



Overcoming Challenges in a Changing World

DAINIPPON PHARMACEUTICAL CO., LTD.

ANNUAL REPORT 2001 ●

For the year ended March 31, 2001



Corporate Profile



Dainippon Pharmaceutical Co., Ltd., as one of the pioneers of the modern pharmaceutical industry in Japan, has continuously striven to contribute to society with its research and development of better pharmaceuticals and in the supply of those products to the health care world.

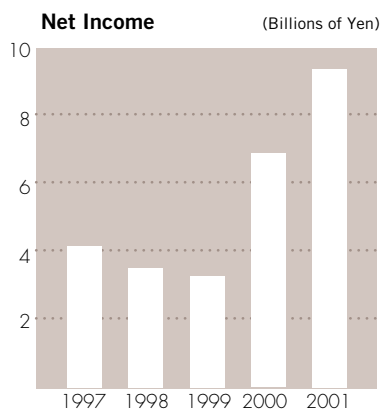
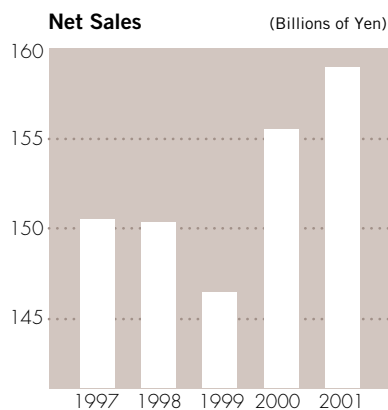
Since its foundation in 1897, the Company has used its novel perspectives and insights toward the creation of ever more useful pharmaceuticals. Many of our quality products have won firm confidence and an enviable reputation in the health care profession.



Contents

Financial Highlights	>>>1
Message from the Management	>>>2
Research and Development	>>>6
Review of Operations	>>>13
International Activities	>>>19
Commitment to Environmental Protection	>>>20
Financial Section	>>>21
Corporate Information	>>>41

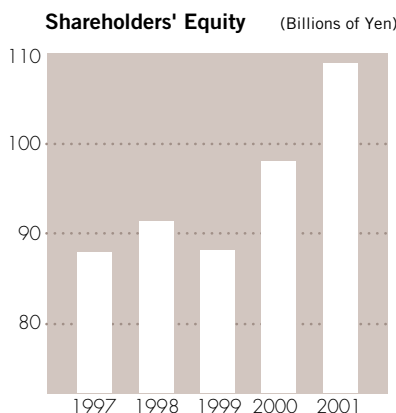
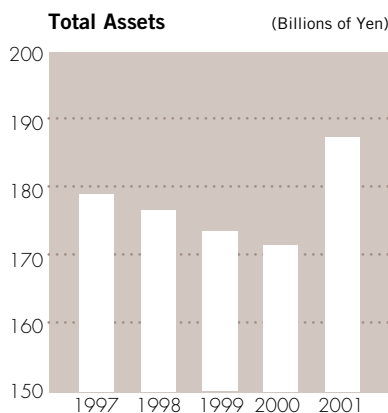
Financial Highlights



	Millions of Yen	Thousands of U.S. Dollars (Note)
	2001	2000
For the Year:		
Net sales	¥158,873	¥155,497
Operating income	16,150	12,686
Net income	9,376	6,884
R&D expenses	12,565	12,079
Capital expenditures	4,074	2,041
Depreciation and amortization	4,267	3,936
		2001
At Year-End:		
Total assets	187,309	171,064
Shareholders' equity	109,267	98,092

	Yen	U.S. Dollars (Note)
Per Share Data:		
Net income	¥55.75	¥40.93
Net income assuming full dilution	52.70	39.05
Cash dividends	8.50	8.50

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥124 to US\$1 prevailing on March 31, 2001.



Message from the Management

Against a background of continued efforts to contain healthcare spending, the pharmaceutical industry is forecast to restructure on a global scale, resulting in increasing competition and a persistently severe operating environment. Dainippon Pharmaceutical is working to win under these difficult conditions with a combination of innovative research and development activities, and the implementation of far-reaching management reformation.

Overview

This report covers the performance of Dainippon Pharmaceutical Co., Ltd. and its consolidated subsidiaries (the Dainippon Pharmaceutical Group) in fiscal 2001, the year ended March 31, 2001.

The principles of customer satisfaction, personnel development, and social responsibility underpin the business activities of the Dainippon Pharmaceutical Group. We strive to be a corporate entity with continued trust by its customers, and a major presence in the market with high profitability in the fields of human and animal health. In order to achieve these objectives, in 1997 we established a revolutionary company vision—P-UP21—and the Phase I 5-year Management Plan as means to implement that vision. This plan was developed based on a policy of restructuring our business resources, with the key corporate objective being to plan for profit structure reform within five years.

In order to realize profit structure reform, we are focusing our management resources in the core business of ethical pharmaceuticals and are proactively investing in R&D and sales activities to increase the proportion of highly profitable products that have been independently developed in-house.



Takeshi Tomotake
Chairman

Kenjiro Miyatake
President



4 >>> Message from the Management

We are also promoting increased financial independence in our business arms other than ethical pharmaceuticals and are implementing various policies to cut operating costs even further. These management reforms are aimed at moving away from an emphasis on sales volume indicators, with the goal of becoming a company whose management focuses on profitability indicators.

Results

In fiscal 2001, Dainippon Pharmaceutical introduced a number of strategic and efficiency-driven sales activities, such as the area team marketing system, in our core ethical pharmaceuticals business. In the coming years, healthcare service will be provided more in a certain regional area, i. e. “secondary healthcare zone,” where patients can complete total medical service in the zone. To allow our easy adaptation within this changing environment, Dainippon Pharmaceutical has accepted the challenge of changes with the creation of its new area team marketing system. We have changed from a system centered on individual medical representatives (MRs) to one centered on team marketing, making possible even more strategic and efficient information providing opportunities. We also emphasized major investments to strengthen our R&D functions,

and moved ahead with fundamental changes, such as promoting policies of rationalization to achieve optimal production systems. Moreover, we continued with CR30 Initiative, the target of which is a 30% reduction in operating costs, working toward further reductions in overhead and making a commitment to streamline the company structure.

As a result of these and other effective initiatives, Dainippon Pharmaceutical net sales rose 2.2% from the previous fiscal year, to ¥158.9 billion. Operating income increased 27.3%, to ¥16.2 billion, and net income expanded 36.2%, to ¥9.4 billion, in spite of an extraordinary loss due to the adoption of the Accounting Standard for Retirement Benefit.

Further details on our R&D activities and the performance of each business division are featured later in this report.

Outlook for the Future

Against a background of continued efforts to contain healthcare spending, the pharmaceutical industry is forecast to restructure on a global scale, resulting in increasing competition and a harsh operating environment. At Dainippon Pharmaceutical, we plan to increase sales by focusing on highly profitable mainstay products, targeting effective new drugs by concentrating on drug discovery research and R&D. In addition, we

will broaden the implementation of CR30 Initiative to control the overall growth of overhead costs and target increased productivity through the rationalization of production systems. We are moving ahead with profit structure reform to strengthen our foundations, as epitomized by the mottos “*Focus and Concentration,*” and “*Speed.*”

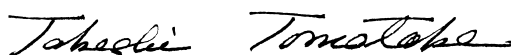
Fiscal 2002 is the final year of the Phase I 5-year Management Plan, which raises the goals of a 10% ratio of operating profit to net sales and 7.5% ROE (return on equity). However, Groupwide management reforms have allowed us to achieve these objectives one year ahead of schedule, in fiscal 2001. Thus, we now plan to maintain even higher levels of profitability in order to establish an enduring profit structure that allows proactive investment—in areas such as R&D and information systems—to drive midterm growth.

Change, Chance and Challenge

With the start of the 21st century, the pharmaceutical industry is facing a wave of change, including changes in drug discovery technologies with developments in genomics, reorganization to a patient-centered healthcare system in Japan, and reform of the Japanese national health insurance system to meet the needs of an aging society. While the word “*change*” is often associated with loss, at

Dainippon Pharmaceutical we believe that change should be embraced as providing “*chances,*” or new opportunities. If we are receptive to and understand the nature of change, we can embrace the chances it provides and proactively take on the “*challenge*” of reforming our group. During the coming year, every member of the Dainippon Pharmaceutical Group is focusing on change as offering the means to achieve further success under the Phase I 5-year Management Plan.

The management of the Dainippon Pharmaceutical Group would like to express our appreciation for the support of stakeholders around the world, and request your continued cooperation as we move to new heights in the new century.



Takeshi Tomotake
Chairman

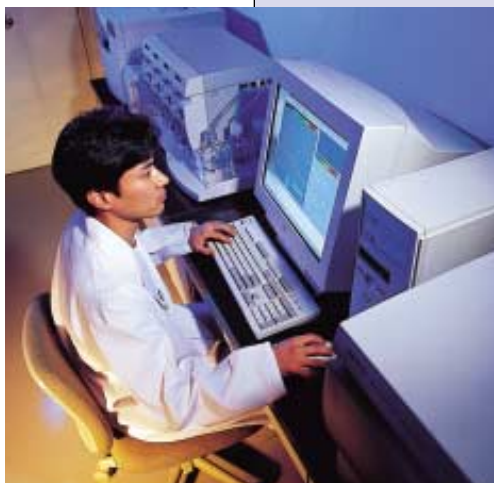


Kenjiro Miyatake
President

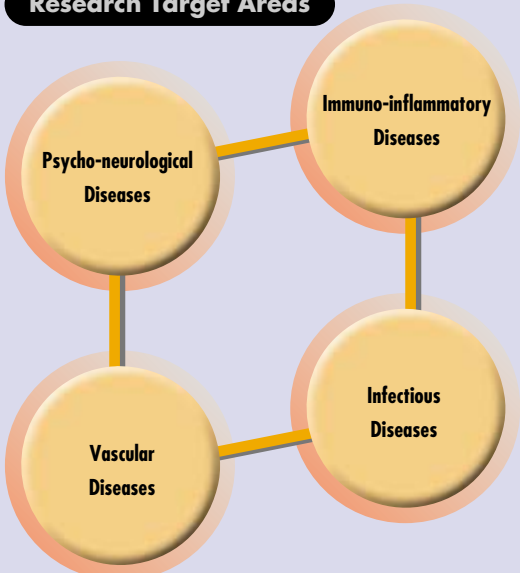


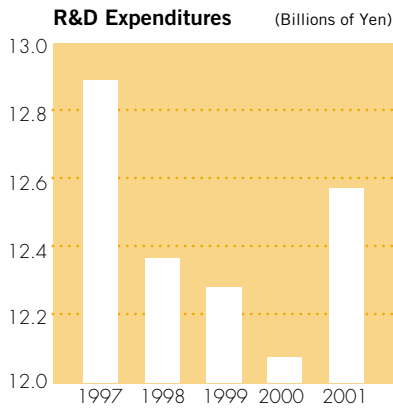
Research and Development

The 21st century is the age of genomics-based drug development. Dainippon Pharmaceutical is progressing toward identifying disease-related genes, performing gene functional analysis to discover unique drug development targets and conducting research into pharmacogenomics. By focusing R&D efforts on our areas of expertise in the fields of vascular disease, psycho-neurological diseases, immuno-inflammatory diseases and infectious diseases, we aim to promote increased R&D strength and efficiency.



Research Target Areas





Our R&D activities are closely linked with needs in the marketplace.

