %

d. Net Unrealized Gain on Securities

Valuation gains of ¥3,619 million (after deductions for tax-effect accounting) were directly credited to capital.

(Appendix 2)Development pipeline (as of August 3rd 2004)

Development code	Indication # Additional indication	Stage (Filing date)	Generic name Trade mark Dosage form	Origin (Collaborator)	Mechanism of Action
Oncology					
CGS20267	Breast cancer in postmenopausal women	Filed Jul. 00	letrozole Femara™ Tablet	Novartis (Novertis Pharma)	Aromatase inhibitor
R597	Breast cancer (adjuvant) #	Phase 3 Multinational study	trastuzumab Herceptin® Injection	Roche / Genentech	Humanized anti-HER2 monoclonal antibody
EPOCH	Cancer chemotherapy associated anemia #	Phase 3	epoetin beta Epogin® Injection	In-house	Recombinant human erythropoietin
MRA	Multiple myeloma	Phase 2 (France) Phase 1 (US)	Injection	In-house (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody
R340	Colorectal cancer Gastric cancer #	Phase 2	capecitabine Xeloda® Tablet	Roche	Antimetabolite, 5-FU derivative
R1415	Lung cancer	Phase 2	erlotinib Tarceva™ Oral	OSI/Genentech/ Roche	Anti epidermal growth factor receptor (EGFR/HER1)
CAL	Bone metastases Hypercalcemia of malignancy	Phase 2 (US) Phase 1 (Japan)	Injection	In-house	Humanized anti-PTHrP monoclonal antibody
AHM	Multiple myeloma	Phase 1 (UK)	Injection	In-house	Humanized anti-HM1.24 monoclonal antibody
CHC12103	Ovarian cancer Non-small cell lung cancer	Phase 1 Completed	Injection	Cell Therapeutics	Poly-(L-glutamic acid) –paclitaxel conjugate
R1273	Non-small cell lung cancer	Phase 1	pertuzumab Injection	Roche / Genentech (Omnitarg™)	HER dimerization inhibitory humanized monoclonal antibody
R435	Colorectal cancer	Preparing for Phase 1	bevacizumab Injection	Roche / Genentech (Avastin®)	Humanized anti-VEGF (Vascular endothelial Growth Factor) monoclonal antibody
Bone and Joint					
LY139481 / HCl	Osteoporosis in postmenopausal women	Launched May 04	raloxifene HCl Evista® Tablet	Eli Lilly (Eli Lilly Japan)	Selective estrogen receptor modulator
MRA	Rheumatoid arthritis	Phase 3 (Japan) Phase 2 Completed (EU)	Actemra™ Injection Injection	In-house In-house (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody
ED-71	Osteoporosis	Phase 2 Completed	Oral	In-house	Activated Vitamin D derivative

Development code	Indication # Additional indication	Stage (Filing date)	Generic name Trade mark Dosage form	Origin (Collaborator)	Mechanism of Action
R484	Osteoporosis	Phase 2 Completed	Ibandronic acid Injection	Roche (Boniva® in US / Bonviva® in EU)	Bisphosphonate
		Phase 1 Completed	Ibandronic acid Oral		
MRA	Systemic onset juvenile idiopathic arthritis (soJIA)	Phase 3 (Japan)	 Actemra™ Injection	In-house	Humanized anti-human IL-6 receptor monoclonal antibody
		Phase 2 (UK)	 Injection	In-house (Roche)	
CHS13340	Osteoporosis	Phase 2	 Nasal spray	Daiichi Suntory Pharma	Recombinant parathyroid hormone (rhPTH1-34)
Renal disease					
PB-94	Hyperphosphatemia	Approved Jul.03 (Taiwan)	sevelamer HCl Renagel® Tablet	Genzyme	Phosphate binding agent
R744	Renal anemia	Phase 2	 Injection	Roche	CERA (Continuous erythropoiesis receptor activator)
Cardio/Cerebro-vascular disease					
SG-75	Acute heart failure #	Filed Jun.03	nicorandil Sigmart® Injection	In-house	Potassium channel opener
AVS	Subarachnoidal hemorrhage	Filed Apr.95	nicaraven Antevas™ Injection	In-house	Hydroxyl radical scavenger
BO-653	Restenosis in post-PCI Coronary heart disease	Phase 1 (Japan)	 Capsule	In-house	Antioxidant
		Phase2 (US)			
Transplant, Immunology and Infectious disease					
Ro64-0796	Prophylaxis of influenza in adults #	Approved July 04	oseltamivir phosphate Tamiflu® Capsule	Roche	Influenza anti-viral agent
MRA	Castleman's disease (Orphan drug status in Japan)	Filed Apr.03 (Japan)	 Actemra™ Injection	In-house	Humanized anti-human IL-6 receptor monoclonal antibody
		Phase 1 (US)	 Injection	In-house (Roche)	
R964	Chronic hepatitis C	Phase 3	ribavirin Copegus™ Tablet	Roche	Anti-viral agent in combination with Pegasys®
MRA	Crohn's disease	Phase 2	 Actemra™ Injection	In-house	Humanized anti-human IL-6 receptor monoclonal antibody

Development code	Indication # Additional indication	Stage (Filing date)	Generic name Trade mark Dosage form	Origin (Collaborator)	Mechanism of Action
MRA	Systemic lupus erythematosus (SLE)	Phase 1 (US)	Injection	In-house (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody
Other field					
EPOCH	Predeposit of autologous blood transfusion #	Filed Mar. 02	epoetin beta Epogin® Injection	In-house	Recombinant human erythropoietin
EPOCH	Anemia in premature infants #	Filed Mar.02	epoetin beta Epogin® Injection	In-house	Recombinant human erythropoietin
FS-69	Enhancement of ultrasound images	Phase 2/3	Injection	Alliance	Ultrasound contrast agent for diagnostic imaging
R212	Obesity	Phase 2 Completed	orlistat Xenical™ Capsule	Roche	Lipase inhibitor
VAL	Post-hepatectomy/ Liver transplantation	Phase 2	valine Injection	In-house	Recovery of liver function
	Decompensated cirrhosis	Phase 1	valine Oral		
GM-611	Gastroparesis (Diabetic / Idiopathic)	Phase 1 Completed (Japan)	mitemcinal fumarate Tablet	In-house	Motilin agonist Recovery of gastrointestinal motility
		Phase 2 (US)			
R483	Type 2 diabetes	Phase 1 Completed	Oral	Roche	Insulin sensitizer

Changes from the last announcement on April 27, 2004

Oncology

- R1273 Started Phase 1

Bone and Joint

- LY139481 / HCl Launched on May 12
- ED-71 Completed Phase 2
- MRA Started Phase 3 Systemic onset juvenile idiopathic arthritis (soJIA)

Renal disease

- R744 Started Phase 2

Transplant, Immunology and Infectious disease

- Ro64-0796 Approved on July 9

Other field

- VAL Started Phase I (Decompensated cirrhosis)

OVERVIEW OF CONSOLIDATED COMPANY PERFORMANCE (Unaudited)
(for the third quarter of fiscal year 2004)

Name of Company:	**Chugai Pharmaceutical Co., Ltd.**	October 21, 2004
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. Yoshio Itaya, General Manager of Finance and Accounting Department	
Phone:	+81-(0) 3-3281-6611	

1. Notes to Consolidated Financial Statements

(1) Adoption of simplified method: None

(2) Change in accounting policies: None

(3) Change in scope of consolidation and equity method: None

2. Consolidated Operating Results for the Third Quarter of FY 2004 (January 1 – September 30)

(1) Results of operations (Consolidated) *Note: Amounts of less than one million yen are omitted.*

	Net Sales	% change	Operating Income	% change	Recurring Profit	% change
3rd quarter of FY 2004 (Jan.-Sep.)	¥213,844 million	—	¥36,295 million	—	¥37,855 million	—
FY 2003 (Apr.-Dec.)	¥232,748 million		¥42,719 million		¥43,947 million	

	Net Income	% change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
3rd quarter of FY 2004 (Jan.-Sep.)	¥19,611 million	—	¥35.89	¥35.37
FY 2003 (Apr.-Dec.)	¥28,445 million		¥51.73	¥50.94

Note 1. The Company does not present % change for net sales, operating income, recurring profit and net income, because the Company did not disclose the figures for the respective quarter of the previous year.

2. The fiscal year 2003 was a nine-month fiscal period, due to the change in fiscal year-end.

Qualitative Information Regarding Operating Results

Consolidated net sales for the fiscal period under review totaled ¥213,844 million.

With respect to the prescription pharmaceuticals business, sales of the mainstay offering Epogin® (epoetin beta), a recombinant human erythropoietin, and Neutrogin®(lenograstim), a recombinant human granulocyte-colony stimulating factor (rG-CSF), were strong. Rituxan®, an antitumor agent for which Chugai received approval for an expanded indication in September 2003, and anti-HER 2 monoclonal antibody, Herceptin®, also an antitumor agent, contributed to sales, as they gained wider recognition as standard therapies. As a result, despite a decrease in sales of antitumor agent Furtulon®, sales amounted to ¥200,033 million.

Regarding nonprescription products, sales amounted to ¥13,811 million.

Overseas sales, including exports, amounted to ¥13,678 million, representing 6.4% of the Company's net sales.

At the profit level, some selling, general and administrative expenses have been shifted to the fourth quarter, and operating income amounted to ¥36,295 million, recurring profit totaled ¥37,855 million and net income was ¥19,611 million.

(Reference) Results of operations (Non-Consolidated)

	Net Sales	% change	Operating Income	% change	Recurring Profit	% change
3rd quarter of FY 2004 (Jan.-Sep.)	¥207,192 million	—	¥32,880 million	—	¥34,872 million	—
FY 2003 (Apr.-Dec.)	¥222,138 million		¥38,451 million		¥40,380 million	

	Net Income	% change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
3rd quarter of FY 2004 (Jan.-Sep.)	¥18,367 million	—	¥33.61	¥33.13
FY 2003 (Apr.-Dec.)	¥27,232 million		¥49.51	¥48.76

(2) Financial conditions (Consolidated)

	Total Assets	Shareholders' Equity	Shareholders' Equity/Total Assets	Shareholders' Equity per Share
3rd quarter of FY 2004 (Jan.-Sep.)	¥399,338 million	¥304,962 million	76.4%	¥557.92
FY 2003 (Apr.-Dec.)	¥405,197 million	¥296,717 million	73.2%	¥542.96

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
3rd quarter of FY 2004 (Jan.-Sep.)	¥39,645 million	¥(24,394) million	¥(12,054) million	¥39,764 million
FY 2003 (Apr.-Dec.)	¥(36,795) million	¥14,413 million	¥(11,582) million	¥36,226 million

Qualitative Information Regarding Financial Condition (Consolidated)

1) Changes in the Company's Financial Condition

Total assets at the end of the third quarter were ¥399,338 million, down ¥5,858 million from the previous fiscal year-end. Total liabilities amounted to ¥93,181 million, a ¥14,395 million decrease that was mainly attributable to the payment of accrued expenses recorded at the previous fiscal year-end. Working capital (current assets minus current liabilities) came to ¥211,681 million, and the current ratio was 536.7%, reflecting the Company's sound financial position. Shareholders' equity totaled ¥304,962 million.

