

# 1. CONSOLIDATED SEMIANNUAL FINANCIAL RESULTS (APRIL 1, 2000 - SEPTEMBER 30, 2000)

## (1) RESULTS OF SEMIANNUAL OPERATIONS

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 2000-September 30, 2000	¥174,947 mil.	18.1%	¥31,096 mil.	59.4%	¥31,856 mil.	63.9%
April 1, 1999-September 30, 1999	¥148,114 mil.	--	¥19,513 mil.	--	¥19,438 mil.	--
April 1, 1999-March 31, 2000	¥302,470 mil.		¥37,132 mil.		¥36,858 mil.	

Period	Net Income	Percent Change	Earnings per Share (EPS)	Fully Diluted EPS
April 1, 2000-September 30, 2000	¥8,865 mil.	227.2%	¥29.91	¥29.63
April 1, 1999-September 30, 1999	¥2,709 mil.	--	¥9.14	¥9.08
April 1, 1999-March 31, 2000	¥11,275 mil.		¥38.04	¥37.70

- Note: 1. Equity in earnings of companies accounted for using the equity method was ¥11 million for the semiannual period ended September 2000, ¥183 million for the semiannual period ended September 30, 1999 and ¥248 million for the annual period ended March 31, 2000.
2. Unrealized gains (loss) on derivative financial instruments as of September 30, 2000: (¥299mil.).
3. There have been no accounting changes.

## (2) FINANCIAL POSITION

Period Ended	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity	Shareholders' Equity per Share
As of September 30, 2000	¥513,031 mil.	¥332,290 mil.	64.8%	¥1,121.00
September 30, 1999	¥495,197 mil.	¥323,741 mil.	65.4%	¥1,092.21
March 31, 2000	¥485,673 mil.	¥329,385 mil.	67.8%	¥1,111.15

## (3) CASH FLOW CONDITION

Period	Operating Cash Flow	Investing Cash Flow	Financial Cash Flow	Cash & Cash Equivalents
April 1, 2000-September 30, 2000	¥43,236 mil.	(28,807 mil.)	(¥3,489 mil.)	¥63,314 mil.
April 1, 1999-September 30, 1999	¥22,044 mil.	(¥742 mil.)	(¥3,383 mil.)	¥61,553 mil.
April 1, 1999-March 31, 2000	¥27,174 mil.	(¥4,043 mil.)	(¥15,357 mil.)	¥52,555 mil.

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

**(4) NUMBER OF CONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES APPLIED FOR EQUITY METHOD**

Number of consolidated subsidiaries: 35  
Equity method applied for 1 unconsolidated subsidiary  
Equity method applied for 5 associated companies.

**(5) CHANGES IN NUMBER OF CONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES APPLIED FOR EQUITY METHOD**

- Number of newly consolidated subsidiaries: 0
- Number of companies omitted from consolidation: 0
- Number of companies to which equity method is newly applied: 0
- Number of companies omitted from application of equity method: 0

**2. FORECASTED CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2001**

Period	Net Sales	Ordinary Income	Net Income
April 1, 2000- March 31, 2001	¥ 358,000 mil.	¥ 56,000 mil.	¥ 21,000 mil.

Note: Forecasted earnings per share (consolidated) : ¥70.84

## 1. Outline of Eisai Group Companies

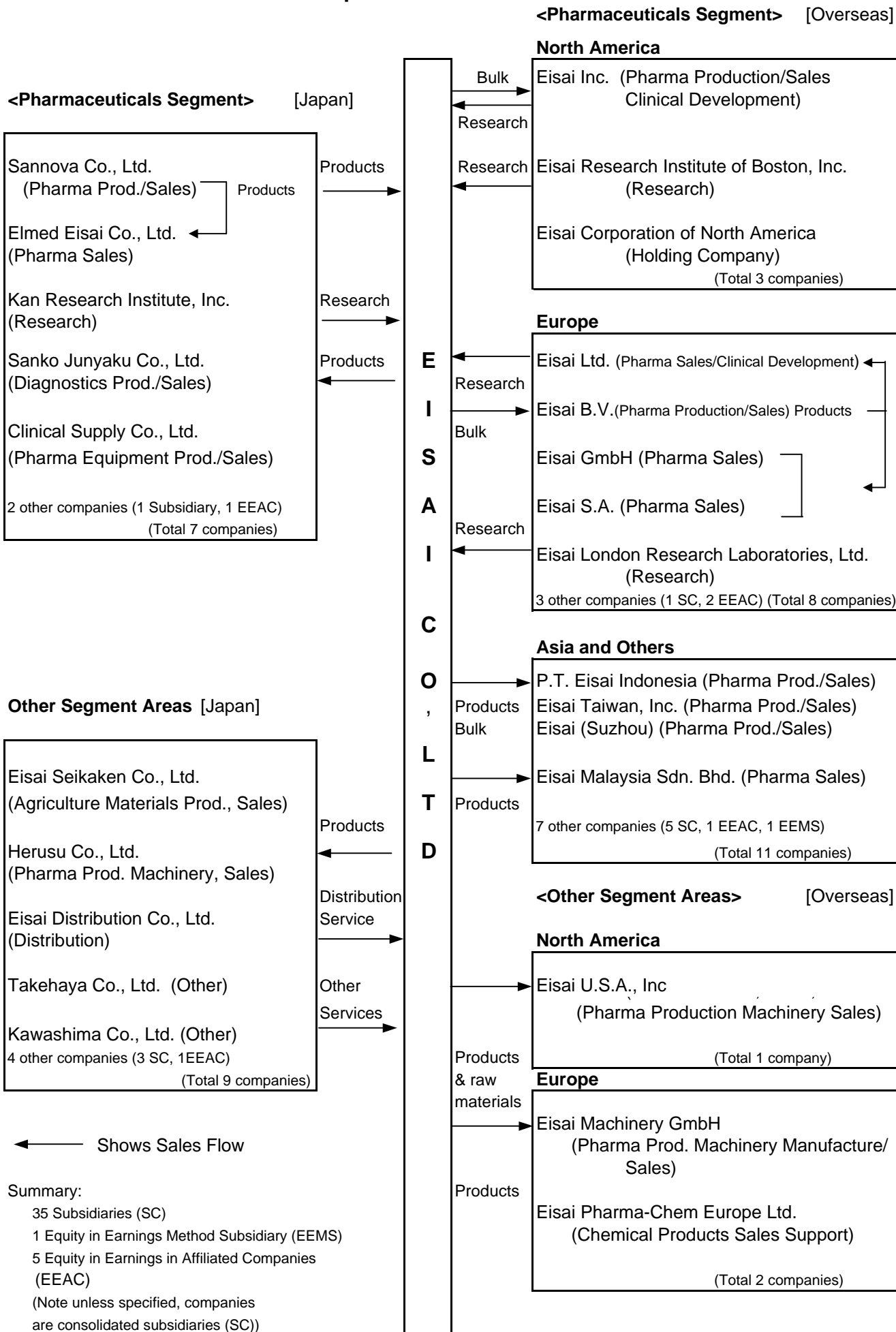
The Eisai Group consists of the parent company and 36 subsidiaries (35 consolidated and one unconsolidated subsidiary to which the equity method is applied) and five associated companies.

Units: yen millions, local currency thousands, %

Business Segment	Principal Companies		Common Stock	Equity (%) Ownership	
Pharmaceuticals Prescription Pharmaceuticals Consumer Health Care Products Diagnostics, etc.	Japan	Eisai Co., Ltd.	¥44,885	-	
		Sannova Co., Ltd.*	¥926	79.28	
		Elmed Eisai Co., Ltd.	¥450	100.00	
		Kan Research Institute, Inc.	¥70	100.00	
		Sanko Junyaku Co., Ltd.*	¥5,262	50.89	
		Clinical Supply Co., Ltd.	¥80	84.80	
		2 other companies (Total 8 companies)			
		Overseas	Eisai Inc.*	US\$ 83,600	100.00 (100.00)
Eisai Research Institute of Boston, Inc.*	US\$ 65,300		100.00 (100.00)		
Eisai Corporation of North America*	US\$ 179,100		100.00		
Eisai Ltd.	UKPS 15,548		100.00		
Eisai B.V.	GL 1,200		100.00		
Eisai GmbH	DM 15,000		100.00		
Eisai S.A.	Fr 130,000		100.00		
Eisai London Research Laboratories Ltd.	UKPS 12,000		100.00		
P.T. Eisai Indonesia	US\$ 5,000		79.60		
Eisai Taiwan, Inc.	NT\$ 250,000		100.00		
Eisai (Suzhou) Pharmaceutical Co., Ltd.	RMB 139,274		100.00 (100.00)		
Eisai Malaysia Sdn. Bhd.	M\$ 470		98.09 (5.74)		
10 other companies (Total 22 companies)					
Other Animal Health Care Feed Additives Food Additives Chemicals Machinery Others	Japan	Eisai Co., Ltd.	¥44,885	-	
		Eisai Seikaken Co., Ltd.	¥50	70.00	
		Herusu Co., Ltd.	¥64	75.00	
		Eisai Distribution Co., Ltd.	¥60	100.00	
		Takehaya Co., Ltd.	¥67	82.17	
		Kawashima Co., Ltd.	¥50	63.16	
		4 other companies (Total 10 companies)			
		Overseas	Eisai U.S.A., Inc.	US\$ 29,500	100.00 (100.00)
			Eisai Machinery GmbH	DM 2,500	100.00 (100.00)
			Eisai Pharma-Chem Europe Ltd.	UKPS 100	100.00
(Total 3 companies)					

- Notes:
1. Special subsidiaries are noted by an asterisk (\*).
  2. Indirect ownership percentages via holding companies are noted inside the parenthesis ( ).
  3. Segments outlined above are the same as those presented in segment information in the consolidated financial report.
  4. Sanko Junyaku Co., Ltd. shares are registered in the over the counter market.
  5. One of the Eisai Group companies, Takehaya Co., Ltd., absorbed Hisakata Co., Ltd., another Eisai Group company, on October 1, 2000.

