

**EISAI CO., LTD.  
AND  
CONSOLIDATED SUBSIDIARIES  
QUARTERLY FINANCIAL REPORT RELEASE**

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**FOR IMMEDIATE RELEASE  
July 29, 2005**

On July 29, 2005, Eisai Co., Ltd., announced quarterly consolidated financial results for the fiscal period ended June 30, 2005

# CONSOLIDATED FIRST QUARTER FINANCIAL RESULTS (APRIL 1, 2005 – JUNE 30, 2005)

## 1. NOTES TO PREPARATION OF THE QUARTERLY FINANCIAL REPORT

- (1) There have been no changes in accounting methods used by Eisai Co., Ltd. and its consolidated entities (hereinafter referred to as ‘the Company’) during the quarterly period.
- (2) There have been no changes in accounting methods used by Eisai Group consisting of Eisai Co., Ltd., consolidated subsidiaries and associated companies (hereinafter referred to as ‘the Company’) from the prior fiscal year period.
- (3) Changes in the number of consolidated subsidiaries and associated companies accounted for by the equity method.

Number of newly consolidated subsidiaries: 1 (Eisai Pharma AG)

Number of companies omitted from consolidation: 1 (Wei-zai Co., Ltd.)

## 2. CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2006

### (1) RESULTS OF QUARTERLY OPERATIONS

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 2005- June 30, 2005	¥135,780 mil.	10.7%	¥22,450 mil.	20.5%	¥23,388 mil.	20.2%
April 1, 2004- June 30, 2004	¥122,679 mil.	5.2%	¥18,634 mil.	(2.3%)	¥19,463 mil.	(0.6%)
April 1, 2004- March 31, 2005	¥533,011 mil.		¥86,807 mil.		¥ 89,087 mil.	

Period	Net Income	Percent Change	Earnings per Share (EPS)	Fully Diluted EPS
April 1, 2005- June 30, 2005	¥ 14,917 mil.	20.4%	¥52.20	¥52.16
April 1, 2004- June 30, 2004	¥ 12,388 mil.	0.4%	¥43.05	¥43.04

Note: Percentage increase (decrease) is a comparison to the quarterly period ended June 30, 2004.

### (2) FINANCIAL POSITION

Period	Total Assets	Shareholders' Equity	Shareholders' Equity to Total Assets	Shareholders' Equity per Share
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June 30

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All figures less than 1,000,000 yen have been omitted.

### (3) CASH FLOW CONDITION

Period	Operating Cash Flow	Investing Cash Flow	Financial Cash Flow	Cash & Cash Equivalents
April 1, 2005-June 30, 2005	¥12,097 mil.	(¥8,880 mil.)	(¥10,087 mil.)	¥136,466 mil.
April 1, 2004-June 30, 2004	¥9,420 mil.	(¥18,677 mil.)	(¥4,977 mil.)	¥133,245 mil.
April 1, 2004-March 31, 2005	¥49,200 mil.	(¥37,531 mil.)	(¥16,743 mil.)	¥142,429 mil.

### [REFERENCE DATA]

### NON-CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2006

#### (1) RESULTS OF QUARTERLY OPERATIONS

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 2005-June 30, 2005	¥79,046 mil.	5.7%	¥17,539 mil.	5.5%	¥18,069 mil.	3.6%
April 1, 2004-June 30, 2004	¥74,750 mil.	(2.2%)	¥16,621 mil.	(13.1%)	¥17,447 mil.	(10.9%)
April 1, 2004-March 31, 2005	¥307,936 mil.		¥67,634 mil.		¥69,115 mil.	

Period	Net Income	Percent Change	Earnings per Share (EPS)	Fully Diluted EPS
April 1, 2005-June 30, 2005	¥ 11,560 mil.	2.7%	¥40.45	¥40.43
April 1, 2004-June 30, 2004	¥ 11,259 mil.	(8.2%)	¥39.12	¥39.12
April 1, 2004-March 31, 2005	¥43,498 mil.		¥151.56	¥151.51

#### (2) FINANCIAL POSITION

Period	Total Assets	Shareholders' Equity	Shareholders' Equity to Total Assets	Shareholders' Equity per Share
June 30, 2005	¥525,441 mil.	¥433,755 mil.	82.6%	¥1,517.76
June 30, 2004	¥519,254 mil.	¥412,611 mil.	79.5%	¥1,433.81
March 31, 2005	¥530,599 mil.	¥431,735 mil.	81.4%	¥1,510.69

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All figures less than 1,000,000 yen have been omitted.

**[Current Quarter Financial Highlights] (April 1, 2005 – June 30, 2005)**

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I Sales in other segments including food additives and chemical, and pharmaceutical

#### [Cash flow]

- I Net cash provided by operating activities during the quarter under review totaled ¥12,097 million, an increase of ¥2,677 million compared with the corresponding period of the preceding year. Income before income taxes amounted to ¥23,182 million and depreciation and amortization expenses came to ¥5,893 million, while income taxes paid totaled ¥18,708 million.
- I Cash outflows arising out of investing activities amounted to ¥8,880 million, down ¥9,796 million year-on-year, out of which ¥8,216 million was used for the purpose of obtaining property, plant and equipment.
- I Net cash utilized in financing activities amounted to ¥10,087 million, up ¥5,109 million year-on-year, out of which ¥10,002 million being attributed to dividend payout.
- I As a result of such operating, investing and financing activities, cash and cash equivalents at the end of the quarter period under review stood at ¥136,466 million, down ¥5,962 million from the end of the previous fiscal year.

#### [Projects under development]

- I The Company concentrates its managerial resources on the following research areas; neurology, gastrointestinal and oncology/critical care, thereby implementing proactive research and development activities.

#### <Global Development Projects >

- I The Proof-of-Concept for E2007 for Parkinson's disease, based on selective AMPA receptor antagonism, and E7389 for breast cancer and non small cell lung cancer was achieved and further development for these projects are ongoing in order to move on to the next step. With regard to E2007, the Proof-of-Concept is also pursued for other indication such as epilepsy, multiple sclerosis and migraine prophylaxis.
- I Research and development endeavors for E5564 (generic name: eritoran), an endotoxin antagonist, and E7070 (generic name: indisulam) for cancer continues to achieve their Proof-of-Concept.

#### <Projects in Japan>

- I For Cleactor, a thrombolytic agent, the Company obtained approval for the new indication, pulmonary embolism, in July 2005. Development for cerebral embolism indication in Phase II was discontinued.
- I Eisai and Abbott GmbH & Co., KG signed a supplemental agreement for the joint

development of the new indication, psoriasis, in Japan for the anti-rheumatic agent D2E7 (Generic Name: adalimumab, fully human anti-TNF-monoclonal antibody) in April 2005. The Companies have jointly started Phase II development for the new indication.

<New Indications and Formulations>

- I As for the life-cycle management for Aricept and Aciphex/Pariet, the Company has been working on new indication and new formulation to maximize the product potential.
- I For *Aricept*, the Company obtained approval for orodispersible tablet in May 2005 in the U.K. and continues taking necessary steps for mutual recognition procedure in the EU countries.

**3. FINANCIAL FORECAST FOR THE FISCAL YEAR ENDING MARCH 31, 2006**

With respect to the forecast for the fiscal year ending March 31 2006, no revisions have been made to the financial projection for the half-year and full fiscal year period announced in the annual financial disclosure in May 2005.

**CONSOLIDATED FINANCIAL FORECAST**

Period	Net Sales	Operating Income	Ordinary Income	Net Income
April 1, 2005- September 30, 2005	¥280,000 mil.	¥43,000 mil.	¥43,500 mil.	¥28,000 mil.
April 1, 2005- March 31, 2006	¥575,000 mil.	¥91,000 mil.	¥92,000 mil.	¥58,000 mil.