2) Cash Flows

Net cash provided by operating activities amounted to ¥39,645 million, supported by such factors as a ¥17,262 million decline in trade receivable, which compensated for a ¥9,667 million payment of income taxes.

Net cash used in investing activities amounted to ¥24,394 million, reflecting a ¥59,597 million gain on the sale of the marketable securities and a ¥66,002 million expenditure for the acquisition of marketable securities.

Net cash used in financing activities totaled ¥12,054 million, primarily as a result of ¥12,021 million in dividend payouts.

3. Consolidated Outlook for the Fiscal Year Ending December 31, 2004

As the sales were generally on target, and as most of the forwarded selling, general and administrative expenses are foreseen to be used in the fourth quarter, the Company has made no revision to its previously announced outlooks for the full fiscal year.

4. Sales of Mainstay Products

(Millions of Yen)
Figures are rounded off to the nearest 100 million

	Third Quarter of FY2004	FY2004 (Forecasts)	Achievement ratio(%)	Third Quarter of FY2004 (Jul.-Sep.)	Third Quarter of FY2003 (Jul.-Sep.)	Comparison(%)
Prescription Pharmaceuticals						
Epogin	49,500	68,800	71.9	17,500	17,800	98.3
Neutrogin	20,100	26,400	76.1	7,100	7,700	92.2
Sigmart	12,800	17,800	71.9	4,300	4,400	97.7
Rituxan	11,800	15,500	76.1	4,400	2,000	220.0
Alfarol	11,500	16,700	68.9	3,900	4,100	95.1
Furtulon	8,800	13,200	66.7	2,800	3,800	73.7
Kytril	7,700	12,000	64.2	2,700	3,000	90.0
Tamiflu	7,200	10,300	69.9	0	0	-
Herceptin	6,600	8,200	80.5	2,500	2,200	113.6
Rythmodan	5,400	7,300	74.0	1,800	1,900	94.7
Suvenyl	4,900	7,900	62.0	1,700	1,700	100.0
Oxarol	4,800	6,200	77.4	1,700	1,500	113.3
Pegasys	4,100	6,900	59.4	1,800	-	-
Euglucon	3,900	5,000	78.0	1,300	-	-
Rocephin	3,200	4,800	66.7	1,000	1,100	90.9
Renagel	2,500	4,200	59.5	900	600	150.0
Evista	2,000	3,700	54.1	500	-	-
Xeloda	1,400	2,100	66.7	500	300	166.7
Nonprescription Products						
Guronsan Brand	6,200	8,800	70.5	2,300	2,700	85.2
Varsan	5,600	6,000	93.3	1,600	1,700	94.1
Chugai Ichoyaku Brand	600	1,300	46.2	200	300	66.7

(Millions of Yen)
Figures are rounded off to the nearest 100 million

	Third Quarter of FY2004	FY2004 (Forecasts)	Achievement ratio(%)	Third Quarter of FY2004 (Jul.-Sep.)	Third Quarter of FY2003 (Jul.-Sep.)	Comparison(%)
Prescription Pharmaceuticals						
Epogin	49,500	68,800	71.9	17,500	17,800	98.3
Rituxan	11,800	15,500	76.1	4,400	2,000	220.0
Alfarol	11,500	16,700	68.9	3,900	4,100	95.1
Sigmart	11,100	15,400	72.1	3,800	3,800	100.0
Neutrogin	9,100	13,200	68.9	3,300	3,400	97.1
Furtulon	8,800	13,200	66.7	2,800	3,800	73.7
Kytril	7,700	12,000	64.2	2,700	3,000	90.0
Tamiflu	7,200	10,300	69.9	0	0	-
Herceptin	6,600	8,200	80.5	2,500	2,200	113.6
Rythmodan	5,400	7,300	74.0	1,800	1,900	94.7
Suvenyl	4,900	7,900	62.0	1,700	1,700	100.0
Oxarol	4,800	6,200	77.4	1,700	1,500	113.3
Pegasys	4,100	6,900	59.4	1,800	-	-
Euglucon	3,900	5,000	78.0	1,300	-	-
Rocephin	3,200	4,800	66.7	1,000	1,100	90.9
Renagel	2,500	4,200	59.5	900	600	150.0
Evista	2,000	3,700	54.1	500	-	-
Xeloda	1,400	2,100	66.7	500	300	166.7
Nonprescription Products						
Guronsan Brand	6,200	8,800	70.5	2,300	2,700	85.2
Varsan	5,600	6,000	93.3	1,600	1,700	94.1
Chugai Ichoyaku Brand	600	1,300	46.2	200	300	66.7
Export Products						
Neutrogin	4,700	4,700	100.0	1,400	1,500	93.3
Sigmart	1,400	2,100	66.7	400	500	80.0
Ulcerlmin	700	700	100.0	300	200	150.0

Consolidated Balance Sheets

(Millions of Yen)

Accounts	As of September 30, 2004			(Reference) As of December 31, 2003		
Assets			%			%
I Current assets:						
Cash and deposits		39,764			36,226	
Trade notes and accounts receivables		96,716			113,861	
Marketable securities		48,214			30,694	
Inventories		61,253			53,156	
Deferred tax assets		8,889			9,502	
Other		6,126			12,711	
Reserve for doubtful accounts		(815)			(648)	
Total current assets		260,148	65.1		255,504	63.1
II Fixed assets:						
1.Tangible fixed assets:						
Buildings and structures	106,619			102,309		
Accumulated depreciation	56,813	49,806		53,988	48,320	
Machinery and vehicles	63,353			64,485		
Accumulated depreciation	47,152	16,200		45,213	19,272	
Furniture and fixtures	34,067			34,003		
Accumulated depreciation	27,648	6,418		27,234	6,769	
Land		10,938			10,938	
Construction in progress		8,551			6,669	
Total tangible fixed assets		91,915			91,969	
2.Intangible fixed assets:		2,915			3,373	
3.Investments and other assets:						
Investment securities		12,590			17,101	
Long-term loans		162			192	
Deferred tax assets		18,000			20,809	
Other		13,885			16,549	
Reserve for doubtful accounts		(280)			(303)	
Total investments and other assets		44,358			54,349	
Total fixed assets		139,189	34.9		149,693	36.9
Total assets		399,338	100.0		405,197	100.0

(Millions of Yen)

Accounts	As of September 30, 2004		(Reference) As of December 31, 2003	
Liabilities		%		%
I Current liabilities:				
Trade notes and accounts payable	19,874		20,709	
Short-term borrowings	—		11	
Other payables	5,349		10,497	
Accrued income taxes	369		244	
Deferred tax liabilities	5		3	
Accrued consumption taxes	1,626		284	
Accrued expenses	9,241		14,013	
Reserve for bonuses to employees	7,597		4,226	
Reserve for sales returns	403		498	
Reserve for sales rebates	1,475		2,043	
Other	2,523		3,771	
Total current liabilities	48,467	12.1	56,304	13.9
II Fixed liabilities				
Bonds with warrant	6,011		6,312	
Convertible bonds	3,378		3,438	
Long-term debt	1,000		1,000	
Deferred tax liabilities	20		18	
Reserve for employees' retirement benefits	33,907		39,558	
Reserve for officers' retirement benefits	366		511	
Other	30		434	
Total fixed liabilities	44,713	11.2	51,272	12.7
Total liabilities	93,181	23.3	107,576	26.6
Minority interests				
Minority interests	1,194	0.3	903	0.2
Shareholders' equity				
I Common stock	68,417	17.1	68,237	16.8
II Additional paid-in capital	88,279	22.1	88,099	21.7
III Retained earnings	151,561	38.0	144,062	35.6
IV Net unrealized holding gain on securities	2,399	0.6	2,340	0.6
V Foreign currency translation adjustments	257	0.1	(85)	(0.0)
VI Treasury stock, at cost	(5,953)	(1.5)	(5,936)	(1.5)
Total shareholders' equity	304,962	76.4	296,717	73.2
Total liabilities, minority interests and shareholders' equity	399,338	100.0	405,197	100.0

Consolidated Statements of Income

(Millions of Yen)

Accounts	Third Quarter of FY 2004 (Jan. 1, 2004 – Sep. 30, 2004)			(Reference) FY 2003 (Apr. 1, 2003 – Dec. 31, 2003)		
			%			%
I Net sales		213,844	100.0		232,748	100.0
II Cost of sales		81,445	38.1		83,830	36.0
Gross profit		132,398	61.9		148,917	64.0
Reserve for sales returns		(94)	(0.0)		(288)	(0.1)
Net gross profit		132,493	62.0		149,206	64.1
III Selling, general and administrative expenses		96,198	45.0		106,487	45.7
Operating income		36,295	17.0		42,719	18.4
IV Non-operating income:						
Interest income	299			321		
Dividend income	63			101		
Life insurance dividends received	446			24		
Patent royalties	859			736		
Redemption of R&D expenses	—			698		
Gain on derivatives	—			521		
Gain on foreign exchange	455			—		
Other	1,521	3,645	1.7	900	3,305	1.4
V Non-operating expenses:						
Interest expense	228			210		
Loss on disposal of fixed assets	377			397		
Reserve for doubtful accounts	3			7		
Loss on inventories	504			130		
Loss on foreign exchange	—			821		
Loss on derivatives	313			—		
Other	657	2,085	1.0	510	2,077	0.9
Recurring profit		37,855	17.7		43,947	18.9
VI Extraordinary gain:						
Gain on sales of investment securities	—			1,312		
Fee of licensing agreement	—			3,294		
Profit from sales of fixed assets	—	—	—	3,466	8,073	3.5
VII Extraordinary loss:						
Office closing costs	—			2,777		
Additional retirement payments	4,242	4,242	2.0	—	2,777	1.2
Income before income taxes and minority interests		33,613	15.7		49,243	21.2
Income taxes:						
Current	9,824			16,533		
Deferred	3,374	13,199	6.2	3,263	19,796	8.5
Minority interests		803	0.4		1,000	0.5
Net Income		19,611	9.2		28,445	12.2

