KAKEN

Annual Report 2004

Year Ended March 31, 2004

Bringing smiles to everyone

The origin of Kaken Pharmaceutical Co., Ltd. can be traced back to the Institute of Physical and Chemical Research (Riken), established in 1917. The Company started pharmaceutical business with full-scale development of penicillin and streptomycin based on Riken's own technologies in 1948, and since then broadened the scope of its business and drug development activities through merger and alliance. Kaken's prestige has soared accordingly.

While the Company has established strength in developing and selling pharmaceuticals for orthopedics, it is now expanding its involvement in other medical fields, such as hyperlipidemia and diabetes. The Company contributes to improving people's health by cultivating its own original technologies, engaging in joint development initiatives, introducing new technologies and acquiring marketing rights.

As a fruit of its technology and product introduction, the Company has been since June 2001 marketing Fiblast Spray consisting of Trafermin, a recombinant form of human basic fibroblast growth factor (bFGF) for the first time in the world, licensed from a US bio-pharmaceutical company, Scios, in the area of regenerative medicine (wound healing medicine).

Corporate Philosophy

By serving as many people as possible
to return smiles of happiness to their faces,
through supplying superior pharmaceuticals,
Kaken helps improve the quality of life for patients.

Business Philosophy: Three Joys

KAKEN
conducts business by

Creating joy for patients.
We strive to create and offer effective drugs that satisfy the needs of patients and medical professionals.

Creating joy as a company.
We recognize our social responsibility as a pharmaceutical company with a high ethical standard and society's trust.

Creating joy for our employees.
Our objective is to become a company with vitality and presence whose employees enjoy and take pride in their work.

CONTENTS

Forward-Looking Statements

This annual report contains forward-looking statements pertaining to the Company's business and prospects. These statements are based on current analysis of existing information and trends. Actual results may differ from expectations due to unforeseen risks and uncertainties.

CONSOLIDATED FINANCIAL HIGHLIGHTS

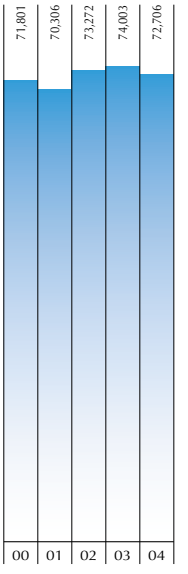
Kaken Pharmaceutical Co., Ltd. and Consolidated Subsidiaries.

	Millions of yen		Thousands of U.S. dollars (Note)
	2004	2003	**2004**
For the years ended March 31,			
Net sales	**¥ 72,706**	¥ 74,003	**$ 692,438**
Operating income	**7,526**	7,947	**71,676**
Net income	**3,017**	2,598	**28,733**
At March 31,			
Total shareholders' equity	**43,133**	40,771	**410,790**
Total assets	**105,613**	108,516	**1,005,838**
Per share data:	Yen		U.S. dollars (Note)
Net income (Basic)	**¥ 31.87**	¥ 27.11	**$ 0.304**
Cash dividends (Non-Consolidated)	**10.00**	8.25	**0.095**
	(%)		
ROE	**7.19**	6.51	
Capital adequacy ratio	**40.84**	37.57	

Note: U.S. dollar amounts are translated, for convenience only, at the rate of ¥105 = $1 effective on March 31, 2004.

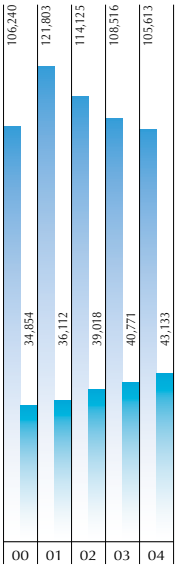
Net Sales

(¥ millions)



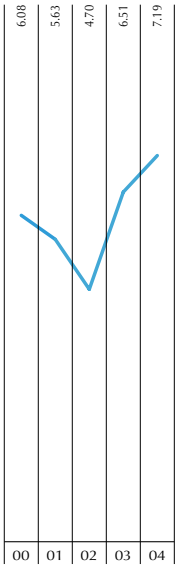
Total Assets and Shareholders' Equity

(¥ millions)



ROE

(%)



Business Climate and Performance

In fiscal 2003, ended March 31, 2004, Kaken Pharmaceutical achieved a 16.1% increase in net income, although net sales declined 1.8% because of tough business conditions. During the year, the number of people seeking medical treatment decreased due to a rise in the portion of medical expenses borne by patients, part of a government policy to curb medical expenditures. Other changes impacting the pharmaceutical industry included the move to comprehensive medical care at specialized hospitals, and a policy promoting the use of generic drugs. Given these difficult circumstances, we worked hard to develop new products destined to become part of our next-generation lineup in the future—notably Fiblast Spray, Lipantil, and Seprafilm—while expanding sales of flugship products. As a result, we recorded consolidated net sales of ¥72,706 million, down 1.8% from fiscal 2002.

Operating income declined 5.3%, to ¥7,526 million, due to an increase in development and research expenditures. Net income grew 16.1%, to ¥3,017 million. This was attributable to a decline in losses on investments accounted for by the equity method and a decrease in taxes following an amendment to the Corporation Tax Law. As a result, we posted an operating income ratio of 10.4%, while ROE (return-on-equity) reached 7.2%.

Profit Appropriation Policy

As a member of the pharmaceutical industry, we are required to have a higher level of equity capital than companies in other industries. This is because of the large risk burden associated with new drug development processes. Adhering to a flexible cash dividend policy, we set dividends according to our business performance while addressing the need to maintain a balance between return to shareholders and strengthening equity capital.

Based on this policy, the Company declared annual cash dividends of ¥10.0 per share, up ¥1.75 from the previous year. Other profits will be allocated to future investment in research and development.

Five-Year Management Plan

We are currently implementing a five-year management plan that began in April 2001 and will conclude in March 2006. Under the plan, we intend to establish a firm business foundation that will enable us to prevail in the future as an "independent pharmaceutical company with a strong presence." Fiscal 2003 was the third year of the plan.

To carry out this plan, we are committed to five core management initiatives: pursuing novel drug discovery research, strengthening our sales force, maintaining high quality and productivity, strengthening our financial condition, and creating a dynamic company environment. This entails setting and achieving goals for R&D, sales, and production. Specifically, we are targeting consolidated operating income of ¥10,000 million and ROE in excess of 8% by the final year of the plan.

The five core management initiatives are outlined in more detail below.

(1) Pursuing novel drug discovery research

We are broadening and strengthening our R&D activities to expedite the development of novel drugs that meet the needs of medical professionals in the field. Our aim is to discover novel drugs in-house in the Company's key areas of inflammation and immunology, infectious diseases (systemic mycosis), and endocrine and metabolic diseases. We will reinforce our R&D activities through strategic alliances with other companies, the introduction of leading-edge technologies, and outsourcing.

(2) Strengthening our sales force

We plan to have 700 medical representatives (MRs) in place by the time of the plan's completion to provide high-value-added

Being an independent pharmaceutical company with a strong presence

information that meets the needs of medical professionals in the field, and so that our MRs can work closely with local communities. We will also commit resources to Fiblast Spray as we strive to become a leading company in the field of regenerative medicine. In addition to solidifying our position in orthopedics, we will expand our market shares in external medicine, as well as in internal medicine, primarily in the areas of diabetes and lipidemia.

(3) Maintaining high quality and productivity

We are committed to further improving quality and reducing production costs, while expanding consignment production and other initiatives in the future.

(4) Strengthening our financial condition

In addition to expanding revenues, we aim to lower costs by raising production efficiency. We will also strive to increase operating income by reducing labor costs and outsourcing production, distribution, and other functions. In addition, we plan to reduce interest-bearing debt, strengthen our financial foundation, and invest in further innovation and progress.

(5) Creating a dynamic company environment

To maintain and develop the Kaken's unique strengths amid dramatically changing business conditions, we will nurture our human resources and create a company environment full of positive dynamism.

Future Plans

We believe that the harsh business climate experienced by the pharmaceutical industry will become even more severe. This is due to such factors as the expanding market shares of foreign-owned pharmaceutical companies and government-induced policies to curb medical expenditures, as seen in the average 4.2% decline in drug prices in the industry in April 2004.

Faced with such circumstances, we intend to increase income through sales growth of Artz, one of our core products, and maintaining sales of Procylin and Adofeed. At the same time, we will develop markets to increase sales of our new products: Fiblast Spray, Lipantil, and Seprafilm.

In particular, we will develop new products and reinforce sales in orthopedics, a medical field in which we are especially strong. In internal medicine, covering such diseases as lipidemia and diabetes, we intend to increase product variation centering on Lipantil, which holds a solid market share.

Maximizing corporate value is an important business challenge, and to this end we are carrying out comprehensive reforms to our administration and corporate consciousness. These initiatives reflect our commitment to being an "independent pharmaceutical company with a strong presence."

By providing more and more patients with superior drugs, we intend to help reduce total medical expenditures by shortening the length of hospital stays. In these ways, we will continue our contribution to enhancing patients' quality of life.

June 2004

乾 士朗

Shiro Inui
President

bFGF:
Expanding applications for regenerative medicine

A protein called bFGF (Trafermin) is a cell growth factor existing in minute quantities in the human body. Kaken is strengthening its development of pharmaceuticals used in regenerative medicine that make use of bFGF. In 2001, we were the first pharmaceutical manufacturer in the world to succeed in developing and bringing to market a new drug for use in the field of regenerative medicine. This drug is our wound healing agent Fiblast Spray, which is widely recognized as being effective in the treatment of skin ulcers caused by bed sores or burns. Today, it is by far the preferred treatment in many hospitals and clinics, as well as university hospital.

bFGF is produced using a technique that originates from genetic modification. It has been shown to stimulate the growth of cells, boost the formation of new blood vessels, and promote bone regeneration. It is estimated that two million patients receive treatment for bone fractures annually, including treatment for bone defects and osteoporosis, and its estimated annual market size is ¥10 billion. It is reliable statistically that more than 80% of adults have the potential to develop periodontal disease, however no medical treatment exists for the this disorder, bFGF has enormous market possibilities if adopted by general dentists.