Note: Forecasted Annual Earnings per Share (EPS): ¥ 202.95

**(REFERENCE DATA)**

**NON-CONSOLIDATED FINANCIAL FORECAST**

Period	Net Sales	Operating	Ordinary	Net	Dividends per Share
		Div.6534.f8Rc .c1Tj	30-3.Tj	6es	

#### **4. Forward-looking Statements and Risk Factors**

- I Materials and information provided in this financial disclosure may contain “forward-looking statements” based on current expectations, forecasts, estimates, business goals and assumptions that are subject to risks and uncertainties, which could cause actual outcomes and results to differ materially from these statements. Risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.
- I Certain risk factors particularly apply with respect to the Company-related forward-looking statements. Risk factors associated with our business include, but are not limited to, risks related to strategic alliances with partners, challenges arising out of global expansion, risks related to intellectual property rights, uncertainties in new pharmaceutical product development, healthcare cost-containment measures, intensified competition with generic drugs, possible incidence of adverse events, compliance with laws and regulations, litigations, closure or shutdown of factories, safety issues of raw materials used, environmental issues, conditions of financial markets and foreign exchange fluctuations, and risks related to IT security, information management and outsourcing.



[SUPPORTING DATA]  
1-1) CONSOLIDATED BALANCE SHEET (ASSETS)

		(%)		(%)	Increase/ Decrease (Millions of Yen)
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash in bank	¥54,350		¥60,925		
Accounts and notes receivable-trade	142,065		144,481		
Short-term investments	92,696		81,740		
Inventories	39,465		40,358		
Deferred tax assets	28,286		31,497		
Other current assets	9,041		10,053		
Allowance for doubtful receivables	(324)		(329)		
<b>Total current assets</b>	<b>365,582</b>	<b>55.2</b>	<b>368,727</b>	<b>55.6</b>	<b>3,145</b>
<b>Fixed assets:</b>					
<b>Property, plant and equipment</b>					
Buildings and structures	66,970		66,030		
Machinery, equipment and vehicle	25,283		24,370		

1-2) CONSOLIDATED BALANCE SHEET  
(LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY)

Account Title	March 31, 2005		June 30, 2005		Increase/ Decrease
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts and notes payable-trade	¥15,663		¥16,305		
Short-term borrowings	834		826		
Accounts payable-other	45,059		38,704		
Accrued expenses	33,719		36,630		
Income taxes payable	21,117		14,452		
Reserve for sales rebates	28,438		29,489		
Other reserves	804		842		
Other current liabilities	3,920		5,981		
<b>Total current liabilities</b>	<b>149,557</b>	<b>22.6</b>	<b>143,233</b>	<b>21.6</b>	<b>(6,323)</b>
<b>Long-term liabilities:</b>					
Deferred tax liabilities	95		95		
Liability for retirement benefits	32,509		33,722		
Retirement allowances for directors	2,272		2,299		
Other long-term liabilities	9,686		8,086		
<b>Total long-term liabilities</b>	<b>44,563</b>	<b>6.7</b>	<b>44,203</b>	<b>6.7</b>	<b>(359)</b>
<b>Total liabilities</b>	<b>194,120</b>	<b>29.3</b>	<b>187,437</b>	<b>28.3</b>	<b>(6,682)</b>
<b>Minority Interests</b>	<b>8,983</b>	<b>1.3</b>	<b>9,017</b>	<b>1.3</b>	<b>33</b>
<b>Shareholders' equity:</b>					
Common stock	44,985	6.8	44,985	6.8	—
Capital surplus	55,222	8.3	55,222	8.3	—
Retained earnings	387,077	58.4	391,990	59.2	4,913
Net unrealized gain on available-for-sale securities	9,374	1.4	9,855	1.5	480
Foreign currency translation adjustments	(4,908)	(0.7)	(3,751)	(0.6)	1,156
Treasury stock	(32,144)	(4.8)	(32,145)	(4.8)	(1)
<b>Total shareholders' equity</b>	<b>459,607</b>	<b>69.4</b>	<b>466,157</b>	<b>70.4</b>	<b>6,549</b>
<b>Total</b>	<b>¥662,711</b>	<b>100.0</b>	<b>¥662,612</b>	<b>100.0</b>	<b>(¥99)</b>

## 2. CONSOLIDATED STATEMENTS OF INCOME

### First Quarter of FY2005

Account Title	April 1, 2004 - June 30, 2004		April 1, 2005 - June 30, 2005		Increase/ Decrease  (Millions of Yen)		
	(Millions of Yen)	(%)	(Millions of Yen)	(%)			
<b>Net sales</b>		¥122,679	100.0		¥135,780	100.0	¥13,100
<b>Cost of sales</b>		24,204	19.7		24,058	17.7	(145)
Gross profit on sales		98,475	80.3		111,721	82.3	13,246
Provision of reserve for sales returns		(77)	(0.0)		31	0.0	108
<b>Gross profit</b>		98,552	80.3		111,690	82.3	13,137
<b>Selling, general and administrative expenses</b>							
Research and development expenses	18,153		[14.8]	19,914		[14.7]	
Selling, general and administrative expenses	61,764	79,918	65.1	69,325	89,240	65.8	9,321
<b>Operating income</b>		18,634	15.2		22,450	16.5	3,816
<b>Non-operating income</b>		1,001	0.8		1,138	0.8	136
<b>Non-operating expenses</b>		172	0.1		200	0.1	28
<b>Ordinary income</b>		19,463	15.9		23,388	17.2	3,924
<b>Extra-ordinary income</b>		203	0.1		24	0.0	(179)
<b>Extra-ordinary loss</b>		366	0.3		229	0.1	(137)
<b>Income before income taxes and minority interests</b>		19,300	15.7		23,182	17.1	3,882
Income taxes-current	12,053			12,055			
Income taxes-deferred	(5,224)	6,829	5.5	(3,870)	8,185	6.0	1,356
<b>Minority interests</b>		82	0.1		80	0.1	(1)
<b>Net income</b>		¥12,388	10.1		¥14,917	11.0	¥2,528

### 3. CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS/RETAINED EARNINGS

Account Title	April 1, 2004 - March 31, 2005		April 1, 2005 - June 30, 2005	
	(Millions of Yen)		(Millions of Yen)	
<b>Capital surplus</b>				
Capital surplus reserve, beginning balance		¥55,222		¥55,222
Capital surplus ending balance		55,222		55,222
<b>Retained earnings</b>				
Retained earnings at beginning balance		342,830		387,077
Increase in retained earnings				
- Net income		55,505		14,917
Decrease in retained earnings				
- Dividends	11,223		10,002	
- Bonuses to directors	34		-	
- Loss on disposal of treasury stock	1	11,258	1	10,003
Retained earnings at ending		¥387,077		¥391,990

