

Table 1						(Non-consolidated)	
JPMA Member Companies: Financial Summary for Fiscal 2005 and Prospects for Fiscal 2006							
Number of companies: 30 companies listed on TSE 1st Section, including one company with the fiscal year ending in December 2005 and another with it ending in February 2006							
1. Financial summary for fiscal 2005							
Unit: 100 million yen Figures less than one hundred million are rounded down to the nearest one hundred million.							
	FY2004		FY2005		Change		
	Amount	Percentage	Amount	Percentage	Amount	Percentage change	
	100 million yen	%	100 million yen	%	100 million yen	%	
<b>Net sales</b>	<b>46,859</b>	<b>100.0</b>	<b>48,506</b>	<b>100.0</b>	<b>+ 1,647</b>	<b>+ 3.5</b>	
Cost of sales	15,865	33.9	16,045	33.1	+ 180	+ 1.1	
Gross income	30,994	66.1	32,461	66.9	+ 1,467	+ 4.7	
Selling, general and administrative expenses	20,289	43.3	21,589	44.5	+ 1,300	+ 6.4	
<b>Operating income</b>	<b>10,704</b>	<b>22.8</b>	<b>10,871</b>	<b>22.4</b>	<b>+ 166</b>	<b>+ 1.6</b>	
Non-operating income and expenses	Gain 491		Gain 812		+ 321		
<b>Ordinary income</b>	<b>11,196</b>	<b>23.9</b>	<b>11,684</b>	<b>24.1</b>	<b>+ 487</b>	<b>+ 4.4</b>	
Extraordinary gain and loss	Loss 704		Loss 172		+ 877		
Income taxes	3,850		4,377		+ 527		
<b>Net income</b>	<b>6,641</b>	<b>14.2</b>	<b>7,478</b>	<b>15.4</b>	<b>+ 837</b>	<b>+ 12.6</b>	
R&D expenses	7,173	15.3	8,447	17.4	+ 1,274	+ 17.8	
Note: Datum include Sankyo and Daiichi which delisted Sept., 2005 due to establishment of special co-stock company, and Mitsubishi Pharma Corporation which delisted Oct., 2005 due to be a subsidiary of Mitsubishi Chemical Holdings.							
While domestic sales of the pharmaceutical industry increased during fiscal 2005, exports also continued to rise and pushed up the overall sales growth rate.							
Furthermore, the cost to sales ratio continued to improve, helped by the effects of business restructuring. Profitability advanced amid substantially increased R&D expenses. As a result, overall non-consolidated operating income, ordinary income and net income for fiscal 2005 increased. However, the operating results for each individual company varied.							
1. Sales							
A. Overall sales rose 3.5% compared with the previous year. (Increase: 19 companies Decrease: 11 companies)							
B. Despite the NHI price revision, the domestic sales rose by 3.2% on a year-on-year basis, assisted by special positive factors, including large-scale corporate mergers and M&As and sharp growth in the sales of medicines for lifestyle-related diseases as well as specific drugs due to the effect of the prevalence of influenza. There were also negative factors, such as the turning over of business and the transfer of distributorships for some medicines as a result of business restructuring as well as intensified intercorporate competition.							
C. Exports increased 38.6 billion yen (up by 5.6%) from the same period last year to 728.4 billion yen, due to overseas sales of in-house products mainly in the USA and Europe and the growth of licensing-out products, covering a fall in certain products.							
2. Gross income increased by 4.7% compared with a year earlier, thanks to an improvement in the cost to sales ratio by 0.8% to 33.1% resulting from management efforts, including business restructuring.							
3. Selling, general and administrative expenses expanded by 6.4% compared with the previous term due to an increase in R&D expenses, which were 844.7 billion yen, an increase by 17.8% on a year-on-year basis.							
4. As a result, operating income grew by 1.6% year-on-year (number of companies on the upturn: 15, number of companies on the downturn: 15). Ordinary income grew by 4.4% over the preceding year (number of companies on the upturn: 16, number of companies on the downturn: 14). However, operating results for individual companies varied.							
5. Net income grew by 12.6% compared with the preceding year, which exceeded the growth rate of ordinary income, helped by a reduction in extraordinary losses owing to a decline in mergers and business restructuring related expenses, as well as an improvement in extraordinary gains (number of companies on the upturn: 20, number of companies on the downturn: 10).							
2. Prospects for fiscal 2006 (for comparison only, 28 companies)							
Unit: 100 million yen Figures less than one hundred million are rounded down to the nearest one hundred million.							
	FY2005 (Adjusted)		FY2006 (Prospected: 28 companies)		Change		
	Amount	Percentage	Amount	Percentage	Amount	Percentage change	
	100 million yen	%	100 million yen	%	100 million yen	%	
<b>Net sales</b>	<b>43,318</b>	<b>100.0</b>	<b>43,420</b>	<b>100.0</b>	<b>+ 101</b>	<b>+ 0.2</b>	
<b>Ordinary income</b>	<b>10,610</b>	<b>24.5</b>	<b>9,395</b>	<b>21.6</b>	<b>-1,214</b>	<b>-11.4</b>	
<b>Net income</b>	<b>7,035</b>	<b>16.2</b>	<b>6,141</b>	<b>14.1</b>	<b>-894</b>	<b>-12.7</b>	
Notes:							
1. Data in FY2005 (Adjusted) and FY2006 (Prospected) is based on data from 28 companies and does not include data for Sankyo and Daiichi Pharmaceutical, since neither company publicizes the prospects for non-consolidated operating results for the whole financial year.							
2. Data in FY2005 (Adjusted) was calculated by adding the operating results for the first half of fiscal 2005 of the former Sumitomo Pharmaceuticals and the former Grelan Pharmaceutical. However, as for the former Grelan Pharmaceutical, half of the amount of the operating results for FY 2004 was adopted.							
The pharmaceutical industry is forecasted to face severe market conditions, including a reduction in drug prices by 6.7% on an industry average basis, expansion of the number of hospitals subject to DPC, and further progress in the use of generic products. Under these circumstances, overall sales (on a comparison basis, excluding Daiichi and Sankyo Pharmaceutical) are estimated to stay flat (up by 0.2%). On the other hand, ordinary income is prospected to decline by 11.4% on a year-on-year basis, due to an increase in R&D expenses. Net income will decrease by 12.7% compared to the preceding year.							