In the autumn of 2004, we will start the late Phase II of Fiblast Spray for skin ulcers, a complication associated with diabetes.

We recognize Fiblast Spray and other derivatives of bFGF as prospective product line. Accordingly, we are channeling research and development resources into these products, with a view to their practical application by around 2009.

Expanding applications for the future

Line extension of bFGF as a regenerative medicine has great hidden potentialities. This includes vascularization of blood vessels in the areas of peripheral circulation and severe angina, treatment of osteoarthritis, propagation of stem cells, and nerve regeneration.

Developing Innovative

Fiblast Spray

Other clinical trials

At present, we are applying for approval for the diagnostic agent KP-102D. We are conducting Phase II trials of KP-102LN, used to treat people with short stature; this is a new type of treatment that stimulates the secretion of growth hormones.

We are currently in Phase II of clinical trials for KN-48, used for the treatment of postherpetic neuralgia. We are preparing for Phase II trials for both SPK-843, a drug used in the treatment of systemic mycosis, and KP-496, a drug used for treating bronchial asthma.

N.K. Curex Co., Ltd. an affiliate of Kaken, is developing SNK-860, for treating diabetic neuropathy. In the year under review, we decided to restructure a development strategy following the trials in the United States conducted by Sankyo Co., Ltd.

Grelan Pharmaceutical Co., Ltd. has introduced a new formulation of Lipantil called Lipantil M (micronized fenofibrate), and is waiting for approval. Kaken has a co-marketing right of this product.

Expanded Mentax Line

Sales of the antifungal agent Mentax have increased in the United States since it was approved for over-the-counter (OTC) sales. We also received approval to manufacture Mentax as an alternative OTC remedy for athlete's foot in Japan, and have been selling this product through partners. In addition, we have received approval for the manufacture of Mentax Spray, and have started its sales.

Strengthening Antifungal R&D

We had a collaboration with Elitra Pharmaceuticals covering R&D on genomic drug discovery for treating systemic mycosis. This collaboration ended. However, Kaken will conduct screening for novel antifungal agents based on essential fungal gene information obtained during the joint research process.

Products

New Drug Development Pipeline

Product	Development Stage	Category	Launch	Indication	Remarks
KP-102D(GHRP-2)	NDA	GH secretagogue	2004	Diagnostic for Hypothalamic-pituitary function in GH deficiency	
Lipantil M	NDA	Micronized-fenofibrate	2005	Hyperlipidemia	Developed by Grelan Pharmaceutical
KCB-1B	Phase II	bFGF	2009	Intractable bone fractures	New indication
KCB-1D	Phase II	bFGF	2009	Periodontitis	New indication
Fiblast Spray	Phase II	bFGF		Diabetic ulcers	New indication
KP-102LN (GHRP-2)	Phase II	GH secretagogue	2009	Short stature	
KN-48	Phase II	Lidocaine patch	2010	Postherpetic neuralgia	Jointly developed with Teikoku Seiyaku
SPK-843	Phase I (completed)	Polyene antibiotic	2009	Systemic mycosis	
KP-496	Phase I	LT/TX dual inhibitor	2010	Asthma	
SNK-860	Under consideration for redevelopment	ARI		Diabetic neuropathy	Jointly developed with N.K. Curex Co., Ltd., and Sanwa Kagaku Kenkyusho Co., Ltd.

Kaken is steadily expanding its fields of medical involvement and increasing sales of a broad spectrum of mainstay products — including Artz, an anti-osteoarthritic; Procylin, used for treating chronic artery occlusive disease; Adofeed, a pain-relieving plaster; and Lipantil, an anti-hyperlipidemic. We are also actively promoting Fiblast Spray, a wound-healing agent that has garnered much attention in the field of regenerative medicine, as well as Seprafilm, a post-operative anti-adhesive.

Fiblast Spray currently holds the top market share for wound-healing agents, and we intend to expand applications and become a leading company in this area. In addition, we recently released Mentax Spray, a new formulation of the antifungal agent Mentax, onto the market.

As a result of co-promotion of Zyloric tablets, used for treating hyperuricaemia and developed and manufactured by GlaxoSmithKline UK Ltd., we are expanding sales channels for Lipantil, which has become the appropriate treatment for hyperlipidemia associated with high levels of uric acid. Zyloric tablets are used to treat gout and there is a close relationship between gout symptoms and orthopedics. We, therefore, plan to co-promote sales of Zyloric tablets in the field of orthopedics, one of Kaken's specialist fields.

We have obtained exclusive marketing rights from Taiyo Yakuhin Co., Ltd. for Prink Injection Syringe, which is used in the treatment of arterial occlusion and skin ulcers. Consequently, we are strengthening our product line in orthopedics and internal medicine area.

Pharmaceuticals

Artz (anti-osteoarthritic) Artz is made of ultra-pure sodium hyaluronic acid extracted from rooster combs. Hyaluronic acid is a naturally occurring, biocompatible polymer found throughout the body, particularly in synovial fluid. A viscoelastic supplement, Artz replaces the diseased synovial fluid found in osteoarthritic knees and restores the physical properties and elastoviscosity of this diseased synovial fluid. It is injected directly into the knee joint by the physician.

Procylin (Prostacyclin analog) Procylin is an orally active and chemically stable prostacyclin analog (Beraprost) that directly acts on the PGI2 receptor to inhibit platelet aggregation. It is already in wide clinical use for treating chronic artery occlusive disease. In September 1999, Procylin was approved for the additional indication of pulmonary hypertension, which cannot be cured with most remedies currently in use.

Adofeed (pain-relieving plaster) Adofeed is a pain-relieving plaster containing Flurbiprofen as its active ingredient, which is absorbed through the skin. Applied to the affected area twice a day, Adofeed has proven effective in treating osteoarthritis, tennis elbow, muscle pain, and other inflammatory diseases.

Mentax (topical antifungal) Mentax is a topical antifungal with Butenafine as its main ingredient. An original Kaken product, Mentax is sold worldwide, including in the U.S. through Bertek/Mylan and in Canada through Schering-Plough. In December 2001, Mentax was approved as OTC Drug in the U.S., which is sold under the trade name of Lotrimin Ultra through Schering- Plough.

Mentax Spray In July 2004, we marketed a new spray formulation of the antifungal agent Mentax.

Lipantil (anti-hyperlipidemic) A fibrate type of lipid lowering agent, Lipantil containing Fenofibrate lowers both triglyceride and cholesterol. Originally developed by Fournier in France, Lipantil was sublicensed to Kaken in 1996 from a Japanese licensee, Grelan Pharm. Kaken launched Lipantil on the Japanese market in May 1999.

Seprafilm (post-operative anti-adhesive) Seprafilm is a sheet-type, bioabsorbable, anti-adhesive, biomaterial consisting of hyaluronic acid and CMC. This unique product, licensed from Genzyme Corp., was already in use in the gynecological field in Japan. In June 1999, it received additional approval for use in preventing post-operative abdominal adhesions.

Fiblast Spray (wound healing agent) Consisting of Trafermin, a human recombinant form of bFGF, this is a new type of drug for treating bed sores and other skin ulcers. Fiblast Spray strongly stimulates the growth of endothelial cells and fibroblasts. It also accelerates wound healing by producing highly vascularized granulation tissues. Introduced by Scios Inc., Fiblast Spray was first developed by Kaken, which commenced sales in June 2001.

Ebrantil (α1-blocker) Ebrantil is a specific α1-adrenergic receptor antagonist (Urapidil) for neurogenic dysuria. Clinical studies have shown that twice-daily administration of Ebrantil capsules significantly improves difficulty in urination caused by central or peripheral neural disorders without causing significant hypertension. It was approved for this indication in November 1999. Ebrantil already has been in use for hypertension and dysuria caused by BPH (Benign Prostatic Hyperplasia).

Cytotec (ulcer preventive) An ulcer preventive whose active ingredient is Misoprostol, Cytotec is effective for NSAIDs - induced gastric ulcer. It was developed by Searle (now Pfizer, Inc.), and has been sold by Kaken since 1995.

Norinyl T28 (Low-dose oral contraceptive) Norinyl T28 is a Sunday-start-type, low-dose oral contraceptive pill containing a combination of two hormones: norethisterone and ethinylestradiol. Incidence of metrorrhagia, which is often observed by users of this type product, is low. Norinyl T28 was developed by Monsanto Company and Daiichi Pharmaceutical Co., Ltd. and received approval in June 1999. In September 1999, Kaken launched this product into the Japanese market. Kaken is currently marketing Norinyl T28 in collaboration with Morinaga Milk Industry Co., Ltd.

Eyecare 0.1 (Eye drop for corneal disorders) Hyaluronic acid, a naturally occurring, biocompatible polymer, was first discovered in the eye and has proved to promote to healing cornea epithelium wounds. It is also a major component of Kaken's Artz for the treatment of osteoarthritis. Eyecare 0.1 eye drop solution, containing ultrapure hyaluronic acid (0.1%), was approved in March 2000, for the treatment of corneal disorders, including dry eyes. It was launched into the Japanese market in July 2000 and co-marketed with Teika Pharmaceutical Co., Ltd. under the same brand name.

Mirol (Anti-glaucoma) Consisting of Levobunolol (0.5%), Mirol is a β-blocker for treating glaucoma and ocular hypertension. Mirol is used once daily as eye drops without heavy viscosity. This product was launched in February 2001. Originally developed by Allergan Inc. in the U.S., Mirol was sublicensed to Kaken from a Japanese licensee, Kyorin Pharmaceutical Co., Ltd.

Prink Injection Syringe In June 2004, we began sales of Prink Injection Syringe, a Prostaglandin E1 pre-filled syringe used for the treatment of arterial occlusion. We have obtained from Taiyo Yakuhin Co., Ltd. the exclusive marketing rights for Prink Injection Syringe, which is also effective in the treatment of skin ulcers.