## 4. CONSOLIDATED STATEMENTS OF CASH FLOWS

### First Quarter of FY2005

Account Title	April 1, 2004- June 30, 2004  (Millions of Yen)	April 1, 2005- June 30, 2005  (Millions of Yen)	Increase/ Decrease  (Millions of Yen)
<b>I. Operating activities:</b>			
Income before income taxes and minority interests	¥19,300	¥23,182	
Depreciation and amortization	5,057	5,893	
Increase (Decrease) in allowance for doubtful receivables	(14)	(70)	
Interest and dividend income	(594)	(966)	
Interest expense	7	8	
Equity in earnings of associated companies	(1)	(6)	
Gain (Loss) on sales and disposal of fixed assets	(79)	33	
Provision for liability for retirement benefits	1,701	1,514	
(Gain) Loss on sales of short-term investments and investment securities	7	(0)	
Loss on impairment of securities	61	3	
(Increase) Decrease in trade receivables	(3,616)	(1,855)	
(Increase) Decrease in inventories	(2,943)	(438)	
Increase (Decrease) in trade payables	(429)	115	
Increase (Decrease) in other current liabilities	4,658	2,481	
Increase (Decrease) in reserve for sales rebates	2,667	217	
Other	536	(278)	
Sub-total	26,318	29,834	3,515
Interest and dividends received	601	979	
Interest paid	(7)	(8)	
Income taxes paid	(17,493)	(18,708)	
Net cash provided by operating activities	9,420	12,097	2,677
<b>II. Investing activities:</b>			
Purchases of short-term investments	(32)	(26)	
Proceeds from sales and redemptions of short-term investments	480	1,127	
Purchases of property, plant and equipment	(6,776)	(8,216)	
Proceeds from sales of property, plant and equipment	40	88	
Purchases of intangible assets	(11,604)	(2,683)	
Purchases of investment securities	(3,164)	(2,487)	
Proceeds from sales and redemptions of investment securities	3,063	3,590	
Net (increase) decrease in time deposits (exceeding 3 months)	278	(356)	
Other	(962)	82	
Net cash used in investing activities	(18,677)	(8,880)	9,796
<b>III. Financing activities:</b>			
Net increase (decrease) in short-term bank borrowings	237	(32)	
Dividends paid	(5,179)	(10,002)	
Dividends paid to minorities	-	(43)	
Other	(35)	(8)	
Net cash used in financing activities	(4,977)	(10,087)	(5,109)
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>			
	1,363	907	(456)
<b>V. Net increase (decrease) in cash and cash equivalents</b>			
	(12,871)	(5,962)	6,909
<b>VI. Cash and cash equivalents at beginning of year</b>			
	146,116	142,429	(3,687)
<b>VII. Cash and cash equivalents at end of period</b>			
	¥133,245	¥136,466	¥3,221

## 5. SEGMENT INFORMATION

### 1. Business Segment Information

#### First Quarter of FY2005 (April 1 – June 30, 2005)

(1) For the first quarter, ended June 30, 2004

( Millions of Yen )

	Pharmaceuticals	Others	Total	Eliminations and Corporate	Consolidated
I. Sales					
(1) Sales to customers	¥118,080	¥4,599	¥122,679	–	¥122,679
(2) Intersegment sales	43	3,547	3,591	(¥3,591)	–
Total sales	118,124	8,146	126,270	(3,591)	122,679
Operating expenses	98,779	7,986	106,765	(2,720)	104,045
Operating income	¥19,344	¥159	¥19,504	(¥870)	¥18,634

(2) For the first quarter, ended June 30, 2005

( Millions of Yen )

	Pharmaceuticals	Others	Total	Eliminations and Corporate	Consolidated
I. Sales					
(1) Sales to customers	¥130,747	¥5,032	¥135,780	–	¥135,780
(2) Intersegment sales	45	3,363	3,408	(¥3,408)	–
Total sales	130,793	8,395	139,189	(3,408)	135,780
Operating expenses	107,232	8,035	115,268	(1,938)	113,329
	¥23,560	¥359	¥23,920	(¥1,470)	¥22,450

Notes:

(1) The Company classifies consolidated operations into two segments: Pharmaceuticals including prescription pharmaceuticals and Others, which encompasses all operations other than pharmaceuticals.

(2) Major products in each segment are as follows:

Business segment	Major products
Pharmaceuticals	Prescription pharmaceuticals; Consumer health care products; Diagnostic pharmaceuticals, etc.
Others	Food additives; Chemicals; Machinery; Others

### 2. Geographical Segment Information

(1) For the first quarter ended June 30, 2004

( Millions of Yen )

		5,000	¥9,536 1,641	¥2,644 7	¥122,679 22,011	– (¥22,011)	¥122,679 –
Total sales	80,404	50,457	11,177	2,651	144,691	(22,011)	122,679
Operating expenses	62,308	48,618	10,238	1,966	123,132	(19,086)	104,045
Operating income	¥18,096	¥1,838	¥939	¥685	¥21,558	(¥2,924)	¥18,634

## (2) For the first quarter ended June 30, 2005

( Millions of Yen )

	Japan	North America	Europe	Asia and Others	Total	Eliminations and Corporate	Consolidated
I. Sales							
(1) Sales to customers	¥69,116	¥52,608	¥10,396	¥3,658	¥135,780	–	¥135,780
(2) Intersegment sales	16,372	6,417	2,137	0	24,928	(¥24,928)	–
Total sales	85,489	59,026	12,533	3,659	160,709	(24,928)	135,780
Operating expenses	65,900	55,691	11,203	2,845	135,641	(22,311)	113,329
Operating income	¥19,589	¥3,334	¥1,330	¥813	¥25,067	(¥2,617)	¥22,450

## Notes:

(1) Segmentation by country or region is based on geographical proximity.

(2) Major areas and countries included in each category:

- North America: The United States and Canada
- Europe: The United Kingdom, France, Germany, etc.
- Asia and Others: East Asia, South-East Asia and South & Central America, etc.

# Reference Data

**First Quarter Ended June 30, 2005**

July 29, 2005



**Eisai Co., Ltd.**

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\*All figures have been rounded to  
\*Currency exchange rate utilized  
\*Overseas sales are calculated b

#### Currency Exchange Rates

	US (¥/US\$)	EU (¥/EURO)	UK (¥/£)
(Apr. 2004 - Jun. 2004) First Quarter Average Rate	109.76	132.27	198.51

# I. Consolidated Financial Highlights

## 1. Statement of Income Data

(billions of yen)

Years Ended/Ending March 31	2005	2006	Change %	2005	2006 (e)
Net Sales	122.7	<b>135.8</b>	110.7	533.0	575.0
Cost of Sales	24.1	<b>24.1</b>	99.8	98.5	103.0
Research and Development Expenses	18.2	<b>19.9</b>	109.7	78.3	89.0
Selling, General and Administrative Expenses	61.8	<b>69.3</b>	112.2	269.4	292.0
Operating Income	18.6	<b>22.5</b>	120.5	86.8	91.0
Ordinary Income	19.5	<b>23.4</b>	120.2	89.1	92.0
Net Income	12.4	<b>14.9</b>	120.4	55.5	58.0
			(Inc./Dec.)		
Earnings per Share (yen)	43.1	<b>52.2</b>	9.1	193.4	203.0
Dividends per Share (yen)	-	-	-	56.0	80.0

\*\*Cost of Sales" includes "Reversal of reserve for sales returns".

## 2. Balance Sheet Data

(billions of yen)

	31-Mar	30-Jun	Inc./Dec.
Total Assets	662.7	<b>662.6</b>	(0.1)
Shareholders' Equity	459.6	<b>466.2</b>	6.5

## II. Consolidated Statements of Income

### 1. Consolidated Statement of Income

(billions of yen)

Years Ended/Ending March 31	First Quarter						<Explanation>
	2005	Sales %	2006	Sales %	Chg. %	Inc./Dec.	
<b>Net sales</b>	122.7	100.0	<b>135.8</b>	100.0	110.7	13.1	<b>Net sales</b> <Increase Factor(s)> Sales increase of <i>Aricept</i> , <i>Aciphex/Pariet</i>
Cost of sales	24.2	19.7	<b>24.1</b>	17.7	99.4	(0.1)	
Reversal of reserve for sales returns	(0.1)	(0.0)	<b>0.0</b>	0.0	-	0.1	
<b>Gross profit</b>	98.6	80.3	<b>111.7</b>	82.3	113.3	13.1	
Research and development expenses	18.2	14.8	<b>19.9</b>	14.7	109.7	1.8	
Selling, general and administrative expenses	61.8	50.3	<b>69.3</b>	51.1	112.2	7.6	
<b>Operating income</b>	18.6	15.2	<b>22.5</b>	16.5	120.5	3.8	<b>Operating income</b> <Increase Factor(s)> Gross profit increase
Non-operating income	1.0	0.8	<b>1.1</b>	0.8	113.6	0.1	
Non-operating expenses	0.2	0.1	<b>0.2</b>	0.1	116.4	0.0	
<b>Ordinary income</b>	19.5	15.9	<b>23.4</b>	17.2	120.2	3.9	
Extraordinary income	0.2	0.1	<b>0.0</b>	0.0	12.0	(0.2)	
Extraordinary loss	0.4	0.3	<b>0.2</b>	0.1	62.6	(0.1)	
<b>Income before taxes &amp; interests</b>	19.3	15.7	<b>23.2</b>	17.1	120.1	3.9	
Income taxes-current	12.1	9.8	<b>12.1</b>	8.9	100.0	0.0	
Income taxes-deferred	(5.2)	(4.3)	<b>(3.9)</b>	(2.9)	74.1	1.4	
Minority interests	0.1	0.1	<b>0.1</b>	0.1	97.7	(0.0)	
<b>Net income</b>	12.4	10.1	<b>14.9</b>	11.0	120.4	2.5	