Consolidated Statements of Retained Earnings

(Millions of Yen)

Accounts	Third Quarter of FY 2004 (Jan. 1, 2004 – Sep. 30, 2004)		(Reference) FY 2003 (Apr. 1, 2003 – Dec. 31, 2003)	
(Additional paid-in capital)				
I Additional paid-in capital at beginning of year		88,099		88,077
II Increase in Additional paid-in capital				
Conversion of convertible bonds	29		21	
Issue of shares due to exercise of warrant	150		—	
Gain on disposal of treasury stock	0	180	0	21
III Additional paid-in capital at ending balance		88,279		88,099
(Retained earnings)				
I Retained earnings at beginning of year		144,062		120,114
II Increase in retained earnings				
Net income	19,611	19,611	28,445	28,445
III Decrease in retained earnings				
Dividends paid	12,021		4,404	
Bonuses to directors	90	12,111	93	4,497
IV Retained earnings at end of year		151,561		144,062

Consolidated Statements of Cash Flows

(Millions of Yen)

Accounts	Third Quarter of FY 2004 (Jan. 1, 2004 – Sep. 30, 2004)	(Reference) FY 2003 (Apr. 1, 2003- Dec. 31, 2003)
I Cash flows from operating activities		
Income before income taxes and minority interests	33,613	49,243
Depreciation and amortization	10,558	10,513
Decrease in reserve for employees' retirement benefits	(5,651)	(2,749)
Interest and dividend income	(362)	(422)
Interest expense	228	210
Loss on disposal of fixed assets	377	397
Profit from sales of fixed assets	—	(3,466)
Loss on sales and revaluation of investment securities	(27)	(1,275)
Decrease (increase) in notes and accounts receivable	17,262	(16,175)
Increase in inventories	(8,000)	(12,364)
(Decrease) increase in notes and accounts payable	(798)	3,653
Increase (decrease) in accrued consumption taxes	1,341	(1,429)
Other	(4,090)	(9,491)
Subtotal	44,451	16,643
Interest and dividends received	362	422
Interest paid	(252)	(215)
Income taxes paid	(9,667)	(53,646)
Income taxes reimbursement	4,750	—
Net cash provided by (used in) operating activities	39,645	(36,795)
II Cash flows from investing activities		
Purchases of marketable securities	(66,002)	(40,896)
Proceeds from sales of marketable securities	59,597	62,396
Purchases of investment securities	(7,749)	(1,802)
Proceeds from sales of investment securities	1,321	3,893
Purchases of fixed assets	(11,655)	(15,973)
Proceeds from sales of fixed assets	67	7,242
Net decrease (increase) in short-term loans	5	(4)
Net decrease in long-term loans	20	6
Additional acquisition of shares of consolidated subsidiaries	—	(448)
Net cash provided by investing activities	(24,394)	14,413
III Cash flows from financing activities		
Net decrease in long-term debt	(11)	(1,302)
Redemption of bonds	(0)	(0)
Net increase in treasury stock	(16)	(5,867)
Cash dividends paid to shareholders of parent company	(12,021)	(4,404)
Cash dividends paid to minority shareholders	(5)	(7)
Net cash used in financing activities	(12,054)	(11,582)
IV Effect of exchange rate changes on cash and cash equivalents	341	(332)
V Net increase (decrease) in cash and cash equivalents	3,537	(34,296)
VI Cash and cash equivalents at beginning of year	36,226	70,593
VII Cash decrease resulting from exclusion of subsidiaries from consolidation	—	(70)
VIII Cash and cash equivalents at end of year	39,764	36,226

(Reference) Development Pipeline

For the Company's clinical development of prescription pharmaceuticals since July 2004, phase 2 clinical trials involving renal anemia patients were commenced for R744, a continuous erythropoiesis receptor activator, CERA, in July 2004. Also, phase 3 clinical trials for activated vitamin D derivative, ED-71 (expected indication: osteoporosis) commenced in October 2004.

For the influenza anti-viral agent Tamiflu® Capsule (development code: Ro64-0796), which the application was submitted in June 2003 for prophylaxis of influenza, approval was granted in July 2004. At present, Chugai is waiting for approval of manufacturing (import) applications filed in Japan for six development projects, including the humanized anti-human IL-6 receptor monoclonal antibody MRA (expected indication: Castleman's disease, prospective trade name: Actemra™ injection).

Overseas, in the United States, the Company is currently analyzing the results of the phase 2 clinical trials (expected indication: gastroparesis / diabetic - idiopathic) which were conducted through its subsidiary Chugai Pharma USA, LLC, for motilin agonist GM-611, an agent for recovery of gastrointestinal motility. For this compound, phase 2 clinical trials (expected indication: irritable bowel syndrome) were newly commenced in August 2004. The clinical development has been terminated for the humanized anti-HM 1.24 monoclonal antibody AHM, as the results did not show the expected signs in clinical efficacy from the disease-oriented phase 1 clinical trials in multiple myeloma conducted by the U.K. subsidiary Chugai Pharma Europe Ltd. No serious adverse events were observed from this study.

Joint offices with Roche were established in U.K. for MRA, and the phase 3 clinical trials (expected indication: rheumatoid arthritis) are scheduled to begin in Europe and the United States within 2004.

R&D expenses for the third quarter, July – September 2004, amounted to 11,571 million yen.

Development pipeline (as of October 21, 2004)

Development code	Indication # Additional indication	Stage (Filing date)	Generic name Trade mark Dosage form	Origin (Collaborator)	Mechanism of Action
Oncology					
CGS20267	Breast cancer in postmenopausal women	Filed Jul. 00	letrozole Femara™ Tablet	Novartis (Novartis Pharma)	Aromatase inhibitor
R597	Breast cancer (adjuvant) #	Phase 3 Multinational study	trastuzumab Herceptin® Injection	Roche / Genentech	Humanized anti-HER2 monoclonal antibody
EPOCH	Cancer chemotherapy associated anemia #	Phase 3	epoetin beta Epogin® Injection	In-house	Recombinant human erythropoietin
MRA	Multiple myeloma	Phase 2 (France) / Phase 1 (US)	Injection	In-house (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody
R340	Colorectal cancer Gastric cancer #	Phase 2	capecitabine Xeloda® Tablet	Roche	Antimetabolite, 5-FU derivative
R1415	Lung cancer	Phase 2	erlotinib Tarceva™ Oral	OSI/Genentech/ Roche	Epidermal growth factor receptor (EGFR/HER1) tyrosine kinase inhibitor
CAL	Bone metastases / Hypercalcemia of malignancy	Phase 2 (US) / Phase 1 (Japan)	Injection	In-house	Humanized anti-PTHrP monoclonal antibody
CHC12103	Ovarian cancer Non-small cell lung cancer	Phase 1 Completed	Injection	Cell Therapeutics	Poly-(L-glutamic acid) –paclitaxel conjugate
R1273	Non-small cell lung cancer	Phase 1	pertuzumab Injection	Roche / Genentech (Omnitarg™)	HER dimerization inhibitory humanized monoclonal antibody
R435	Colorectal cancer	Preparing for Phase 1	bevacizumab Injection	Roche / Genentech (Avastin®)	Humanized anti-VEGF (Vascular endothelial Growth Factor) monoclonal antibody
Bone and Joint					
MRA	Rheumatoid arthritis	Phase 3 (Japan)	Actemra™ Injection	In-house	Humanized anti-human IL-6 receptor monoclonal antibody
		Phase 2 Completed (EU)	Injection	In-house (Roche)	
ED-71	Osteoporosis	Phase 3	Oral	In-house	Activated Vitamin D derivative
R484	Osteoporosis	Phase 2 Completed	Ibandronic acid Injection	Roche (Boniva® in US / Bonviva® in EU)	Bisphosphonate
		Phase 1 Completed	Ibandronic acid Oral		

Development code	Indication # Additional indication	Stage (Filing date)	Generic name Trade mark Dosage form	Origin (Collaborator)	Mechanism of Action
MRA	Systemic onset juvenile idiopathic arthritis (soJIA)	Phase 3 (Japan)	ActemraTM Injection	In-house	Humanized anti-human IL-6 receptor monoclonal antibody
		Phase 2 (UK)	Injection	In-house (Roche)	
CHS13340	Osteoporosis	Phase 2	Nasal spray	Daiichi Suntory Pharma	Recombinant parathyroid hormone (rhPTH1-34)
Renal disease					
PB-94	Hyperphosphatemia	Approved Jul.03 (Taiwan)	sevelamer HCl Renagel® Tablet	Genzyme	Phosphate binding agent
R744	Renal anemia	Phase 2	Injection	Roche	CERA (Continuous erythropoiesis receptor activator)
Cardio/Cerebro-vascular disease					
SG-75	Acute heart failure #	Filed Jun.03	nicorandil Sigmart® Injection	In-house	Potassium channel opener
AVS	Subarachnoidal hemorrhage	Filed Apr.95	nicaraven Antevas™ Injection	In-house	Hydroxyl radical scavenger
BO-653	Restenosis in post-PCI Coronary heart disease	Phase 1 (Japan) Phase2 completed (US)	Capsule	In-house	Antioxidant
Transplant, Immunology and Infectious disease					
Ro64-0796	Prophylaxis of influenza in adults #	Approved July 04	oseltamivir phosphate Tamiflu® Capsule	Roche	Influenza anti-viral agent
MRA	Castleman's disease (Orphan drug status in Japan)	Filed Apr.03 (Japan)	Actemra™ Injection	In-house	Humanized anti-human IL-6 receptor monoclonal antibody
		Phase 1 (US)	Injection	In-house (Roche)	
R964	Chronic hepatitis C	Phase 3	ribavirin Copegus™ Tablet	Roche	Anti-viral agent in combination with Pegasys®
MRA	Crohn's disease	Phase 2	Actemra™ Injection	In-house	Humanized anti-human IL-6 receptor monoclonal antibody
MRA	Systemic lupus erythematosus (SLE)	Phase 1 (US)	Injection	In-house (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody

Development code	Indication # Additional indication	Stage (Filing date)	Generic name Trade mark Dosage form	Origin (Collaborator)	Mechanism of Action
Other field					
EPOCH	Predeposit of autologous blood transfusion #	Filed Mar. 02	epoetin beta Epogin® Injection	In-house	Recombinant human erythropoietin
EPOCH	Anemia in premature infants #	Filed Mar.02	epoetin beta Epogin® Injection	In-house	Recombinant human erythropoietin
FS-69	Enhancement of ultrasound images	Phase 2/3	Injection	Alliance	Ultrasound contrast agent for diagnostic imaging
R212	Obesity	Phase 2 Completed	orlistat Xenical™ Capsule	Roche	Lipase inhibitor
VAL	Post-hepatectomy/ Liver transplantation	Phase 2	valine Injection	In-house	Recovery of liver function
	Decompensated cirrhosis	Phase 1	valine Oral		
GM-611	Gastroparesis (Diabetic / Idiopathic)	Phase 1 Completed (Japan)	mitemcinal fumarate Tablet	In-house	Motilin agonist Recovery of gastrointestinal motility
		Phase 2 (US)			
GM-611	Irritable bowel syndrome	Phase 2 (US)			
R483	Type 2 diabetes	Phase 1 Completed	Oral	Roche	Insulin sensitizer

Changes from the last announcement on August 3, 2004

Oncology

- AHM Development suspended

Bone and Joint

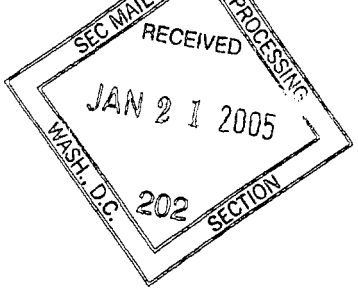
- ED-71 Started Phase 3

Cardio/Cerebro-vascular disease

- BO-653 Completed Phase 2

Other field

- GM-611 Started Phase 2 in US (Irritable bowel syndrome)



CHUGAI
Roche Group

Translation

July 13, 2004

Name of listed company: Chugai Pharmaceutical Co., Ltd.
Code number: 4519 (1st Section of Tokyo Stock Exchange)
Head office: 1-9, Kyobashi 2-chome, Chuo-ku, Tokyo
Representative: Osamu Nagayama, President & CEO
Inquiries to: Yoshio Itaya, General Manager,
Finance & Accounting Dept.
Tel: +81-(0)3-3281-6611

Flash Report (Provisional) of the Interim Financial Results for the Fiscal Term ended June 30, 2004

On July 21, 2004(Central European Time), the Roche Group, which incorporates Roche Pharmholding B.V., the parent company of Chugai Pharmaceutical Co., Ltd.("Chugai"), will announce its half year results for 2004 based on international accounting standards. As some financial information on Chugai will be included in the announcement, Chugai hereby announces its flash report (provisional) of the interim financial results for the fiscal term ended June 2004 (January 1, 2004 to June 30, 2004) in pursuit of timely and fair disclosure to its shareholders and investors, prior to the announcement of its parent company.

The audited, official interim financial announcement is scheduled on August 3, 2004.

1. Interim Consolidated Financial Results for the fiscal term ended June 2004 (January to June 2004)

(Millions of yen)
Figures are rounded down to the nearest 100 million

	Net Sales	Operating Income	Recurring Profit	Net Income
Provisional results for January ~ June, 2004 (A)	141,900	22,100	23,600	13,800
Original forecasts for January ~ June, 2004 (B) (announced on February 13, 2004)	144,000	18,500	19,000	11,500
Difference between A and B	(2,100)	3,600	4,600	2,300
Achievement ratio	98.5%	119.5%	124.2%	120.0%

Due to slow market penetration of some newly launched prescription pharmaceuticals such as the peginterferon alfa-2a drug, Pegasys®, net sales is expected to fall slightly short of the initial projection.

At the profit level, some sales promotion expenses and research and development expenses have been shifted to the

latter half of the year, and with the continued efforts to improve the efficiency of expenses, operating income, recurring profit and net income are expected to exceed the original forecasts.

2. Interim Non-consolidated Financial Results for the fiscal term ended June 2004 (January to June 2004)

(Millions of yen)
Figures are rounded down to the nearest 100 million

	Net Sales	Operating Income	Recurring Profit	Net Income
Provisional results for January ~ June, 2004 (A)	137,800	20,200	22,000	13,200
Original forecasts for January ~ June, 2004 (B) (announced on February 13, 2004)	140,000	17,500	18,500	11,000
Difference between A and B	(2,200)	2,700	3,500	2,200
Achievement ratio	98.4%	115.4%	118.9%	120.0%

3. Consolidated Sales of the Mainstay Products for January 1 – June 30, 2004

(Millions of Yen)
Figures are rounded off to the nearest 100 million

		Provisional Results	Original Forecasts
Prescription Pharmaceuticals			
	Epogin	32,000	32,500
	Neutrogin	13,000	12,400
	Sigmart	8,500	8,400
	Alfarol	7,600	7,900
	Rituxan	7,400	7,700
	Tamiflu	7,200	7,600
	Furtulon	6,000	7,100
	Kytril	5,000	5,700
	Herceptin	4,100	3,900
	Rythmodan	3,600	3,500
	Suvenyl	3,200	3,600
	Oxarol	3,100	2,800
	Euglucon	2,600	2,500
	Pegasys	2,300	3,900
	Rocephin	2,200	2,500
	Renagel	1,600	1,700
	Evista	1,500	-
	Xeloda	900	900
Nonprescription products			
	Varsan	4,000	4,800
	Guronsan Brand	3,900	3,700
	Chugai Ichoyaku Brand	400	500

Translation

July 21, 2004

Name of listed company:	Chugai Pharmaceutical Co., Ltd.
Code number:	4519 (1st Section of Tokyo Stock Exchange)
Head office:	1-9, Kyobashi 2-chome, Chuo-ku, Tokyo
Representative:	Osamu Nagayama, President & CEO
Inquiries to:	Shizuo Kagoshima, General Manager, Corporate Communications Dept.
Tel:	+81-(0)3-3273-0881

F. Hoffmann-La Roche Announces Half Year Results 2004

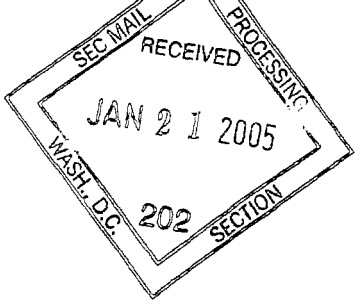
F. Hoffmann-La Roche (hereafter "Roche") [Head Office: Basel, Switzerland. Chairman and CEO: Franz B. Humer] owns 50.1% of Chugai's outstanding shares since October 1, 2002. Today, Roche announced its half year results 2004 (January 1 – June 30, 2004). Its press release, presentation materials and half year report can be found on its Website (http://www.roche.com).

Media Release Half Year Report

Chugai's financial information for the period of January 1 to June 30, 2004 is included in the announced Roche Group's results. These are based on Roche's accounting policies which conform to International Financial Reporting Standards, which differ from generally accepted accounting standards in Japan in the methods of depreciation of fixed assets, calculations of the reserve for employee's retirement benefit and retirement benefit expenses, consolidation period for overseas subsidiaries, acquisition accounting method, and classification of extraordinary gains and losses.

Chugai's interim results for fiscal 2004 (January – June, 2004) are scheduled to be announced on August 3, 2004.

Translation



July 30, 2004

Lion Corporation
Chugai Pharmaceutical Co., Ltd.

Transfer of Nonprescription Products (OTC) Business from Chugai Pharmaceutical to Lion Corporation

July 30, 2004(Tokyo)- Lion Corporation (Head Office: Tokyo, President: Sadayoshi Fujishige) (Hereafter "Lion") and Chugai Pharmaceutical Co., Ltd. (Head Office: Tokyo, President: Osamu Nagayama) (Hereafter "Chugai"), today announced that the two companies have agreed and signed a contract regarding the transfer of Chugai's nonprescription product (OTC: over-the-counter pharmaceuticals) business to Lion, and the insecticide manufacturing business of Chugai's wholly-owned subsidiary Eiko Kasei Co., Ltd. (Head Office: Fukushima Prefecture, President: Akira Namiuchi) (Hereafter "Eiko Kasei") to Lion Packaging Co., Ltd. (Head Office: Chiba Prefecture, President: Eiji Kudo) a wholly-owned subsidiary of Lion.

[Reason for Lion to buy the business]

Lion places Pharmaceutical Products business as one of its core business area, together with the Home Products business, in its mid-term management plan (VIPII Plan: Value Innovation Plan Part II), and carries out proactive growth strategies.

Chugai's OTC business includes health tonic drinks and insecticides, which has little duplications with Lion's existing business, enabling a complementary integration in both technology and marketing areas, and synergistic effects from each party's resources are expected. In addition, the integration will strengthen the company's industry position by increasing the total sales to over 50 billion yen.

Lion has made the decision to acquire Chugai's OTC business as it firmly believes that the integration of the two OTC businesses will generate a significant effect to Lion's growth strategy for its pharmaceutical business.

[Reason for Chugai to sell the business]

Chugai has entered into an alliance with Roche in October 2002, with the aim to strengthen its core prescription pharmaceutical business. Since then, through close collaboration with Roche, Chugai has been making a full-fledged effort in becoming a global R&D-oriented pharmaceutical company which possesses strengths in the most advanced technologies in such areas as antibody drugs, and also in the small-molecule synthetic drugs, utilizing one of the largest chemical libraries and research information platforms in the world.

On the other hand, the company implemented an "internal company system" from 2001 with its OTC business, in an attempt to improve its earnings towards a sustainable standalone business, together with other measures to reinforce its corporate culture. However, from a company-wide strategic perspective, Chugai has concluded that the transfer of its OTC business to a company which places this business as its core strategic area with complementary synergies with existing brands will maximize the value of its OTC business. This has led to the decision to divest the OTC business to Lion.

[Subject of transfer]

(1) OTC business of Chugai Pharmaceutical (Chugai Healthcare Company) and related assets such as trademarks, patents, industrial designs, know-hows, personnel, and positions in contracts
(2) Insecticides business of Eiko Kasei

[Schedule of transfer]

July 29, 2004	Meeting of the Board of Directors of Lion
July 30, 2004	Meeting of the Board of Directors of Chugai
	Contract has been signed following the Board's approval
End of 2004	Closing (planned)

[Outline of the Companies (as of December 2003)]

*Chugai's and Eiko Kasei's results are based on nine-month fiscal year of April – December 2003

Lion Corporation

Established	1918
Paid-in Capital	¥34,433.72 million
Net Sales	Consolidated (¥308.5 billion), nonconsolidated (¥273.6 billion)
Recurring Profit	Consolidated (¥11.2 billion), nonconsolidated (¥7.8 billion)
Number of Employees	Consolidated (5,594), nonconsolidated (2,558)
Business	The manufacture and sale of toothpastes, toothbrushes, soaps, cleansers, hair- and skin-care products, pharmaceuticals, and chemicals

Chugai Pharmaceutical Co., Ltd.