Agrochemicals and Animal Health Products

Agrochemicals

Polyoxins (fungicides) Two different technical grade active ingredients (TGAIs), Polyoxin AL and Polyoxin Z are produced by fermentation using a microorganism isolated from a soil of Mt. Aso in Japan. Formulations of WP, EC, SG and WG are registered in various countries and used widely to control fungal diseases on fruit trees, vegetables, flowers, turf and ornamentals. Due to natural source fungicides, they have been known to be highly safe for human, animals, plants and environment.

Pentoxazone (rice herbicide) Pentoxazone, a new oxazolidinedione compound, is known to be a Protox inhibitor and used to control annual broad leaves, barnyard grass and monocholia in paddy fields with a long lasting effect. Formulations of GR, SC, TB and EW of pentoxazone alone or combination with sulfonylurea and other herbicidal compounds are available, and can be applied before, during and after transplantation of rice seedlings due to the high crop safety.

Animal Health Products

Salinomycin (ionophore anti-coccidial for chicken) Salinomycin was discovered and developed by Kaken, and registered first in Japan in 1978. Through successful marketing and licensing, salinomycin is now the best selling anti-coccidial feed additive in the world to produce economically million tons of healthy chicken meat. Kaken is producing salinomycin under GMP and supplying worldwide a technical grade material or formulated products directly or through the distributors.

Colistin Sulfate (polypeptide antibiotic) Colistin sulfate is also Kaken's original product and used as a veterinary medicine or feed additive to control diseases caused by gram-negative bacteria in poultry, swine, cattle and other animals. This antibiotic has been used widely for long in the world because of its excellent safety and efficacy. Kaken is producing the EP4.6 grade material under GMP and the Drug Master File (DMF) is available if required.

R&D System

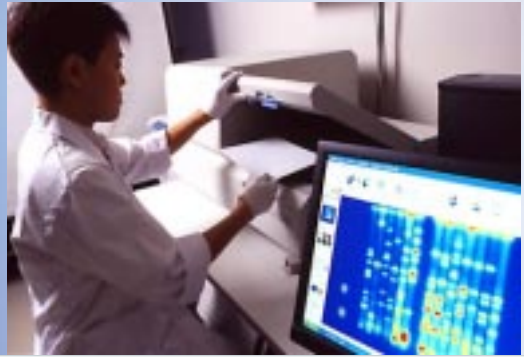
Discovery Research

We are committed to strengthening and broadening our R&D activities. To this end, we are reinforcing in-house drug discovery research and adopting a multifaceted approach to cultivating new R&D themes. At the same time, we will actively pursue joint research and introduce new technologies, both in Japan and overseas, in order to pinpoint and capitalize on lucrative opportunities.

Drug Discovery Research Laboratories are located in Kyoto, the ancient capital of Japan. There, our dedicated researchers constantly study the latest scientific information and technologies. Our main in-house drug discovery research themes are inflammation and immunology, endocrine and metabolic diseases, and infectious diseases, especially systemic mycosis. In endocrine and metabolic diseases, in particular, drugs for treating osteoporosis, diabetes, and obesity appear very promising for Kaken in light of Japan's aging society.

Computer-aided drug design (CADD) is an important part of our rational approach to drug discovery. Our medicinal chemists continue to explore chemical candidates synthesized in various projects in order to design a superior peptidemimetic focusing laboratory.

To establish a strong presence in genomic approach and other leading-edge technologies, we are actively involved in joint research programs with other laboratories and academic institutions.



We enter licensing agreements with these entities as appropriate. These collaborations are designed to ensure more effective R&D and minimize unforeseeable risks pertaining to R&D investments.

Our laboratories are exploring a number of innovative technologies in collaboration with leading academic scientists and pharmaceutical companies. As a result, our expertise has expanded to the fields of asthma, endocrinology, systemic mycosis, cardiology, and oral care.

Our researchers are highly motivated and dedicated to excellence at every phase of drug discovery research. Moreover, we have a refined education program for young researchers to encourage their motivation.

Our current policy is to focus on specific research areas, while expanding our product range by speeding up research and development. By pursuing strategic alliances with, and outsourcing processes to, companies and research institutions located both in Japan and overseas, we are committed to global joint development, and the introduction of new technologies and seeds.

Development Research

Kaken's Development Research Laboratories are located in Shizuoka Prefecture. There, we undertake a wide range of research activities in a stimulating environment. Our objective here is to develop candidate compounds identified during discovery research into commercially acceptable new drugs. Our drug development research covers pharmacokinetics research, drug formulation, safety evaluation, and quality assurance.

The Company's drug development activities are highly acclaimed. We have received the Okochi Memorial Prize five times in the past. This is the most respected prize in Japan for companies and researchers who have contributed to innovative drug production.

Our Pharmacokinetics Research Group uses the latest equipment and technologies to study the absorption, distribution, metabolism, and excretion of drugs in order to determine their effectiveness and safety in the body. Our Drug Formulation Group studies general pharmaceutical designs and formulations using drug delivery systems (DDSs) and pinpoints technologies to develop optimal dosage forms. Our Safety Evaluation Group strictly evaluates the safety of candidate compounds. Our Quality Assurance Group works to ensure that information generated in all Kaken laboratories is of the highest quality and reliability.

To expedite clinical development, we will make effective use of outsourcing non-clinical trials, as well as outsourcing trials to outside organizations specializing in clinical trials. Additional measures for reinforcing the Company's development structure include the recruitment of young staff and increasing expenditure for specific R&D themes.

Medical Representative System

Kaken's medical representatives (MRs) provide doctors with updated information on the Company's products and respond promptly to requests from medical professionals. Our MRs also gather medical information related to the safety and effectiveness of our drugs and provide feedback from customers to the relevant departments.

Our MRs play a key role in our R&D and production activities through their communication with doctors and patients. Being on the front line, they obtain valuable information from doctors' offices and other medical institutions. In addition, they help us develop user-friendly package designs and product descriptions by incorporating the suggestions of medical professionals.

We are currently strengthening our marketing and sales system in order to expand sales of our pharmaceutical products. We have established nine branches and 66 sub-branches so that medical representatives (MRs) can work closely with local communities and provide up-to-date information on products that meet the needs of medical professionals. We are also increasing the number of MRs, with plans to have 700 of them in place by March 2005.

To date, we have directed our MR activities mainly at hospitals, due to our success in the area of orthopedics. However, in light of the release of the hyperlipidemic agent Lipantil and the pending approval of Lipantil M, we are expanding sales promotion activities directed at medical institutions engaged in internal medicine. Our aim is to expand the market share held by Kaken's products in this important area.

By raising the numbers of sub-branch offices and MRs, we hope to further reinforce our stronghold in the market for orthopedics treatments. We also aim to expand market share in the areas of external medicine and internal medicine with drugs for treating diabetes and lipid metabolism.

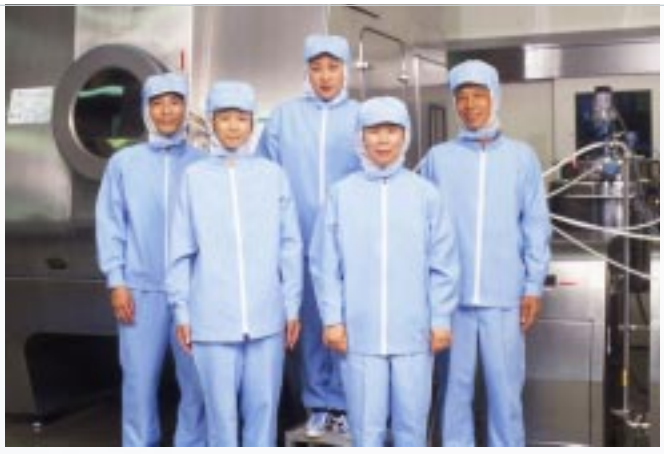
Production and Quality Control

Our production facilities in Shizuoka Prefecture are on the east bank of the Ohi River, near Mt. Fuji. These facilities are among the first in the industry to incorporate factory automation systems. They comply with Good Manufacturing Practices (GMP) of Japan, which stipulate requirements for drug manufacturing and quality control.

While adhering to these requirements, we also maintain even stricter in-house regulations for our production facilities. The quality of products for export is governed by cGMP regulations in the United States, which were formulated by the U.S. Food and Drug Administration (FDA).

Our production facilities are constantly reviewing work processes and reevaluating quality and standards, with the aim of boosting both quality and productivity. Keeping a close watch on market trends following revisions to the Pharmaceutical Affairs Law, we are examining the adoption of efficient production systems that make use of our specialist manufacturing-related expertise in production consignment and outsourcing. We are also conducting a review of our entire production system, which includes consignment production of small lot products.

We are also promoting the outsourcing of the distribution function. Our Western Distribution Center began operations as an outsourcing center in May 2003, and we are examining a similar role for our Eastern Distribution Center, taking into consideration the facilities it has to offer.



Environmental Protection Activities

As a pharmaceutical manufacturer concerned with people's well-being, our important management priorities are to protect the global environment and to help realize a prosperous society.

To this end, our Shizuoka production and R&D facilities have obtained ISO14001 certification, the international standard for environment management, as part of the Company's environmental protection activities. These facilities work to minimize waste, incineration, and land reclamation, while reducing power consumption and otherwise saving energy. They also work to monitor and control the volumes of chemical used, minimize discharge of harmful substances into the atmosphere, and improve the quality of effluent.

Our Shizuoka facilities have achieved a recycling ratio of over 99% for industrial waste. We have also established an environment committee to help promote environmental protection. In addition, we have initiated companywide activities aimed at promoting the "3 Rs" (recycle, reduce, reuse) in an effort to develop products and production technologies that have minimal impact on the environment.

Shizuoka Factory

Compliance by the Kaken Group

Every executive and employee of Kaken Pharmaceutical and its group of companies is strongly committed to compliance with respect observing Japanese and foreign laws and regulations, respecting different cultures and customs, and adopting high ethical standards.