## 2. Financial Results by Business Segment

### 2-1. Consolidated Net Sales by Business Segment

(billions of yen)

Years Ended/Ending March 31	First Quarter		
	2005	2006	2005
Net sales to customers	122.7	<b>135.8</b>	533.0
Pharmaceuticals	118.1	<b>130.7</b>	511.0
(In-house developed products %)	88.3%	<b>89.0%</b>	89.1%
Japan	60.7	<b>64.4</b>	247.7
North America	45.3	<b>52.4</b>	213.5
Europe	9.4	<b>10.3</b>	37.9
Asia and others	2.6	<b>3.7</b>	11.9
Others	4.6	<b>5.0</b>	22.0
Japan	4.3	<b>4.7</b>	20.6
Overseas	0.3	<b>0.3</b>	1.5

\* Sales results by business segment have been reclassified in accordance with geographical segmentation.

\* Major areas and countries included in each category:

1. North America: The U.S. and Canada
2. Europe: The United Kingdom, France, Germany, etc.
3. Asia and Others: East Asia, South-East Asia, and South-Central America, etc.

### 2-2. Consolidated Operating Income by Business Segment

(billions of yen)

Years Ended/Ending March 31	First Quarter		
	2005	2006	2005
Operating income/loss	18.6	<b>22.5</b>	86.8
Pharmaceuticals	19.3	<b>23.6</b>	88.4
Others	0.2	<b>0.4</b>	2.0
Elimination and Corporate	(0.9)	<b>(1.5)</b>	(3.6)

### 3. Financial Results by Geographical Area

#### 3-1. Consolidated Net Sales by Geographical Segment

(billions of yen)

Years Ended/Ending March 31	2005	2006	2005
Net sales to customers	122.7	<b>135.8</b>	533.0
Japan	65.0	<b>69.1</b>	268.3
North America	45.5	<b>52.6</b>	214.5
Europe	9.5	<b>10.4</b>	38.3
Asia and others	2.6	<b>3.7</b>	11.9
Overseas sales	57.6	<b>66.7</b>	264.7
Overseas sales ratio (%)	47.0%	<b>49.1%</b>	49.7%

#### 3-2. Consolidated Operating Income by Geographical Segment

(billions of yen)

Years Ended/Ending March 31	2005	2006	2005
Operating income/loss	18.6	<b>22.5</b>	86.8
Japan	18.1	<b>19.6</b>	74.4
North America	1.8	<b>3.3</b>	11.4
Europe	0.9	<b>1.3</b>	3.5
Asia and others	0.7	<b>0.8</b>	2.1
Eliminations and corporate	(2.9)	<b>(2.6)</b>	(4.5)

### 4. Overseas Sales

(billions of yen)

Years Ended/Ending March 31	2005	2006	2005
Net sales	122.7	<b>135.8</b>	533.0
Overseas sales	63.3	<b>73.8</b>	288.1
North America	47.7	<b>55.2</b>	222.8
Europe	12.5	<b>14.5</b>	51.2
Asia and others	3.1	<b>4.1</b>	14.1
Overseas sales (%)	51.6%	<b>54.4%</b>	54.1%

\* Major areas (5 or more countries) included in each category:

## 5. Global Product Sales (Own Sales)

### 5-1. ARICEPT Sales by Area

Years Ended/Ending March 31		First Quarter		
		2005	2006	2005
Area				
Japan	¥ Billions	8.9	<b>9.9</b>	35.1
U.S.	¥ Billions [US \$ Millions]	18.1 [165]	<b>23.5</b> [219]	97.6 [907]
U.K.	¥ Billions [UK £ Millions]	0.2 [1]	<b>0.3</b> [2]	1.0 [5]
France	¥ Billions [Euro Millions]	4.8 [36]	<b>5.1</b> [38]	19.1 [141]
Germany	¥ Billions [Euro Millions]	1.6 [12]	<b>1.9</b> [14]	7.1 [53]
Europe Total	¥ Billions	6.7	<b>7.3</b>	27.2
Asia	¥ Billions	0.7	<b>0.9</b>	2.9
Total	¥ Billions	34.4	<b>41.7</b>	162.9

### 5-2. ACIPHEX/PARIET Sales by Area

Years Ended/Ending March 31		First Quarter		
		2005	2006	2005
Area				
Japan	¥ Billions	3.2	<b>6.3</b>	19.4
U.S.	¥ Billions [US \$ Millions]	24.8 [226]	<b>25.3</b> [235]	104.1 [968]
U.K.	¥ Billions [UK £ Millions]	1.5 [8]	<b>1.5</b> [7]	5.5 [28]
Germany	¥ Billions [Euro Millions]	0.3 [2]	<b>0.3</b> [2]	1.2 [9]
Europe Total	¥ Billions	1.8	<b>1.8</b>	6.8
Asia	¥ Billions	0.5	<b>0.7</b>	2.1
Total	¥ Billions	30.3	<b>34.1</b>	132.3

### 5-3. ZONEGRAN Sales by Area

Years Ended/Ending March 31		First Quarter		
		2005	2006	2005
Area				
U.S.	¥ Billions [US \$ Millions]	2.5 [23]	<b>3.6</b> [33]	11.1 [104]
Europe, Asia	¥ Billions	-	<b>0.0</b>	0.0
Total	¥ Billions	2.5	<b>3.6</b>	11.1

\*Initiated shipping in U.K. and Germany from June 2005.

## <Reference> [Non-consolidated]

### Eisai Inc. (U.S.A.) / Pharmaceutical Sales, Production

Years Ended/Ending March 31		First Quarter		
		2005	2006	2005
Net sales	¥ Billions [US \$ Millions]	45.9 [418]	<b>52.9</b> <b>[491]</b>	215.2 [2001]
Operating income	¥ Billions [US \$ Millions]	1.6 [14]	<b>3.0</b> <b>[28]</b>	10.3 [96]
Net income	¥ Billions [US \$ Millions]	1.0 [9]	<b>2.0</b> <b>[18]</b>	6.6 [62]
Operating income before Royalty deduction	¥ Billions [US \$ Millions]	7.6 [69]	<b>10.3</b> <b>[95]</b>	43.2 [402]

### Eisai China Inc. (China) / Pharmaceutical Sales, Production

Years Ended/Ending March 31		First Quarter		
		2005	2006	2005
Net sales	¥ Billions [Chinese RMB Millions]	1.0 [78]	<b>1.3</b> <b>[101]</b>	4.8 [364]
Operating income	¥ Billions [Chinese RMB Millions]	0.3 [25]	<b>0.3</b> <b>[25]</b>	1.0 [78]
Net income	¥ Billions [Chinese RMB Millions]	0.3 [22]	<b>0.3</b> <b>[25]</b>	0.9 [72]

\*The fiscal year of Eisai China Inc. ends on December 31.

\*Average rate of Japanese yen to Chinese RMB was 12.95 yen from January 1 to March 31, 2004, 12.62 yen from January 1 to March 31, 2005 and 13.07 yen from January 1 to December 31, 2004, respectively.