Drug Discovery Research

In the medical world, the 21st century is being called the age of genomics-based drug development, when we will see ever-increasing change in the framework of drug discovery research. There are thought to be between 3,000 and 10,000 genes in the human genome that are appropriate for targeting by clinical drugs, and research is being performed around the world to identify such targets for drug development. Dainippon Pharmaceutical has started to identify disease-related genes and perform gene functional analysis to discover unique drug development targets, by drawing on its experience in genome sequence and protein structural analysis that was gained through participation in various publicly and privately funded collaborative projects. At the same time, we are moving ahead with research into pharmacogenomics to better understand genetic profiles related to drug responsiveness and adverse events.

Through the forward-thinking introduction of cutting-edge techniques such as combinatorial chemistry and high-throughput screening, we are planning to make fundamental changes to our drug discovery processes. We are promoting increased R&D strength and efficiency by focusing our efforts on selected fields—such as vascular disease, psycho-neurological diseases, immuno-inflammatory diseases, and infectious diseases—expanding drug discovery and drug development technologies, and utilizing external resources through strategic alliances. As a result, we are building a continuous R&D pipeline of candidate compounds for development, selected from the numerous evaluation compounds identified at our ever improving early research stages.



AS-3201, Aldose Reductase Inhibitor

Dainippon Pharmaceutical is undertaking a series of new challenges in the field of clinical development. To this end, we have positioned AS-3201, Dainippon Pharmaceutical's independently developed an aldose reductase inhibitor (ARI), as one of our international strategic products. The AS-3201 project itself is a challenge to develop an ARI compound as a pioneer therapy in the diabetic field.

A number of ARIs have been developed in the past. However, most have been discontinued due to insufficient efficacy to inhibit sorbitol accumulation, improve nerve conduction velocity, increase nerve fiber

density and improve subjective symptoms. In addition, for many previous ARIs, the therapeutic dose at which efficacy could be demonstrated was too close to the dose in which adverse events were seen.

In contrast, AS-3201 is a potent ARI with a good safety profile. As a result, the drug is expected to be effective at doses far below the levels where side effects appear. It is anticipated that AS-3201 will become a useful drug for treatment of the complications associated with diabetes.

Within Japan, it is not easy to perform clinical evaluation of the efficacy (control of sorbitol accumulation, nerve conduction velocity, etc.) and safety of ARIs.

Therefore, we are moving ahead with trials overseas and despite successive failures by other companies in this field, plan to make a concerted effort to take on the challenge of proving the efficacy of AS-3201 in treating diabetic complications.

AS-3201 characteristics:

- Selective and reversible inhibition of aldose reductase
- Potent and long-acting inhibition of aldose reductase
- High penetration of the target areas of the sciatic nerve, kidneys, and crystalline lens
- Large difference between the therapeutic dose and toxic dose
- Phase I clinical trial results demonstrated that the drug was well tolerated

R&D Pipeline

Dainippon Pharmaceutical currently has three products already filed for new drug approval. PYLONIC® (¹³C-urea) is an internal-use diagnostic agent used to detect the presence of Helicobacter pylori, involved in the development of gastric and duodenal ulcers. QVAR™ (*beclomethasone dipropionate*) uses a pressurized metered-dose inhaler containing the propellant HFA-134a, a CFC substitute that has no effect on the ozone layer.

OPSO® (*morphine hydrochloride*) is in preparation for NDA filing. OPSO® is an oral agent that shows promising efficacy for fine dose adjustments in cancer painkilling treatment and also as a rescue therapy when cancer pain increases despite regular morphine treatment. AD-5423 (*blonanserin*) is at the Phase III stage of clinical development. AD-5423 is effective in the treatment of positive

and negative symptoms in schizophrenia. This drug is expected to have fewer adverse events, such as extrapyramidal symptoms, oversedation and hypotension.

Drugs at the Phase II stage of clinical development include AURORIX® (*moclobemide*), an MAO-A inhibitor for the treatment of depression, and AS-3201, an aldose reductase inhibitor (ARI) for the treatment of diabetic neuropathy.

Drugs in preparation for the Phase II stage of clinical development include AJ-9677, a β₃ adrenergic receptor agonist for the treatment of diabetes; DSE-9912 for the treatment of skin conditions. AC-3933, a benzodiazepine receptor inverse agonist for the treatment of cerebrovascular dementia associated with Alzheimer's disease and senile dementia, is at the Phase I stage of clinical development.

Stage	Category	Product Name/Code name	Generic Name	Remark
Preparation for Launch	Analgesic	ANPEC®*1	<i>Morphine hydrochloride</i>	Co-developed with Takeda, Sankyo, Shionogi and Tanabe
NDA Filed	Diagnostic	PYLONIC®	¹³ C-Urea	Developed in-house
	Bronchial asthma	QVAR™	<i>Beclomethasone dipropionate</i>	Licensed from 3M
	Anticancer agent (skin)	TIENEF®	<i>Sonermin</i>	Developed in-house
Preparation for NDA Filing	Analgesic	OPSO®	<i>Morphine hydrochloride</i>	Developed in-house
Phase III	Antipsychotic	AD-5423	<i>Blonanserin</i>	Developed in-house
Phase II	Antidepressant	AURORIX®	<i>Moclobemide</i>	Licensed from Roche
	Aldose reductase inhibitor	AS-3201	–	Developed in-house
Preparation for Phase II	Antidiabetic	AJ-9677	–	Developed in-house
	Antidermatitis	DSE-9912	–	Licensed from Sekisui
	Anti Parkinson	EXCEGRAN®*2	<i>Zonisamide</i>	Developed in-house
Phase I	Anticancer	MGI-114	<i>Irofulven</i>	Licensed from MGI
	Antidementia	AC-3933	–	Developed in-house
Preparation for Phase I	Antianxiety & Antidepressant	AC-5216	–	Developed in-house
	Human leukocyte elastase inhibitor	AE-3763	–	Developed in-house

*1 additional formulation

*2 additional indication



Chance

Alliance: the keyword is



Contract-signing ceremony with Kyorin Pharmaceutical to co-market GATIFLO® in Japan

Being a research-driven pharmaceutical company, Dainippon Pharmaceutical's primary aim is to bring the best medicines to the marketplace to help those people who need them most. At the same time, we are constantly facing the challenge to improve our corporate growth strategy in pursuit of even better performance. In so doing, we have expanded our business and research



base by developing opportunities and establishing productive relationships with other companies that realize synergies by combining capabilities, opportunities and assets.

During the fiscal year under review, Dainippon Pharmaceutical concluded three contracts with other major Japanese companies to maximize the potential outcome of these activities and to realize new opportunities.

In April 2000, we acquired rights from Kyorin Pharmaceutical Co., Ltd. to co-market *gatifloxacin* in the Japanese market, using two sales channels to market under the single brand name of GATIFLO®. This drug is a quinolone antiinfective with a broader spectrum of efficacy than existing antiinfectives. GATIFLO® has been marketed in the United States since December 1999 and is expected to be approved for launch in Japan shortly.

This strategic alliance between two of the leading companies in the field of antiinfectives—particularly in quinolones—will allow both companies to continuously maintain product pipelines in this field and to achieve greater success in the marketplace.

In February 2001, Dainippon Pharmaceutical entered into an agreement with Chugai Pharmaceutical Co., Ltd. to co-market one of our products—BLUTAL®—in the dialysis market. BLUTAL® is an iron preparation indicated for the treatment of anemia caused by iron deficiency. While the product has been on the market for more than 30 years, we

expect this agreement with Chugai to enhance the marketing potential of the product.

Also in February, Dainippon Pharmaceutical announced the signing of a preliminary agreement to grant Takeda Chemical Industries, Ltd. the development and marketing rights to *mosapride citrate* for all countries except Japan, China, Taiwan and South Korea. *Mosapride citrate* is the world's first selective serotonin 5-HT₄ receptor agonist that enhances gastrointestinal motility, and has been on the market in Japan since 1998 under the trade name of GASMOTIN®.

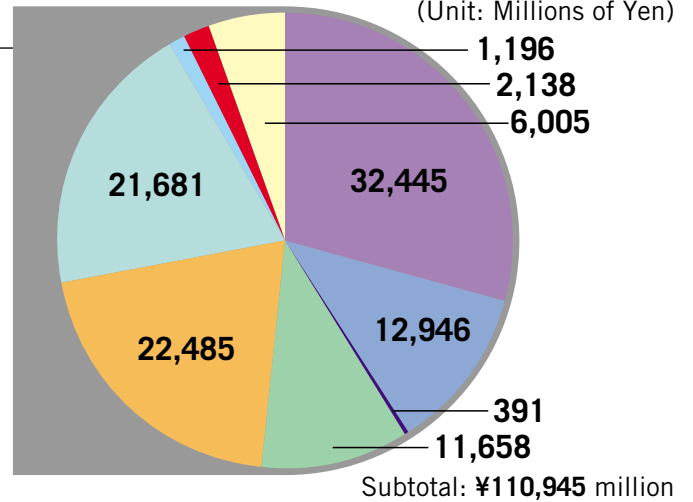
Dainippon Pharmaceutical's central focus is to address the greatest medical needs, now and in the future, through the development and supply of pharmaceuticals and other products. Also, through opportunities from partnerships with external organizations, we will continue to contribute even further to meeting those medical needs.



Pharmaceuticals Products

- Psycho-neurological and antiallergenic drugs
- Cardiovascular drugs
- Respiratory drugs
- Gastrointestinal drugs
- Vitamins, hormones and nutritional drugs
- Antibiotic, chemotherapeutic and biological drugs
- Dermatologic drugs
- Radio-isotope products
- Others

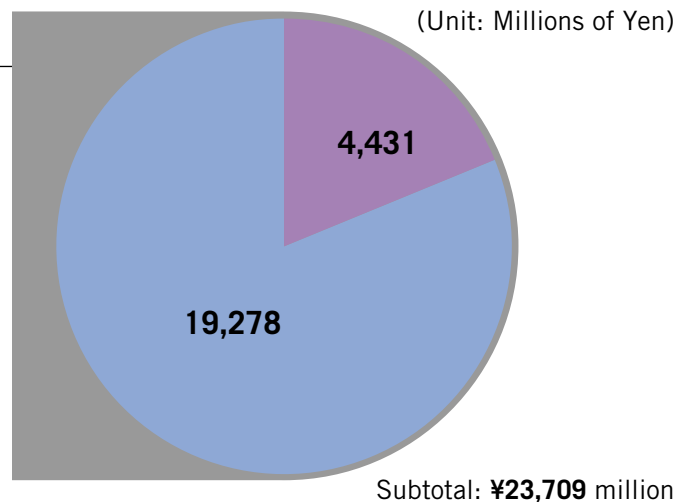
Sales by Product Category



Animal Health Products

- Animal health products
- Feeds and feed additives

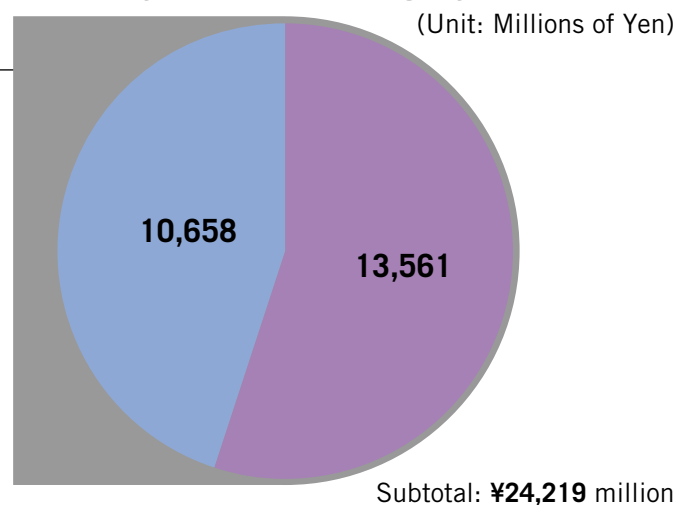
Sales by Product Category



Other Products

- Food Additives
- Industrial chemicals, research reagents and instruments, and others

Sales by Product Category



Results

review of operations



In fiscal 2001, despite the effects of a severe operating environment, consolidated net sales of Dainippon Pharmaceutical increased 2.2%, to ¥158,873 million. By business segment, sales from our pharmaceutical business advanced 1.8%, to ¥110,945 million, sales in our animal health products business advanced 5.8%, to ¥23,709 million, and sales in our other products business increased 0.5%, to ¥24,219 million.