1. We recognize the preciousness of life and shall contribute to the welfare of society by channeling all our efforts into enhancing people's health and patients' quality of life.
2. We recognize the importance of maintaining appropriate relations with all our stakeholders, including shareholders, investors, employees, business partners, and local communities.
3. We shall compete in a fair and free manner, and conduct our business activities in a just and proper way.
4. We shall handle all the Company's assets, including information, in a legitimate and proper manner to facilitate the smooth running of its operations.
5. We shall respect the human rights and individuality of employees, pay attention to health and safety issues, and will work hard to foster a fair and honest workplace culture.
6. We shall manage Company information appropriately and disclose information in a timely and appropriate manner.
7. We shall take seriously the impact of our activities on the global environment and contribute to society as a good corporate citizen, including through environmental protection efforts.
8. We shall not tolerate terrorism and other anti-social behavior.

Corporate Governance

In fiscal 2001, we introduced an operating officer system in order to expedite decision-making and clarify supervisory and business execution functions. Faced with a choice between an auditor-style or committee-style of management, we opted for our existing auditor-style format. While we fully recognize that reinforcing the control and auditing functions is an important element of corporate governance, we chose our existing format—Board of Directors, corporate auditor system, and operating officer system—because we believe it is critical to the functional operation of our company.

BOARD OF DIRECTORS AND CORPORATE AUDITORS

From left: Shuji Komoto, Yoshinori Kambayashi, Shiro Inui, Takeshi Hirahara, and Takeji Saito

President and Representative Director
Shiro Inui

Executive Managing Director
Takeshi Hirahara
(Administration)

Executive Managing Director
Yoshinori Kambayashi
(Research and Development)

Executive Managing Director
Takeji Saito
(Marketing and Sales)

Executive Managing Director
Shuji Komoto
(Accounting & Purchasing)

Executive Director
Yutaka Handa
(Personnel)

Executive Director
Shinichi Takamatsu
(Accounting)

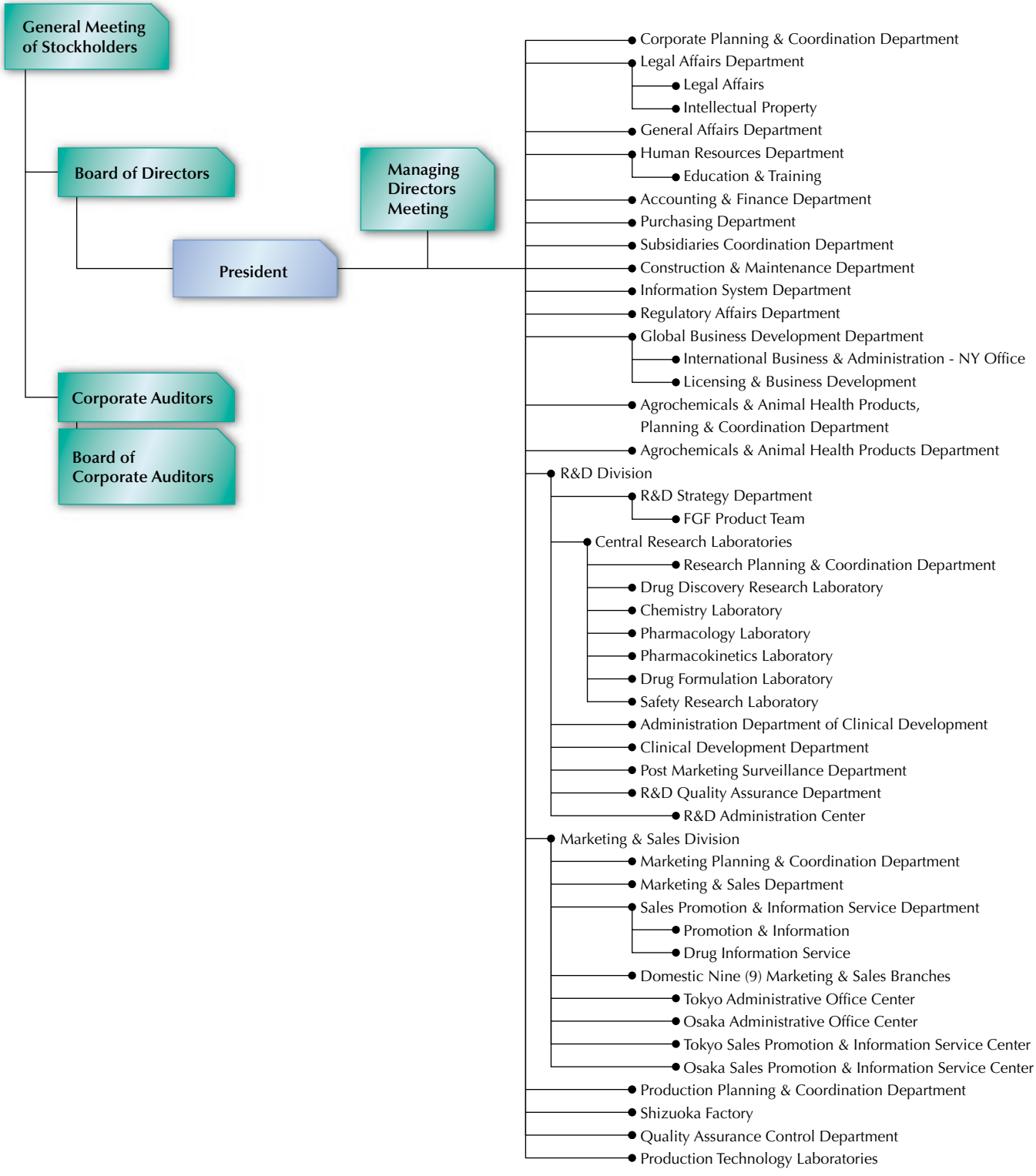
Executive Director
Masahiro Hori
(Agrochemicals and Animal Health Products)

Auditor
Osamu Okamoto
(Standing)

Auditor
Satoshi Shoji
(Standing)

Auditor
Sumio Yoshizawa

Auditor
Keizo Nemoto


General Meeting of Stockholders
Board of Directors
Managing Directors Meeting
President
Corporate Auditors
Board of Corporate Auditors
Corporate Planning & Coordination Department
Legal Affairs Department
Legal Affairs
Intellectual Property
General Affairs Department
Human Resources Department
Education & Training
Accounting & Finance Department
Purchasing Department
Subsidiaries Coordination Department
Construction & Maintenance Department
Information System Department
Regulatory Affairs Department
Global Business Development Department
International Business & Administration - NY Office
Licensing & Business Development
Agrochemicals & Animal Health Products, Planning & Coordination Department
Agrochemicals & Animal Health Products Department
R&D Division
R&D Strategy Department
FGF Product Team
Central Research Laboratories
Research Planning & Coordination Department
Drug Discovery Research Laboratory
Chemistry Laboratory
Pharmacology Laboratory
Pharmacokinetics Laboratory
Drug Formulation Laboratory
Safety Research Laboratory
Administration Department of Clinical Development
Clinical Development Department
Post Marketing Surveillance Department
R&D Quality Assurance Department
R&D Administration Center
Marketing & Sales Division
Marketing Planning & Coordination Department
Marketing & Sales Department
Sales Promotion & Information Service Department
Promotion & Information
Drug Information Service
Domestic Nine (9) Marketing & Sales Branches
Tokyo Administrative Office Center
Osaka Administrative Office Center
Tokyo Sales Promotion & Information Service Center
Osaka Sales Promotion & Information Service Center
Production Planning & Coordination Department
Shizuoka Factory
Quality Assurance Control Department
Production Technology Laboratories

Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars (Note)
	2004	**2003**	2002	2001	2000	**2004**
For the years ended March 31,						
Net sales	**¥ 72,706**	**¥ 74,003**	¥ 73,272	¥ 70,306	¥ 71,801	**$ 692,438**
Operating income	**7,526**	**7,947**	7,725	6,805	5,925	**71,676**
Net income	**3,017**	**2,598**	1,765	1,999	1,989	**28,733**
At March 31,						
Total shareholders' equity	**43,133**	**40,771**	39,018	36,112	34,854	**410,790**
Total assets	**105,613**	**108,516**	114,125	121,803	106,240	**1,005,838**
Per share data:	Yen					U.S. dollars (Note)
Net income (Basic)	**¥ 31.87**	**¥ 27.11**	¥ 18.74	¥ 21.78	¥ 21.68	**$ 0.304**
Cash dividends (Non-Consolidated)	**10.00**	**8.25**	7.50	7.50	7.50	**0.095**
	(%)					
ROE	**7.19**	**6.51**	4.70	5.63	6.08	
Capital adequacy ratio	**40.84**	**37.57**	34.19	29.65	32.81	

Note: U.S. dollar amounts are translated, for convenience only, at the rate of ¥105 = $1 effective on March 31, 2004.

(¥ millions)

Sales of Pharmaceuticals (Non-Consolidated)	Sales	Share	Change
Artz and related products	¥18,115	28.3%	+ 1.3%
Adofeed	9,175	14.3	- 3.2
Procylin	8,636	13.5	- 8.1
Seprafilm	3,226	5.0	+ 20.5
Fiblast Spray	3,219	5.0	+ 11.8
Lipantil	2,909	4.5	+ 8.0
Cytotec	2,138	3.3	- 3.2
Mentax	2,076	3.2	- 9.2
Others	14,565	22.7	- 3.4
Total	¥64,059	100.0	- 0.8

Note: The sales figures above relate to Japanese medical institutions only.

Revenues

In fiscal 2003, ended March 31, 2004, consolidated net sales amounted to ¥72,706 million, down 1.8% from the previous year. Major factors in this slight decline included a fall in the number of people seeking medical treatment — due to the increase in the portion of medical expenses borne by patients — as well as the move to comprehensive medical care by specialized hospitals and intensified competition in the domestic and overseas pharmaceutical industries.