Established	1925
Paid-in Capital	¥68.2 billion
Net Sales	Consolidated (¥232.7 billion), nonconsolidated (¥222.1 billion)
Recurring Profit	Consolidated (¥43.9 billion), nonconsolidated (¥40.4 billion)
Number of Employees	Consolidated (5,680), nonconsolidated (4,977)
Business	Import/export, manufacturing and marketing of pharmaceuticals and quasi-drugs

<<Chugai Pharmaceutical Nonprescription Products (OTC) Business>>

Net Sales	¥14.6 billion (health tonic drinks: ¥7.5 billion, insecticides: ¥4.0 billion)
*Reference Sales	¥19.9 billion (12 months result for the fiscal year ended March 2003)
Number of employees	188

Major Branded Products

Product Name	Description
Guronsan	Health tonic drink
Guromont	Health tonic drink
Varsan	Insecticides (fumigators)
Chugai Ichoyaku	Gastrointestinal drug
Alpen	Syrup for infants cold
Zenol	Topical analgesic and anti-inflammatory
Pair Acne	Acne treatment

Lion Packaging Co., Ltd.

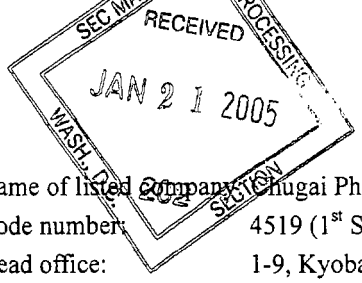
Established	1976
Location	Ichihara-shi, Chiba Prefecture
Paid-in Capital	¥1.8 million (100% Lion)
Net Sales	¥7.4 billion
Number of Employees	126
Business	Manufacture and marketing of synthetic resin containers, etc.

Eiko Kasei Co., Ltd.

Established	1967
Location	Yabuki-cho, Nishishirakawa-gun, Fukushima Prefecture
Paid-in Capital	¥50 million (100% Chugai)
Net Sales	¥1.4 billion
Number of Employees	35
Business	Manufacture and marketing of insecticides

Contacts:

Lion Corporation, Public Relations Department (03-3621-6661)
Chugai Pharmaceutical, Corporate Communications Department (03-3273-0881)



August 25, 2004

Translation

Name of listed company: Chugai Pharmaceutical Co., Ltd.
Code number: 4519 (1st Section of Tokyo Stock Exchange)
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Corporate Communications Dept.
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Results of the Early Retirement Program

Following are the results of the Early Retirement Program which was announced on May 18, 2004.

1. Contents of the Early Retirement Program

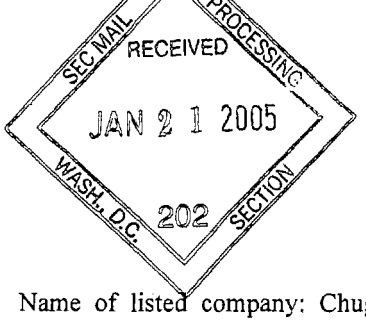
(1)	Eligibility:	Employees aged 40 or over as of September 30, 2004
(2)	Number of Applicants:	Unspecified as a voluntary program
(3)	Retirement Payments:	Additional retirement payments to be paid on top of regular retirement payments to eligible personnel
(4)	Application Period:	July 20, 2004 - August 6, 2004
(5)	Retirement Date:	September 30, 2004

2. Results

Number of Applicants: 216

3. Impact on Business Prospects

An extraordinary loss of 4.2 billion yen as additional retirement payments is expected to be incurred in the fiscal year 2004. No revisions will be made to neither nonconsolidated nor consolidated financial forecasts for fiscal year 2004 announced on February 13, 2004.



September 6, 2004

Translation

Name of listed company: Chugai Pharmaceutical Co., Ltd.
Code number: 4519 (1st Section of Tokyo Stock Exchange)
Head office: 1-9, Kyobashi 2-chome, Chuo-ku, Tokyo
Representative: Osamu Nagayama, President & CEO
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Corporate Communications Dept.
Tel:03-3273-0881

Notice of the Establishment of the 'Chugai Clinical Research Center Co., Ltd.'

September 6, 2004 (Tokyo) – Chugai Pharmaceutical Co., Ltd. ("Chugai") [Head Office: Chuo-ku, Tokyo. President: Osamu Nagayama] announced today the new establishment of the 'Chugai Clinical Research Center Co., Ltd.'("CCRC") , which has been set up in order to realize more efficient and highly specialized clinical research functions, with operations scheduled to commence from October 1, 2004.

CCRC has been established as the new global center for clinical research carried out by members of the Chugai group. By concentrating to CCRC all clinical research from trials conducted in the US, EU and Japan, we will be able to further strengthen relations between the three operative sites, shorten the development periods and achieve greater overall efficiency in global development.

The main functions of CCRC will be statistical analysis and data management, clinical pharmacology, GCP management and domestic monitoring. However, through centering to CCRC all clinical-related work possible for outsourcing, we will also be able to create improved efficiency in work as well as lower operational costs.

Following its strategic alliance with F. Hoffmann-La Roche, Chugai has been expanding its market presence in order to achieve the level of growth required of a top domestic pharmaceutical company that boasts a global business infrastructure. With the foundation of the CCRC, in addition to fortifying current global clinical development, Chugai hopes to establish even stronger business structures that will subsequently improve both the quality and speed of development.

[Reference]

Outline of the 'Chugai Clinical Research Center Co., Ltd.'

1. New Company name	Chugai Clinical Research Center Co., Ltd.
2. Location of HQ	2-1-9 Kyobashi, Chuo-ku, Tokyo, Japan
3. Capital	¥50 million (100% Chugai)
4. Operations	1) Statistical analysis, data management, clinical pharmacology and GCP management functions relating to clinical trials in the US, EU and Japan. 2) Monitoring of domestic clinical development of all Chugai group products in development.
5. Representative	President, Mr. Koichi Shoji (Vice President of Chugai Pharmaceutical Co., Ltd.)
6. Date Established	October 1, 2004
7. Number of Employees	At the time of establishment, CCRC will be staffed by around 50 employees who will be seconded from Chugai as well as a number of experts who are to be newly contracted by CCRC.

September 30, 2004

Translation

Name of listed company: Chugai Pharmaceutical Co., Ltd.
Code number: 4519 (1st Section of Tokyo Stock Exchange)
Head Office: 1-9, Kyobashi 2-chome, Chuo-ku, Tokyo
Representative: Osamu Nagayama, President & CEO
Inquiries to: Shizuo Kogoshima, General Manager,
Corporate Communications Dept.
Tel: 03-3273-0881

Restructuring Retirement Pension Program

September 30th, 2004 (Tokyo) - Chugai Pharmaceutical Co., Ltd. ("Chugai") [Head Office: Chuo-ku, Tokyo. President: Osamu Nagayama] announced today the returning of substituted portion of welfare pension fund plan, reduction of company benefit rate of welfare pension fund plan, and elimination of current Retirement Annuity Plan II (Tax Qualified Pension Plan) along with the introduction of a new policy which allows for the option of either adopting the new Defined Contribution Pension Plan or receiving advanced payment of retirement benefit as the new policies for its retirement pension program starting October 1st, 2004.

Since its implementation of a tax qualified pension plan in 1983, Chugai has strived to expand its Retirement Pension Program by switching to welfare pension fund plan in 1994 in order to increase its severance package, and adopting the Retirement Annuity Plan II in 2001 in response to the raised starting age for payment in the employees' pension plan. Meanwhile, Chugai has been working towards improving the financial health of the pension program through early amortization in order to compensate for shortages in pension program funds, as well as a reduction of company benefit rate for welfare pension fund plan from 5.5% to 4.5% in fiscal 2000.

However, in an uncertain economic climate, the current retirement pension program will undoubtedly become a risk factor to corporate earnings.
Because a severe impact on the current retirement pension program as well as on current employees is possible if the current retirement pension program is left unchanged, decisions were made to restructure the program so that it can withstand the changing socio-economic climate including interest rates and management environment.

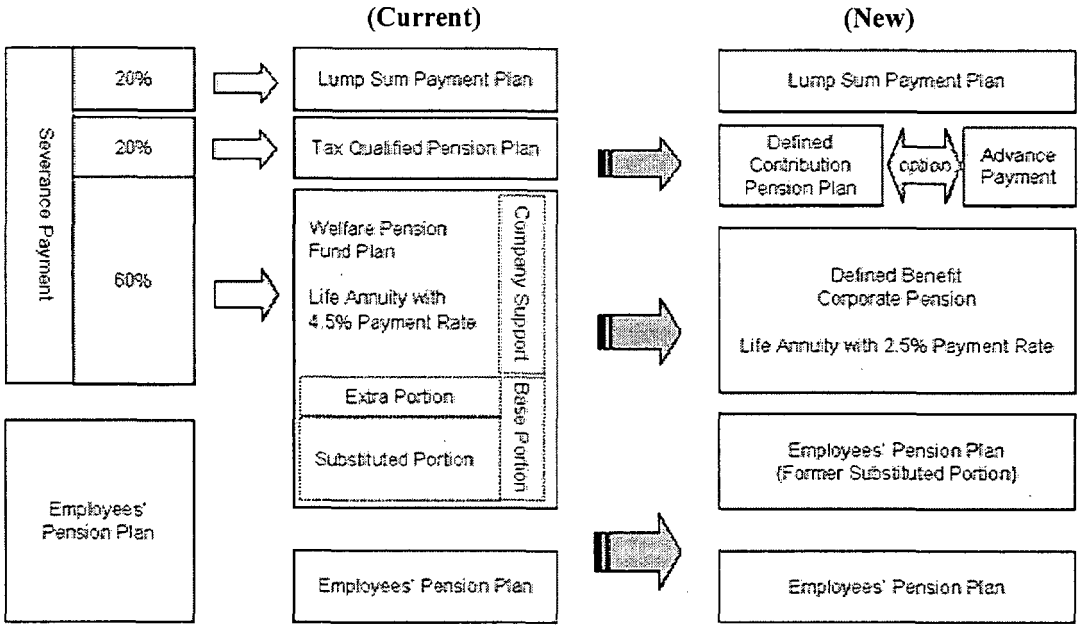
Changes made in the restructuring are as follows:

- Returning of substituted portion of Welfare Pension Fund Plan.
- Reduction of the company benefit rate of welfare pension fund from 4.5% to 2.5%.
- Elimination of current Retirement Annuity Plan II (Tax Qualified Pension Plan) and introduction of a new policy which allows for the option of either adopting the new Defined Contribution Pension Plan, or receiving advanced payment of retirement benefit.