Pharmaceuticals Products

Dainippon Pharmaceutical is currently restructuring its marketing activities regarding ethical pharmaceuticals in order to achieve the key challenges set out in the Phase I 5-Year Management Plan. Our newly energized marketing activities are being developed with the slogans of *"Building an open organization,"* *"Embracing real change,"* and *"Creating a learning environment."*

Animal Health Products

We understand that animals, just like people, require both a healthy diet and appropriate medication. Our animal healthcare products are based on this concept and include animal drugs, diagnostics, special therapeutic foods and premium foods either prescribed or recommended by veterinarians.

Other Products

Our other products center on food stuff, food additives and industrial chemicals, such as sensitizers for use with photoresists, and research materials, including research reagents in the fields of immunology and genetics, cell culture products and measuring equipment for laboratories.

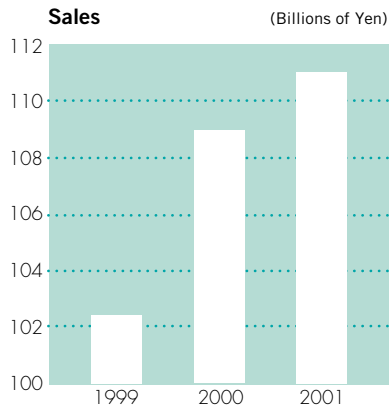


Pharmaceuticals

Dainippon Pharmaceutical is currently restructuring its marketing activities regarding ethical pharmaceuticals in order to achieve the key challenges set out in the Phase I 5-Year Management Plan—that is, to improve our marketing structure, to energize the organization and to build on our present marketing strengths. With these challenges in mind, we have implemented various innovations to our marketing activities, including the introduction of an area team marketing system, the introduction of a medical representative (MR) support system, the revamping of our performance objectives system and the introduction of criteria for a multidimensional evaluation (results) system.

The adoption of the area team marketing system involved the reformation of our previous marketing system into a more focused organization, with the objective of reviewing the marketing structure and further clarifying individual roles. The area team marketing system will allow us to enhance our opportunities with the current shift to local healthcare provision by taking into account secondary healthcare zone that will form the basis of the structure for healthcare providers. Furthermore, the new system allows us to adapt to any future changes in the market environment, such as the trend towards separating the medical prescription and pharmaceutical dispensing functions.

The revamped marketing organization consists of an open structure, allowing us to make the most of sales functionality. In line with this flexible new marketing structure, we are aiming to increase the ability of individual members to perform to their potential within the marketing operations and to build a stronger market presence. The newly energized marketing activities are being developed with



**2001
Composition
of Sales (%)**

69.8

the following slogans: “Building an open organization,” “Embracing real change” and “Creating a learning environment.”

Market Trends of Our Mainstay Products

The gastroprokinetic GASMOTIN® (*mosapride citrate*) was independently developed by Daiinippon Pharmaceutical and since its launch in 1998, sales have steadily grown owing to its superiority and our energetic promotional efforts. GASMOTIN® acts to promote gastrointestinal motility and is the first ever selective serotonin 5-HT₄ receptor agonist to reach the market. Also since GASMOTIN® does not block the dopamine D₂ receptor, there are fewer extrapyramidal adverse events, and fewer cases of prolonged QT intervals. As a result, GASMOTIN® is valuable as an extremely effective agent and its sales shall be pursued to fully maximize its profit potential.

EBASTEL® (*ebastine*), a long-acting antiallergenic agent, was licensed from Almirall Prodesfarma S.A. and launched in Japan in 1996. Administered in a single daily dose, EBASTEL® exhibits potent antihistamine activity and superior efficacy to previous antiallergenic agents while adverse events, such as drowsiness, are rare. As a result, of its strong drug profile EBASTEL® has steadily increased its market penetration since launch. In combination with the further growth forecast for the antiallergy market segment, we aim to further maximize sales of EBASTEL®.

Dainippon Pharmaceutical has a long history of product development in the epilepsy field, contributing to epilepsy treatment through efforts to

provide a stable and innovative drug, as well as through the activities of the Japan Epilepsy Research Foundation. Our epilepsy portfolio was strengthened even further with the launch of MYSTAN® (*clobazam*) in 2000, the first new antiepileptic on the Japanese market in 11 years. MYSTAN® has a broad spectrum of activity and is indicated for use in treating most types of seizures. MYSTAN® is considered to be extremely useful in add-on therapy, and we plan to strengthen our position in the field of epilepsy through the supply of this agent. In addition, the antiepileptic agent EXCEGRAN® (*zonisamide*), developed in-house, is highly valued by specialists for its broad spectrum of activity and excellent efficacy in refractory cases. It is thought EXCEGRAN® may also be effective against Parkinson's disease, and we are planning to develop additional indications, which would expand the applications of this drug even further.

As one of the several companies in Japan licensed to manufacture and market narcotics for medical use, Daiinippon Pharmaceutical has developed a series of narcotic agents for the treatment of cancer pain, including ANPEC®



(*morphine hydrochloride*), in both suppository and injection formulations, and KADIAN® (*morphine sulfate*), a sustained release of a morphine preparation for cancer pain treatment. KADIAN® relieves breakthrough pain experienced by cancer patients and is the first cancer painkiller that can be administered in a once a day regimen. This drug is valued for its ability to improve the quality of life of patients. We are working to increase KADIAN® market penetration, as well as to contribute even further to medical treatment by increasing our lineup of morphine solutions and high-concentration morphine injections.

Diagnostics

Dainippon Pharmaceutical develops and markets in-vitro diagnostics based on the ELISA method using microplates.

The MARKIT®-M *Haloperidol II* and MARKIT®-M *Bromperidol II* kits are used to measure blood concentrations of the drugs *haloperidol* and *bromperidol* for the treatment of schizophrenia. The MARKIT®-M Excegran kit was designed to measure blood concentrations of the antiepileptic agent, *zonisamide*, which was independently developed by Dainippon Pharmaceutical. In 2001, we will also launch a new assay kit to measure the antiarrhythmic agent, *pirmenol*. All four kits are used for therapeutic drug monitoring.

We also developed the MARKIT®-M PA kit to measure prostate-specific antigen (PSA), which is used in the diagnosis of prostate cancer. Moreover, in 1999, we launched the MARKIT®-M PSA-ACT kit for measuring the new diagnostic prostate

marker PSA-ACT (PSA- α_1 -antichymotrypsin complex). Also in 1999, we launched the MARKIT®-M H-FABP (human heart fatty acid-binding protein) kit, the first diagnostic in the world for early detection of acute myocardial infarction. Our MARKIT®-F LPL kit measures lipoprotein lipase (LPL) in post-heparin plasma and is used to diagnose genetic heterozygous or homozygous LPL deficiency in hypertriglyceridemic patients.

Dainippon Pharmaceutical was the first company in Japan to develop and obtain approval to manufacture such in-vitro diagnostics. The kits are widely used in hospitals and clinical assay laboratories throughout Japan.

We are also developing diagnostics for therapeutic drug monitoring of our ethical pharmaceutical products developed in-house, including a kit to measure blood morphine levels when managing cancer pain and a kit to measure the antipsychotic agent, *sultopride*. We are also developing RAPICHECK® with Wakunaga Pharmaceutical Co., Ltd., a point-of-care diagnostic for convenient, rapid bedside detection of the acute myocardial infarction marker H-FABP.



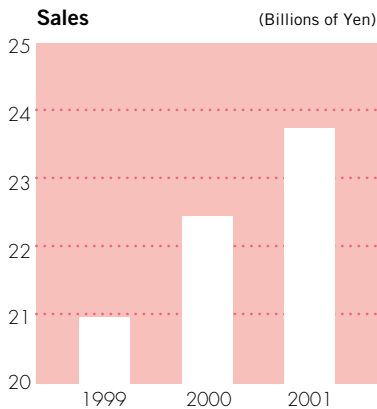


Animal Health Products

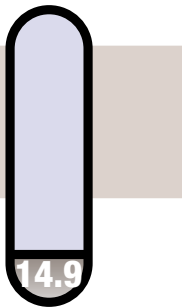
activities on the small animal field. We have implemented a program to increase veterinarian total customer satisfaction through the systematic promotion of our preventative, diagnostic and therapeutic products, and also through partnerships under the Veterinarians & Marupi Association (VMA). Marupi Lifetech Co., Ltd., a subsidiary of Dainippon Pharmaceutical Group, is also providing excellent diagnostics support to veterinarians for its superior animal testing technologies in specific areas, such as pathology and immunology.

As a result of Dainippon Pharmaceutical marketing activities and the high quality of its products in this field, a number of those products boast the top share in the small animal segment, including PRESCRIPTION DIET® licensed from Hill's Pet Nutrition, Inc., CARDOMECH® licensed from Merial, Ltd. for the prevention of canine heartworm, ENACARD® licensed from Merial, Ltd. for canine chronic heart failure, VICTAS® a new-quinolone antibacterial developed in-house, and ISOFLU® an inhaled canine anesthetic licensed from Abbott Laboratories, Inc. Moreover, SCIENCE DIET® licensed from Hill's Pet Nutrition, Inc. has achieved the top market share in the premium food field in Japan.

In fiscal 2001, we launched three vaccines for small animals, LEUCOGEN®, VIRBAGEN® CRP and VIRBAGEN® DA₂P all licensed from Virbac S.A., and the diagnostic MAPIC® Parvo Test licensed from Sinovus Biotech, Inc. Our continuing challenge is to fully realize the new business opportunities provided by these products and to increasingly enhance our marketing activities.



2001
Composition
of Sales (%)



As with humans, both a healthy diet and appropriate medication are important for the sustained quality of animal life. Dainippon Pharmaceutical's animal healthcare products are based on this concept and include animal drugs, diagnostics, special therapeutic foods and premium foods that are either prescribed or recommended by veterinarians.