Information on consolidated sales of pharmaceuticals, including medical devices, and agrochemicals in fiscal 2003 is provided below. During the year, we focused on promoting sales of mainstay products — such as Artz, Procylin, and Adofeed — as well as new offerings destined to become part of our next-generation lineup in the future. We reported a year-on-year increase in sales of Artz, due to proactive sales and marketing activities by our MRs, as well as a rise in patient numbers. Sales of Procylin and Adofeed declined as a result of competing products, including generic offerings. Sales of Fiblast Spray and Lipantil expanded as these products steadily penetrated the market.

The expanding scope of Japan's health insurance coverage has enabled Seprafilm to be used in a broader range of treatments. During the year, we promoted use of this product in gastrointestinal surgery. This led to major increases in usage frequency and amount, which boosted sales.

In the agrochemicals and animal food additives segment, curbs on the use of agricultural chemicals and the entry into the Japanese market of foreign-owned companies led to a harsh business climate. Even so, there was a steady increase in both domestic sales and exports of Polyoxin, a fungicide used on fruit, vegetables, and grass. The herbicide Pentoxazon also performed strongly, generated a year-on-year sales increase. However, prices of the animal feed additives Salinomycin and Colistin fell as a result of intense competition in overseas markets, leading to a decline in sales.

As a result, sales of pharmaceuticals, including medical devices, and agrochemicals totaled ¥69,634 million, down 1.8% from the previous year.

In other areas, we recorded sales of ¥3,072 million from renting our real estate holdings and other businesses.

Earnings

In the year under review, operating income declined 5.3%, to ¥7,526 million, owing to the effect of the increase in R&D expenditure. Net income rose 16.1%, to ¥3,017 million, mainly due to a decrease in losses on investment accounted for by the equity method, and a decrease in taxes accompanying amendments to the Corporation Tax Law.

The operating income ratio fell from 10.7% to 10.4%. Net income per share increased 17.6% to ¥31.87, and ROE was up 0.7 point, to 7.2%.

Profit Appropriation

At the end of fiscal 2003, the Company declared an ordinary dividend of ¥5.50 per share. Following an interim dividend of ¥4.5 yen per share, this took the annual dividend to ¥10.00 per share, up ¥1.75 from fiscal 2002. Other profits will be allocated to research and development to ensure the continual growth of the Company.

Performance Indicators

Although the operating income ratio dipped slightly to 10.4%, it has remained above the 10% mark for the past five years. Earnings per share increased 17.6%, to ¥31.87, and ROE rose 0.7 point, to 7.2%.

The ratio of shareholders' equity to total assets at fiscal year-end was 40.8%, up 3.2 points from a year earlier, owing to an increase in retained earnings and other factors. Shareholders' equity per share rose ¥33.86, to ¥465.77.

Cash Flows

Cash and cash equivalents at the end of fiscal 2003 stood at ¥13,240 million, down ¥7 million from a year earlier.

Net cash provided by operating activities totaled ¥4,115 million, down ¥4,082 million from a year earlier. This was mainly due to changes in accounts receivable and trade payables, as well as payment of income taxes.

Net cash used in investing activities amounted to ¥464 million, down ¥3,790 million from fiscal 2002. This was mainly due to the acquisition of property, plant and equipment and the sale of investment securities.

Net cash used in financing activities was ¥3,658 million, down ¥3,448 million compared with the previous year. This was mainly the result of repayment of loans and acquisition of treasury stock. In the previous fiscal year, the Company redeemed convertible bonds totaling ¥18,491 million.

Outlook

In the fiscal year ending March 31, 2004, the Company expects net sales to remain largely unchanged, or perhaps increase slightly, from the year under review. Revenues will be constrained by a continuation of the current harsh business climate and the lack of new drugs scheduled for release. We also project a modest increase in earnings due to rationalization and improved efficiency.

Consolidated Balance Sheets

As of March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
ASSETS	**2004**	2003	**2004**
Current Assets:			
Cash on hand and at bank (Note 4)	**¥ 13,257**	¥ 13,264	**$ 126,257**
Marketable securities (Notes 4 and 5)	**150**	150	**1,429**
Receivables:			
Notes and accounts receivable-trade	**32,639**	34,390	**310,848**
Accounts receivable-other	**1,116**	584	**10,628**
	33,755	34,974	**321,476**
Less: Allowance for doubtful receivables	**(21)**	(24)	**(200)**
	33,734	34,950	**321,276**
Inventories (Note 6)	**11,136**	10,207	**106,057**
Deferred tax assets (Note 13)	**964**	1,143	**9,181**
Other current assets	**919**	1,129	**8,752**
Total current assets	**60,160**	60,843	**572,952**
Property, Plant and Equipment:			
Buildings and structures	**34,889**	34,734	**332,276**
Machinery and equipment	**17,830**	17,544	**169,810**
	52,719	52,278	**502,086**
Less: Accumulated depreciation	**(29,662)**	(28,067)	**(282,495)**
	23,057	24,211	**219,591**
Land	**3,723**	3,638	**35,457**
Construction in progress	**16**	43	**152**
Total property, plant and equipment	**26,796**	27,892	**255,200**
Investments and Other Assets:			
Investment securities (Note 5)	**5,346**	3,981	**50,914**
Investments in unconsolidated affiliates	**1,538**	2,459	**14,648**
Intangible assets and long-term prepaid expenses	**2,491**	3,578	**23,724**
Deferred tax assets (Note 13)	**6,604**	7,277	**62,895**
Deferred charges	**92**	185	**876**
Other assets	**2,586**	2,301	**24,629**
Total investments and other assets	**18,657**	19,781	**177,686**
TOTAL ASSETS	**¥105,613**	¥108,516	**$1,005,838**

The accompanying notes are an integral part of the Consolidated Financial Statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2004	2003	Thousands of U.S. dollars (Note 3) 2004
Current Liabilities:			
Short-term bank loans (Note 7)	¥ 5,940	¥ 6,175	$ 56,571
Current portion of long-term debt (Note 7)	802	1,668	7,638
Payables:			
Notes and accounts payable-trade	12,964	12,711	123,467
Notes and accounts payable-construction	281	551	2,676
Accounts payable-other	2,352	2,445	22,400
	15,597	15,707	148,543
Accrued expenses	503	416	4,790
Accrued bonuses	1,185	1,708	11,286
Accrued sales rebates	756	616	7,200
Accrued income taxes (Note 13)	196	2,761	1,867
Other current liabilities	570	581	5,429
Total current liabilities	25,549	29,632	243,324
Non-Current Liabilities:			
Long-term debt (Note 7)	29,610	30,487	282,000
Accrued pension and severance costs (Note 10)	6,478	6,512	61,695
Accrued retirement benefits to directors	229	493	2,181
Deferred tax liabilities (Note 13)	280	290	2,667
Other long-term liabilities	333	330	3,171
Total non-current liabilities	36,930	38,112	351,714
Minority Interests in Consolidated Subsidiaries	1	1	10
Commitments and contingencies (Note 14)			
Shareholders' Equity:			
Common stock - no par value Authorized: 360,000,000 shares Issued : 94,518,374 shares as of March 31, 2003 and 2004	17,000	17,000	161,905
Capital surplus	15,735	15,735	149,857
Retained earnings	10,540	8,406	100,381
Net unrealized gain(loss) on valuation of other securities, net of taxes (Note 2 (c))	988	(262)	9,409
Treasury stock, at cost: 1,985,560 shares in 2004 and 206,857 shares in 2003	(1,130)	(108)	(10,762)
Total shareholders' equity	43,133	40,771	410,790
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	¥105,613	¥108,516	$1,005,838

Consolidated Statements of Income

For the years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	2004
Net sales	¥72,706	¥74,003	$692,438
Cost of sales	36,447	38,039	347,114
Gross profit	36,259	35,964	345,324
Selling, general and administrative expenses (Note 12)	28,733	28,017	273,648
Operating income	7,526	7,947	71,676
Other Income (Expenses):			
Interest and dividend income	78	79	743
Interest expense	(439)	(608)	(4,181)
Amortization of net obligation at transition	(525)	(525)	(5,000)
Gain (Loss) on sales/disposal of property, plant and equipment, net	(47)	696	(448)
Gain (Loss) on sales of investment securities, net	181	(8)	1,724
Revaluation loss of investment securities	(70)	(276)	(667)
Equity in losses of affiliates	(921)	(1,283)	(8,771)
Revaluation loss of golf membership	(29)	(84)	(276)
Others, net	(492)	(284)	(4,686)
	(2,264)	(2,293)	(21,562)
Income before income taxes and minority interests	5,262	5,654	50,114
Income taxes (Note 13):			
Current	2,259	4,656	21,514
Deferred	(14)	(1,600)	(133)
	2,245	3,056	21,381
Income before minority interests	3,017	2,598	28,733
Minority interests	0	0	0
Net income	¥3,017	¥2,598	$28,733
	Yen		U.S. dollars (Note 3)
Per share data:			
Net income: (Note 2 (m))			
Basic	¥31.87	¥27.11	$0.304
Diluted	¥24.92	¥20.50	$0.237
Cash dividends (Note 2 (m))	¥10.00	¥ 8.25	$0.095

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

For the years ended March 31, 2004 and 2003

	Millions of yen					
	Number of common stock	Common stock	Capital surplus	Retained earnings	Unrealized gain (loss) on other securities	Treasury stock at cost	Total shareholders' equity
Balance at March 31, 2002	94,518,374	¥17,000	¥15,735	¥ 6,557	¥ (258)	¥ (16)	¥ 39,018
Net income				2,598			2,598
Cash dividends				(709)			(709)
Directors' bonuses				(40)			(40)
Net unrealized loss on valuation of other securities, net of taxes					(4)		(4)
Treasury stock acquired, net						(92)	(92)
Balance at March 31, 2003	94,518,374	¥17,000	¥15,735	¥ 8,406	¥ (262)	¥ (108)	¥ 40,771
Net income				3,017			3,017
Cash dividends				(846)			(846)
Directors' bonuses				(37)			(37)
Net unrealized gain on valuation of other securities, net of taxes					1,250		1,250
Treasury stock acquired, net						(1,022)	(1,022)
Balance at March 31, 2004	**94,518,374**	**¥17,000**	**¥15,735**	**¥10,540**	**¥ 988**	**¥(1,130)**	**¥43,133**