### Eisai Korea Inc. (Korea) / Pharmaceutical Sales

Years Ended/Ending March 31		First Quarter		
		2005	2006	2005
Net sales	¥ Billions [Korean Won Billions]	0.6 [6]	<b>1.1</b> <b>[10]</b>	2.7 [28]
Operating income	¥ Billions [Korean Won Billions]	0.1 [1]	<b>0.1</b> <b>[1]</b>	0.4 [4]
Net income	¥ Billions [Korean Won Billions]	0.1 [1]	<b>0.1</b> <b>[1]</b>	0.3 [3]

\*Average rate of Japanese yen to Korean won was 0.0949yen from April 1 to June 30, 2004, 0.1074 yen from April 1 to June 30, 2005, and 0.0977 yen from April 1, 2004 to March 31, 2005, respectively.

## 6. Selling, General and Administrative Expenses

### 6-1. Research and Development Expenses

(billions of yen)

Years Ended/Ending March 31	2005	2006	2005	2006
Net sales	122.7	<b>135.8</b>	533.0	575.0
Research and development expenses	18.2	<b>19.9</b>	78.3	89.0
Percentage of sales (%)	14.8%	<b>14.7%</b>	14.7%	15.5%

6-1c (5 Tc (14.8%) Tj66Dcn88 Tj 3L6Asales (%)) Tj 362.16 D /F0 7.8 Tf -0.00662n.0311 Tc -0.060



## III. Consolidated Balance Sheet

### 1. Consolidated Balance Sheet <Assets>

	(billions of yen)						<Explanation>
	2005				Chg.	Inc./	
	31-Mar	%	30-Jun	%	%	Dec.	
<b>Current assets:</b>							
Cash and time deposits	54.4		<b>60.9</b>			6.6	Cash and deposits
Accounts receivable-trade	142.1		<b>144.5</b>			2.4	Sort-term investments
Short-term investments	92.7		<b>81.7</b>			(11.0)	<Decrease Factor(s)>
Inventories	39.5		<b>40.4</b>			0.9	Payment for income taxes
Deferred tax assets	28.3		<b>31.5</b>			3.2	
Other current assets	9.0		<b>10.1</b>			1.0	
Allowance for doubtful receivables	(0.3)		<b>(0.3)</b>			(0.0)	
<b>Total current assets</b>	<b>365.6</b>	<b>55.2</b>	<b>368.7</b>	<b>55.6</b>	<b>100.9</b>	<b>3.1</b>	
<b>Fixed assets:</b>							
<b>Property, plant and equipment:</b>							
Buildings and structures	67.0		<b>66.0</b>			(0.9)	
Machinery and vehicles	25.3		<b>24.4</b>			(0.9)	
Land	17.0		<b>17.0</b>			0.0	
Construction in progress	4.0		<b>6.5</b>			2.4	
Others	9.6		<b>9.3</b>			(0.3)	
<b>Total property, plant and equipment</b>	<b>122.9</b>	<b>18.5</b>	<b>123.2</b>	<b>18.6</b>	<b>100.2</b>	<b>0.3</b>	
<b>Intangible assets</b>	<b>37.0</b>	<b>5.6</b>	<b>36.2</b>	<b>5.5</b>	<b>97.8</b>	<b>(0.8)</b>	
<b>Investment in other assets:</b>							
Investments in securities	89.3		<b>85.8</b>			(3.5)	
Long-term loans receivable	0.1		<b>0.1</b>			0.0	
Deferred tax assets	20.6		<b>21.1</b>			0.5	
Other investments	28.3		<b>28.4</b>			0.1	
Allowance for doubtful receivables	(1.1)		<b>(1.0)</b>			0.1	
<b>Total investments and other assets</b>	<b>137.2</b>	<b>20.7</b>	<b>134.5</b>	<b>20.3</b>	<b>98.0</b>	<b>(2.7)</b>	
<b>Total fixed assets</b>	<b>297.1</b>	<b>44.8</b>	<b>293.9</b>	<b>44.4</b>	<b>98.9</b>	<b>(3.2)</b>	
<b>Total assets</b>	<b>662.7</b>	<b>100.0</b>	<b>662.6</b>	<b>100.0</b>	<b>100.0</b>	<b>(0.1)</b>	

## 2. Consolidated Balance Sheet <Liabilities and Shareholders' Equity>

	(billions of yen)						<Explanation>
	2005				Chg.	Inc./	
	31-Mar	%	30-Jun	%	%	Dec.	
<b>Current liabilities:</b>							
Accounts payable-trade	15.7		<b>16.3</b>			0.6	
Short-term borrowings	0.8		<b>0.8</b>			(0.0)	
Accounts payable-other	45.1		<b>38.7</b>			(6.4)	<b>Accounts payable-other</b> <Decrease Factor(s)> Payment for account payable on equipment
Accrued expenses	33.7		<b>36.6</b>			2.9	
Accrued income taxes	21.1		<b>14.5</b>			(6.7)	<b>Accrued Income taxes</b> <Decrease Factor(s)> Payment for income taxes
Reserve for sales rebates	28.4		<b>29.5</b>			1.1	
Other reserves	0.8		<b>0.8</b>			0.0	
Other current liabilities	3.9		<b>6.0</b>			2.1	
<b>Total current liabilities</b>	<b>149.6</b>	<b>22.6</b>	<b>143.2</b>	<b>21.6</b>	<b>95.8</b>	<b>(6.3)</b>	
<b>Long-term liabilities:</b>							
Deferred tax liabilities	0.1		<b>0.1</b>			0.0	
Liabilities for retirement benefits	32.5		<b>33.7</b>			1.2	
Allowance for retirement of Directors	2.3		<b>2.3</b>			0.0	
Other long-term liabilities	9.7		<b>8.1</b>			(1.6)	
<b>Total long-term liabilities</b>	<b>44.6</b>	<b>6.7</b>	<b>44.2</b>	<b>6.7</b>	<b>99.2</b>	<b>(0.4)</b>	
<b>Total liabilities</b>	<b>194.1</b>	<b>29.3</b>	<b>187.4</b>	<b>28.3</b>	<b>96.6</b>	<b>(6.7)</b>	
<b>Minority Interests</b>	<b>9.0</b>	<b>1.3</b>	<b>9.0</b>	<b>1.3</b>	<b>100.4</b>	<b>0.0</b>	
<b>Shareholders' equity:</b>							
Common stock	45.0	6.8	<b>45.0</b>	6.8		-	
Capital surplus	55.2	8.3	<b>55.2</b>	8.3		-	
Retained earnings	387.1	58.4	<b>392.0</b>	59.2		4.9	
Net unrealized gains on available-for-sale securities	9.4	1.4	<b>9.9</b>	1.5		0.5	
Foreign currency translation adjustments	(4.9)	(0.7%)	<b>(3.8)</b>	(0.6)		1.2	
Treasury stock	(32.1)	(4.8%)	<b>(32.1)</b>	(4.8)		(0.0)	
<b>Total shareholders' equity</b>	<b>459.6</b>	<b>69.4</b>	<b>466.2</b>	<b>70.4</b>	<b>101.4</b>	<b>6.5</b>	
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>662.7</b>	<b>100.0</b>	<b>662.6</b>	<b>100.0</b>	<b>100.0</b>	<b>(0.1)</b>	



# V. Non-Consolidated Financial Highlights

## 1. Consolidated Financial Highlights

### 1-1. Statements of Income Data

(billions of yen)

Years Ended/Ending March 31	First Quarter			2005	2006 (e)
	2005	2006	Change %		
Net Sales	74.8	<b>79.0</b>	105.7	307.9	320.0
Cost of Sales	19.5	<b>19.0</b>	97.6	77.5	75.0
Research and Development Expenses	17.6	<b>19.6</b>	111.4	77.1	86.0
Selling, General and Administrative Expenses	21.0	<b>22.9</b>	108.7	85.6	93.0
Operating Income	16.6	<b>17.5</b>	105.5	67.6	66.0
Ordinary Income	17.4	<b>18.1</b>	103.6	69.1	66.0
Net Income	11.3	<b>11.6</b>	102.7	43.5	41.5

\*"Cost of Sales" includes "Reversal of reserve for sales returns".