In order to maximize sales of this diverse product lineup, we are focusing marketing



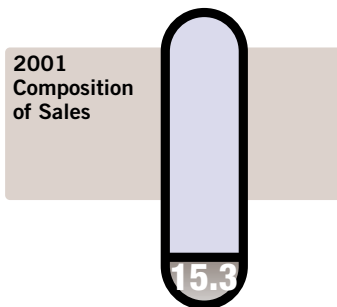
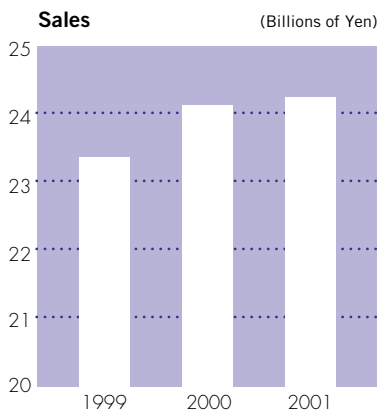
Other Products

use with photoresists, in line with developments in the IT (information technology) field and total market growth. Accordingly, Dainippon Pharmaceutical is now recognized as a major producer of agents for use with excimer lasers, at the cutting edge of technology in the photoresist market.

Research Materials

The main products imported and marketed through our research materials activities are research reagents, cell culture products and measuring equipment for laboratories. Dainippon Pharmaceutical markets approximately 5,000 different research reagents, mainly in the fields of immunology and genetics. We supply Japanese researchers with various tissue culture materials, with a focus on human primary cells as well as a wide range of animal cells. Since April 2001, we began marketing mouse embryonic stem (ES) cells for use in research into regeneration medicine. We also market various microplate readers to detect absorbance, fluorescence and luminescence, as well as measuring equipment widely used in molecular biology research, including PCR equipment, nucleic acid purification devices and the SNPs scoring device. Our equipment is widely used in advanced research.

The FLUCLET® system, which Dainippon Pharmaceutical launched in 1998, was our first software system developed in-house. FLUCLET® allows in a matter of seconds the fully automated measurement of circulatory dynamics and autonomic nervous system activity by an innovative system that uses ECG data and blood pressure waveforms. The system is receiving great interest as a basic research tool in the study of biocybernetics, and is used by university hospitals, pharmaceutical manufacturers and other research institutions.

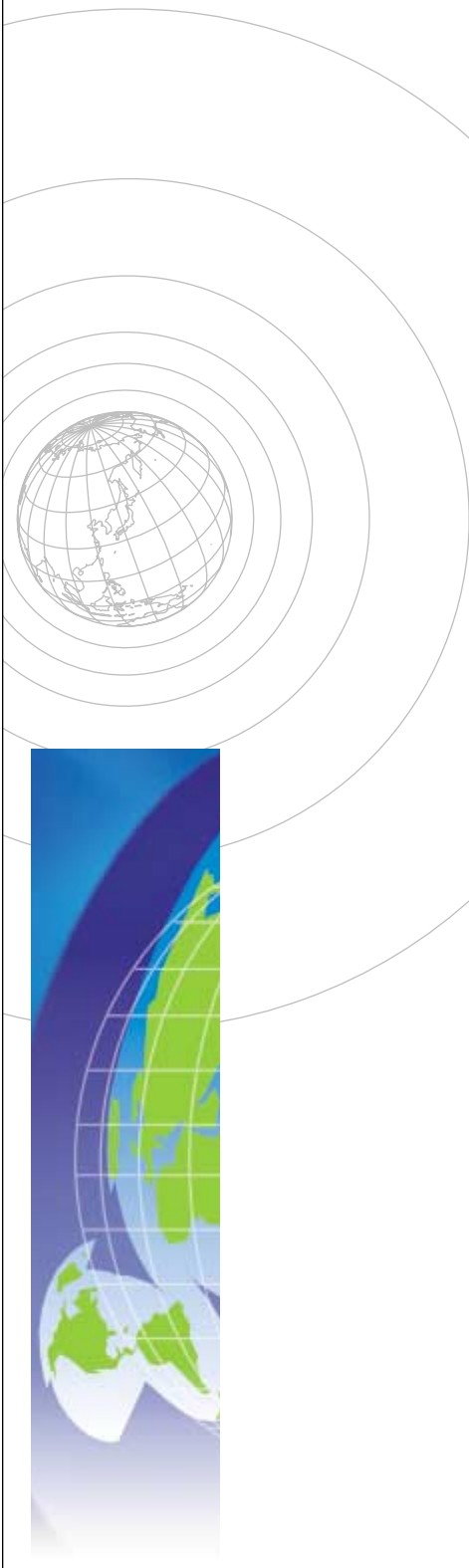


Foods and Food Additives

With food seasonings, we have primarily targeted the restaurant and processed food markets, thereby developing new business chances and prospects for further growth as more consumers began seeking gourmet food products. In an intense price competition with other companies, sales contracted for ECHO GUM®, despite a forecasted increase in hydrocolloid demand.

Industrial Chemicals

Dainippon Pharmaceutical has seen rapid sales growth in the GARO® series of sensitizers for



In the international markets, Dainippon Pharmaceutical manages a wide range of products as well, including ethical pharmaceuticals, animal health products, food additives, industrial chemicals and diagnostics.

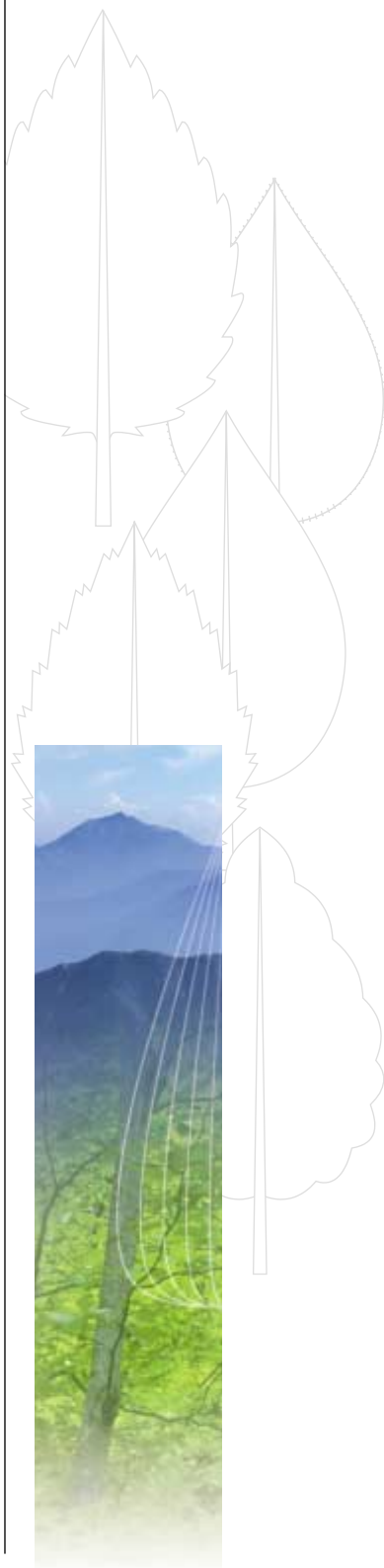
Zonisamide, which is marketed in Japan under the trade name of EXCEGRAN®, was approved by the U.S. Food and Drug Administration (FDA) in March 2000 for the treatment of epilepsy and is expected to become one of our mainstay products in foreign markets. *Zonisamide* is currently being marketed in the United States under the trade name of ZONEGRAN® by Elan Pharmaceuticals of North America, a subsidiary of Elan Corporation, plc. We expect that Elan Corporation, plc. will also get approval for *zonisamide* in Europe in the near future.

Mosapride citrate, a gastroprokinetic agent marketed in Japan under the trade name of GASMOTIN®, was launched in China in June 2001 by CyberPharm Investment Co., Ltd. In addition, Daewoong Pharmaceutical Co., Ltd. is expected to receive product approval for *mosapride citrate* within 2001, which will allow its successful launch in South Korea. Takeda Chemical Industries, Ltd. has been granted the exclusive rights to develop and market the product in Europe, the United States and other major countries (see page 11).

Dainippon Pharmaceutical first stepped, then progressed, into the international market with the quinolone products *pipemidic acid*, *enoxacin*, and *sparfloxacin*. Our continuing challenge shall be to develop even further in the international market and to establish the real overseas business with our possible products for further expansion of our company.

Commitment to Environmental Protection

20>>>



Basic Directive on Environmental Conservation

In recognition of its obligations as a pharmaceutical company and a member of society, Dainippon Pharmaceutical is working to reduce the global environmental impact of its business activities and to conserve the environment. We also consider this issue to be one of the key business challenges for our corporate management. In 1995, Dainippon Pharmaceutical established the Environmental Management Division to facilitate the administration of such activities. This division manages the planning and implementation of proposals regarding environmental concerns, and monitors the Company's environmental activities in general.

In 1996, we established a basic directive for environmental conservation. In this directive four conditions were determined as fundamental for the goal of environmental conservation to be realized. The first was that all divisions be actively involved in the conservation process; the second that it be ensured that all environmental legal regulations be met; the third that the company as a whole aims to reduce the burden of our activities on the environment; and the fourth that the company focuses on energy savings, reductions of waste, and appropriate management of chemical materials.

Implementation

In December 2000, Dainippon Pharmaceutical's Suzuka factory was certified to the ISO 14001 international environmental management standard. We are now working to introduce environmental management systems in line with ISO 14001 throughout our organization, involving all divisions, departments and personnel in this activity. Key challenges in the process are to reduce the amount of carbon dioxide emissions produced by the R&D and manufacturing operations, to reduce the volume of industrial waste products and to reduce emissions of chemical materials. Each challenge will be approached positively with mutual agreement of a department's reduction plan prior to implementation.

Financial Section

Contents

SIX-YEAR SUMMARY »» 22

MANAGEMENT'S DISCUSSION AND ANALYSIS »» 23

CONSOLIDATED BALANCE SHEETS »» 26

CONSOLIDATED STATEMENTS OF INCOME »» 28

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY »» 29

CONSOLIDATED STATEMENTS OF CASH FLOWS »» 30

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS »» 31

INDEPENDENT AUDITORS' REPORT »» 40

Six-Year Summary

Dainippon Pharmaceutical Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of Yen ^(*)						Thousands of U.S. Dollars ^(*) (Note 3)
	2001	2000	1999	1998	1997	1996	2001
Results of Operations							
Net sales	¥158,873	¥155,497	¥146,452	¥150,292	¥150,537	¥142,732	\$1,281,234
Cost of sales	97,126	97,195	92,889	94,687	93,112	84,115	783,274
Selling, general and administrative expenses	45,597	45,616	45,603	47,554	48,667	48,366	367,718
Operating income	16,150	12,686	7,960	8,051	8,758	10,251	130,242
Income before income taxes and minority interests	17,619	13,595	9,438	9,305	11,877	12,489	142,089
Net income	9,376	6,884	3,319	3,524	4,064	5,019	75,613
Per share amounts (in Yen and U.S.Dollars):							
Net income	55.75	40.93	19.73	20.96	24.17	29.85	0.45
Net income assuming full dilution	52.70	39.05	19.16	20.14	23.06	28.22	0.43
Cash dividends	8.50	8.50	7.50	7.50	8.75	7.50	0.07
Financial Position							
Current assets	117,877	117,548	120,128	126,878	129,929	130,350	950,621
Net property, plant and equipment	31,487	31,188	32,640	29,931	28,900	28,502	253,927
Total assets	187,309	171,064	172,978	176,721	178,889	174,987	1,510,556
Current Liabilities	56,409	44,836	55,413	47,370	51,711	49,842	454,911
Long-term debt	11,119	17,005	17,005	27,725	27,859	29,001	89,669
Shareholders' equity	109,267	98,092	89,012	90,068	88,071	85,318	881,186
Other Statistics							
R&D expenses	12,565	12,079	12,276	12,369	12,892	12,674	101,331
Capital expenditures	4,074	2,041	5,699	4,525	3,810	5,238	32,855
Depreciation and amortization ..	4,267	3,936	3,629	3,397	3,282	3,026	34,411

^(*) except "Per share amounts" information.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Sales

In fiscal 2001, the year ended March 31, 2001, consolidated net sales of Dainippon Pharmaceutical Co., Ltd. increased 2.2%, to ¥158,873 million, compared with the previous year. The increase was primarily attributable to the strong and steady growth in sales of major pharmaceutical products, including EBASTEL® (*ebastine*), a long-acting antiallergenic agent, and the gastroprokinetic GASMOTIN® (*mosapride citrate*).