	Thousands of U.S. dollars (Note 3)					
	Number of common stock	Common stock	Capital surplus	Retained earnings	Unrealized gain (loss) on other securities	Treasury stock at cost	Total shareholders' equity
Balance at March 31, 2003	94,518,374	$161,905	$149,857	$ 80,057	$(2,495)	$ (1,029)	$388,295
Net income				28,733			28,733
Cash dividends				(8,057)			(8,057)
Directors' bonuses				(352)			(352)
Net unrealized gain on valuation of other securities, net of taxes					11,904		11,904
Treasury stock acquired, net						(9,733)	(9,733)
Balance at March 31, 2004	**94,518,374**	**$161,905**	**$149,857**	**$100,381**	**$ 9,409**	**$(10,762)**	**$410,790**

Consolidated Statements of Cash Flows

For the years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	2004
I. Cash flows from operating activities			
Income before income taxes and minority interests	¥ 5,262	¥ 5,654	$ 50,114
Adjustments for:			
Depreciation	2,008	2,100	19,124
Amortization of long-term prepaid expenses	1,113	1,020	10,600
Amortization of deferred charges	92	243	876
Accrual for pension and severance costs, less payments	(226)	350	(2,152)
Interest and dividend income	(78)	(79)	(743)
Interest expense	439	608	4,181
Equity in losses of affiliates	921	1,283	8,771
Revaluation loss of investment securities	70	276	667
Revaluation loss of golf membership	29	84	276
Loss on sale of investment securities	—	8	—
Gain on sale of investment securities	(181)	—	(1,724)
Loss on disposals of property, plant and equipment	43	93	410
Gain on sale of property, plant and equipment	—	(789)	—
Decrease in notes and accounts receivable-trade	1,751	5,046	16,676
Increase in inventories	(929)	(411)	(8,848)
Increase (Decrease) in notes and accounts payable-trade	253	(1,771)	2,410
Paid bonuses to directors	(37)	(40)	(352)
Other, net	(1,227)	(1,549)	(11,686)
Subtotal	9,303	12,126	88,600
Interest and dividends received	78	78	743
Interest paid	(441)	(606)	(4,200)
Income taxes paid	(4,825)	(3,401)	(45,953)
Net cash provided by operating activities	4,115	8,197	39,190
II. Cash flows from investing activities			
Acquisition of property, plant and equipment	(1,139)	(1,419)	(10,848)
Proceeds from sales of property, plant and equipment	5	1,248	48
Acquisition of investment securities	(3)	(3,382)	(28)
Proceeds from sales of investment securities	691	22	6,581
Payment of long-term prepaid expenses	(72)	(200)	(686)
Other, net	54	(523)	514
Net cash used in investing activities	(464)	(4,254)	(4,419)
III. Cash flows from financing activities			
Decrease in short-term bank loans	(235)	(29)	(2,238)
Proceeds from long-term debt	—	3,000	—
Repayment of long-term debt	(1,555)	(508)	(14,810)
Proceeds from issuance of convertible bonds	—	9,723	—
Redemption of convertible bonds	—	(18,491)	—
Acquisition of treasury stock	(1,022)	—	(9,733)
Cash dividends paid	(846)	(709)	(8,057)
Other, net	—	(92)	—
Net cash used in financing activities	(3,658)	(7,106)	(34,838)
Net decrease in cash and cash equivalents	(7)	(3,163)	(67)
Cash and cash equivalents at beginning of year	13,247	16,410	126,162
Cash and cash equivalents at end of year (Note 4)	¥13,240	¥13,247	$126,095

The accompanying notes are an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements:

The accompanying consolidated financial statements of KAKEN PHARMACEUTICAL CO., LTD. (the "Company") and its consolidated subsidiaries (collectively the "Group") are basically an English version of those which were prepared from accounts and records maintained by the Group and in accordance with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards, and filed with the Director of Kanto Finance Bureau. The consolidated statements of shareholders' equity have been prepared to provide additional information.

Certain items presented in the consolidated financial statements have been reclassified for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Summary of Significant Accounting Policies:

(a) Principles of Consolidation

The Company had five subsidiaries as of March 31, 2004 and 2003. The consolidated financial statements include the accounts of the Company and all of its subsidiaries. The consolidated subsidiaries as of March 31, 2004 and 2003 are as follows:

KAKEN REALTY & SERVICE CO., LTD.
KAKEN PHARMA CO., LTD.
KAKEN LOGISTICS CO., LTD.
EIKO FILTER CO., LTD.
FUJIKA CORPORATION

The Company had an affiliate as of March 31, 2004 and 2003. Investment in N·K Curex Co., Ltd. is accounted for by the equity method.

All significant intercompany transactions, account balances and unrealized profits among the Group have been eliminated in consolidation.

(b) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits which are able to be withdrawn within three months and short-term investments with original maturity of three months or less and are considered to have minimal risk from market fluctuations.

(c) Marketable and Investment Securities

Securities are classified as one of four categories; (1) Trading, (2) Held-to-maturity debt, (3) Securities of subsidiaries and affiliated, and (4) Other. Trading securities are recorded at market value with unrealized gains and losses recognized in the current years earnings. Debt securities that are expected to be held-to-maturity are carried at amortized cost. Securities of subsidiaries and affiliates are carried at cost. Other securities are expected to be sold in the long term and those, whose fair values are readily determinable, are carried at fair value with unrealized gains or losses included as a separate component in shareholders' equity, net of taxes. Other securities without market quotations are stated at cost, determined by the moving average method.

(d) Inventories

Inventories are stated at cost, this being determined by the average method.

(e) Property, Plant and Equipment

Depreciation is computed on the declining-balance method at rates based on the estimated useful lives of assets, except for buildings, structures, machinery and equipment for the Komagome office that are computed on the straight-line method. Consolidated subsidiaries principally adopted the straight-line method. Furthermore, depreciation of buildings, except for ancillary facilities to buildings, acquired after April 1,1998, is computed using the straight-line method. The range of useful lives is from 3 years to 60 years for buildings and structures, and from 2 years to 17 years for machinery and equipment.

(f) Pension and Retirement Benefits

Employees who terminate employment are entitled, under most circumstances, to lump-sum payments or pension payments as described below, determined by reference to current basic rate of pay, length of service and conditions under which the termination occurs. The minimum payment is an amount based on voluntary retirement. In addition to the minimum payment based on voluntary retirement, employees receive additional benefits for retirement due to age limit, death or other defined reasons. The Company has a non-contributory defined benefit funded pension plan (entrusted) which covers 30% of the benefits payable under the existing retirement plan to employees.

The accrued pension and severance costs represents the amount actuarially calculated projected benefit obligations less (1) the fair value of the plan assets (2) unrecognized actuarial loss or gain and (3) the unrecognized transition amount arising from adopting the new standard (4) unrecognized prior service cost. If the fair value of the plan assets exceeds the projected benefit obligations, prepaid pension and severance costs are recorded. The transition amount (unfunded and unrecognized benefit obligation) of ¥7,902 million at April 1, 2000 is amortized on a straight-line basis over 15 years (for subsidiaries mainly 10 years). Unrecognized actuarial loss or gain is amortized on a

straight-line basis over 10 years from the next year in which they arise. Unrecognized prior service cost is amortized on a straight-line basis over 10 years from the year in which they arise. For the Company, prepaid pension and severance costs were recognized for a portion of the plan covered by the non-contributory pension plan assets and the accrued pension and severance costs were recognized for a portion of the plan not covered by the plan assets.

Accrued retirement benefits to directors and statutory auditors is provided in an amount equivalent to the liability the relevant company would have been required to pay upon retirement at the balance sheet date, as prescribed by its internal rules.

(g) Income Taxes
Income taxes are determined using the asset and liability approach, where deferred tax assets and liabilities are recognized for temporary differences between the tax basis of assets and liabilities and their reported amount in the financial statements.

(h) Consumption Taxes
Consumption taxes have been excluded from amounts shown on the accompanying consolidated statements of income.

(i) Derivative Financial Instruments
Derivative instruments, which include foreign currency forward exchange contracts and interest rate swap agreements, are used as a part of the Company's risk management of foreign currency and interest rate risk exposures of its financial assets and liabilities.

Foreign currency exchange forward contracts:
The Company enters into foreign currency exchange forward contracts to limit exposure, affected by changes in foreign currency exchange rates, on accounts receivable and payable and cash flows generated from anticipated transactions denominated in foreign currencies. For foreign currency exchange forward contracts which are designated and are effective as hedges of such currency exchange rate risk on existing assets and liabilities, the Company adopted the accounting method whereby foreign currency denominated assets and liabilities are measured at the contract rate of the respective foreign currency exchange forward contracts. With respect to such contracts for anticipated transactions, the contracts are marked-to-market and the unrealized gains/losses are deferred in the balance sheet to be released to income when the exchange gains/losses on the hedged items or transactions are recognized.

Interest rate swap agreements:
The Company enters into interest rate swap agreements, in order to lower funding costs and limit the Company's exposure in respect of the underlying financial instruments, resulting from adverse fluctuations in interest rates. The related interest differentials paid or received under the interest rate swap agreements are recognized in interest expenses over the terms of the agreements.

Derivative financial instruments have not been implemented by consolidated subsidiaries.

(j) Bond Issue Costs
Bond issue costs are capitalized and amortized over three years on the straight-line basis.