# Business Flows Within the Group



## **SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE SEMIANNUAL PERIOD ENDED SEPTEMBER 30, 2000**

### **2. MANAGERIAL POLICY**

#### **(1) Fundamental Managerial Policy**

The Company's fundamental managerial policy is based on our corporate mission to be a global human health care (*hhc*) company capable of operating under diverse health care systems by providing products that meet the health care needs of patients and their families while observing the highest legal and ethical standards.

In consideration of the above corporate mission, the Company will pursue corporate activities based on the following three policies noted below.

1. Making a meaningful difference  
In a rapidly changing environment, Eisai strives to accurately identify the medical needs of patients and consumers as well as to make a meaningful difference by providing products that exceed expectations.
2. Managing with focus and agility  
By concentrating management resources on fields in which we excel and increasing the speed with which we conduct our operations, we are building a highly successful management structure that is internationally competitive.
3. Enhancing Corporate Value  
By vigilantly watching for changes in the business environment, then working to turn those changes into opportunities, we continually seek to increase corporate value.

#### **(2) Mid & Long-term Managerial Strategy**

To fulfill the objectives of an *hhc* company focusing on prescription pharmaceuticals, Eisai is actively seeking to address unmet global medical needs through the aggressive development and marketing of innovative pharmaceuticals of the highest quality. In order to achieve this objective, the Company will utilize managerial resources concentrating on specific therapeutic areas to foster continued new product discovery as our primary strategic focus.

#### **(3) Corporate Governance**

With the objective of improving decision-making processes and transparency, Eisai took steps to reform its management structure in June 2000. These steps included the introduction of measures to strengthen the functions of the Board of Directors, appointment of an outside director, the establishment of a corporate officer system, and the establishment of a Corporate Governance Committee.

With respect to the new reforms, a corporate officer system was implemented with the objective whereby the corporate officers will be responsible for administrative operations in the area for which they are responsible. The Management Policy Committee will decide important managerial policy matters and the Corporate Operating Committee will deliberate issues in each operational area. In addition, the Corporate Governance Committee will deliberate Board of Director/Corporate Officer nominations, executive compensation and other issues relating to corporate governance for presentation to the Board of Directors.

#### **(4) Topics/Issues Facing the Company**

The Company is focusing on strategic therapeutic areas, promoting aggressive international development in the U.S. Europe, and Asia, strengthening operations in Japan, and improving efficiency and profitability while devoting special attention to ensuring the highest product quality.

Within the research and development area, the Company is devoting efforts on the clinical development of new potential global products. In the strategic areas of focus, neurology and gastrointestinal disorder treatments, the Company has two global products, the Alzheimer's disease treatment, *ARICEPT* and the peptic ulcer treatment, *PARIET*, (U.S. tradename *ACIPHEX*). Moreover, the Company is focusing on the development of new products, new formulations, alliances and licensing in order to strengthen our strategic therapeutic areas.

In the area of international development, the Company desires to ensure growth in sales and profitability in each country where *ARICEPT*, and *ACIPHEX/PARIET*, are being marketed.

Regarding Japanese operations, the Company is focusing on our principal products, and reforms in the area of information technology in order to strengthen the provision of appropriate information to the medical community, and administrative efficiency. In addition, the Company is pursuing production efforts to improve product quality and the safety of product packaging.

With respect to the issues associated with the sales of synthetic vitamin E, in July of this year, we received a Statement of Objections from the European Commission. We are presently in the process of constructing our reply and will continue to cooperate with the European Commission's investigation. In addition, in October of this year the Company reached a settlement with indirect purchasers (purchasers of vitamin E not directly from manufacturers which includes indirect purchasers such as consumers and business entities) of synthetic vitamin E in the United States. Aside from indirect purchasers in several states whose claims are based on separate legal compensation statutes, the conclusion of this settlement, along with the settlement in November 1999 with purchasers, substantially settles most of the civil claims associated with this issue. The Company has implemented a compliance program and will continue compliance measures to ensure the program's effectiveness.

With respect to accounting standard changes, the following measures were taken as outlined below.

#### 1. Retirement Allowance Accounting Policy

On a non-consolidated basis, the change in the accounting standards for retirement allowances has led to an unfunded accrual of ¥32.4 billion (discount rate of 3.5%) which includes the appropriate impact of the portion for the public retirement allowance. As a countermeasure, the Company placed ¥15.1 billion of securities in a retirement allowance trust and will fund the remaining unfunded amount of ¥17.2 billion in average equal amounts over a five year period.

With respect to the public welfare retirement component, the retirement allowance guarantee period has been revised. From now it is expected that the total amounts for retirement allowances will be reduced by ¥15 billion.

For consolidated Japanese subsidiaries, the impact of the change in the accounting standard for retirement allowances is ¥0.8 billion which will be funded in equal amounts over a five year period.

#### 2. Financial Instruments Accounting Policy

In the category, Other Marketable Securities, a market value method of evaluation has been adopted from this period.

### **(5) Dividend Policy**

The Company maintains a fundamental policy of rewarding shareholders with stable dividends while simultaneously retaining sufficient funds for new product development, expanding production facilities, and providing resources for information technology investment in all business operations to ensure managerial efficiency and increased competitiveness.

### 3. MANAGERIAL RESULTS

#### (1) Overview

During the period under review, sales in the U.S. continued significant growth and sales in Europe continued to grow steadily. In Japan, the Company's sales returned to growth with the introduction to the market of large scale new products. The industry continues to face further discussion of fundamental reform of the medical care system to reduce medical costs, as well as experiencing two consecutive years of National Health Insurance Drug price reductions.

#### Operational Results

The Company posted consolidated net sales of ¥174,947 million, an 18.1% increase from the previous year's period; operating income of ¥31,096 million (a 59.4% increase); ordinary income of ¥31,856 million (a 63.9% increase); and net income of ¥8,865 million (a 227.2% increase).

In Japan, North America, Europe, and Asia, due primarily to *ARICEPT* and *ACIPHEX/PARIET*, the increase in sales of prescription pharmaceuticals led to increases over the previous year period in sales, operating income, ordinary income, and net income. Special losses amounted to ¥17,227 million and included amounts allocated for unfunded retirement allowances in accordance with the change in accounting standards, and settlements with indirect purchasers of vitamin E in the United States.

#### Cash Flows

Operating cash flows in the period were +¥43,236 million. This was a growth of ¥21,192 million in comparison to the previous period last year and was due to an increase in the sales of prescription pharmaceuticals which led to an increase in income before income tax, and non-cash loss amounts associated with securities placed in a retirement allowance trust.

Investing cash flows were -¥28,807 million which was a ¥28,065 million increase over the previous period. This increase was due to the increase in time deposits that exceeded three months.

Financing cash flows were -¥3,489 million which were approximately the same as in the previous year period. The above resulted in an increase in cash and cash equivalents and a balance of ¥63,314 million which was an increase of ¥1,760 million over the same period in the previous year. Operational cash flow serves to maintain existing operations yielding a free cash flow of ¥36,815 million which was an increase of ¥23,236 million over the previous period last year.

#### Sales by Segment

The "Pharmaceutical" segment sales, reflecting sales increases of *ARICEPT* and *ACIPHEX/PARIET*, were ¥160,579 million (a 22.2% increase). Operating income was ¥36,554 million (a 61.3% increase).

Sales in the "Other" segment amounted to ¥14,367 million (a 13.9% decrease) and an operating loss of ¥1,236 million. Although sales of pharmaceutical machinery increased, the sales of chemical products and animal health care products decreased.

## Sales by Area

Japan sales amounted to ¥123,547 million (an 11.2% increase) with operating income of ¥37,219 million which was a 58.6% increase over the previous period reflecting increases in prescription pharmaceuticals sales.