Cost of Sales

Cost of sales for the fiscal year decreased by ¥69 million, to ¥97,126 million, compared with the previous year, and decreased 1.4% as a percentage of sales. The decrease was primarily due to changes in the product portfolio during the year.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the fiscal year decreased ¥19 million, to ¥45,597 million compared with the previous year. The ratio of selling, general and administrative expenses to sales decreased 0.6%. The decrease in expenses was primarily due to the effect of expense reductions arising from CR30 Initiative.

Operating Income

As a result of the factors mentioned above, operating income for the fiscal year ended March 31, 2001 increased by ¥3,464 million, or 27.3%, to ¥16,150 million compared with the previous year, and the operating margin increased 2.0%.

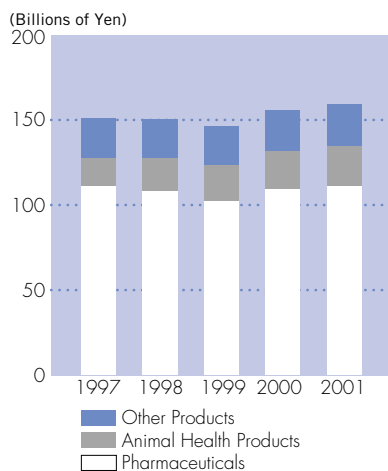
Other Income (Expenses)

In accordance with the adoption of the Accounting Standard for Retirement Benefit, the entire amount of unfunded liabilities for retirement and severance benefits in previous fiscal years was processed during the fiscal year under review. This amount totaled ¥14,276 million. Other income included a gains of ¥12,810 million regarding the contribution of certain securities held by the Company to employee retirement benefit trusts. In addition, factors such as the Company's sale of a portion of its shares in Dainabot Co., Ltd. of Japan to Abbot Finance Company S.A. of Switzerland led to a profit of ¥2,444 million.

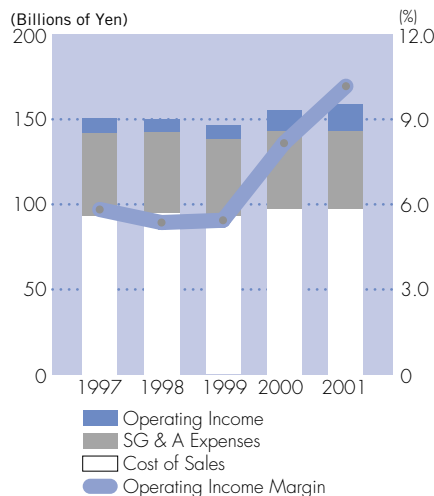
Net Income

As a result of the factors mentioned above, net income rose 36.2%, to ¥9,376 million. Return on equity for fiscal 2001 came to 9.0%, an increase of 1.6%.

Net Sales by Business Segment



Operating Expenses and Income



Sales of Major Pharmaceutical Products

(Fiscal years ended March 31; Billions of Yen)

Brand Name (Generic Name)	Category	2001	2000
KLARICID® (Clarithromycin)	Macrolide antibiotic	17.2	17.3
ENSURE LIQUID® (—)	Eternal nutrition	14.5	14.6
EBASTEL® (Ebastine)	Antiallergic	13.5	12.0
GASMOTIN® (Mosapride Citrate)	Gastroprokinetic	8.6	4.2
GLIMICRON® (Gliclazide)	Oral hypoglycemic	6.1	6.1
CETAPRIL® (Amlodipine)	Antihypertensive	5.1	6.2
SERENACE® (Haloperidol)	Psychotropic	4.4	4.6
LOPEMIN® (Loperamide Hydrochloride)	Antidiarrheal	3.7	3.7
SEVOFRANE® (Sevoflurane)	Anesthetic	3.4	3.1
EXCEGRAN® (Zonisamide)	Antiepileptic	3.1	2.9

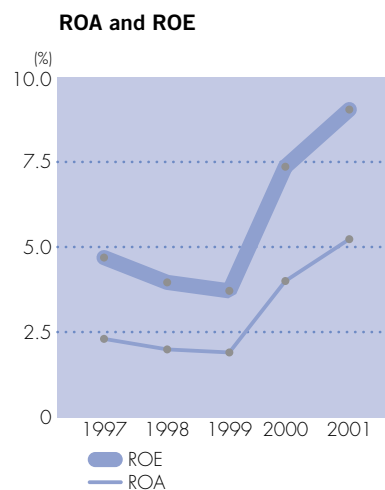
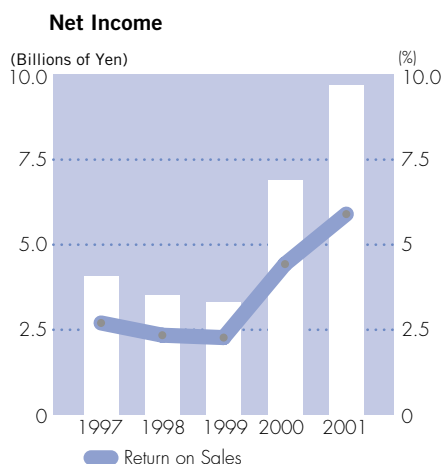
Operating Performance by Business Segment

By business segment, in the pharmaceuticals business, sales of EBASTEL® expanded 12.5%, to ¥13.5 billion. Sales of GASMOTIN®, which was developed in-house by the Company, jumped 104.8%, to ¥8.6 billion. Sales of KADIAN® (*morphine sulfate*), a sustained release of morphine preparation for cancer pain treatment, which was launched in fiscal 2000,

soared 195.7% in the period under review, to ¥1.5 billion. Under these circumstances, sales in the pharmaceutical business advanced 1.8%, to ¥110,945 million, and operating income expanded 23.0%, to ¥16,783 million. The table on the left side is a detailed breakdown of sales of major pharmaceutical products.

Sales in the animal health products business advanced 5.8%, to ¥23,709 million, and operating income reached ¥713 million, a 26.8% increase. In this segment, sales of CARDOMECS®, which helps prevent canine heartworm, increased 5.6%, to ¥1.6 billion. Sales of the synthesized quinolone antibacterial VICTAS® grew 12.6%, to ¥0.9 billion.

Other products sales advanced 0.5%, to ¥24,219 million, while operating income grew 7.3%, to ¥1,466 million. Marketing activities during the year centered on for ECHO GUM® and GLYLOID®, mainstay products in the Company's hydrocolloid business, AJIPOL® seasonings, industrial chemical products and research reagents and instruments.



Financial Position

Total assets at March 31, 2001 amounted to ¥187,309 million, an increase of ¥16,245 million from the previous year. Factors in this rise included net unrealized gains in accordance with the adoption of the Accounting Standard for Financial Instruments. In addition, trade receivables grew in line with the increase in net sales, and inventories increased as a result of provisional output prior to the integration of production facilities to the Suzuka Plant.

Current liabilities and long-term debt increased ¥5,687 million, to ¥67,528 million, mainly owing to the increase in taxable income, which generated a rise in accrued income taxes.

In the area of shareholders' equity, the adoption of the Accounting Standard for Financial Instruments led to the Company's appropriating unrealized gains on securities. Retained earnings also increased. As a result, total shareholders' equity expanded ¥11,175 million from a year earlier, to ¥109,267 million. The equity ratio increased to 58.3%, from 57.3%, and shareholders' equity per share increased ¥66.44, to ¥649.70.

Cash Flows

Cash and cash equivalents at the fiscal year-end decreased ¥7,659 million, to ¥25,013 million.

Net cash provided by operating activities decreased ¥795 million from the previous year,

to ¥7,023 million. Income before income taxes and minority interests rose for the fiscal year, but increases were posted in trade receivables and inventories.

Net cash used in investing activities amounted to ¥13,361 million, compared with net cash provided by operating activities of ¥11,788 million at the previous fiscal year-end. This result was caused primarily by an increase in capital expenditure and, under the influence of a decrease in interest rates, the usage of working capital for investments in marketable securities, which caused significant growth in marketable and investment securities.

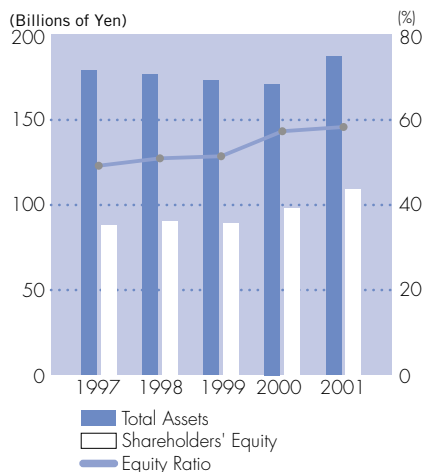
Net cash used in financing activities decreased ¥9,857 million, to ¥1,321 million. The main reason for this decline was that no convertible bonds matured in fiscal 2001. In the previous fiscal year, ¥9,869 million was reimbursed in accordance with the maturity of convertible bonds.

Dividend Policy

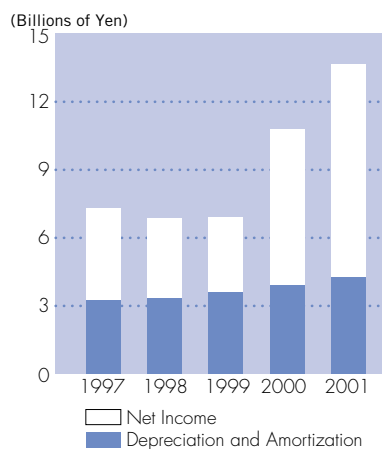
As for retained earnings, the Company and its consolidated subsidiaries plan to utilize them to carry out various investments, including research and development investments around the world that are important to ensuring future growth and strengthening competitiveness.

The basic dividend policy of Dainippon Pharmaceutical is to keep providing stable dividends while considering the opportunities utilizing retained earnings. In line with this policy, dividends amounting to ¥8.50 per share were paid to shareholders.

Total Assets and Shareholders' Equity



Gross Cash Flows



Consolidated Balance Sheets

Dainippon Pharmaceutical Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

Assets

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2001	2000	2001
Current Assets:			
Cash and time deposits	¥ 20,459	¥ 32,540	\$ 164,992
Marketable securities (Notes 2 and 6)	8,435	4,108	68,024
Trade receivables:			
Notes	8,887	9,105	71,669
Accounts	55,727	50,990	449,411
Allowance for doubtful accounts	(72)	(348)	(580)
	64,542	59,747	520,500
Inventories (Notes 2 and 5)	21,049	18,005	169,750
Deferred income taxes (Note 8)	2,192	1,694	17,678
Other current assets	1,200	1,454	9,677
Total Current Assets	117,877	117,548	950,621
Investments and Other Assets:			
Investments in non-consolidated subsidiaries and affiliates (Note 2)	684	684	5,516
Investments in securities (Notes 2 and 6)	29,650	13,089	239,113
Loans to employees	1,118	1,218	9,016
Deferred income taxes (Note 8)	566	2,210	4,565
Other investments	5,927	5,127	47,798
Total Investments and Other Assets	37,945	22,328	306,008
Property, Plant and Equipment at Cost (Note 2):			
Land	5,208	5,208	42,000
Buildings	34,928	34,352	281,677
Machinery and equipment	34,719	33,455	279,992
Construction in progress	806	356	6,500
	75,661	73,371	610,169
Less accumulated depreciation	44,174	42,183	356,242
Net Property, Plant and Equipment	31,487	31,188	253,927
Total	¥187,309	¥171,064	\$1,510,556

The accompanying notes are an integral part of these statements.