The extraordinary gain from the elimination of the Retirement Annuity Plan II and from the return of the substituted portion (as of October 2004) of welfare pension fund plan to the government will be recorded in fiscal years December 2004 and December 2005 respectively.

(Reference)

Overview of Retirement Pension Program Restructuring

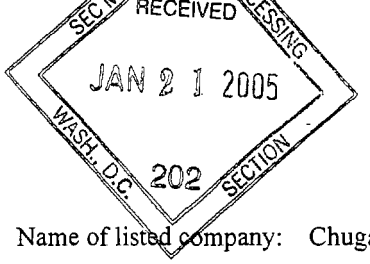


Overview of Defined Contribution Pension Plan

1. Eligibility:	Employees who have opted for the Defined Contribution Pension Plan
2. Installment:	Approximately 20% of severance payment
3. Benefit Period:	Five years
4. Benefit Amount:	Option within the limits within 1/20 and 1/2 of pension asset at the payment start
5. Investment Plans:	17 products

Overview of Advanced Payment of Retirement Benefit

1. Eligibility:	Employees who have opted for the advanced payment
2. Installment:	Approximately 20% of the severance payment
3. Payment Schedule:	Paid in addition to the two bonuses per year



Translation

October 14, 2004

Name of listed company: Chugai Pharmaceutical Co., Ltd.
Code number: 4519 (1st Section of Tokyo Stock Exchange)
Head office: 1-9, Kyobashi 2-chome, Chuo-ku, Tokyo
President & CEO Osamu Nagayama,
Inquiries to: Shizuo Kagoshima, General Manager,
Corporate Communications Dept.
Tel: +81-(0)3-3273-0881

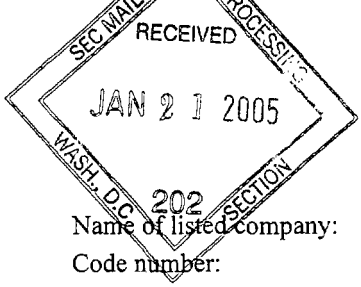
F. Hoffmann-La Roche Announces Third Quarter Sales 2004

F. Hoffmann-La Roche Ltd. (hereafter "Roche") [Head Office: Basel, Switzerland. Chairman and CEO: Franz B. Humer] announced today, its third quarter sales 2004 (January 1 – September 30, 2004). Roche owns the majority of Chugai's outstanding shares since October 1, 2002 (50.5% as of September 30, 2004). Its press release and presentation materials can be found on its Website (http://www.roche.com).

Media Release Presentation

Chugai's sales for the period of January 1 to September 30, 2004 are included in the announced Roche Group's sales. These results are based on Roche's accounting policies which conform to International Financial Reporting Standards, which differ from generally accepted accounting standards in Japan.

Chugai's third quarter results for fiscal 2004 (January – September, 2004) are scheduled to be announced on October 21, 2004.



Translation

October 21, 2004

Name of listed company: Chugai Pharmaceutical Co., Ltd.
Code number: 4519 (1st Section of Tokyo Stock Exchange)
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Notice Concerning Acquisition of the Company's Own Shares

The Board of Directors of Chugai Pharmaceutical Co., Ltd., at its meeting on October 21, 2004, resolved an acquisition of own shares pursuant to paragraph 1, item 2 of Article 211-3 of the Japanese Commercial Code. Details of the resolution are as follows.

1. Reason for acquiring Chugai's own shares

For the purpose of implementing a flexible capital policy to cope with the changes in business environment in accordance with the Company's articles of incorporation.

2. Details of acquisition

(1) Type of shares to be acquired	Chugai's Common Stock
(2) Number of shares to be acquired	1 million shares (maximum) (Percentage to the total number of issued shares: 0.2%)
(3) Total amount of shares to be acquired	¥1,700 million (maximum)
(4) Schedule for acquisition of Chugai's own shares	October 22, 2004 to December 16, 2004

(Note)

Status of treasury stock as of September 30, 2004

Total number of issued shares (excluding treasury stock)	546,607,832 shares
Treasury stock	4,386,620 shares

Translation

November 16, 2004

Name of listed company: Chugai Pharmaceutical Co., Ltd.
Code number: 4519 (1st Section of Tokyo Stock Exchange)
Head office: 1-9, Kyobashi 2-chome, Chuo-ku, Tokyo
President & CEO: Osamu Nagayama
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Notice Concerning Completion of the Acquisition of the Company's Own Shares

Chugai Pharmaceutical Co., Ltd., announces that the acquisition of own shares, as resolved at its meeting of Board of Directors held on October 21, 2004, pursuant to paragraph 1, item 2 of Article 211-3 of the Japanese Commercial Code was completed.

1.	Acquisition period	October 22, 2004 to November 16, 2004
2.	Number of shares acquired	1,000,000 shares
3.	Total acquisition cost	1,642,702,200 yen
4.	Acquisition method	Acquisition on the Tokyo Stock Exchange

<Reference 1>
Acquisition of stock resolved in the meeting of Board of Directors held on October 21, 2004

Type of shares to be acquired	Chugai's Common Stock
Number of shares to be acquired	1 million shares (maximum)
Total amount of shares to be acquired	¥1,700 million (maximum)
Acquisition Period	October 22, 2004 to December 16, 2004

<Reference 2>
Status of treasury stock as of November 16, 2004

Total number of issued shares (excluding treasury stock)	545,612,839 shares
Treasury stock	5,388,168 shares

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Translation

Chugai Relocates U.S. Subsidiaries

November 16, 2004(Tokyo) -Chugai Pharmaceutical Co., Ltd. [Head Office: Chuo-ku, Tokyo. President: Osamu Nagayama] announced today that it will relocate its U.S.-based clinical development subsidiary, Chugai Pharma U.S.A., LLC [Head office: San Diego, U.S.A.; President and CEO: David J. Mazzo] and its holding company, Chugai U.S.A., Inc. [Head office: San Diego, U.S.A.; President and CEO: Takeshi Yoshida] as stated below.

New Address:

Chugai Pharma U.S.A. LLC
Crossroads Business Center,
1 Crossroads Drive, Building A/2nd floor,
Bedminster, NJ 07921 USA

Chugai U.S.A., Inc.
Crossroads Business Center,
1 Crossroads Drive, Building A/2nd floor,
Bedminster, NJ 07921 USA

(There is no change to Chugai U.S.A., Inc., New York Office)

Effective Date: April 1, 2005 (planned)

Reason for relocation: To enhance global development capabilities

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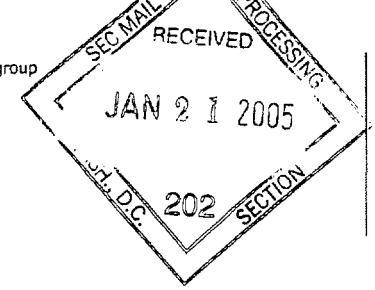

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CHUGAI

Translation

Expansion of Indication: Cephalosporin Antibiotic Ceftriaxone Sodium (Product Name: Rocephin®) for injection

July 2nd, 2004 (Tokyo) - Chugai Pharmaceutical Co., Ltd. ("Chugai") [Main Office: Chuo-ku, Tokyo. President: Osamu Nagayama] announced that "*Neisseria gonorrhoeae* and pharyngitis, urethritis, cervicitis, pelvic inflammatory disease, epididymitis, and rectitis" were approved as newly added indications for ceftriaxone sodium for injection (product names: Rocephin® Intravenous 0.5g, Rocephin® Intravenous 1g, Rocephin® Intravenous Drip 1g Bag - referred as "Rocephin®" hereafter) on June 22, 2004.

In regards to the approved administration and dosage of "Rocephin®" against "gonococcal infection", the usual adult daily dose is "1 gram (titrated) given once a day, single dose intravenous infusion or once a day, single dose intravenous drip infusion" for "pharyngitis, urethritis, cervicitis, and rectitis", and its efficacy is expected by the administration on the first day. Also, for the treatment of "pelvic inflammatory disease and epididymitis", the usual adult daily dose is "1 gram (titrated) given once a day through intravenous infusion or intravenous drip infusion."

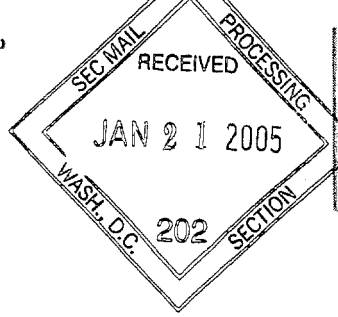
In recent years, a growing number of gonococcal infected patients have been seen in younger age groups. Because tolerance against traditional treatments for gonococcal infection has led to more refractory cases, proper use of drugs that possess expected treatment effects[1] is being highly required.
Efficacy of "Rocephin®" for gonococcal infection has been well recognized. "Rocephin" is now recommended as a standard therapy in various treatment guidelines[2].

"Rocephin®" is a cephalosporin antibiotic for injection which was synthesized by F. Hoffmann-La Roche ("Roche") [Head Office: Basel, Switzerland. President & CEO: Franz B. Humer] in 1978 and launched in Japan in 1986. With its strong antibacterial activity and a broad antibacterial spectrum, clinical efficacy of "Rocephin®" against various bacterial infection diseases is highly valued. Also, "Rocephin®" is the only cephalosporin injection drug that enables one administration per day, which has made possible the intravenous antibiotic therapy for outpatients.

Chugai places infectious diseases therapy as one of its key areas of focus. It is our belief that this expansion of indication for "Rocephin®" will allow us to make an additional contribution to the further development of infectious diseases therapies.

1 Masatoshi Tanaka, et al.: The Nishinihon Journal of Urology. 64: 324-337, 2002
2 Japanese Journal of Sexually Transmitted Diseases Vol.15, No1 Supplement, 2004,
Sexually Transmitted Diseases Treatment Guidelines 2002 (CDC),
Guidelines for the management of sexually transmitted infections (WHO)

A member of the Roche group



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Translation

Expansion of Indication: Anti-Influenza Drug Oseltamivir Phosphate (Product Name: Tamiflu® Capsule 75)

July 13th, 2004 (Tokyo) - Chugai Pharmaceutical Co., Ltd. ("Chugai") [Head Office: Chuo-ku, Tokyo. President: Osamu Nagayama] announced that "prophylaxis of A or B-type influenza" was approved as a newly added indication for the anti-influenza drug oseltamivir phosphate [product name: Tamiflu® Capsule 75[1)]] on July 9, 2004.