Sales in North America were ¥42,595 million (a 39.9% increase). Sales of *ARICEPT* increased by 11.0% (local currency basis) and sales of *ACIPHEX* launched in August 1999 maintained increases with continued growth in prescriptions share in the market. The pharmaceuticals marketing subsidiary had an operating income of ¥466 million which reflected the impact of new product prices between the parent and the subsidiary. Due to difficult market conditions for the food additive and chemicals subsidiary, the North America area posted an operating loss of ¥269 million.

Sales in Europe were ¥6,731 million (a 24.1% increase) and an operating income of ¥317 million was recorded. Prescription pharmaceutical marketing subsidiaries all improved their financial conditions.

Sales in Asia and other areas were ¥2,072 million (an 80.7% increase). Operating income was ¥235 million (a 108.3% increase). Sales increased in each subsidiary in Asia. In China, sales which were previously recorded in an unconsolidated subsidiary were transferred to a consolidated subsidiary and in Korea, *ARICEPT*'s sales continued to grow all of which led to an increase in this area's operating income.

(Note: Sales in the segments above include eliminations from internal sales.)

## Overseas Sales

Overseas sales including the U.S., Europe, and Asia increased significantly in the pharmaceutical segment to ¥57,416 million yen which was an increase of 32.9% over the period in the previous year. The overseas sales percentage increased from 29.2% to 32.8% over the same period in the previous year.

## Progress in R&D

In research and development, the Company aims to effectively utilize managerial resources by concentrating on the strategic therapeutic areas of neurology and gastrointestinal disorders. In addition, with the increasing importance of developing pharmaceutical products based on genomic research, the Company is strengthening the function of the Laboratory of Seeds Finding Technology and the subsidiary, Kan Research Institute.

Research and development expenses were ¥22,563 million and represented 12.9 percent of total sales.

With respect to compounds in clinical development, in the neurology area new indications for E2020 (*ARICEPT*) in the U.S. include dementia with cerebral vascular disease in Phase III and attention deficit disorder/attention deficit hyperactivity disorder in Phase II.

In the gastrointestinal disorder therapeutic area, new indications for E3810 (*ACIPHEX/PARIET*) include in the EU mutual recognition agreement for approval for *H. pylori* eradication therapy in combination with appropriate antibiotics. E3810 is also in Phase III clinical trials in the U.S. for the same indication. In addition, E3810 is in Phase II clinical trials in the U.S. for the treatment of symptomatic gastrointestinal reflux disease.

To maintain our strategic therapeutic areas, we have licensed compounds for clinical development for cervical dystonia in the neurology area, and a compound for the eradication of *H. pylori* in the gastrointestinal disorder area.



In other therapeutic areas, a novel anti-cancer compound, E7070, which has an effect on the G1 stage of the cell cycle, has begun Phase II clinical trials in Europe.

### **Production**

In order to increase the stability of the highest quality supply of products, the Company has continued investments to strengthen the global production system. In particular, in the area of consumer health care products, the Company is taking measures to improve the safety of product packaging. In addition, in August 2000, a clean energy efficient promotion system was introduced at the Kawashima Plant.

### **Investment and Financing**

The Company's capital expenditure in the period under review amounted to approximately ¥2,900 million. These expenditures were concentrated in the area of production facilities investments.

### **Dividend Policy**

The Company has decided on an interim dividend of ¥10.00 per share which is the same as that paid in the previous year interim period. (Interim dividend payment date: December 8, 2000)

## **(2) OUTLOOK FOR FISCAL YEAR 2000**

The Company projects consolidated net sales of ¥358,000 million, an 18.4% increase from the prior year; operating income of ¥55,000 million, a 48.1% increase; ordinary income of ¥56,000 million, a 51.9% increase; and net income of ¥21,000 million, an 86.3% increase, for the fiscal period ending March 31, 2001.

With respect to dividends, it is the fundamental policy of the Company to pay the same dividend in the future period as in the past, namely an annual total dividend of ¥21.50 per share.

#### **Note:**

The Company's performance and financial results could differ materially from those reflected in these forward-looking statements due to general financial, economic, and political conditions affecting the pharmaceutical industry.

## EISAI CO., LTD.

## CONSOLIDATED SEMIANNUAL STATEMENTS OF INCOME

Six Months Ended September 30, 2000 and 1999, and the Fiscal Year Ended March 31, 2000

(Millions of yen)

	Apr. 1,2000- Sep. 30, 2000	Apr. 1,1999- Sep. 30, 1999	Increase (Decrease)	Apr. 1,1999- Mar. 31,2000
<b>Net sales</b>	<b>¥ 174,947</b>	¥ 148,114	¥ 26,832	¥302,470
Cost of sales	49,072	44,721	4,351	91,681
Reversal of reserve for sales returns	102	59	42	97
<b>Gross profit</b>	<b>125,977</b>	103,453	22,524	210,886
Research and development expenses	22,563	23,674	(1,110)	46,703
Selling, general and administrative expenses	72,317	60,265	12,052	127,050
<b>Operating income</b>	<b>31,096</b>	19,513	11,582	37,132
Non-operating income	2,002	2,208	(206)	4,116
Interest and dividend income	1,405	1,130	274	2,388
Equity in earnings	11	183	(171)	248
Other non-operating income	585	894	(309)	1,478
Non-operating expenses	1,242	2,283	(1,041)	4,390
Interest expense	548	465	83	1,134
Other non-operating expenses	694	1,818	(1,124)	3,255
<b>Ordinary income</b>	<b>31,856</b>	19,438	12,417	36,858
Special profit	1,565	281	1,283	1,107
Gain on sales of property	157	39	118	873
Retirement allowance trust income	1,382	-	1,382	-
Other special profit	24	242	(217)	233
Special loss	17,227	10,377	6,850	12,429
Retirement allowance standards change loss	15,128	-	15,128	-
Losses on vitamin E cases	1,561	9,731	(8,170)	9,971
Other special losses	538	645	(107)	2,458
<b>Income before income taxes</b>	<b>16,193</b>	9,343	6,850	25,536
Income taxes-current	18,105	10,548	7,556	17,413
Income taxes-deferred	(10,791)	(3,887)	(6,904)	(3,213)
Minority interests	15	(27)	43	61
<b>Net income</b>	<b>¥ 8,865</b>	¥ 2,709	¥ 6,155	¥11,275

## CONSOLIDATED BALANCE SHEETS

March 31, 2000 and 1999

(Millions of yen)

ASSETS	2000	1999	Increase (Decrease)
<b>Current Assets:</b>			
Cash and time deposits	¥49,122	¥47,278	¥1,843
Trade receivables	107,483	111,856	(4,372)
Short-term investments	99,276	105,386	(6,109)
Inventories	33,988	31,539	2,448
Deferred tax assets	9,703	-	9,703
Other current assets	13,449	5,266	8,183
Allowance for doubtful receivables	(600)	(723)	123
Total current assets	312,424	300,603	11,820
<b>Fixed Assets:</b>			
Property, plant and equipment	109,536	113,923	(4,387)
Buildings & structures	58,650	59,581	(931)
Machinery & vehicles	22,763	23,802	(1,039)
Land	19,071	18,397	674
Construction in progress	1,547	4,013	(2,466)
Others	7,502	8,128	(625)
Intangible assets	8,037	591	7,445
Investments and other assets	49,616	44,620	4,995
Investments in securities	5,705	5,616	88
Long-term loans receivable	188	246	(57)
Deferred tax assets	11,780	-	11,780
Other investments	32,374	38,844	(6,470)
Allowance for doubtful receivables	(431)	(86)	(345)
Total fixed assets	167,190	159,136	8,054
<b>Deferred Charges</b>	<b>517</b>	<b>707</b>	<b>(189)</b>
<b>Foreign Currency Translation Adjustments</b>	<b>5,540</b>	<b>2,936</b>	<b>2,604</b>
<b>Total Assets</b>	<b>¥485,673</b>	<b>¥463,383</b>	<b>¥22,289</b>

Note: Software has been reclassified from the Other investments of the Investments and other assets category to the Intangible assets category from this fiscal year period.