### 1-2. Balance Sheet Data

(billions of yen)

	2005		Inc./ Dec.
	31-Mar	<b>30-Jun</b>	
Total Assets	530.6	<b>525.4</b>	(5.2)
Shareholders' Equity	431.7	<b>433.8</b>	2.0
Equity-to-Total Asset Ratio (%)	81.4%	<b>82.6%</b>	1.2

### 1-3. Capital Expenditures and Depreciation/Amortization

(billions of yen)

Years Ended/Ending March 31	First Quarter			2005
	2005	2006	Inc./ Dec.	
Capital Expenditures	4.6	<b>2.2</b>	(2.5)	25.0
Property, plant and equipment	2.1	<b>1.4</b>	(0.7)	16.3
Intangible Assets	2.6	<b>0.8</b>	(1.7)	8.7
Depreciation/Amortization	3.3	<b>3.8</b>	0.6	14.3

\* Depreciation/amortization includes "Property, plant and equipment" and "Intangible assets".

### 1-4. Statements of Cash Flows Data

(billions of yen)

Years Ended/Ending March 31	First Quarter			2005
	2005	2006	Inc./ Dec.	
Net cash provided by operating activities	8.9	<b>7.7</b>	(1.3)	35.0
Net cash used in investing activities	(9.2)	<b>(5.4)</b>	3.7	(26.1)
Net cash used in financing activities	(5.2)	<b>(10.0)</b>	(4.8)	(17.4)
Cash and cash equivalents at end of period	82.5	<b>71.7</b>	(10.8)	79.5
Free Cash Flow	0.7	<b>0.8</b>	0.0	11.3

\* Free Cash Flow = "Net cash provided by operating activities" - "Capital expenditures" - "Other revenue/payment for continuous activities".

## 2. Net Sales by Business Segment

(billions of yen)

Years Ended/Ending March 31	First Quarter				
	2005	2006	Change %	2005	2006 (e)
Net Sales (billions of yen)	74.8	<b>79.0</b>	105.7	307.9	320.0
Pharmaceuticals	65.1	<b>68.5</b>	105.1	261.0	275.5
Prescription Pharmaceuticals(Including Drug Substance/Bulk Tablets)	60.8	<b>64.5</b>	106.0	242.2	256.5
(Ratio of in-house developed products to Prescription Pharmaceuticals %)	80.9%	<b>83.3%</b>	-	81.5%	-
Consumer Health Care Products	4.3	<b>4.0</b>	93.0	18.8	19.0
Food Additives/Chemicals, Machinery, etc.	0.6	<b>0.5</b>	74.7	3.1	1.5
Income from Industrial Property Rights, etc.	9.0	<b>10.1</b>	112.4	43.8	43.0

## 3. Exports by Geographical Area

(billions of yen)

Years Ended/Ending March 31	First Quarter				
	2005	2006	Change %	2005	2006 (e)
Net Sales	74.8	<b>79.0</b>	105.7	307.9	320.0
Export	21.0	<b>23.1</b>	110.1	88.1	89.5
North America	14.9	<b>15.5</b>	104.1	64.6	-
Europe	5.0	<b>6.3</b>	124.9	19.0	-
Asia and Others	1.1	<b>1.4</b>	125.4	4.4	-
Ratio of Exports to Sales (%)	28.0%	<b>29.2%</b>	-	28.6%	28.0%

\* Major areas and countries included in each category:

1. North America: The U.S. and Canada
2. Europe: The United Kingdom, France, Germany, etc.
3. Asia and Others: East Asia, South-East Asia, and South-Central America, etc.

\*Export sales includes revenues from industrial property rights, etc.

## 4. Prescription Pharmaceuticals

(billions of yen)

Years Ended/Ending March 31 Description Product	First Quarter			2005
	2005	2006	Change %	
Alzheimer's disease treatment <i>ARICEPT</i>	8.9	<b>9.9</b>	110.7	35.1
Peripheral neuropathy treatment <i>METHYCOBAL</i>	8.0	<b>7.8</b>	101.3	31.9
Proton pump inhibitor <i>PARIET</i>	3.2	<b>6.3</b>	195.2	22.8
Gastritis/gastric ulcer medication <i>SELBEX</i>	5.8	<b>5.4</b>	93.4	19.4
Osteoporosis treatment <i>GLAKAY</i>	2.4	<b>2.2</b>	90.3	9.0
Non-ionic contrast medium <i>IOMERON</i>	2.3	<b>2.2</b>	95.3	8.9
Muscle relaxant <i>MYONAL</i>	2.2	<b>2.2</b>	98.3	8.6
Long-acting isosorbide dinitrate <i>NITOROL-R</i>	1.3	<b>1.2</b>	90.0	4.8
Endoscopic examination/hypoglycemia treatment <i>GLUCAGON G NOVO</i>	1.1	<b>1.1</b>	99.2	4.2
Anti-allergy agent <i>AZEPTIN</i>	0.8	<b>0.8</b>	89.8	3.8
Long-acting macrolide antibiotic <i>RULID</i>	0.7	<b>0.7</b>	103.7	2.9
Others	11.9	<b>11.2</b>	94.2	46.0
<b>Prescription Pharmaceuticals Total</b>	<b>48.4</b>	<b>50.9</b>	<b>105.1</b>	<b>196.3</b>

\*Statistical segmentation of "Prescription Pharmaceutical" has been modified from the year ending March 31, 2006.

\*Past data are corrected according to new segmentation

## 5. Exports by products

(billions of yen)

Years Ended/Ending March 31	First Quarter			2005
	2005	2006	Change %	
<i>ARICEPT</i> drug substance (export)	5.7	<b>6.3</b>	110.4	21.1
<i>ACIPHEX/PARIET</i> bulk tablets/drug substance (export)	6.0	<b>6.1</b>	100.9	22.0
Others	0.7	<b>1.2</b>	173.6	2.9
<b>Bulk Substance / Tablets Total</b>	<b>12.4</b>	<b>13.6</b>	<b>109.2</b>	<b>45.9</b>

\*Statistical segmentation of "Prescription Pharmaceutical" has been modified from the year ending March 31, 2006.

\*Past data are corrected according to new segmentation and table name is changed to "Exports by products".

## 6. Consumer Health Care Products

(billions of yen)

Years Ended/Ending March 31	First Quarter			2005
	2005	2006	Change %	
Vitamin B <sub>2</sub> preparation <i>CHOCOLA BB</i> Group	2.1	<b>2.0</b>	97.6	8.4
JUVELUX / Natural Vitamin E preparation Vitamin-E Group	0.5	<b>0.4</b>	81.6	2.2
SACLON / Indigestion & heartburn treatment <i>SACLON</i> Group	0.6	<b>0.4</b>	73.2	2.1
NABOLIN / Active-type Vitamin B <sub>12</sub> <i>NABOLIN</i> Group	0.3	<b>0.3</b>	101.1	1.4
Others	0.8	<b>0.8</b>	98.9	4.7
<b>Consumer Health Care Products Total</b>	<b>4.3</b>	<b>4.0</b>	<b>93.0</b>	<b>18.8</b>

## 7. Selling, General and Administrative Expenses (including R&D expenses)

### 7-1. Research and Development Expenses (R&D expenses)

(billions of yen)