Liabilities and Shareholders' Equity

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2001	2000	2001
Current Liabilities:			
Short-term borrowings (Note 7)	¥ 1,350	¥ 1,150	\$ 10,887
Current portion of long-term debt (Note 7)	5,884	—	47,452
Trade payables:			
Notes	7,243	4,819	58,411
Accounts	27,020	27,107	217,903
	34,263	31,926	276,314
Accrued income taxes (Notes 2 and 8)	6,054	3,585	48,823
Accrued expenses	5,697	5,526	45,943
Employees' saving deposits and other current liabilities ..	3,161	2,649	25,492
Total Current Liabilities	56,409	44,836	454,911
Long-term Debt (Note 7)	11,119	17,005	89,669
Retirement and Severance Benefits (Notes 2 and 9)	9,965	10,613	80,363
Minority Interests	549	518	4,427
Shareholders' Equity (Note 10):			
Common stock of ¥50 par value			
Authorized—600,000,000 shares			
Issued and outstanding—2001-168,182,800 shares ..	13,443	—	108,411
2000-168,180,971 shares ..	—	13,442	—
Capital surplus	15,859	15,858	127,895
Retained earnings	76,642	68,794	618,081
Unrealized gains on securities, net of tax	3,326	—	26,823
	109,270	98,094	881,210
Treasury stock, at cost	(3)	(2)	(24)
Total Shareholders' Equity	109,267	98,092	881,186
Contingent Liabilities (Note 14):			
Total	¥187,309	¥171,064	\$1,510,556

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Dainippon Pharmaceutical Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2001	2000	2001
Net Sales (Note 13)	¥158,873	¥155,497	\$1,281,234
Cost of Sales	97,126	97,195	783,274
Gross Profit	61,747	58,302	497,960
Selling, General and Administrative Expenses (Notes 2 and 11) ...	45,597	45,616	367,718
Operating Income (Note 13)	16,150	12,686	130,242
Other Income (Expenses):			
Interest and dividend income	1,235	1,346	9,960
Interest expense	(323)	(358)	(2,605)
Gains on securities contribution to employee retirement benefit trust (Note 9)	12,810	—	103,306
Amortization of transitional obligation for employees' retirement benefits arising from adoption of new accounting standards (Note 9)	(14,276)	—	(115,129)
Other, net	2,023	(79)	16,315
Income before Income Taxes and Minority Interests	17,619	13,595	142,089
Income Taxes (Notes 2 and 8):			
Current	9,462	7,019	76,306
Deferred	(1,248)	(375)	(10,064)
Minority Interests	29	67	234
Net Income	¥ 9,376	¥ 6,884	\$ 75,613
Per Share Amounts (Note 2):			
		Yen	U.S. Dollars (Note 3)
Net income	¥55.75	¥40.93	\$0.45
Net income assuming full dilution	52.70	39.05	0.43
Cash dividends	8.50	8.50	0.07

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

Dainippon Pharmaceutical Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2001	2000	2001
Common Stock (Note 10):			
Balance at beginning of year	¥ 13,442	¥ 13,442	\$ 108,403
Shares issued upon conversion of convertible bonds	1	—	8
Balance at end of year	¥ 13,443	¥ 13,442	\$ 108,411
Capital Surplus (Note 10):			
Balance at beginning of year	¥ 15,858	¥ 15,858	\$ 127,887
Conversion of convertible bonds	1	—	8
Balance at end of year	¥ 15,859	¥ 15,858	\$ 127,895
Retained Earnings (Note 10):			
Balance at beginning of year	¥ 68,794	¥ 59,713	\$ 554,790
Cumulative effect arising from the adoption of deferred tax accounting	27	3,512	218
Net income	9,376	6,884	75,613
Cash dividends paid	(1,514)	(1,261)	(12,210)
Bonuses to directors and corporate auditors	(41)	(54)	(330)
Balance at end of year	¥ 76,642	¥ 68,794	\$ 618,081
Unrealized gains on securities, net of tax:			
Balance at beginning of year	—	—	—
Unrealized holding gains arising during the period	¥ 3,326	—	\$ 26,823
Balance at end of year	¥ 3,326	—	\$ 26,823

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Dainippon Pharmaceutical Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2001	2000	2001
Cash flows from operating activities:			
Income before income taxes and minority interests	¥17,619	¥13,595	\$142,089
Depreciation and amortization	4,267	3,936	34,411
Provision for retirement and severance benefits, less payments	(648)	(490)	(5,226)
Interest and dividend income	(1,235)	(1,346)	(9,960)
Interest expense	323	358	2,605
Gains on securities contribution to employee retirement benefit trust (Note 9)	(12,810)	—	(103,306)
Amortization of transitional obligation for employees' retirement benefits arising from adoption of new accounting standards (Note 9)	14,276	—	115,129
Losses on sales of short-term investments	—	1,451	—
Gains from sales of investment securities	(2,444)	(1,853)	(19,710)
Decrease (increase) in trade receivable	(4,814)	(45)	(38,823)
Decrease (increase) in inventories	(3,044)	(407)	(24,548)
Increase (decrease) in trade payables	1,713	(10)	13,815
Other, net	(105)	(1,135)	(847)
Subtotal	13,098	14,054	105,629
Interest and dividend received	1,241	1,346	10,008
Interest paid	(323)	(417)	(2,605)
Income taxes paid	(6,993)	(7,165)	(56,395)
Net cash provided by operating activities	7,023	7,818	56,637
Cash flows from investing activities:			
Net decrease (increase) in marketable securities	(5,718)	8,430	(46,113)
Additions to property, plant and equipment	(2,450)	(1,765)	(19,758)
Payments for purchases of investment securities	(9,471)	(186)	(76,379)
Proceeds from sales of investment securities	5,558	1,900	44,823
Proceeds from sales of short-term investments	—	3,549	—
Other, net	(1,280)	(140)	(10,323)
Net cash provided by (used in) investing activities	(13,361)	11,788	(107,750)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	200	(40)	1,613
Redemption of convertible bonds	—	(9,869)	—
Dividends paid	(1,513)	(1,261)	(12,202)
Dividends paid to minority interests	(7)	(7)	(56)
Other, net	(1)	(1)	(8)
Net cash used in financing activities	(1,321)	(11,178)	(10,653)
Net increase (decrease) in cash and cash equivalents	(7,659)	8,428	(61,766)
Cash and cash equivalents at beginning of year	32,672	24,244	263,484
Cash and cash equivalents at end of year (Note 4)	¥25,013	¥32,672	\$201,718

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Dainippon Pharmaceutical Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements are prepared from the consolidated financial statements presented for domestic reporting purposes. Dainippon Pharmaceutical Co., Ltd. (the "Company") and its consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code (the "Code") and in conformity with generally accepted accounting principles and practices in Japan, which are different from accounting and disclosure requirements of International Accounting Standards.

In preparing these consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan, but no change has been made in the application of accounting policies.

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries with minor exceptions. All significant intercompany balances and transactions have been eliminated in consolidation.

2. Significant Accounting Policies

(a) Marketable securities and investments in securities
Through March 31, 2000, marketable securities and investments in marketable securities were stated at the lower of cost or market. Other investments in securities were carried at cost determined by the moving average method.

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the Accounting Standards for Financial Instruments which was issued by the Business Accounting Deliberation Council. The effect of the new standard adoption for the year ended March 31, 2001, is to increase income before income taxes and minority interests by ¥483 million (\$3,895 thousand). In accordance with the new standards, securities are classified into the following categories: held-to-maturity debt securities, investments in non-consolidated subsidiaries and affiliates, and available-for-sale securities.

Those classified as available-for-sale, whose fair value are readily determinable, would be reported at fair value with unrealized gains, net of related taxes reported in equity. Under the Code, unrealized holding gains on securities, net of related taxes are not available for distribution as dividends and bonuses to directors and corporate auditors.

Other investments are carried at cost. The cost is determined by the moving average method.

(Held-to-maturity debt securities)

Management determines the appropriate classification of debt securities at the time of purchase and reevaluates the classification as of each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and

ability to hold the securities to maturity. Held-to-maturity debt securities are stated at amortized cost adjusted for the amortization of premiums and the accretion of discounts to maturity.

(Investments in non-consolidated subsidiaries and affiliates)

Investments in non-consolidated subsidiaries and affiliates are carried at cost, and the Company's equity in undistributed earnings of these companies is not significant.

(Available-for-sale securities)

Equity securities and debt securities not classified as held-to-maturity and investments in non-consolidated subsidiaries and affiliates are classified as available-for-sale securities. Available-for-sale securities, whose fair value are readily determinable, are carried at fair value with the unrealized gains and losses, net of tax, reported in a separate component of shareholders' equity. Realized gains and losses and declines in value judged to be other than temporary on available-for-sale securities are charged to income.

(Golf club membership)

An impairment loss on deposits for golf club membership is required to be recognized in accordance with the new standard.

The effect of the new standard adoption for the year ended March 31, 2001, is to decrease income before income taxes and minority interests by ¥255 million (\$2,056 thousand).

(b) Inventories

Inventories are stated at cost, being determined by the average method. (Note 5)

(c) Depreciation

Depreciation of buildings is computed under the straight-line method at rates based on the estimated useful lives of the assets.

Depreciation of machinery and equipment is computed under the declining-balance method at rates based on the estimated useful lives of the assets.

Ranges of useful lives used in the computation of depreciation are as follows;

Buildings	3-60 years
Machinery and equipment	2-17 years

(d) Income taxes

Effective April 1, 1999, the Company and its consolidated subsidiaries adopted the new accounting standard which recognizes the future tax consequences of temporary differences between the carrying amount and tax basis of assets and liabilities. The amount of deferred income taxes attributable to the net tax effects of the temporary differences at April 1, 1999 is reflected as an adjustment of ¥3,512 million (\$28,323 thousand) to the retained earnings. The effect for the year ended March 31, 2000 was to increase net income by ¥349 million (\$2,815 thousand). (Note 8)

(e) Research and development expenses, and computer software

Research and development expenses are charged to income as incurred. (Note 11)

Expenditure capitalized relating to computer software for internal use is amortized on a straight-line basis principally over 5 years.

(f) Retirement and severance benefits

Upon retirement or termination of employment, employees are normally entitled to lump-sum and / or annuity payments based on current rate of pay and length of service.

The Company and one of the consolidated subsidiaries have non-contributory funded pension plans for qualified employees. The pension benefits under these plans cover approximately 70% of total benefits with respect to such employees. The balance of benefits is covered by the lump-sum plan which is unfunded.

Through March 31, 2000, the liabilities for retirement and severance benefits in the consolidated balance sheets are stated at the amount which would be required to be paid if all employees covered by the plans voluntarily terminated their employment at the balance-sheet date, less the amounts being funded under the pension plans.