**EISAI CO., LTD.**  
**CONSOLIDATED SEMIANNUAL BALANCE SHEETS**  
September 30, 2000 and 1999, and March 31, 2000

(Millions of yen)

<b>LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	September 30, 2000	March 31, 2000	Increase (Decrease)	September 30, 1999
<b>Current liabilities:</b>				
Trade payables	¥12,714	¥14,188	(¥1,473)	¥14,659
Short-term borrowings	7,581	7,488	93	6,537
Current portion of long-term borrowing	1,551	1,550	0	50
Current portion of straight bonds	10,000	10,000	-	10,000
Accounts payable	30,880	21,355	9,524	13,454
Accrued income taxes	16,720	7,955	8,765	10,824
Accrued expenses	21,933	22,498	(564)	35,911
Reserve for rebates of sales	11,353	678	10,675	746
Other reserves	841	1,005	(164)	1,085
Other current liabilities	5,879	10,141	(4,261)	8,715
<b>Total current liabilities</b>	<b>119,456</b>	<b>96,861</b>	<b>22,595</b>	<b>101,986</b>
<b>Long-term liabilities:</b>				
Straight bonds	10,100	10,100	-	20,200
Convertible bonds	5,488	5,489	(1)	5,539
Long-term borrowing	66	117	(50)	1,546
Deferred tax liabilities	1,157	1,113	44	1,333
Retirement allowances	-	30,373	(30,373)	28,849
Retirement allowances reserve	32,655	-	32,655	-
Retirement allowances for board of directors	1,890	2,248	(358)	2,135
Other long-term debt	462	471	(9)	459
<b>Total long-term liabilities</b>	<b>51,820</b>	<b>49,913</b>	<b>1,907</b>	<b>60,062</b>
<b>Total liabilities</b>	<b>171,277</b>	<b>146,774</b>	<b>24,502</b>	<b>162,049</b>
<b>Minority interests</b>	<b>9,463</b>	<b>9,513</b>	<b>(50)</b>	<b>9,406</b>
<b>Shareholders' equity:</b>				
Common stock	44,885	44,885	0	44,860
Additional paid-in capital	55,122	55,122	0	55,097
Retained earnings	234,854	229,414	5,440	223,817
Net unrealized gains on securities	3,020	-	3,020	-
Foreign currency translation adjustments	(5,501)	-	(5,501)	-
Treasury stock	(91)	(36)	(55)	(33)
<b>Total shareholders' equity</b>	<b>332,290</b>	<b>329,385</b>	<b>2,905</b>	<b>323,741</b>
<b>Total liabilities, minority interests and shareholders' equity:</b>	<b>¥513,031</b>	<b>¥485,673</b>	<b>¥ 27,357</b>	<b>¥ 495,197</b>

**EISAI CO., LTD.**  
**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

**Periods April 1, to September 30, 2000 and 1999, and April 1 to March 31, 2000**

(Millions of yen)

	Apr.-Sept. 2000	Apr.-Sept. 1999	April 1999 - March 2000
<b>Retained earnings, beginning balance</b>			
- Retained earnings brought forward from previous year	¥229,414	¥208,666	¥208,666
- Adjustment of retained earnings for newly applied tax allocation	-	15,965	15,965
<b>Total</b>	<b>229,414</b>	<b>224,631</b>	<b>224,631</b>
<b>Decrease in retained earnings</b>			
- Dividends	3,409	3,408	6,372
- Bonus for Board of Directors	15	115	115
- Other	-	(1)	4
Total decrease	3,424	3,523	6,492
<b>Net income</b>	<b>8,865</b>	<b>2,709</b>	<b>11,275</b>
<b>Retained earnings, ending balance</b>	<b>¥234,854</b>	<b>¥223,817</b>	<b>¥229,414</b>

**EISAI CO., LTD.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**April 1 to September 30, 2000 and 1999 and April 1, 1999 to March 31, 2000**

(Millions of yen)

Periods	Apr. 2000 Sept. 2000	Apr. 1999 Sept. 1999	Inc./Dec	Apr. 1999 Mar. 2000
<b>I. Operating activities:</b>				
Income before income taxes	¥16,193	¥9,343	¥6,850	¥25,536
Depreciation and amortization	7,226	6,952	273	15,135
Increase (decrease) in allowance for doubtful accounts	13	(110)	124	225
Interest and dividend income	(1,405)	(1,301)	(103)	(2,388)
Interest expense	548	477	70	1,134
Equity in earnings	(11)	(183)	171	(248)
Loss on disposal of fixed assets	121	560	(439)	253
Retirement allowance trust income	(1,382)	-	(1,382)	-
Retirement allowance standards change loss	15,128	-	15,128	-
Provision for retirement allowances-previous standard	-	1,070	(1,070)	4,530
Provision for retirement allowances-new standard	5,773	-	5,773	-
Gain on sales of securities, investments	23	(114)	138	(216)
Securities investments evaluation loss	131	(217)	348	685
Losses on vitamin E cases	1,561	9,731	(8,170)	9,971
Decrease in trade receivables	(2,916)	(1,164)	(1,751)	2,791
Increase (decrease) in inventories	1,769	(2,310)	4,080	(3,584)
Increase (decrease) in trade payables	(1,272)	1,718	(2,991)	1,537
Increase in reserve for rebates of sales	5,197	21	5,176	2,062
Others	5,202	11,722	(6,519)	2,580
Sub-total	51,901	36,195	15,705	60,004
Interest and dividends received	1,431	1,303	127	2,653
Interest paid	(501)	(471)	(29)	(944)
Payments on vitamin E cases	(266)	(217)	(49)	(9,748)
Cash paid for income taxes	(9,328)	(14,766)	5,437	(24,791)
Net cash provided by operating activities	43,236	22,044	21,192	27,174
<b>II. Investing activities:</b>				
Purchases of short-term investments	(8,558)	(11,667)	3,109	(25,074)
Proceeds from sales and maturities of short-term investments	6,534	16,572	(10,037)	31,607
Purchases of property, plant and equipment	(5,545)	(5,628)	83	(13,022)
Proceeds from sales of property, plant and equipment	238	96	142	1,091
Purchases of intangible assets	(1,060)	(2,274)	1,213	(3,280)
Purchases of investment securities	(12,289)	(132)	(12,157)	(533)
Proceeds from sales of investment securities	7,521	220	7,300	220
Increase (decrease) in time deposits (exceeding 3 months)	(16,343)	1,653	(17,997)	3,045
Others	695	416	279	1,901
Net cash used in investing activities	(28,807)	(742)	(28,065)	(4,043)
<b>III. Financing activities:</b>				
Increase in short-term bank borrowings	87	90	(3)	1,112
Proceeds from long-term borrowing	-	-	-	100
Repayment of long-term debt	(50)	(29)	(20)	(58)
Issuance of corporate bond receipt	-	-	-	100
Corporate bond repayment	-	-	-	(10,200)
Increase (decrease) in treasury stock	(73)	10	(84)	7
Dividends paid	(3,409)	(3,408)	(0)	(6,372)
Dividends paid to minority interests	(44)	(46)	1	(46)
Net cash used in financing activities	(3,489)	(3,383)	(106)	(15,357)
<b>Effect of exchange rate changes on cash and cash equiv.</b>	<b>(180)</b>	<b>(3,593)</b>	<b>3,413</b>	<b>(2,446)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>10,758</b>	<b>14,324</b>	<b>(3,565)</b>	<b>5,326</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>52,555</b>	<b>46,918</b>	<b>5,637</b>	<b>46,918</b>
Newly consolidated subsidiaries cash and cash equivalents at beginning of year	-	310	(310)	310
<b>Cash and cash equivalents at end of year</b>	<b>¥63,314</b>	<b>¥61,553</b>	<b>¥1,760</b>	<b>¥52,555</b>

## **BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS**

### **I. Scope of consolidation**

Consolidated subsidiaries : 35 Companies    Major subsidiaries:  
Sanko Junyaku Co., Ltd.  
Eisai Corporation of North America

Unconsolidated subsidiaries : 1 Company

### **II. Number of Companies to which Equity Method was Applied**

Unconsolidated subsidiaries: 1 Company

Associated companies: 5 Companies

### **III. Treatment of Subsidiary in which the Semiannual Period End is Other than that of the Parent Company**

The semiannual period end of Eisai (Suzhou) Pharmaceutical Co., Ltd is June 30. The financial statements of Eisai (Suzhou) Pharmaceutical Co., Ltd., are prepared based on business transactions as of June 30, 2000 with necessary adjustments for material transactions being made in the Parent company's financial statements subsequent to that date.

### **IV. Significant Accounting Policies**

#### **1. Standards and Methods for Evaluating Major Assets**

##### **(1) Inventories**

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

##### **(2) Marketable and Non-marketable Securities**

Market price method based on the fair market price as of the date of the interim settlement of accounts (any balance resulting from valuation of securities shall be directly entered into shareholders' equity, while any cost of sales of marketable securities shall be calculated based on a moving average cost method). Non-marketable securities are calculated based on a moving average cost method.

##### **(3) Derivatives**

Derivatives are stated at market value.

#### **2. Depreciation of Fixed Assets**

##### **(1) Property, plant and equipment**

The Company and its domestic consolidated subsidiaries primarily use the declining-balance method. Consolidated subsidiaries outside Japan primarily use the straight-line method.

##### **(2) Intangible assets**

Amortization for intangible assets is computed by the same method in the Company and all consolidated subsidiaries. Amortization for software utilized internally is computed by the straight-line method over useful lives of five (5) years. Amortization of other intangible assets is computed on a straight-line method basis.

#### **3. Deferred charges**

Stock issuance costs are charged to income as incurred. Organization costs incurred in certain subsidiaries are capitalized as deferred charges.

#### **4. Accounting Standards for Major Reserves**

##### **(1) Allowance for doubtful receivables**

It is stated at such an amount as estimated based on historical loss ratios after auditing doubtful receivables to estimate the possibility of collection.