(k) Appropriation of Retained Earnings
The Commercial Code of Japan provides that appropriations of retained earnings, including bonuses to directors and statutory auditors, require approval by the shareholders at the annual ordinary general meeting of shareholders. Appropriations of retained earnings are, therefore, not reflected in the consolidated financial statements for the period to which they relate, but are recorded in the subsequent accounting period after shareholders' approval has been obtained.

(l) Shareholders' Equity
Under the Commercial Code of Japan, at least 50 per cent of the issue price of new shares is required to be designated as stated capital. The portion which is designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital have been credited to capital surplus.

The Commercial Code of Japan permits the Company to use retained earnings distributable to shareholders to acquire its own stock for retirement, following approval by the shareholders.

(m) Net Income and Dividends per Shares
Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each financial year appropriately adjusted for subsequent free distribution of shares (stock splits), if applicable.

Cash dividends per share shown for each year in the accompanying consolidated statements of income represent dividends approved or declared as applicable to the respective years.

Fully-diluted net income per share is computed, based on the assumption that the convertible bonds were fully converted into common stock on the date of issue or at the beginning of the respective years subsequent to the issue, with appropriate adjustments of related interest expense (net of tax).

3. United States Dollar Amounts:

The Group maintains its accounting records in yen. The dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating yen to dollars on the basis of ¥105=U.S.$ 1. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be converted, realized or settled in dollars at ¥105=U.S. $ 1 or any other rate.

4. Cash and Cash Equivalents:

Cash on hand and at bank and marketable securities are reconciled to cash and cash equivalents of consolidated statements of cash flows as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	**2004**
Cash on hand and at bank	**¥13,257**	¥13,264	**$126,257**
Marketable securities	**150**	150	**1,429**
	13,407	13,414	**127,686**
Time deposits which fall due in more than three months	**(17)**	(17)	**(162)**
Marketable securities due in more than three months	**(150)**	(150)	**(1,429)**
	(167)	(167)	**(1,591)**
Cash and cash equivalents	**¥13,240**	¥13,247	**$126,095**

5. Marketable Securities and Investment Securities:

The costs and aggregate market values of marketable and investment securities are follows:

	Millions of yen						Thousands of U.S. dollars (Note 3)		
	Cost	Market value	Unrealized gain (loss)	Cost	Market value	Unrealized gain (loss)	Cost	Market value	Unrealized gain (loss)
For the years ended March 31,		**2004**			2003			**2004**	
Other securities:									
Market value available									
Equity securities	**¥3,257**	**¥4,923**	**¥1,666**	¥3,744	¥3,356	¥(388)	**$31,019**	**$46,885**	**$15,866**
Other securities	**44**	**43**	**(1)**	208	155	(53)	**419**	**410**	**(9)**
	3,301	**4,966**	**1,665**	3,952	3,511	(441)	**31,438**	**47,295**	**15,857**
Market value not available	**380**	**380**	**—**	2,929	2,929	—	**3,619**	**3,619**	**—**
Total	**¥3,681**	**¥5,346**	**¥1,665**	¥6,881	¥6,440	¥(441)	**$35,057**	**$50,914**	**$15,857**
Held-to-maturity debt securities:									
Market value not available	**¥ 150**	**¥ 150**	**¥ —**	¥ 150	¥ 150	¥ —	**$ 1,429**	**$ 1,429**	**$ —**

Other securities sold during the fiscal years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	**2004**
Proceeds from sales	**¥691**	¥22	**$6,581**
Gross realized gains	**181**	—	**1,724**
Gross realized losses	**—**	8	**—**

6. Inventories:

Inventories as of March 31, 2004 and 2003 are comprised of the following:

March 31	Millions of yen 2004	Millions of yen 2003	Thousands of U.S. dollars (Note 3) 2004
Finished products	¥ 5,016	¥ 4,706	$ 47,772
Work in process	1,419	1,524	13,514
Raw materials	3,351	2,446	31,914
Supplies	1,188	1,409	11,314
Raw materials in transit	162	122	1,543
Total	¥11,136	¥10,207	$106,057

7. Short-term Bank Loans and Long-term Debts:

Short-term bank loans outstanding as of March 31, 2004 and 2003 are represented the notes issued by the Group to banks. Customarily, these notes are renewed at maturity subject to renegotiation of interest rates and other factors. The weighted-average interest rates applicable to short-term bank loans as of March 31, 2004 and 2003 are 0.86 % and 0.88 %, respectively. Outstanding balance of short-term bank loans as of March 31, 2004 and 2003 were ¥ 5,940 million and ¥6,175 million, respectively.

Long-term debts as of March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen 2004	Millions of yen 2003	Thousands of U.S. dollars (Note 3) 2004
Loans from banks and other financial institutions due 2004 to 2009 (interest rate 1.77-2.10%)	¥ 3,608	¥ 5,162	$ 34,362
0.0% unsecured convertible bond due 2007 (a)	7,849	7,849	74,752
0.0% unsecured convertible bond due 2007 (b)	10,000	10,000	95,238
Other long-term debt with interest bearing due 2004 to 2033 (interest rate 3.10%)	8,955	9,144	85,286
	30,412	32,155	289,638
Less: current portion	(802)	(1,668)	(7,638)
Total	¥29,610	¥30,487	$282,000

a) 0.0% Unsecured convertible bond
Holders of this bond are entitled to convert these bonds into common stock at a price of ¥630 during the period from August 9, 2000 to September 14, 2007.

b) 0.0% Unsecured convertible bond
Holders of this bond are entitled to convert these bonds into common stock at a price of ¥732 during the period from August 8, 2002 to September 14, 2007.

Aggregate annual maturities of convertible bonds in the next five fiscal year are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Within one year	¥ —	$ —
Over one year less than two years	—	—
Over two years less than five years	17,849	169,990
More than five years and thereafter	—	—
Total	¥17,849	$169,990

Aggregate annual maturities of long-term bank loans and other interest bearing debt are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)	
	Long-term bank loans	Other interest bearing debt	Long-term bank loans	Other interest bearing debt
Within one year	¥ 608	¥ 194	$5,790	$ 1,848
Over one year less than two years	—	200	—	1,905
Over two years less than three years	—	207	—	1,971
Over three years less than four years	—	213	—	2,029
Over four years less than five years	—	214	—	2,038
More than five years and thereafter	3,000	7,927	28,572	75,495
Total	¥3,608	¥8,955	$34,362	$85,286

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligations become due or in the event of their default, to offset cash deposits against such obligations due to the bank. The Group has not received any such requests to date.

At March 31, 2004 and 2003, assets pledged as collateral for certain short-term (¥1,460 million) and long-term debts (¥9,243 million), including current portion of long-term debts, were as follows:

	Millions of yen		Thousands of U.S.dollars (Note 3)
March 31	**2004**	2003	**2004**
Assets pledged			
Buildings and structures	**¥10,228**	¥10,679	**$ 97,409**
Machinery and equipment	**1,885**	2,005	**17,952**
Land	**108**	108	**1,029**
Investment securities	**1,744**	1,254	**16,610**
Total	**¥13,965**	¥14,046	**$133,000**
Liabilities and secured			
Short-term bank loans	**¥ 1,460**	¥ 1,410	**$ 13,905**
Long-term bank loans	**288**	842	**2,743**
Other interest bearing debt	**8,955**	9,144	**85,285**
Total	**¥10,703**	¥11,396	**$101,933**

8. Accounting for Leases:

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases, however, leases that do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

Assumed data "as if capitalized" as to acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets, which excluded the portion of interest thereon, were summarized as follows:

	Millions of yen		Thousands of U.S.dollars (Note 3)
March 31	**2004**	2003	**2004**
Acquisition cost	**¥15**	¥15	**$143**
Accumulated depreciation	**9**	7	**86**
Net book value	**¥ 6**	¥ 8	**$ 57**
Depreciation	**¥ 2**	¥ 2	**$ 19**

Depreciation is computed on the straight-line method over the lease term of the leased assets with no residual value.

Periodic lease expenses on finance lease contracts without ownership-transfer for the year ended March 31, 2004 and 2003 were summarized as follows:

	Millions of yen		Thousands of U.S.dollars (Note 3)
	2004	2003	**2004**
Periodic lease expense	**¥2**	¥2	**$19**

The amount of outstanding future lease payments due at March 31, 2004 and 2003, which excluded the portion of interest thereon, was summarized as follows:

	Millions of yen		Thousands of U.S.dollars (Note 3)
March 31	**2004**	2003	**2004**
Within one year	**¥2**	¥2	**$19**
Over one year	**5**	7	**48**
Total	**¥7**	¥9	**$67**

9. Derivative Financial Instruments:

Derivative financial instruments are utilized by the Company principally to reduce interest rate and foreign exchange rate risks. The Company has established a control environment which includes policies and procedures for risk assessments and for the approval, reporting and monitoring of transactions involving derivative financial instruments. The Company does not hold or issue derivative financial instruments for speculative purposes.

The Company is exposed to certain market risks arising from its forward exchange contracts and interest rate swap agreements. The Company is also exposed to the risk of credit loss in the event of non-performance by the counterparties to the currency and interest rate derivatives; however, the Company does not anticipate nonperformance by any of these counterparties all of whom are financial institutions with high bond ratings.