Years Ended/Ending March 31	First Quarter		2005	2006 (e)
	2005	2006		
Net sales	74.8	<b>79.0</b>	307.9	320.0
Research and development expenses	17.6	<b>19.6</b>	77.1	86.0
Overseas research and development expenses	7.1	<b>8.1</b>	31.2	-
(Ratio of overseas R&D expenses to total R&D expenses %)	40.2%	<b>41.6%</b>	40.5%	-
Percentage of sales (%)	23.6%	<b>24.8%</b>	25.0%	26.9%

### 7-2. Selling, General and Administrative Expenses (SG&A expenses)

(billions of yen)

Years Ended/Ending March 31	First Quarter		2005	2006 (e)
	2005	2006		
Net sales	74.8	<b>79.0</b>	307.9	320.0
Selling, general and administrative expenses	21.0	<b>22.9</b>	85.6	93.0
Personnel expenses	8.8	<b>8.6</b>	35.4	-
Marketing expenses	7.7	<b>8.5</b>	32.8	-
Administrative expenses and others	4.5	<b>5.7</b>	17.5	-
Percentage of sales (%)	28.1%	<b>28.9%</b>	27.8%	29.1%

### 7-3. Selling, General and Administrative Expenses (including R&D expenses)

(billions of yen)

Years Ended/Ending March 31	First Quarter		2005	2006 (e)
	2005	2006		
Net sales	74.8	<b>79.0</b>	307.9	320.0
Selling, general and administrative expenses (including R&D)	38.6	<b>42.5</b>	162.8	179.0
Percentage of sales (%)	51.7%	<b>53.7%</b>	52.9%	55.9%





## 9. Statements of Cash Flows

(billions of yen)

Years Ended/Ending March 31	First Quarter		
	2005	2006	Inc./Dec.
<b>Operating activities</b>			
Income before income taxes & minority interests	17.3	<b>17.8</b>	0.6
Depreciation and amortization	3.3	<b>3.8</b>	0.6
Other non-cash losses/gains	1.6	<b>1.5</b>	(0.1)
Operating assets/liability increase/decrease	2.1	<b>0.0</b>	(2.1)
Others	(2.1)	<b>(0.7)</b>	1.4
Subtotal	22.1	<b>22.4</b>	0.3
Interest paid/received	0.5	<b>0.5</b>	0.1
Income taxes paid	(13.6)	<b>(15.3)</b>	(1.7)
<b>Net cash provided by operating activities</b>	<b>8.9</b>	<b>7.7</b>	(1.3)
<b>Investing activities</b>			
Capital expenditures	(8.3)	<b>(7.0)</b>	1.3
Other revenue/payment for continuous activities	0.0	<b>0.1</b>	0.0
Purchases/sales of securities	0.0	<b>1.7</b>	1.7
Others	0.9	<b>(0.2)</b>	0.8
<b>Net cash used in investing activities</b>	<b>(9.2)</b>	<b>(5.4)</b>	3.7
<b>Financing activities</b>			
Dividends paid	(5.2)	<b>(10.0)</b>	(4.8)
Others	(0.0)	<b>(0.0)</b>	0.0
<b>Net cash used in financing activities</b>	<b>(5.2)</b>	<b>(10.0)</b>	(4.8)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>0.0</b>	<b>(0.0)</b>	(0.0)
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(5.4)</b>	<b>(7.8)</b>	(2.3)
<b>Cash and cash equivalents at beginning of year</b>	<b>87.9</b>	<b>79.5</b>	(8.4)
<b>Cash and cash equivalents at end of year</b>	<b>82.5</b>	<b>71.7</b>	(10.8)

(billions of yen)

Years Ended/Ending March 31	First Quarter		
	2005	2006	Inc./Dec.
<b>Free Cash Flow</b>	<b>0.7</b>	<b>0.8</b>	0.0

\* Free Cash Flow = "Net cash provided by operating activities" - "Capital expenditures" - "Other revenue/payment for continuous activities"

## VI. Changes in Quarterly Results

### 1. Statement of Income Data [Consolidated]

(billions of yen)

Years Ended/Ending March 31	2005				2006
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Net sales	122.7	138.3	143.4	128.6	<b>135.8</b>
Cost of sales	24.1	26.3	25.3	22.8	<b>24.1</b>
Research and development expenses	18.2	19.3	19.5	21.3	<b>19.9</b>
Selling, general and administrative expenses	61.8	69.8	71.9	65.9	<b>69.3</b>
Operating income	18.6	22.9	26.7	18.5	<b>22.5</b>
Non-operating income/expenses	0.8	0.8	(0.1)	0.7	<b>0.9</b>
Ordinary income	19.5	23.8	26.6	19.3	<b>23.4</b>
Extraordinary income/expenses	(0.2)	0.3	(0.7)	(0.9)	<b>(0.2)</b>
Income before taxes and interests	19.3	24.1	25.9	18.4	<b>23.2</b>
Net income	12.4	15.2	16.5	11.4	<b>14.9</b>
Earnings per share (yen)	43.1	52.7	57.5	40.1	<b>52.2</b>

\*"Cost of Sales" includes "Reversal of reserve for sales returns".

### 2. Balance Sheet Data [Consolidated]

#### <Assets>

(billions of yen)

	2004			2005	
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun
Current assets	353.4	381.6	379.3	365.6	<b>368.7</b>
Fixed assets	281.9	283.2	282.0	297.1	<b>293.9</b>
Property, plant and equipment	116.8	120.3	118.6	122.9	<b>123.2</b>
Intangible assets	33.5	33.7	31.6	37.0	<b>36.2</b>
Investments and other assets	131.6	129.2	131.8	137.2	<b>134.5</b>
Total assets	635.3	664.9	661.3	662.7	<b>662.6</b>

#### <Liabilities and Shareholders' Equity>

(billions of yen)

	2004			2005	
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun
Current liabilities	143.4	150.5	141.7	149.6	<b>143.2</b>
Long-term liabilities	54.2	63.4	65.2	44.6	<b>44.2</b>
Total liabilities	197.6	213.9	206.9	194.1	<b>187.4</b>
Minority Interests	8.6	8.8	8.9	9.0	<b>9.0</b>
Shareholders' equity	429.1	442.2	445.5	459.6	<b>466.2</b>
Total liabilities, minority interests and shareholders' equity	635.3	664.9	661.3	662.7	<b>662.6</b>

### 3. Capital Expenditures and Depreciation/Amortization

#### [Consolidated]

(billions of yen)

Years Ended/Ending March 31	2005				2006
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Capital expenditures	23.2	8.2	3.8	13.8	<b>4.6</b>
Property, plant and equipment	3.2	6.5	3.3	8.7	<b>3.6</b>
Intangible assets	19.9	1.7	0.5	5.1	<b>1.0</b>
Depreciation/Amortization	5.1	5.4	5.4	6.6	<b>5.9</b>

\* Depreciation/amortization includes "Property, plant and equipment" and "Intangible assets".

### 4. Cash Flows Data [Consolidated]

(billions of yen)

Years Ended/Ending March 31	2005				2006
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Net cash provided by operating activities	9.4	31.4	12.2	(3.8)	<b>12.1</b>
Net cash used in investing activities	(18.7)	(2.8)	(8.1)	(8.0)	<b>(8.9)</b>
Net cash used in financing activities	(5.0)	0.4	(12.2)	0.1	<b>(10.1)</b>
Effect of exchange rate changes on cash and cash equivalents	133.2	163.7	152.6	142.4	<b>136.5</b>
Free cash flow	(8.9)	25.5	6.8	(13.0)	<b>1.3</b>

\*Free Cash Flow = "Net cash provided by operating activities" - "Capital expenditures" - "Other revenue/payment for continuous activities".