##### **(2) Reserve for rebates of sales**

It is stated at an amount produced by multiplying inventories of distributors at the end of the interim period by the last rebate ratio, in order to provide for expenditure of sales rebate which is expected to be incurred after the end of the interim period. In addition, a portion of the rebates of sales in consolidated subsidiaries is calculated using a rebate percentage associated with sales amounts at the end of the interim period.

However, if a portion of the consolidated subsidiaries reserve for rebates of sales for this interim period (¥10,705 million), is determined in the future not to be material it will be included in the category of Others in the current liabilities. From this interim period the amounts are expected to be higher in comparison to sales amounts thus it will be stated in the category of Reserve for rebates of sales. In addition, in the Others category of Current liabilities the previous amounts associated with the Reserve of Rebates of Sales for the previous year's interim period and for the last year end period were ¥3,396 million and ¥5,343 million respectively.

##### **(3) Other reserves**

###### **(a) Reserve for returns of goods sold**

For the Company and its consolidated subsidiaries in Japan, a reserve is provided at an amount sufficient to cover possible losses on sales returns. It is stated at the maximum amount permitted to be charged to income under the Japanese income tax law.

###### **(b) Reserve for write-off of goods returned**

The reserve for write-off of goods returned is provided at an amount sufficient to cover possible losses on write-off of goods returned. It is stated at an amount calculated by the average of returns of goods sold and the write-off of goods returned over 18 months.

##### **(4) Retirement allowances reserve**

The retirement benefits for employees is stated at the amount deemed to have been incurred at the interim period under review based on the estimated value of the liabilities for retirement benefits and pension fund as at March 31, 2001 for the future payment of retirement benefits. The unfunded accrual resulting from the change in retirement benefit standards (¥32,357 million) was offset by the placement of securities into a retirement benefit trust at a market value of ¥15,128 million (book value ¥13,745 million) and recorded as a special loss. The remaining unfunded amount of ¥17,229 million as well as ¥771 million for retirement benefits in consolidated subsidiaries in Japan will be funded as operating costs in average equal amounts over a five year period.

##### **(5) Severance allowances for Board of Directors and Statutory Auditors**

The reserve for severance benefits for Board of Directors and Statutory Auditors is provided in the amount required in accordance with internal regulations.



## **5. Standards for translation of principal assets and liabilities in foreign currencies into Yen**

Credits and debts in foreign currency are translated into Yen based on the spot rate as of the date of the interim settlement of accounts and any difference arising out of the transition is stated as a profit and loss on the balance sheet. Assets and liabilities of subsidiaries outside Japan are translated into Yen based on the spot rate as of the date of the interim settlement of accounts, income, and expense thereof are translated into Yen based on the average rate during the interim period and any difference arising out of such translation is included in the foreign currency translation adjustment account in shareholders' equity.

## **6. Leases**

Finance leases that do not transfer ownership of the leased property to the lessee are accounted for as an operating lease for the Company and subsidiaries in Japan. For subsidiaries outside Japan, finance leases are accounted for as substantially the sale of property.

## **7. Methods of hedge accounting**

Gains or losses on or the changes in the measurement of the hedging instruments that are measured at fair value are deferred as an asset or liability until the gains and losses on the hedged items are recognized.

Receivables or payables denominated in foreign currency hedged by forward currency exchange contract are translated using the contract rate. The gains or losses arising from the difference between the contract rate and the current rate at the contract date are amortized over the contract period.

## **8. Consumption taxes**

Income and expenses are recorded net of consumption taxes.

## **V. Scope of Funds in the Consolidated Statements of Cash Flows**

Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand, demand deposits, and short-term investments that are readily convertible into cash, are exposed to insignificant risk of changes in value and are redeemable in three months or less.

## **ADDITIONAL INFORMATION TO THE BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Accounting standards applied to retirement allowance**

The accounting standard for retirement allowances ("Statement relating to the establishment of accounting standards applied to retirement allowances," June 16, 1998, the Business Accounting Council) has been applied to the interim period under review.

The result of this application is an increase in retirement allowance costs in comparison to the previous period of ¥16,050 million with a reduction in ordinary income of ¥2,063 million and net income of ¥15,808 million.

In addition, the amounts provided at the end of the previous fiscal year for retirement allowances and pension funds were transferred at the beginning of the interim period under review.

## 2. Accounting standards applied to financial instruments

The accounting standard for financial instruments ("Statement relating to the establishment of accounting standards applied to financial instruments", January 22, 1999, the Business Accounting Council) has been applied to the interim period under review. Accordingly ordinary profit and income before income tax were reduced by ¥954 million respectively.

Taking into consideration the purpose of holding securities, a current portion of bonds, as well as fund trusts with maturities of less than one year and money management funds was previously included in short-term investments is now presented as investments in securities in Investments and other assets. Consequently, short-term investments decreased by ¥76,091 million and investments in securities increased by a corresponding amount.

## 3. Foreign currency treatment policies

The accounting standard for transactions in foreign currencies as amended, ("Statement relating to the amendment of accounting standards applied to transactions in foreign currencies," October 22, 1999, the Business Accounting Council) has been applied to the interim period under review. Any amount affected by this change is negligible.

In addition, in the previous fiscal year foreign currency translation adjustments were recorded in total assets and from this interim period it is recorded in Shareholders' equity or minority interests.

## NOTES TO THE INCOME STATEMENT

### 1. Losses on vitamin E cases

Special losses recorded in the interim period under review (Losses on vitamin E cases) amounted to ¥1,561 million and were associated with civil settlements reached with indirect purchasers of synthetic vitamin E in the United States. Information on this issue outside of that noted above regarding damage compensation is not specified, thus, excluding the impact already recorded in the previous year's consolidated accounts, the impact to the semiannual financial statements could not be estimated.

## NOTES TO BALANCE SHEETS

	September-30-2000	March-31-2000	September-30-1999
1. Accumulated depreciation of property, plant, and equipment	¥144,422 mil.	¥141,103 mil.	¥136,623 mil.
2. Pledged assets	1,293 mil.	1,323 mil.	1,342 mil.
3. Trade notes receivable discounted	554 mil.	618 mil.	823 mil.
4. Matured trade notes receivable	¥488 mil.	--	--
5. Treasury stock	28,591 shares	14,984 shares	13,002 shares

## NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation between cash and cash equivalents and the related accounts shown in the consolidated balance sheets at semiannual period end.

	<b>September-30-2000</b>	September-30-1999	March-31-2000
Cash and time deposits	¥74,614 mil.	¥54,762 mil.	¥49,122 mil.
Marketable securities	26,854 mil.	106,551 mil.	99,276 mil.
<b>Total</b>	<b>¥101,469 mil.</b>	<b>¥161,314 mil.</b>	<b>¥148,398 mil.</b>

Time deposits in which maturities are over three months	<b>(¥22,695 mil.)</b>	(¥7,765 mil.)	(¥6,318 mil.)
Marketable securities including long-term type investments	<b>(15,458 mil.)</b>	(91,995 mil.)	(89,524 mil.)
Cash and cash equivalents	<b>¥63,314 mil.</b>	¥61,553 mil.	¥52,555 mil.

## NOTES TO LEASE TRANSACTIONS

1 Finance leases other than those that transfer ownership of the leased property to the lessee

(1) Acquisition cost, Accumulated depreciation, Net balance (Millions of yen)

	<b>Sep-30-2000</b>	<b>Sep-30-1999</b>	<b>Mar-31-2000</b>
<b>Buildings and Structures:</b>			
Acquisition cost	¥2	¥2	¥2
Accumulated depreciation	0	0	0
<b>Net balance</b>	<b>¥2</b>	<b>¥2</b>	<b>¥2</b>

<b>Machinery and Vehicles:</b>			
Acquisition cost	¥815	¥365	¥803
Accumulated depreciation	244	172	180
<b>Net balance</b>	<b>¥571</b>	<b>¥192</b>	<b>¥623</b>

<b>Others</b>			
Acquisition cost	¥4,762	¥6,367	¥4,902
Accumulated depreciation	3,020	4,003	2,829
<b>Net balance</b>	<b>¥1,742</b>	<b>¥2,363</b>	<b>¥2,072</b>

<b>Total:</b>			
Acquisition cost	¥5,580	¥6,735	¥5,709
Accumulated depreciation	3,265	4,176	3,011
<b>Net balance</b>	<b>¥2,315</b>	<b>¥2,558</b>	<b>¥2,698</b>

(2) Future minimum lease payments (Millions of yen)

	<b>Sep-30-2000</b>	<b>Sep-30-1999</b>	<b>Mar-31-2000</b>
Due within one year	¥1,096	¥1,294	¥1,207
Due over one year	1,301	1,314	1,540
<b>Total</b>	<b>¥2,397</b>	<b>¥2,609</b>	<b>¥2,747</b>

(3) Actual lease payments, Depreciation charges, Interest payments (Millions of yen)

Periods Ended	<b>Sep-30-2000</b>	<b>Sep-30-1999</b>	<b>Mar-31-2000</b>
Actual lease payments	¥690	¥811	¥1,565
Depreciation charges	637	789	1,505
Interest payments	¥45	¥54	¥109

- (4) Depreciation charges for leased assets are calculated using the straight-line method. The lease period is considered to be the useful life of the leased asset.
- (5) Interest payments for leased assets are calculated based on the differences between the lease fees and the respective assets' acquisition cost, which is considered to be interest-bearing. The allocation of interest payments to specific terms is in accordance with the interest method.