When administering Tamiflu® Capsule 75 for the "prophylaxis of A or B-type influenza", target person and administration method are regulated in detail as seen on the package insert, in the written warning for the "Administration and Dosage" and "Indication" sections.
Chugai believes that the fundamentals of influenza infection prophylaxis lie in yearly vaccine inoculations performed before each start of the influenza season, and that this cannot be replaced by prophylactic administrations of Tamiflu® Capsule 75.
For those family members and other cohabitants of influenza patients exposing the influenza virus, the risk of infection becomes clearly higher. The reduction of infection risk under this type of condition is the clinical significance of the prophylactic administration of Tamiflu® Capsule 75.
For those at or over the age of 65 or those considered "high risk patients[2)]" at or over the age of 13 who cohabit with patients displaying influenza symptoms, this approval for additional indication will make possible the once a day, 75mg oral administration of Tamiflu® Capsule 75 within 2 days of contact with influenza patients, for a period of 7 to 10 days.

In regards to "prophylaxis of A or B-type influenza" as an approved additional indication, prophylactic administration is not targeted for "anyone, anytime", and is only intended for use within a short period after contact with influenza patients. It is Chugai's intent to make earnest efforts in thoroughly providing information so that these points are clearly understood by health care professionals.
In addition, when used for "prophylaxis of A or B-type influenza," Tamiflu® Capsule 75 will not be reimbursed by the national health insurance.

Chugai places infectious diseases therapy as one of its key areas of focus. It is our belief that this expansion of indication for Tamiflu® Capsule 75 will allow us to make an additional contribution to the further development of infectious diseases therapies.

1) The prophylactic administration of "Tamiflu® Dry Syrup 3%" is not approved.
2) "High risk patients": Patients suffering from chronic respiratory diseases ["COPD" (chronic obstructive pulmonary disease), bronchial asthma, chronic bronchitis, pulmonary tuberculosis, etc.], chronic cardiac diseases (cardiac failure, valvular disease, myocardial infarction, etc.), metabolic diseases (diabetes, etc.), and renal dysfunctions.

A member of the Roche group

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Translation

New Product Release: "Kamemushi Varsan®"

July 26th, 2004 (Tokyo) - Chugai Pharmaceutical Co., Ltd. ("Chugai") [Head Office: Chuo-ku, Tokyo. President: Osamu Nagayama] announced today the August 2nd, 2004 release of "Kamemushi Varsan®", an insecticidal fumigant targeted for harlequin bugs as a part of broadening the Varsan® brand home-use insecticide line-up.

Some kind of harlequin bugs, which are often referred to as "stink bugs", immigrate into house in autumn, overwinter there and disrupt everyday life by emitting a peculiar, unpleasant odor (an alarm pheromone) when touched.
In respect to the extermination of harlequin bugs, Chugai has been made aware of consumers requesting the product release of an insecticidal fumigant targeting harlequin bugs for some time. "Kamemushi Varsan®" has been developed as an anti-nuisance insecticidal fumigant highly effective in the extermination of indoor harlequin bugs in order to answer to these consumer requests.

"Kamemushi Varsan®" thoroughly eradicates even those harlequin bugs which hide in concealed areas with its powerful emission of insecticidal ingredients made possible by the use of fumigation technologies unique to Varsan. In addition, the fume-form of "Kamemushi Varsan®" will not stimulate harlequin bugs, avoiding the release of their peculiar, unpleasant odor (an alarm pheromone).
The active ingredients in "Kamemushi Varsan®" are phenothrin with its characteristic of forcing harlequin bugs from their concealed hiding places, and metoxadiazone with its highly effective insecticidal characteristic.
Thanks to these ingredients, "Kamemushi Varsan®" is effective not only against harlequin bugs, but also against those nuisance pests such as centipedes, millipedes whichi immigrate into house, psocids and pharaoh ants which can mass generate indoors on rare occasions.

Through the release of "Kamemushi Varsan®", Chugai endeavors to broaden the Varsan® brand line-up and enhance the level of hygiene and comfort for even a greater number of consumers.

"Kamemushi Varsan®" Product Summary

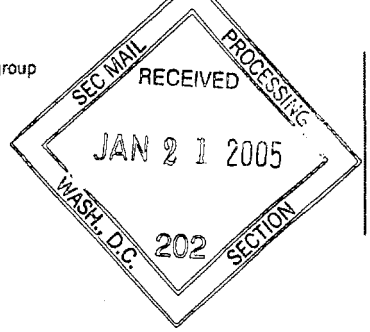
Characteristics:

- Single-application extermination without causing the release of bad odors.
- Immediate extermination of psocids and pharaoh ants, which can mass generate.
- Effective against unpleasant pests such as centipedes and millipedes.
- Effective throughout entire application area while being easy to use.

Product	Kamemushi Varsan®
Classification	Insecticidal fumigant
Application	Nuisance pests such as harlequin bugs, psocids, cigarette beetles, pharaoh ants, centipedes, and millipedes
Composition	Metoxadiazone (Oxadiazol) Phenothrin (Pyrethroid)
Content Volume	25 grams (For 9m^2 to 17m^2 coverage area)
Recommended Retail Price (Excluding Tax)	780 Yen
Sales Region	Nationwide (Pharmacies/Drug Stores)

Product Photo:

A member of the Roche group



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Translation

Nationwide Release of the Half-body Bathing Refreshment Drink (Soft Drink) "YUAMI"

September 21st, 2004 (Tokyo) – Chugai Pharmaceutical Co., Ltd. ("Chugai") [Head Office: Chuo-ku, Tokyo. President: Osamu Nagayama] announced today the nationwide product release (some regions excluded) of the half-body bathing refreshment drink (soft drink) "YUAMI". YUAMI was released in limited areas in June 2004.

In recent years, popularity of "half-body bathing", a relaxation technique involving the prolonged bathing of the lower body in lukewarm water, has been gaining among females. Surveys taken by various companies and research firms have revealed that many women, especially those in their 20's, have actual experience in practicing "half-body bathing".
Thus with the concept of "Good to the last swallow during bathing" and "Clean flavor that is effortlessly absorbed by the perspiring body", Chugai has developed "YUAMI", a soft drink designed to replenish vital fluids lost during bathing.

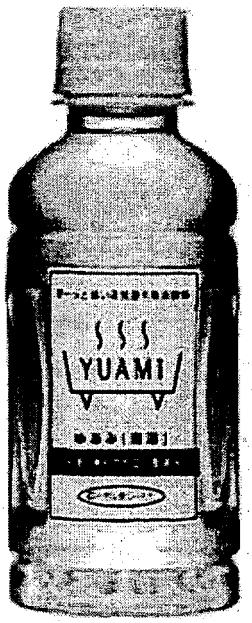
By combining ingredients which support both beauty and health such as "L-Carnitine", "Royal Jelly", and "Indian Long Pepper Extract (Pippali)", "YUAMI" offers itself as an item which supports a refreshing "half-body bathing" experience. Because it is widely accepted that about "one glass" of fluids is needed to replenish the body after bathing over 20 minutes, "YUAMI" has been designed in a 200ml (approximately "one glass") form.
Also, "YUAMI" is offered in a plastic bottle with a solid gripping surface to avoid accidental breakage in the bath.

Through the release of "YUAMI", Chugai will effectively support the practice of "half-body bathing" and will contribute to the realization of comfortable lives of people.

(Reference)

"YUAMI" Product Summary

Product	"YUAMI"
Classification	Soft Drink
Composition	Saccharide (high fructose soluble sugar (HFSS), sucrose), L-Carnitine, Royal Jelly, Indian Long Pepper ("Pippali") Extract, Acidifier, Flavoring, Artificial Colors (enzymatically modified rutin, cochineal), Antioxidant (vitamin C)
Content Volume	200ml per bottle
Container	Plastic Bottle
Shipping Packaging	1 Bottle (200ml plastic bottle) x 6 bottles x 5
Expiration Period	9 months after production
Recommended Retail Price (Excluding Tax)	160 yen
Sales Region	Nationwide (Some regions excluded)



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CHUGAI

Translation

Presentation to the American Society for Bone and Mineral Research on Japanese Early Phase II Trial Data on 'CHS13340' Intranasal PTH (1-34) Therapy

October 5th, 2004(Tokyo) -Chugai Pharmaceutical Co., Ltd. ("Chugai") [Head Office: Chuo-ku, Tokyo. President: Osamu Nagayama] announced that a verbal presentation on the results of a study showing clinical efficacy in the early phase II clinical trials of the 'CHS13340' intranasal PTH (1-34) therapy being co-developed by Chugai and Daiichi Suntory Pharma Co., Ltd. ("Daiichi Suntory") [Head Office: Chiyoda-ku, Tokyo. President: George Nakayama] in Japan was given by Professor Toshio Matsumoto, Department of Medicine and Bioregulatory Sciences, University of Tokushima Graduate School of Medicine, at the conference of the American Society for Bone and Mineral Research ("ASBMR") held in Seattle, Washington, US, at 5 pm (local time) on October 4. This item was also one of the topics selected for the press conference for the ASBMR at midday (local time) on October 1, prior to the actual presentation.

PTH possesses an osteogenic effect, and has been regarded as a promising treatment for osteoporosis. The subcutaneous injection formulation of PTH has been launched in Europe and the US. 'CHS13340' is a nasal spray formulation of human recombinant PTH (1-34) - a parathyroid hormone consisting of 34 amino acids. Chugai has been committed to the development of a non-invasive PTH therapy for the greater convenience of patients undergoing treatment.

These early Phase II trials were conducted in order to study the onset action of 'CHS13340' in Japanese osteoporosis patients, as well as to study optimal dosage levels. The 92 osteoporosis patients were divided into three sub-groups according to dosage. A 2.4% increase in bone mass was confirmed at a dosage of 1000μg per day after the patients had received 'CHS13340' daily for three months. Although a few cases of transient increases in blood calcium levels after intranasal administration were observed, patient blood calcium levels returned to normal on the following day, and no clinically significant adverse events were observed.

On the basis of the findings presented at the ASBMR, additional clinical development and research, including administration studies, over the longer term to further study the efficacy and safety of the therapy will take place.