## 7. ZONEGRAN Sales by Area (Own Sales) [Consolidated]

Years Ended/Ending March 31		2005				2006
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
U.S	¥ Billions	2.5	3.6	2.1	2.9	<b>3.6</b>
	[US \$ Millions]	[23]	[33]	[20]	[28]	<b>[33]</b>
EU, ASIA	¥ Billions	-	-	-	0.0	<b>0.0</b>
Total	¥ Billions	2.5	3.6	2.1	2.9	<b>3.6</b>

## 8. Eisai Inc. (U.S.A.)

Years Ended/Ending March 31		2005				2006
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Net sales	¥ Billions	45.9	57.2	57.7	54.4	<b>52.9</b>
	[US \$ Millions]	[418]	[520]	[543]	[520]	<b>[491]</b>
Operating income	¥ Billions	1.6	3.5	3.9	1.3	<b>3.0</b>
	[US \$ Millions]	[14]	[32]	[37]	[13]	<b>[28]</b>
Net income	¥ Billions	1.0	2.2	2.5	0.9	<b>2.0</b>
	[US \$ Millions]	[9]	[20]	[23]	[9]	<b>[18]</b>
Operating income before royalty deduction	¥ Billions	7.6	11.5	12.1	12.1	<b>10.3</b>
	[US \$ Millions]	[69]	[104]	[114]	[115]	<b>[95]</b>

## 9. Statement of Income Data [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31	2005				2006
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Net sales	74.8	76.5	83.3	73.4	<b>79.0</b>
Cost of sales	19.5	19.9	20.5	17.7	<b>19.0</b>
Research and development expenses	17.6	18.9	19.3	21.3	<b>19.6</b>
Selling, general and administrative expenses	21.0	21.5	22.6	20.5	<b>22.9</b>
Operating income	16.6	16.2	20.9	13.8	<b>17.5</b>
Ordinary income	17.4	16.7	20.7	14.3	<b>18.1</b>
Net income	11.3	10.8	12.9	8.5	<b>11.6</b>

\*"Cost of Sales" includes "Reversal of reserve for sales returns".

## 10. Prescription Pharmaceuticals [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31	2005				2006
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Product					
<i>ARICEPT</i>	8.9	8.4	9.9	7.9	<b>9.9</b>
<i>METHYCOBAL</i>	8.0	8.2	8.6	7.0	<b>7.8</b>
<i>PARIET</i>	3.2	5.1	6.6	4.5	<b>6.3</b>
<i>SELBEX</i>	5.8	5.7	6.1	5.1	<b>5.4</b>
<i>GLAKAY</i>	2.4	2.3	2.4	1.9	<b>2.2</b>
<i>IOMERON</i>	2.3	2.2	2.5	1.9	<b>2.2</b>
<i>MYONAL</i>	2.2	2.2	2.3	1.8	<b>2.2</b>
<i>NITOROL-R</i>	1.3	1.2	1.3	1.0	<b>1.2</b>
<i>GLUCAGON G NOVO</i>	1.1	1.1	1.2	0.8	<b>1.1</b>
<i>AZEPTIN</i>	0.8	0.6	0.9	1.4	<b>0.8</b>
<i>RULID</i>	0.7	0.6	0.9	0.7	<b>0.7</b>
Others	11.9	11.1	13.0	10.1	<b>11.2</b>
Prescription Pharmaceuticals Total	48.4	48.6	55.4	43.9	<b>50.9</b>

\*Statistical segmentation of "Prescription Pharmaceutical" has been modified from the year ending March 31, 2006.

\*Past data are corrected according to new segmentation.

## 11. Exports by Products [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31	2005				2006
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Product					
ARICEPT drug substance (export)	5.7	5.4	4.7	5.1	<b>6.3</b>
ACIPHEX/PARIET bulk tablets/drug substance (export)	6.0	4.7	5.9	5.4	<b>6.1</b>
Others	0.7	0.7	0.8	0.7	<b>1.2</b>
Bulk Substance/Tablets Total	12.4	10.9	11.4	11.2	<b>13.6</b>

\*Statistical segmentation of "Drug Substance / Bulk Tablets" has been modified from the year ending March 31, 2006.

\*Past data are corrected according to new segmentation and title is revised.

## 12. Consumer Health Care Products [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31	2005				2006
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Product					
CHOCOLA BB Group	2.1	2.4	2.1	1.8	<b>2.0</b>
Vitamin-E Group	0.5	0.6	0.6	0.5	<b>0.4</b>
SACLON Group	0.6	0.4	0.6	0.5	<b>0.4</b>
NABOLIN Group	0.3	0.4	0.3	0.3	<b>0.3</b>
Others	0.8	1.2	1.3	1.4	<b>0.8</b>
Consumer Health Care Total	4.3	5.0	5.0	4.5	<b>4.0</b>





### 1-4. Phase III in Preparation

Generic Name	Area	Description	Form.	Origin
clevudine	Asia			



## 2-2. Filed for Approval

(Product) Name (Research Code)	Application	Description	Form.	Origin
T-614	Sep-03	Rheumatoid Arthritis (generic name: iguratimod) Suppresses lymphocyte proliferation, immunoglobulin production and production of inflammatory cytokines. Expected to improve chronic rheumatoid arthritis.	Tab.	Toyama Chemical
TAMBOCOR (E0735) (Additional indication)	Dec-04	Paroxysmal Atrial Fibrillation/Flutter The compound has already been approved as a treatment for ventricular tachyarrhythmias in Japan and is filed for the treatment of sporadic atrial fibrillation/flutter.	Tab.	3M
PARIET (E3810) (Additional indication)	Mar-05	Eradication of <i>H. pylori</i> in Combination with Antibiotics Currently indicated for the treatment of peptic ulcers in Japan. Submitted for the eradication of <i>H. pylori</i> .	Tab.	In-house

## 2-3. Phase III

(Product) Name (Research Code)	Expected Application	Description	Form.	Origin
PARIET (E3810) (Additional indication)	FY2005	Symptomatic GERD Currently indicated for the treatment of peptic ulcers in Japan. E3810 is now in phase III trials for the treatment of symptomatic GERD.	Tab.	In-house
KES524	FY2007	Obesity Management/Central Acting Serotonin & Noradrenaline Reuptake Inhibitor(generic name: sibutramine) Inhibits the reuptake of the cerebral neurotransmitters, noradrenaline and serotonin, enhancing the feeling of satiety and increases energy consumption resulting in loss of body weight. Phase III clinical trials in progress.	Cap.	Abbott

## 2-4. Phase II

(Product) Name (Research Code)	Description	Form.	Origin
E3620	Gastrointestinal Motility Disorders/ 5-HT <sub>3</sub> Receptor Antagonist/ 5-HT <sub>4</sub> Receptor Agonist The compound has dual action as a serotonin type 3 receptor antagonist and a serotonin type 4 receptor agonist and is under development for gastrointestinal motility disorders. It is expected to improve sensation of fullness and anorexia associated with chronic gastritis and to improve bowel function and abdominal pain associated with irritable bowel syndrome.	Tab.	In-house
ARICEPT (E2020) (Additional indication)	Severe Dementia due to Alzheimer's disease Currently indicated for the treatment of mild to moderate dementia of the Alzheimer's type. Aricept is now in phase II trials for the treatment of severe dementia.	Tab.	In-house
D2E7	Rheumatoid Arthritis, Psoriasis/ Human Anti TNF-alpha Monoclonal Antibody (generic name: adalimumab) By blocking the activity of Tumor Necrosis Factor- alpha (TNF-alpha) which plays a central role in inflammation in rheumatoid arthritis (RA), D2E7 is expected to be effective in patients with RA and psoriasis.	Inj.	Abbott
E7210 (Suspended)	Ultrasonic Contrast Medium Microbubbles of E7210 reflect ultrasound. Microbubbles do not disappear easily, thereby stable imaging is expected.	Inj.	Bracco
E2014	Cervical Dystonia / Botulinum Toxin Type B Botulinum toxin acts on cholinergic nerve ending synapses and inhibits the release of acetylcholine to relax muscles.	Inj.	Solstice Neuro- Science
E0167			