## 2. Operating Leases

(Millions of yen)

Periods Ended	Sep-30-2000	Sep-30-1999	Mar-31-2000
Due within one year	¥621	¥480	¥641
Due over one year	2,099	2,640	1,919
Total	¥2,721	¥3,121	¥2,561

## SEGMENT INFORMATION

### 1. Industry Segment Information

#### 1) For the semiannual period ended September 30, 2000

(Millions of yen)

	Pharmaceuticals	Other	Total	Eliminations and Corporate	Consolidated
Sales and operating income					
(1) Sales to customers	¥160,579	¥14,367	¥174,947	-	¥174,947
(2) Intersegment sales	29	4,804	4,833	(¥4,833)	-
Total sales	160,608	19,172	179,781	(4,833)	174,947
Operating expenses	124,053	20,408	144,462	(611)	143,850
Operating income (loss)	¥36,554	(¥1,236)	¥35,318	(¥4,222)	¥31,096

#### 2) For the semiannual period ended September 30, 1999

(Millions of yen)

	Pharmaceuticals	Other	Total	Eliminations and Corporate	Consolidated
Sales and operating income					
(1) Sales to customers	¥131,430	¥16,683	¥148,114	-	¥148,114
(2) Intersegment sales	8	4,253	4,261	(¥4,261)	-
Total sales	131,439	20,937	152,376	(4,261)	148,114
Operating expenses	108,773	20,286	129,059	(459)	128,600
Operating income (loss)	¥22,665	¥651	¥23,316	(¥3,802)	¥19,513

#### 3) For the fiscal year ended March 31, 2000

(Millions of yen)

	Pharmaceuticals	Other	Total	Eliminations and Corporate	Consolidated
Sales and operating income					
(1) Sales to customers	¥270,871	¥31,598	¥302,470	-	¥302,470
(2) Intersegment sales	61	9,411	9,472	(¥9,472)	-
Total sales	270,933	41,010	311,943	(9,472)	302,470
Operating expenses	224,999	42,129	267,128	(1,790)	265,337
Operating income (loss)	¥45,934	(¥1,119)	¥44,814	(¥7,681)	¥37,132

#### Note:

- (1) The Company classifies its consolidated operations into two segments: Pharmaceuticals, including prescription pharmaceuticals, consumer health care products and diagnostics, and Other, 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; Diagnostics, etc; Others
Other	Animal health care; Feed additives; Food additives; Chemicals; Machinery; Others

(3) Operating expenses, which are not allocated to each segment and are included in Eliminations and Corporate, consist mainly of expenses incurred at the central administrative office.

For the year ended September 30, 2000: ¥3,861 million

For the year ended September 30, 1999: ¥3,593 million

For the year ended March 31, 2000: ¥7,672 million

## 2. Geographical Segment Information

1) For the semiannual period ended September 30, 2000 (Millions of yen)

	Japan	North America	Europe	Asia and Others	Total	Eliminations and Corporate	Consolidated
Sales and operating income							
(1) Sales to customers	¥123,547	¥42,595	¥6,731	¥2,072	¥174,947	–	¥174,947
(2) Intersegment sales	15,542	5,090	639	93	21,365	(¥21,365)	–
Total sales	139,090	47,685	7,370	2,166	196,312	(21,365)	174,947
Operating expenses	101,870	47,955	7,052	1,930	158,810	(14,959)	143,850
Operating income (loss)	¥37,219	(¥269)	¥317	¥235	¥37,502	(¥6,406)	¥31,096

2) For the semiannual period ended September 30, 1999 (Millions of yen)

	Japan	North America	Europe	Asia and Others	Total	Eliminations and Corporate	Consolidated
Sales and operating income							
(1) Sales to customers	¥111,090	¥30,450	¥5,426	¥1,146	¥148,114	–	¥148,114
(2) Intersegment sales	10,615	4,679	791	120	16,207	(¥16,207)	–
Total sales	121,706	35,130	6,217	1,267	164,322	(16,207)	148,114
Operating expenses	98,236	34,173	7,031	1,154	140,596	(11,995)	128,600
Operating income (loss)	¥23,469	¥957	(¥814)	¥112	¥23,726	(¥4,212)	¥19,513

3) For the fiscal year ended March 31, 2000 (Millions of yen)

	Japan	North America	Europe	Asia and Others	Total	Eliminations and Corporate	Consolidated
Sales and operating income							
(1) Sales to customers	¥223,529	¥64,613	¥11,540	¥2,786	¥302,47	–	¥302,470
(2) Intersegment sales	23,297	9,394	1,521	207	34,421	(¥34,421)	–
Total sales	246,826	74,008	13,062	2,994	336,891	(34,421)	302,470
Operating expenses	199,736	74,471	14,061	2,903	291,172	(25,834)	265,337
Operating income (loss)	¥47,089	(¥463)	(¥998)	¥90	¥45,719	(¥8,586)	¥37,132

Notes:

(1) Segmentation of country or areas are based on geographical proximity.

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

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

(3) Intersegment sales in Japan principally represent product sales from the Parent company to overseas subsidiaries. Intersegment sales in North America, Europe and Asia and Others are principally sales from overseas subsidiaries, which manage research and development for the Parent company.

(4) Operating expenses which are not allocated to each segment, and are included in Eliminations and Corporate, consist mainly of expenses incurred at the central administrative office.

For the year ended September 30, 2000: ¥3,861 million  
For the year ended September 30, 1999: ¥3,593 million  
For the year ended March 31, 2000: ¥7,672 million

### 3. Overseas Sales

1) For the semiannual period ended September 30, 2000 ( Millions of yen )

	North America	Europe	Asia and Others	Total
1. Overseas Sales	¥44,843	¥8,965	¥3,606	¥57,416
2. Consolidated Sales				¥174,947
3. Share of Overseas Sales	25.6%	5.1%	2.1%	32.8%

2) For the semiannual period ended September 30, 1999 ( Millions of yen )

	North America	Europe	Asia and Others	Total
1. Overseas Sales	¥32,479	¥7,380	¥3,335	¥43,196
2. Consolidated Sales				¥148,114
3. Share of Overseas Sales	21.9%	5.0%	2.3%	29.2%

3) For the fiscal year ended March 31, 2000 ( Millions of yen )

	North America	Europe	Asia and Others	Total
1. Overseas Sales	¥67,362	¥16,360	¥6,621	¥90,344
2. Consolidated Sales				¥302,470
3. Share of Overseas Sales	22.3%	5.4%	2.2%	29.9%

Note:

(1) Segmentation of the country or other areas are based on geographical proximity.

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

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

(3) Overseas sales are sales to customers located outside Japan from the Parent company and its subsidiaries.

## PRODUCTION, PRODUCTION BY ORDER AND SALES INFORMATION

### 1. Production Results

#### (1) Production Results

(Unit: Millions of Yen)

	<u>April 1, 2000 to September 30, 2000</u> Amount
Pharmaceuticals	¥153,856
Other	5,614
Total	¥159,470

#### (2) Product Purchases

(Unit: Millions of Yen)

	<u>April 1, 2000 to September 30, 2000</u> Amount
Pharmaceuticals	¥8,417
Other	5,864
Total	¥14,281

### 2. Production by Order

Eisai did not produce by order. Production was made based on sales forecasts.