Roche A member of the Roche group

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CHUGAI

October 27, 2004

Translation

Antibody Research by Chugai Pharmaceutical will be Published in *blood*, the American Society of Hematology Journal

Chugai Pharmaceutical Co., Ltd. ("Chugai") [Head Office: Chuo-ku, Tokyo. President: Osamu Nagayama] announced today that the results of its research in small molecular agonist antibody drugs has been accepted by the American Society of Hematology and will be published in the January 15, 2005 issue of *blood*, under the title "A Novel Therapeutic Approach for Thrombocytopenia by Minibody Agonist of the Thrombopoietin Receptor."

The antibody introduced in *blood* is characterized by the fact that they bind to the thrombopoietin (TPO) receptors and act as an agonist exhibiting TPO-like activity.
Many of the existing antibody drugs act as antagonists, binding to the target molecule and blocking its activity, or else produce a therapeutic effect by attacking the antigen cells through an immune reaction similar to that of the antigen-antibody reaction that occurs in living organism.
The intensive focus on the next generation antibody drug research at Chugai has enabled discovery of the new type agonist antibody, which can be applied to TPO, enhancing its potential to become a commercial drug.

According to previous research, agonist antibodies acting on TPO receptors exhibit very weak agonist activity and have not been found to be fully pharmacologically effective. To overcome this particular weakness, by engineering monoclonal antibody against the thrombopoietin receptor, Chugai has successfully created a small molecular agonist antibody, the agonist minibody, that exhibit activity as strong as that of natural TPO. The agonist minibody binds effectively to the receptors and is able to transmit signals within the cell, requiring only small amounts of minibodies. The minibody is also expected to possess excellent safety profile as an antibody drug.

This newly and successfully developed TPO agonist minibody is expected to be applied to the treatment of thrombocytopenia. Thrombocytopenia is found in patients undergoing cancer chemotherapy and diseases involving dyshematopoiesis, where platelet transfusion has been the preferred treatment. However, there have been issues related to safety, cost, and the short shelf life of blood platelet drugs.
If further research on the TPO agonist minibody demonstrates its clinical efficacy, this therapy could provide a further option in the treatment of thrombocytopenia as the world's first small molecular agonist antibody. The TPO agonist minibody is currently at the preclinical stage, and the research effort is being accelerated toward earlier commencement of its clinical trials.

Chugai has long been involved in research and development on biopharmaceuticals and their commercialization. Chugai's first effort in this area was in commercializing bioactive proteins such as the recombinant human erythropoietin(EPO) and the recombinant human granulocyte-colony stimulating factor(G-CSF). This was followed by development and commercialization of humanized antibodies through amino acid replacement in proteins such as humanized anti-human IL-6 receptor monoclonal antibody, MRA, illustrating the second effort. The third effort is realized by this successful development of the small molecular agonist antibody.

Chugai is committed to create medical products that benefit many patients by dedicating itself to research and development on antibody drugs with original and unique profiles.

The article may be found in the *blood* Web site (http://www.bloodjournal.org/), as the early online posting of accepted articles under "First Edition Papers," prior to actual publication.

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Translation

Operation of WISDOM: Chugai's Integrated Electronic Document Management System Supporting the CTD Inclusive of R&D to Submission

November 4th, 2004 (Tokyo) - Chugai Pharmaceutical Co., Ltd. [Head office: Tokyo, Japan; President and CEO: Osamu Nagayama] (hereinafter, "Chugai") hereby announces that an electronic document management system (hereinafter, "WISDOM": Worldwide Integrated System for Document Organization and Management) has been in operation since July 2004. "WISDOM" makes use of Chugai's own established system, and it is designed to address the requirements of the CTD (Common Technical Document), which specifies the format in which documents in a filing dossier are to be submitted to the respective authorities. The CTD was investigated and authorized by the ICH, an international conference involving Japan, the US, and the European Union aimed at the harmonization in the interpretation and application of technical guidelines and requirements for product registration.

"WISDOM" is a system for electronically managing the lifecycle and archiving of all documents which are submitted for approval of a new drug, related to product quality control, non-clinical and clinical studies, and regulatory affairs (RA) from its creation to publishing. It also addresses the regulations concerning electronic records and signatures, which were originally advanced by the European Commission and FDA and now also by Japan's Ministry of Health, Labour and Welfare. And, it has the capability of functioning together with statistical analysis systems. Aimed at improving usability for Chugai's employees as well as document quality, templates have been set up within "WISDOM" that serve as standards for each document type.

"WISDOM" has wide-ranging applicability in the process of creating filing dossiers, and as such, it is currently available to approximately 700 Chugai employees, who are involved in submission-related activities, with future plans for applicability to all employees engaged in R&D and RA. "WISDOM" may also be set up for use in Chugai's overseas subsidiaries (Chugai Pharma Europe and Chugai USA), with the role of central server in creation of tripartite filing dossiers borne by the Chugai group.

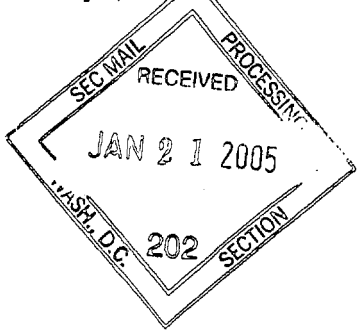
"WISDOM" is fully equipped for in-house training aimed at smooth application, and it is set up as a cooperative network encompassing all Divisions of the Company. Additionally, a dedicated publishing team has also been established, charged with creation of eCTD leaf documents and XML instance for use in application filings.

"WISDOM" will also serve as the basis for exchange of application-related documents with F. Hoffmann-La Roche Ltd. [Head Office: Basel, Switzerland; CEO: Franz B. Humer], with which Chugai has concluded a strategic alliance. This will enable the reform of an integrated process and system that will address the CTD/eCTD issue.

"WISDOM" is positioned as the core system for document creation up to the stage of application for approval, and Chugai is increasing reliability by utilizing this system to further improve the quality of application documents for approval, by providing a more efficient creative process, and by managing and archiving the complete lifecycle process.

Definitions

ICH	Abbreviated term for "International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use"
Lifecycle process	Series of steps performed for the creation of documents up to the review/approval
CTD	A harmonized common format for the preparation of a well-structured Common Technical Document for applications that will be submitted to regulatory authorities
eCTD	The electronic format of the ICH Common Technical Document
Electronic records	Collective information including data (characters, numeric values, figures, etc.) created, revised, maintained, archived, and distributed using a computer system
Electronic signature	Data in electronic form, which is a series of codes/keys created, adopted, checked, and endorsed by an individual signatory, serving as a legally binding equivalent of a handwritten signature and associated with electronic records
Leaf document	The element file of documents submitted in eCTD format
XML Instance	An XML (XML - Extensible Markup Language. An ISO standard for describing structured information in a platform-independent manner.) constructive document



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Translation

Chugai Takes Supportive Measures for Niigata Chuetsu Earthquake Disaster Area

November 15, 2004 (Tokyo)-Chugai Pharmaceutical Co., Ltd. ("Chugai") [Head Office: Chuo-ku, Tokyo. President: Osamu Nagayama] announced today that it has made a donation that includes cash, prescription drugs such as "Tamiflu®", an anti-influenza drug, and some nonprescription(OTC) drugs such as "Alpen® Children's Cold Medicine" in order to support residents affected by Niigata Chuetsu Earthquake occurred on October 23.

Chugai wishes that the quake victims may recover normal life as soon as possible and that the disaster areas may be restored promptly.

The details of the donation:

1. Cash
   Donated to: Disaster Control Headquarters of Niigata Prefecture
   Donated amount : JPY10,000,000

2. Prescription drugs
   (Donated upon request from National Hospital Organization's Disaster Control Headquarters)
   - 20,000 capsules of anti-influenza drug "Tamiflu® Capsule 75"
   - 25,000 tablets of sleep disorder reliever "Amoban® Tablet 7.5"
   - 12,500 tablets of antiarrhythmic "Rythmodan® R Tablet 150mg"

3. Nonprescription(OTC) drugs
   (Donated upon request from Niigata Prefecture Drug Retail Association)
   - 300 packs of "Alpen® Children's Cold Medicine K Fine Granule -12 bags"
   - 300 packs of "Alpen® Children's Cold Medicine J Fine Granule -12 bags"
   - 500 packs of "New Chugai Digestive Medicine Granule (Shin Chugai Ichoyaku) - 28 bags"
   - 300 packs of "Chugai Antidiarrheic (Chugai Geridome) - 12 bags"

Roche A member of the Roche group

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CHUGAI

Translation

Chugai to Join University of Tokyo Hospital "The Twenty-second Century Medical Center" Project

December 21, 2004 (Tokyo) - Chugai Pharmaceutical Co., Ltd. ("Chugai") [Head Office: Chuo-ku, Tokyo. President: Osamu Nagayama] announced today that Chugai would participate in "The Twenty-second Century Medical Center" project being planned by the University of Tokyo Hospital ('UOTH').

"The Twenty-second Century Medical Center" planned by UOTH is a medical center currently scheduled to be established in 2006 as a true representative of its business-academia collaboration for the purpose of further pursuing its original nature as a national university hospital to meet the public interest and good as well as seeking and realizing its economic independence as a business entity after becoming a National University Corporation.

Having bone and joint diseases as one of the strategically targeted therapeutic areas, Chugai currently markets high molecular weight hyaluronic acid, a treatment for joint pain associated with rheumatoid arthritis, and develops "MRA", a treatment for rheumatoid arthritis (RA). Chugai also has put its experience and the results of the research for cartilage metabolism into investigation of the risk factors for the onset of symptoms in osteoarthritis. With intention to dramatically develop these efforts to a joint business-academia project of great social significance, Chugai has made a decision to set up 'The Clinical Research for Joint Disorders' in "The Twenty-second Century Medical Center" in March 2005.

'The Clinical Research for Joint Disorders' aims to identify risk factors for arthritic disorders, close in on the molecular backgrounds, and identify target molecules for therapies. The specific research subjects shall include i) establishment of the largest ever database unmatched by those seen in any of the past clinical researches on arthritic disorders by collecting lifestyle data, environmental factors and genome information from arthritic disease patients, ii) unraveling from the database of the risk factors for arthritic disorders based on statistical procedures as well as determining the characteristics of the disease by combining the collected information, and iii) analysis of current therapies, particularly to assess both the benefits and efficacy of the high molecular weight hyaluronic acid together with investigation of the possible therapies of choice relevant to the identified characteristics of the diseases found from aforementioned efforts.

Chugai is confident that its participation in the UOTH "The Twenty-second Century Medical Center" project will form the first step to realize "tailor-made" therapies based on each individual's data, in the bone and joint diseases area.