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the Accounting Standards for Retirement Benefit which was issued by the Business Accounting Deliberation Council. In accordance with the new standards, the liabilities for retirement and severance benefits are provided based on the amount of projected benefit obligation reduced by pension plan assets at fair value at the end of the annual period. The effect of the new standard adoption for the year ended March 31, 2001, is to decrease income before income taxes and minority interests by ¥1,272 million (\$10,258 thousand).

In addition, directors and corporate auditors are customarily entitled to lump-sum payments under the unfunded retirement plan. Provisions of retirement and severance allowances for those officers for the year ended March 31, 2001 and 2000 have been estimated in the amounts of ¥896 million (\$7,226 thousand) and ¥906 million (\$7,306 thousand), respectively.

(g) Net income and cash dividends per share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year.

Net income per share of common stock assuming full dilution is based on the assumption of full conversion of the outstanding convertible bonds at the beginning of the years (or at the time of issuance if later) with an applicable adjustment for related interest expense net of tax.

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

(h) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. (Note 4)

(i) Foreign currency items

Revenue and expense items denominated in foreign currencies are translated at historical rates.

Exchange gains or losses are charged or credited to income as incurred.

Through March 31, 2000, foreign currency amounts are translated into Japanese yen at year-end rates for current monetary assets and liabilities and at historical rates for all other assets and liabilities except for those hedged by forward exchange contracts.

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the revised Accounting Standards for Foreign Currency Transactions which was issued by the Business Accounting Deliberation Council. Under the new method, every monetary assets and liabilities denominated in foreign currencies are translated into yen at the rate of exchange in effect at the balance sheet date. The effect of the new standard adoption for the year ended March 31, 2001, is to increase income before income taxes and minority interests by ¥30 million (\$242 thousand).

(j) Finance leases

Under Japanese accounting principles for leases, finance leases that are deemed to transfer the ownership of the leased property to the lessee are capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. Financial leases which are not deemed to transfer the ownership are accounted for in the same manner as operating leases for the Company and its consolidated subsidiaries. (Note 12)

(k) Reclassifications

Certain reclassifications of previously reported amounts have been made to conform to the current presentation.

3. Translation into United States Dollars

The accompanying consolidated financial statements presented herein are expressed in Japanese yen and, solely for the convenience of the readers, have been translated into United States dollars at the rate of ¥124=U.S.\$1, the approximate exchange rate on

March 31, 2001. The translation should not be construed as representations that Japanese yen amounts have been, could have been, or could in the future be converted into United States dollars.

4. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2001 and 2000 for consolidated statements of cash flows consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Cash and time deposits	¥20,459	¥32,540	\$164,992
Time deposits with maturity over three months	(79)	(79)	(637)
Marketable securities with a maturity of three months or less when purchased ...	4,633	211	37,363
Cash and cash equivalents	¥25,013	¥32,672	\$201,718

5. Inventories

Inventories at March 31, 2001 and 2000 comprise the following:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Finished goods	¥12,109	¥10,041	\$ 97,653
Semi-finished goods and work in process	4,350	4,407	35,081
Raw materials and supplies	4,590	3,557	37,016
	¥21,049	¥18,005	\$169,750

6. Marketable Securities and Investments in Securities

Marketable securities at March 31, 2001 consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
	Held-to-maturity debt securities which mature within 1 year	¥3,802
Money management fund (MMF) and other	4,633	37,363
Total	¥8,435	\$68,024

The following is a summary of held-to-maturity debt securities which mature over 1 year and available-for-sale securities at March 31, 2001:

	Millions of Yen			
	2001			
	Book value (Carrying amount)	Gross unrealized gains	Gross unrealized losses	(Estimated fair value)
Bonds and debentures	¥7,453	¥40	¥229	¥7,264

Millions of Yen				
2001				
Available-for-sale securities				
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Market value available:				
Equity securities	¥11,668	¥7,329	¥ 865	¥18,132
Bonds and debentures	500	—	185	315
Other securities	3,636	0	518	3,118
Sub total	¥15,804	¥7,329	¥1,568	¥21,565
Market value not available:				
Equity securities	632	—	—	632
Total	¥16,436	¥7,329	¥1,568	¥22,197

Thousands of U.S.Dollars				
2001				
Held-to-maturity debt securities				
	Book value (Carrying amount)	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Bonds and debentures	\$60,105	\$323	\$1,847	\$58,581

Thousands of U.S.Dollars				
2001				
Available-for-sale securities				
	Cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Market value available:				
Equity securities	\$ 94,097	\$59,105	\$ 6,976	\$146,226
Bonds and debentures	4,032	—	1,492	2,540
Other securities	29,323	0	4,177	25,146
Sub total	\$127,452	\$59,105	\$12,645	\$173,912
Market value not available:				
Equity securities	5,096	—	—	5,096
Total	\$132,548	\$59,105	\$12,645	\$179,008

Proceeds from sales of available-for-sale securities was ¥4,085 million (\$32,944 thousand) for the year ended March 31, 2001. On those sales, gross realized gains computed on the moving-average cost basis was ¥2,887 million (\$23,282 thousand) and gross realized losses was ¥11 million (\$88 thousand).

At March 31, 2000, marketable securities and investments in securities were as follows:

Millions of Yen			
2000			
	Carrying amount	Market value	Net unrealized gain
Marketable securities	¥ 1,599	¥ 4,432	¥ 2,833
Investments in securities	¥10,456	¥32,265	¥21,809

7. Short-term Borrowings and Long-term Debt

Short-term borrowings are represented by unsecured loans from banks bearing interest of 0.52% to 2.49% at March 31, 2001 and 2000. Other current liabilities include deposits received from customers in the

amount of ¥764 million (\$6,161 thousand) and ¥738 million (\$5,952 thousand), bearing interest of 3.0% as of March 31, 2001 and 2000, respectively.

Long-term debt at March 31, 2001 and 2000 comprise the following:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
1.9% unsecured convertible bonds due 2001	¥ 5,884	¥ 5,884	\$ 47,452
1.4% unsecured convertible bonds due 2003	11,119	11,121	89,669
	17,003	17,005	137,121
Less current portion	5,884	—	47,452
	¥11,119	¥17,005	\$89,669

The aggregate annual maturities of long-term debt at March 31 2001 are as follows:

Year ending March 31:	Millions of Yen	Thousands of U.S. Dollars
2002	¥ 5,884	\$ 47,452
2003	—	—
2004	11,119	89,669
2005	—	—
2006 and thereafter	—	—
	¥17,003	\$137,121

On June 26, 1989, the Company issued 1.9% unsecured convertible bonds due September 28, 2001 in an aggregate amount of ¥15,000 million (\$120,968 thousand). The conversion price per share of common stock is ¥2,270.1 (\$18.31) on March 31, 2001. Under the indentures, the conversion price is subject to adjustment in certain cases which include stock splits. The bonds are redeemable at the option of the Company, in whole or in part, at prices which range from 105% to 100% of the principal amount on any date after October 1, 1995. The 1.9%, maturing in 2001, convertible bond indentures provide that, if any other convertible bonds are secured by mortgage on property, plant and equipment in the future, the bonds should also be covered to the same degree by such mortgage, and so long as any of the above convertible bonds are outstanding, accumulated annual cash dividends may not exceed accumulated non-consolidated net income plus ¥5,500 million (\$44,355 thousand) after March 31, 1990.

On September 30, 1994, the Company issued 1.4% unsecured convertible bonds due September 30, 2003, in an aggregate amount of ¥12,000 million

(\$96,774 thousand). The conversion price per share of common stock is ¥1,093 (\$8.81) on March 31, 2001. Under the indentures, the conversion price is subject to adjustment in certain cases which include stock splits. The bonds are redeemable at the option of the Company, in whole or in part, at prices which range from 103% to 100% of the principal amount on any date after October 1, 1999. The 1.4%, maturing in 2003, convertible bond indentures provide that, if any other convertible bonds are secured by mortgage on property, plant and equipment in the future, the bonds should also be covered to the same degree by such mortgage.

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 case of default, to offset cash deposits against such obligations due to the bank.

None of the lenders has ever exercised these rights against debts of the Company and its consolidated subsidiaries.

8. Income Taxes

The Company and its subsidiaries are subject to a number of taxes which, in the aggregate, indicate a statutory tax rate in Japan of approximately 42.0% for the years ended March 31, 2001 and 2000.

Reconciliation of the differences between the statutory tax rate and the effective tax rate for the years ended March 31, 2001 and 2000 is as follows :

	2001	2000
Statutory tax rate.....	42.0%	42.0%
Increase (reduction) in taxes resulting from:		
Expenses not deductible for tax purposes	6.5	8.3
Non-taxable dividend income	(2.9)	(3.6)
Other	1.0	2.1
Effective tax rate	46.6	48.8

Significant components of deferred tax assets and liabilities as of March 31, 2001 and 2000 are as follows :

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Deferred tax assets :			
Retirement and severance benefits	¥ 1,789	¥1,861	\$ 14,428
Accrued expenses	1,836	1,275	14,807
Other	1,613	826	13,008
Total deferred tax assets	¥ 5,238	¥3,962	\$ 42,243
Deferred tax liabilities :			
Unrealized gains on securities	¥ (2,420)	—	\$ (19,516)
Deferred gain on sales of fixed assets	(54)	¥ (54)	(436)
Other	(6)	(4)	(48)
Total deferred tax liabilities	¥ (2,480)	¥ (58)	\$ (20,000)
Net deferred tax assets	¥ 2,758	¥3,904	\$ 22,243

9. Retirement and Severance Benefits

The following tables sets forth the changes in benefit obligation, plan assets and funded status of the Company and its consolidated subsidiaries at March 31, 2001.

	Millions of Yen	Thousands of U.S.Dollars
Benefit obligation at end of year	¥55,995	\$451,572
Fair value of plan assets at end of year	41,996	338,677
Funded status:		
Benefit obligation in excess of plan assets	13,999	112,895
Unrecognized prior service cost	(3,325)	(26,815)
Unrecognized actuarial losses.....	8,255	66,573
Accrued pension liability recognized in the consolidation balance sheets	¥ 9,069	\$ 73,137

Note: Consolidated subsidiaries have adopted allowed alternative treatment of the accounting standards for retirement benefit for small business entity.

Severance and pension costs of the Company and its consolidated subsidiaries included the following components for the year ended March 31, 2001.

	Millions of Yen	Thousands of U.S.Dollars
Service cost	¥ 1,885	\$ 15,202
Interest cost.....	1,995	16,089
Expected return on plan assets	(1,172)	(9,452)
Amortization:		
Transitional obligation at date of adoption	14,276	115,129
Prior service cost.....	(19)	(153)
Actuarial losses.....	—	—
Net periodic benefit cost	¥16,965	\$136,815

Assumption used in the accounting for the defined benefit plans for the year ended March 31, 2001 is as follows:

Method of attributing benefit to periods of service	straight-line basis
Discount rate	3.5%
Long-term rate of return on fund assets	3.5%
Amortization period for prior service cost	15years
Amortization period for actuarial losses.....	15years

In September 2000, the Company contributed certain marketable equity securities to an employee retirement benefit trust, with no cash proceeds thereon. The fair value of these securities at the time of contribution was ¥14,277 million (\$115,137 thousands)

10. Shareholders' Equity

The Japanese Commercial Code provides that an amount equivalent to at least 10% of the total amount such as cash dividends and bonuses to directors and corporate auditors paid by a Japanese company be appropriated as a legal reserve until such legal reserve equals 25% of stated capital. This reserve amounted to ¥2,995 million (\$24,153 thousand) and ¥2,837 million (\$22,879 thousand) at March 31, 2001 and 2000, respectively. This reserve, included in retained earnings, is not available for distribution as dividends but may be used to reduce a deficit or be transferred to stated capital.