### 3. Sales Results

(Unit: Millions of Yen, %)

<b>Sales Results by Business Segment</b>	<b>April 1, 2000 to September 30, 2000</b>	
	<b>Amount</b>	<b>%</b>
Pharmaceuticals	¥160,579 mil.	91.8
Japan	108,098 mil.	61.8
North America	42,273 mil.	24.2
Europe	7,716 mil.	4.4
Asia and Others	2,490 mil.	1.4
Other	14,367 mil.	8.2
Japan	9,432 mil.	5.4
North America	2,570 mil.	1.5
Europe	1,249 mil.	0.7
Asia and Others	1,116 mil.	0.6
Total	¥174,947 mil.	100.0

## SECURITIES

### 1. MARKET VALUE OF HELD-TO-MATURITY MARKETABLE BONDS

(Millions of yen)

	September 30-2000		
	Book value	Market value	Valuation Gain (Loss)
1. National bonds	¥--	¥--	¥--
2. Corporate bonds	51,454	51,493	38
3. Other	14	10	(4)
Total	¥51,469	¥51,503	¥34

### 2. MARKET VALUE OF OTHER MARKETABLE SECURITIES (Millions of yen)

	September 30-2000		
	Acquisition Cost	Balance Sheet book value	Valuation Gain (Loss)
1. Stocks	¥23,389	¥28,538	¥5,149
2. Bonds	282	288	5
National bonds	10	10	-
Corporate bonds	272	277	5
Other	-	-	-
3. Other	11,457	11,389	(68)
Total	¥35,130	¥40,216	¥5,086

### 3. The following securities have been excluded from the above table:

(Millions of yen)

#### 1. Securities held to Maturity

	<b>September-30-2000</b>
Unlisted foreign bonds	¥ --

#### 2. Other securities

	<b>September-30-2000</b>
Unlisted stocks, except OTC traded stocks	¥1,451
Unlisted foreign bonds	--
Money management fund	10,148
Mid-term domestic bond fund	1,050
Free financial funds	¥200



## DERIVATIVE FINANCIAL INSTRUMENTS

### CURRENCY RELATED DERIVATIVES

(Unit: Millions of yen)

Type	Period Ended September-30-2000			Valuation Gain(Loss)
	Contract amount	Over 1 Year	Fair value	
Forward exchange contracts				
Yen	¥6,521	-	¥6,222	(¥299)
Total	¥6,521	-	¥6,222	(¥299)

Notes:

1. Market value calculation methods:

The fair market values of these quotations were estimated based on market quotations.

2. In the interim period for the year ending March 2001, derivative transactions to which hedge accounting applies are omitted.

# 1. NON-CONSOLIDATED SEMIANNUAL FINANCIAL RESULTS

(April 1, 2000 – September 30, 2000)

## (1) RESULTS OF SEMIANNUAL OPERATIONS

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 2000 – September 30, 2000	¥131,146 mil.	15.1%	¥32,962 mil.	70.0%	¥33,549 mil.	72.9%
April 1, 1999 – September 30, 1999	¥113,922 mil.	(1.4)%	¥19,391 mil.	(1.4)%	¥19,399 mil.	42.7%
April 1, 1999 – March 31, 2000	¥230,597 mil.		¥38,740 mil.		¥38,431 mil.	

Period	Net Income	Percent Change	Earnings per Share (EPS)
April 1, 2000 – September 30, 2000	¥6,535 mil.	77.8%	¥22.05
April 1, 1999 – September 30, 1999	¥3,676 mil.	(36.0)%	¥12.40
April 1, 1999 – March 31, 2000	¥12,045 mil.		¥40.63

Note 1: Average number of shares outstanding:

- First half of fiscal year ended September 30, 2000: 296,451,156
- First half of fiscal year ended September 30, 1999: 296,421,751
- Fiscal year ended March 31, 2000: 296,434,525

Note 2: There has been no accounting method change.

Note 3: Percentage increase (decrease) is in comparison to the periods ended September 30, 1999 and 1998.

## (2) DIVIDENDS

Period	Dividends per Share	
	Semiannual	Annual
April 1, 2000 – September 30, 2000	¥10.00	–
April 1, 1999 – September 30, 1999	¥10.00	–
April 1, 1999 – March 31, 2000	–	¥21.50

## (3) FINANCIAL POSITION

Date	Total Assets	Shareholders' Equity	Equity Ratio	Shareholders' Equity per Share
As of September 30, 2000	¥457,531 mil.	¥341,007 mil.	74.5%	¥1,150.30
September 30, 1999	¥447,476 mil.	¥329,508 mil.	73.6%	¥1,111.62
March 31, 2000	¥438,281 mil.	¥334,962 mil.	76.4%	¥1,129.91

Note: Number of shares issued and outstanding:

- As of September 30, 2000: 296,451,253
- As of September 30, 1999: 296,421,751
- As of March 31, 2000: 296,450,675

## 2. FORECASTED NON-CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2001

Period	Net Sales	Ordinary Income	Net Income	Dividends per Share	
				Year End	Annual
April 1, 2000– March 31, 2001	¥252,000 mil.	¥54,500 mil.	¥16,500 mil.	¥11.50	¥21.50

Note: Forecast Annual Earnings per Share (EPS): ¥55.66

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

**EISAI CO., LTD.**  
**NON-CONSOLIDATED SEMIANNUAL STATEMENTS OF INCOME**  
**September 30, 2000 and 1999 and March 31, 1999**

(Millions of Yen)

	Apr. 1, 2000- Sep. 30, 2000	Apr. 1, 1999- Sep. 30, 1999	Increase (Decrease)	Apr. 1, 1999- Mar. 31, 2000
<b>Net sales</b>	<b>¥131,146</b>	<b>¥113,922</b>	<b>¥17,223</b>	<b>¥230,597</b>
Cost of sales	41,606	38,879	2,726	78,808
Reversal of reserve for sales returns	95	51	44	87
<b>Gross profit</b>	<b>89,635</b>	<b>75,093</b>	<b>14,541</b>	<b>151,876</b>
Research and development expenses	21,593	22,710	(1,117)	45,003
Selling, general and administrative expenses	35,079	32,991	2,088	68,133
<b>Operating income</b>	<b>32,962</b>	<b>19,391</b>	<b>13,571</b>	<b>38,740</b>
<b>Non-operating income:</b>				
Interest and dividend income	856	880	(23)	1,589
Other non-operating income	604	996	(391)	1,634
Total non-operating income	1,461	1,877	(415)	3,223
<b>Non-operating expenses:</b>				
Interest expense	284	370	(86)	687
Other non-operating expenses	590	1,498	(907)	2,844
Total non-operating expenses	875	1,868	(993)	3,532
<b>Ordinary income</b>	<b>33,549</b>	<b>19,399</b>	<b>14,149</b>	<b>38,431</b>
<b>Special profit:</b>				
Gain on sales of property	0	34	(33)	55
Profit on sales of investments in securities	-	107	(107)	107
Retirement allowances trust income	1,382	-	1,382	-
Reversal of allowance for doubtful receivables	83	160	(77)	167
Total special profit	1,466	301	1,165	329
<b>Special loss:</b>				
Loss on disposal of property	181	209	(28)	754
Losses in subsidiaries	5,596	-	5,596	449
Retirement allowance standards change loss	15,128	-	15,128	-
Losses on vitamin E cases	1,561	9,731	(8,170)	9,971
Other special losses	454	-	454	2,626
Total special losses	22,921	9,941	12,980	13,801
<b>Income before income taxes</b>	<b>12,094</b>	<b>9,760</b>	<b>2,334</b>	<b>24,959</b>
<b>Income taxes-current</b>	<b>17,368</b>	<b>9,453</b>	<b>7,915</b>	<b>16,683</b>
<b>Income taxes-deferred</b>	<b>(11,808)</b>	<b>(3,368)</b>	<b>(8,439)</b>	<b>(3,768)</b>
<b>Net income</b>	<b>6,535</b>	<b>3,676</b>	<b>2,858</b>	<b>12,045</b>
Retained earnings brought forward	5,337	5,891	(554)	5,891
Adjustment of retained earnings for previously applied tax allocation	-	14,338	(14,338)	14,338
Adjustment of deferred tax regarding earnings for reduction of assets cost	-	90	(90)	90
Interim dividends paid	-	-	-	2,964
Transfer to legal reserve	-	-	-	296
<b>Unappropriated retained earnings for the period</b>	<b>¥11,872</b>	<b>¥23,997</b>	<b>(¥12,124)</b>	<b>¥29,105</b>

## EISAI CO., LTD.

## NON-CONSOLIDATED SEMIANNUAL BALANCE SHEETS

September 30, 2000 and 1999 and March 31, 2000

(Millions of Yen)

ASSETS	September 30 2000	March 31 2000	Increase (Decrease)	September 30 1999
<b>Current assets:</b>				
Cash and time deposits	¥37,326	¥26,380	¥10,945	¥32,306
Notes receivable-trade	17,997	18,550	(553)	18,803
Accounts receivable-trade	88,880	82,307	6,572	84,405
Short-term investments	22,275	91,532	(69,256)	98,856
Inventories	24,382	25,201	(818)	24,297
Short-term deposits	4,809	4,809	-	-
Deferred tax assets	9,367	6,749	2,617	8,216
Other current assets	8,886	6,852	2,033	5,029
Allowance for doubtful receivables	(419)	(493)	73	(500)
<b>Total current assets</b>	<b>213,506</b>	<b>261,891</b>	<b>(48,384)</b>	<b>271,415</b>
<b>Fixed assets:</b>				
<b>Property, plant and equipment:</b>				
Buildings	36,873	37,679	(806)	38,505
Land	10,496	10,496	-	10,495
Others	18,727	21,108	(2,380)	20,728
<b>Total property, plant and equipment</b>	<b>66,097</b>	<b>69,285</b>	<b>(3,187)</b>	<b>69,729</b>
<b>Intangible assets:</b>				
Software	6,438	6,477	(39)	6,681
Patents, telephone rights and others	513	449	64	484
<b>Total intangible assets</b>	<b>6,952</b>	<b>6,927</b>	<b>25</b>	<b>7,165</b>
<b>Investments and other assets:</b>				
Investments in securities	74,346	5,142	69,203	4,759
Investments in subsidiaries	41,369	46,868	(5,498)	46,807
Deferred tax assets	18,461	11,357	7,103	9,490
Other investments	38,256	38,252	3	38,209
Allowance for doubtful receivables	(1,458)	(1,444)	(14)	(102)
<b>Total investments and other assets</b>	<b>170,975</b>	<b>100,176</b>	<b>70,798</b>	<b>99,165</b>
<b>Total fixed assets</b>	<b>244,025</b>	<b>176,389</b>	<b>67,635</b>	<b>176,060</b>
<b>Total assets</b>	<b>¥457,531</b>	<b>¥438,281</b>	<b>¥19,250</b>	<b>¥447,476</b>