10. Pension and Retirement Benefits:

The benefit obligation and plan assets, funded status and composition of amounts recorded in the consolidated balance sheet as of March 31, 2004 and 2003 is as follows:

March 31	Millions of yen 2004	Millions of yen 2003	Thousands of U.S.dollars (Note 3) 2004
Projected benefit obligations	¥(23,444)	¥(24,175)	$(223,276)
Plan assets	8,774	7,820	83,562
Funded status	(14,670)	(16,355)	(139,714)
Unrecognized transition amount	5,786	6,313	55,105
Unrecognized actuarial loss	3,010	3,743	28,667
Unrecognized prior service cost	(198)	—	(1,886)
	(6,072)	(6,299)	(57,828)
Amounts recognized in the balance sheet consists of —			
Prepaid pension cost	406	213	3,867
Accrued pension and severance costs	¥ (6,478)	¥ (6,512)	$ (61,695)

The components of net pension and severance costs for the year ended March 31, 2004 and 2003 were as follows:

	Millions of yen 2004	Millions of yen 2003	Thousands of U.S.dollars (Note 3) 2004
Service cost	¥ 818	¥ 786	$ 7,790
Interest cost	547	630	5,210
Expected return on plan assets	(117)	(121)	(1,114)
Amortization of transition amount	527	531	5,019
Amortization of actuarial loss	397	181	3,781
Amortization of prior service cost	(22)	—	(210)
Net pension expense	¥2,150	¥2,007	$20,476

Assumptions used in calculation of the above information as of March 31, 2004 were as follows:

Discount rate	2.3%
Expected rate of return on plan assets	1.5%
Method of attributing the projected benefits to periods of services	years of service

11. Shareholders' Equity:

The following appropriations of the Company's retained earnings in respect of the year ended March 31, 2004 which were approved by the shareholders at the general meeting held on June 29, 2004, have not been incorporated in the accompanying consolidated financial statements.

	Millions of yen	Thousands of U.S.dollars (Note 3)
Retained earnings at the end of the year	¥7,484	$71,276
Utilization of general reserve		
Utilization of deferred gain on sales of property, plant and equipment	15	143
	7,499	71,419
Appropriations:		
Dividends (¥5.50 per share)	(509)	(4,848)
Bonuses to directors	(33)	(314)
[of which to statutory auditors]	[5]	[48]
Transfer to general reserve:		
Others reserves	(1,000)	(9,524)
Retained earnings carried forward to the following year	¥5,957	$56,733

12. Selling, General and Administrative Expenses:

Major elements of "Selling, general and administrative expenses" for two years in the period ended March 31, 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	**2004**
Salaries	**¥6,568**	¥6,628	**$62,552**
Bonuses	**2,635**	3,060	**25,095**
Pension and severance costs	**1,210**	1,094	**11,524**
Provision for retirement benefits to directors	**50**	71	**476**
Research and development expenses	**6,360**	5,695	**60,571**
Sales promotion	**2,002**	1,732	**19,067**
Advertisement	**594**	651	**5,657**
Rent and lease	**1,927**	1,752	**18,352**
Travel	**1,426**	1,422	**13,581**

13. Income Taxes:

The Group is subject to several taxes based on income, which in the aggregate resulted in statutory tax rates of approximately 42.05 % for the two years in the period ended March 31, 2004. Reconciliation of the differences between the statutory tax rate and the effective tax rate for the years ended March 31, 2004 and 2003 is as follows:

	2004	2003
Statutory tax rate	**42.05%**	42.05%
Increase (decrease) in taxes resulting from:		
Expenses not deductible for income tax purpose (ex. Entertainment expenses)	**9.27**	9.73
Income not included for income tax purpose (ex. Dividend income)	**(0.04)**	(0.20)
Equity in losses of affiliates	**(1.35)**	(3.49)
Inhabitant equalization taxes	**1.55**	1.40
Tax deduction for research expenses	**(5.69)**	—
Other	**(3.13)**	4.57
Effective tax rate	**42.66%**	54.06%

Significant components of deferred tax assets as of March 31, 2004 and 2003 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
March 31	**2004**	2003	**2004**
Deferred tax assets:			
Reserve for bonuses	**¥ 534**	**¥ 600**	**$ 5,085**
Reserve for sales rebates	**307**	**259**	**2,924**
Enterprise taxes payable	**25**	**257**	**238**
Devaluation of financial instruments	**1,695**	**1,887**	**16,143**
Amortization of R&D	**181**	**72**	**1,724**
Amortization of long-term prepaid expenses	**979**	**843**	**9,324**
Pension and severance costs	**1,900**	**1,567**	**18,095**
Retirement benefits to directors	**93**	**206**	**886**
Allowance for bad debt	**76**	**77**	**724**
Unrealized gain of property, plant and equipment	**2,568**	2,568	**24,457**
Other	**134**	**293**	**1,276**
Total	**8,492**	**8,629**	**80,876**
Valuation allowance	**(76)**	**(28)**	**(724)**
Deferred tax assets	**8,416**	**8,601**	**80,153**
Deferred tax liabilities:			
Deferred gain on sales of property, plant and equipment	**(450)**	**(470)**	**(4,286)**
Unrealized gain on other securities	**(678)**	**—**	**(6,457)**
Other	**(1)**	**(1)**	**(9)**
Deferred tax liabilities	**(1,129)**	**(471)**	**(10,752)**
Deferred tax assets, net	**¥7,287**	**¥8,130**	**$69,401**

14. Contingencies:

The Group had contingent liabilities arising from notes discounted at banks in the ordinary course of business in the amount of ¥1,361 million as of March 31, 2004.

15. Segment Information:

Information about operations in industry segments of the Group for years ended March 31, 2004 and 2003 is as follows:

	Millions of yen				
	2004				
	Pharmaceutical	Other*	Total	Eliminations or Corporate	Consolidated
I. Sales and Operating Income					
Sales to customers	¥69,634	¥ 3,072	¥72,706	¥ —	¥ 72,706
Inter-segment/transfer	—	310	310	(310)	—
	69,634	3,382	73,016	(310)	72,706
Operating expenses	63,303	2,187	65,490	(310)	65,180
Operating income	¥ 6,331	¥ 1,195	¥ 7,526	¥ —	¥ 7,526
II. Assets, Depreciation and Capital Expenditures					
Assets	¥64,201	¥19,278	¥83,479	¥22,134	¥105,613
Depreciation	¥ 2,414	¥ 799	¥ 3,213	¥ —	¥ 3,213
Capital Expenditures	¥ 915	¥ 64	¥ 979	¥ —	¥ 979

	Millions of yen				
	2003				
	Pharmaceutical	Other*	Total	Eliminations or Corporate	Consolidated
I. Sales and Operating Income					
Sales to customers	¥70,930	¥ 3,073	¥74,003	¥ —	¥ 74,003
Inter-segment/transfer	—	304	304	(304)	—
	70,930	3,377	74,307	(304)	74,003
Operating expenses	64,068	2,292	66,360	(304)	66,056
Operating income	¥ 6,862	¥ 1,085	¥ 7,947	¥ —	¥ 7,947
II. Assets, Depreciation and Capital Expenditures					
Assets	¥65,486	¥19,985	¥85,471	¥23,045	¥108,516
Depreciation	¥ 2,547	¥ 816	¥ 3,363	¥ —	¥ 3,363
Capital Expenditures	¥ 1,924	¥ 74	¥ 1,998	¥ —	¥ 1,998

	Thousands of U.S. dollars (Note 3)				
	2004				
	Pharmaceutical	Other*	Total	Eliminations or Corporate	Consolidated
I. Sales and Operating Income					
Sales to customers	$663,181	$ 29,257	$692,438	$ —	$ 692,438
Inter-segment/transfer	—	2,952	2,952	(2,952)	—
	663,181	32,210	695,390	(2,952)	692,438
Operating expenses	602,886	20,829	623,714	(2,952)	620,762
Operating income	$ 60,295	$ 11,381	$ 71,676	$ —	$ 71,676
II. Assets, Depreciation and Capital Expenditures					
Assets	$611,438	$183,600	$759,038	$210,800	$1,005,838
Depreciation	$ 22,990	$ 7,610	$ 30,600	$ —	$ 30,600
Capital Expenditures	$ 8,714	$ 610	$ 9,324	$ —	$ 9,324

*Other business fields consist of mainly real estate.

Report of Independent Auditors

To the Board of Directors
KAKEN PHARMACEUTICAL CO., LTD.

We have audited the accompanying consolidated balance sheets of KAKEN PHARMACEUTICAL CO., LTD. and its consolidated subsidiaries (collectively, the "Group") as of March 31, 2004 and 2003 and the related consolidated statements of income, shareholders' equity and cash flows for the years ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2004 and 2003 and the consolidated results of their operations and their cash flows for the years ended in conformity with accounting principles and practices generally accepted in Japan (See Note 1).

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

Hijiribashi Audit Corporation

Tokyo, Japan
June 29, 2004

Corporate Data (As of March 31, 2004)

Directory

REGISTERED HEAD OFFICE
28-8, Honkomagome 2-chome, Bunkyo-ku,
Tokyo 113-8650, Japan
Tel: 81-3-5977-5001
Fax: 81-3-5977-5131
http://www.kaken.co.jp

Global Business Development
2-28-8, Hon-Komagome, Bunkyo-ku,
Tokyo 113-8650, Japan
Executive Officer & General Manager
Masao Ishida
Tel: 81-3-5977-5046
Fax: 81-3-5977-5133
E-mail: masao-ishida@kaken.co.jp

Branch Offices
Sapporo Branch
Sendai Branch
Tokyo-1 Branch
Tokyo-2 Branch
Nagoya Branch
Osaka-1 Branch
Osaka-2 Branch
Hiroshima Branch
Fukuoka Branch

Plant
Shizuoka Factory

Research Laboratories
Shizuoka Research Laboratories
Kyoto Research Laboratories
Production Technology Laboratories

Overseas Office:
Kaken New York Office
245 Park Avenue, 24th Floor, New York, NY10167
Tel: 1-212-372-8910
Fax: 1-212-372-8970
E-mail: ny@kaken.co.jp

Company Information

Founded
March 1917

Incorporated
March 1948

Paid-in Capital
¥17,000 million (As of Sept. 30, 2004)

Common Stock
Authorized: 360,000,000 shares
Issued: 94,518,374 shares (As of Sept. 30, 2004)
Number of Shareholders: 24,087

Employees (Non-Consolidated)
Administration: 146
Sales & Marketing: 976
Production & Technology: 276
Research & Development: 265

Kaken Pharmaceutical Co., Ltd.
28-8, Honkomagome 2-chome, Bunkyo-ku, Tokyo
113-8650, Japan
Tel: 81-3-5977-5001
Fax: 81-3-5977-5131
http://www.kaken.co.jp

Printed in Japan