Under the Code, at least one-half of the issue price of new shares, with a minimum of the par value thereof, is required to be designated as stated capital. The portion which is to be 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 additional paid-in capital included in capital surplus.

Cash dividends charged to retained earnings during the years ended March 31, 2001 and 2000 represent dividends paid out during the years.

The accompanying 2001 fiscal year consolidated financial statements do not include any provision for the dividends of ¥4.25 (\$0.03) per share aggregating ¥715 million (\$5,766 thousand) applicable to the six months ended March 31, 2001 approved on June 28, 2001.

However, cash dividends per share shown in the accompanying statements of income reflect dividends approved at the general meeting of shareholders after the end of the relevant fiscal year.

11. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2001 and 2000 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
	¥12,565	¥12,079	\$101,331

12. Leases

At March 31, 2001 and 2000, assets leased under non-capitalized financial leases are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Machinery and equipment			
Acquisition cost	¥2,262	¥2,205	\$18,242
Less accumulated depreciation	1,403	1,233	11,315
Net	¥ 859	¥ 972	\$ 6,927

Depreciation expense for the years ended March 31, 2001 and 2000 amounted to ¥515 million (\$4,153 thousand) and ¥516 million (\$4,161 thousand), respectively. The above "as if capitalized" depreciation is calculated using the straight-line method over the lease terms.

Future minimum lease payments, inclusive of interest, under such leases at March 31, 2001 and 2000 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Due within one year	¥394	¥442	\$3,177
Due after one year	465	530	3,750
Total	¥859	¥972	\$6,927

Lease expenses for the years ended March 31, 2001 and 2000 amounted to ¥515 million (\$4,153 thousand) and ¥516 million (\$4,161 thousand), respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

38 >>>

13. Segment Information

The Company and its consolidated subsidiaries operate principally in the manufacture and sales of three business segments—pharmaceuticals, animal health products and other products.

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2001 and 2000 are as follows:

		Millions of Yen					
		2001					
		Pharmaceuticals	Animal Health Products	Other Products	Total	Eliminations and Corporate	Consolidated
I	Sales and Operating income						
	Sales to customers	¥110,945	¥23,709	¥24,219	¥158,873	¥ —	¥158,873
	Inter-segment sales/transfers	—	—	1,818	1,818	(1,818)	—
	Total	110,945	23,709	26,037	160,691	(1,818)	158,873
II	Operating expenses	94,162	22,996	24,571	141,729	994	142,723
	Operating income	16,783	713	1,466	18,962	(2,812)	16,150
	Identifiable assets, depreciation and capital expenditures						
	Identifiable assets	101,695	8,073	15,122	124,890	62,419	187,309
	Depreciation	2,910	106	149	3,165	216	3,381
	Capital expenditures	3,384	171	184	3,739	335	4,074

		Thousands of U.S. Dollars					
		2001					
		Pharmaceuticals	Animal Health Products	Other Products	Total	Eliminations and Corporate	Consolidated
I	Sales and Operating income						
	Sales to customers	\$894,718	\$191,202	\$195,314	\$1,281,234	\$ —	\$1,281,234
	Inter-segment sales/transfers	—	—	14,661	14,661	(14,661)	—
	Total	894,718	191,202	209,975	1,295,895	(14,661)	1,281,234
II	Operating expenses	759,371	185,452	198,153	1,142,976	8,016	1,150,992
	Operating income	135,347	5,750	11,822	152,919	(22,677)	130,242
	Identifiable assets, depreciation and capital expenditures						
	Identifiable assets	820,121	65,105	121,951	1,007,177	503,379	1,510,556
	Depreciation	23,468	855	1,201	25,524	1,742	27,266
	Capital expenditures	27,290	1,379	1,484	30,153	2,702	32,855

		Millions of Yen					
		2000					
		Pharmaceuticals	Animal Health Products	Other Products	Total	Eliminations and Corporate	Consolidated
I	Sales and Operating income						
	Sales to customers	¥108,981	¥22,412	¥24,104	¥155,497	¥ —	¥155,497
	Inter-segment sales/transfers	—	—	1,602	1,602	(1,602)	—
	Total	108,981	22,412	25,706	157,099	(1,602)	155,497
II	Operating expenses	95,342	21,849	24,340	141,531	1,280	142,811
	Operating income	13,639	563	1,366	15,568	(2,882)	12,686
	Identifiable assets, depreciation and capital expenditures						
	Identifiable assets	93,141	7,624	13,810	114,575	56,489	171,064
	Depreciation	2,737	96	151	2,984	215	3,199
	Capital expenditures	1,659	76	136	1,871	170	2,041

Each business segment comprises the following:

Business Segment	Major Product
Pharmaceuticals	Cardiovascular system drugs
	Antibacterial and antibiotic agents
	Central nervous system and antiallergic drugs
	Nutrients, hormones and vitamins
	Diagnostics
Animal health Products	Animal health products Feeds and feed additives
Other Products	Food additives Other products (industrial chemicals, research reagents and instruments, etc.)

Geographical segment information and overseas sales information are not disclosed, because none of the Company's consolidated subsidiaries is located outside Japan, and the overseas sales of the Company and its

consolidated subsidiaries for the year ended March 31, 2001 and 2000 were less than 10% of consolidated net sales.

14. Contingent Liabilities

Contingent liabilities for guarantees of indebtedness of an affiliate, and employees' housing loans guaranteed at March 31, 2001 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2001	2001
Guarantees of indebtedness	¥2,061	\$16,621
Loans guaranteed	52	419

Independent Auditors' Report

To The Board of Directors of
Dainippon Pharmaceutical Co., Ltd.

We have audited the consolidated balance sheets of Dainippon Pharmaceutical Co., Ltd. and its consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Dainippon Pharmaceutical Co., Ltd. and its consolidated subsidiaries as of March 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 2 to the consolidated financial statements, effective April 1, 2000, the new accounting standards for Financial Instruments, Retirement Benefit, and Foreign Currency Transactions have been adopted by Company and its consolidated subsidiaries.

Osaka, Japan
June 28, 2001

Seiwa Audit Corporation

SEIWA AUDIT CORPORATION

Corporate Information

CORPORATE DATA (As of March 31, 2001)

Foundation

May 14, 1897

Capital

13,443 million yen

Number of Employees

2,595

Head Office

6-8 Doshomachi 2-chome, Chuo-ku,
Osaka 541-0045
Tel 06-6203-5307
Telex 05227453 MARUPI J
Fax 06-6203-6581

Tokyo Office

2-5 Nihonbashi Honcho 2-chome, Chuo-ku, Tokyo 103-0023
Tel 03-3270-2011

Osaka Plant

5-51 Ebie 1-chome, Fukushima-ku,
Osaka 553-0001
Tel 06-6454-8151

Suzuka Plant

1450 Yasuzuka-cho, Suzuka City 513-0818
Tel 0593-82-8951

Research Laboratories

33-94 Enoki-cho, Suita City 564-0053
Tel 06-6337-5876

Branch Offices

Sapporo, Sendai, Tokyo 1st, Tokyo 2nd,
Yokohama, Koshin-etsu, Nagoya, Kyoto, Osaka, Hiroshima,
Takamatsu, Fukuoka

Consolidated Subsidiaries

Gokyo Trading Co., Ltd. (Osaka, Japan)

Nichiei Sangyo Co., Ltd. (Osaka, Japan)

Marupi Drug Co., Ltd. (Osaka, Japan)

Marupi Butsuryu Service Co., Ltd. (Osaka, Japan)

BOARD OF DIRECTORS (As of June 28, 2001)

Chairman and
Representative Director
Takeshi Tomotake

President and
Representative Director
Kenjiro Miyatake

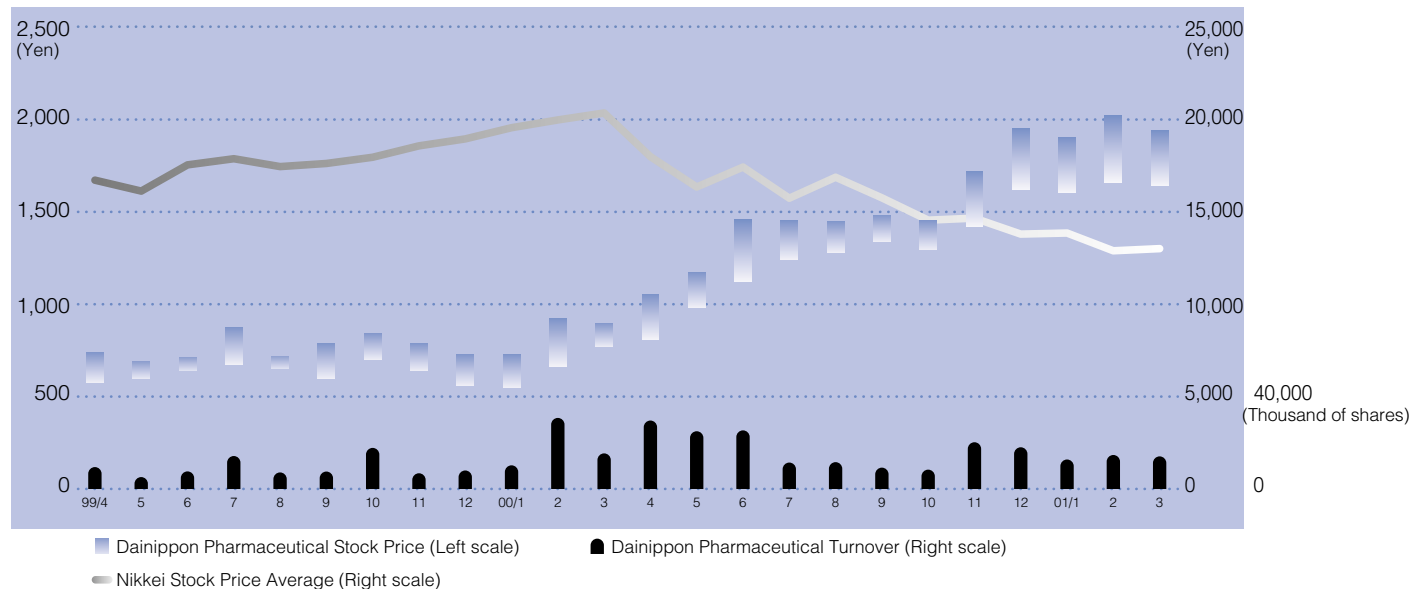
Managing Directors
Yutaka Sekine
Tadashi Inoue

Directors
Hisashi Fujita
Toshiro Funakura
Noriaki Shimokawa
Hironobu Kaneda
Tadahiro Sawayama

Full-Time Corporate Auditors
Mutsuo Harada
Hiroshi Murase

Corporate Auditors
Michihiro Ishii
Koichi Yoshida

Stock Price Range and Turnover



 **DAINIPPON PHARMACEUTICAL CO., LTD.**

6-8 Doshomachi 2-chome, Chuo-ku, Osaka 541-0045

Tel 06-6203-5307

Fax 06-6203-6581

URL <http://www.dainippon-pharm.co.jp>