**EISAI CO., LTD.**  
**NON-CONSOLIDATED SEMIANNUAL BALANCE SHEETS**

**September 30, 2000 and 1999 and March 31, 2000**

(Millions of Yen)

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>September 30 2000</b>	<b>March 31 2000</b>	<b>Increase (Decrease)</b>	<b>September 30 1999</b>
<b>Current liabilities:</b>				
Notes payable-trade	¥839	¥803	¥36	¥862
Accounts payable-trade	7,107	7,928	(821)	8,864
Current portion of straight bonds	10,000	10,000	-	10,000
Current portion of long-term borrowing	1,000	1,000	-	-
Accrued income taxes	16,719	7,615	9,103	10,054
Consumption tax payable	1,499	802	697	919
Accrued expenses	12,996	14,323	(1,326)	16,170
Reserve for rebates of sales	647	678	(30)	746
Other reserves	864	1,021	(157)	1,099
Other current liabilities	16,529	13,074	3,455	14,414
<b>Total current liabilities</b>	<b>68,204</b>	<b>57,245</b>	<b>10,958</b>	<b>63,133</b>
<b>Long-term liabilities:</b>				
Straight bonds	10,000	10,000	-	20,000
Convertible bonds	5,488	5,489	(1)	5,539
Long-term borrowing	-	-	-	1,000
Retirement allowances	-	27,928	(27,928)	26,498
Retirement allowances reserve	30,153	-	30,153	-
Retirement allowances for Board of Directors	1,659	1,885	(226)	1,797
Provision for losses on investments in subsidiaries	1,020	770	250	-
<b>Total long-term liabilities</b>	<b>48,320</b>	<b>46,072</b>	<b>2,247</b>	<b>54,835</b>
<b>Total liabilities</b>	<b>116,524</b>	<b>103,318</b>	<b>13,206</b>	<b>117,968</b>
<b>Shareholders' equity</b>				
Common stock	44,885	44,885	0	44,860
Additional paid-in capital	55,122	55,122	0	55,097
Legal reserve	7,203	6,843	360	6,546
Retained earnings:				
Retained earnings				
for reduction of assets cost	125	126	(0)	126
General reserve	218,880	198,880	20,000	198,880
Unappropriated retained earnings				
for the period	11,872	29,105	(17,232)	23,997
Net unrealized gains on securities	2,917	-	2,917	-
<b>Total shareholders' equity</b>	<b>341,007</b>	<b>334,962</b>	<b>6,044</b>	<b>329,508</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥457,531</b>	<b>¥438,281</b>	<b>¥19,250</b>	<b>¥447,476</b>

## **BASIS OF PRESENTING NON-CONSOLIDATED SEMIANNUAL FINANCIAL STATEMENTS**

### **1. Standards and Methods for Evaluating Major Assets**

#### **(1) Inventories**

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

#### **(2) Marketable and Investment Securities**

Market price method based on the fair market price as of the date of the interim settlement of accounts (any balance resulting from valuation of securities shall be directly entered into shareholders' equity, while any costs of sales of marketable securities shall be calculated based on the moving cost method). Non-marketable securities are calculated based on a moving average cost method.

#### **(3) Derivatives**

Derivatives are stated at market value.

### **2. Depreciation of Fixed Assets**

#### **(1) Property, plant and equipment**

The Company uses the declining-balance method.

#### **(2) Intangible assets**

Amortization for software utilized internally is computed by the straight-line method over useful lives of five (5) years. Amortization of other intangible assets is computed on a straight-line method basis.

#### **(3) Long-term prepaid expenses**

Amortization for long-term prepaid expenses is computed according to the Japanese Income Tax Law with uniform (parity) depreciation amounts.

### **3. Deferred charges**

Stock issuance costs are charged to income as incurred.

### **4. Accounting Standards for Major Reserves**

#### **(1) Allowance for doubtful receivables**

It is stated at such an amount as estimated based on historical loss ratios after auditing doubtful receivables to estimate the possibility of collection.

#### **(2) Reserve for rebates of sales**

It is stated at an amount produced by multiplying the inventories of distributors at the end of the interim period by the last rebate ratio, in order to provide for expenditure of sales rebate which is expected to be incurred after the end of the interim period.

### **(3) Other reserves**

#### **(a) Reserve for returns of goods sold**

For the Company a reserve is provided at an amount sufficient to cover possible losses on sales returns. It is stated at the maximum amount permitted to be charged to income under the Japanese income tax law.

#### **(b) Reserve for write-off of goods returned**

The reserve for write-off of goods returned is provided at an amount sufficient to cover possible losses on write-off of goods returned. It is stated at an amount calculated by the average of returns of goods sold and the write-off of goods returned over the 18 months.

### **(4) Retirement allowances reserve**

The retirement benefits for employees is stated at the amount deemed to have been incurred at the interim period under review based on the estimated value of the liabilities for retirement benefits and pension fund as at March 31, 2001 for the future payment of retirement benefits. The unfunded accrual resulting from the change in retirement benefit standards (¥32,357 million) was offset by the placement of securities into a retirement benefit trust at a market value of ¥15,128 million (book value ¥13,745 million) and recorded as a special loss. The remaining unfunded amount of ¥17,229 million will be funded as operating costs in average equal amounts over a five year period.

### **(5) Severance benefits for Board of Directors and Statutory Auditors**

The reserve for severance benefits for Board of Directors and Statutory Auditors is provided in the amount required in accordance with internal regulations.

### **(6) Provision for losses on investments in subsidiaries**

The reserve for losses on investments in subsidiaries is provided at an estimated loss computed in accordance with financial conditions in the subsidiary.

## **5. Standards for translation of principal assets and liabilities in foreign currencies into Yen**

Credits and debts in foreign currency are translated into Yen based on the spot rate as of the date of the interim settlement of accounts and any difference arising out of the transition is stated as a profit and loss on the balance sheet.

## **6. Leases**

Finance leases other than those that transfer ownership of the leased property to the lessee are accounted for as rental transactions.

## **7. Methods of hedge accounting**

Gains or losses on or the changes in the measurement of the hedging instruments that are measured at fair value are deferred as an asset or liability until the gains and losses on the hedged items are recognized.

Receivables or payables denominated in foreign currency hedged by forward currency exchange contract are translated using the contract rate. The gains or losses arising from the difference between the contract rate and the current rate at the contract date are amortized over the contract period.

## **8. Consumption taxes**

Income and expenses are recorded net of consumption taxes.

### **ADDITIONAL INFORMATION**

#### **1. Accounting standards applied to retirement allowances**

The accounting standard for retirement benefits ("Statement relating to the establishment of accounting standards applied to retirement benefits," June 16, 1998, the Business Accounting Council) has been applied to the interim period under review.

The result of this application is an increase in retirement benefits costs in comparison to the previous period of ¥15,970 million with a reduction in ordinary income of ¥1,983 million and net income of ¥15,728 million.

In addition, the amounts provided at the end of the previous fiscal year for retirement benefits and pension funds were transferred at the beginning of the interim period under review.

#### **2. Accounting standards applied to financial instruments**

The accounting standard for financial instruments ("Statement relating to the establishment of accounting standards applied to financial instruments", January 22, 1999, the Business Accounting Council) has been applied to the interim period under review. Accordingly ordinary profit and net profit were reduced by ¥947 million and ¥4,648 million respectively.

Taking into consideration the purpose of holding securities, a current portion of bonds, as well as investment securities with maturities of less than one year and money management funds are classified as "Short-term investment" while other securities are included in "Investments in securities." Consequently, short-term investments decreased by ¥73,821 million and "investments in securities" increased by a corresponding amount.



### 3. Foreign currency treatment policies

The accounting standard for transactions in foreign currencies as amended, ("Statement relating to the amendment of accounting standards applied to transactions in foreign currencies," October 22, 1999, the Business Accounting Council) has been applied to the interim period under review. This change had no impact on the financial accounts in the period under review.

### NOTES TO THE SEMIANNUAL FINANCIAL STATEMENTS

	Sep-30-2000	Sep-30-1999	Mar-31-1999
1. Accumulated depreciation of property, plant and equipment	¥124,210 mil.	¥119,419 mil.	¥122,595 mil.
2. Treasury stock	28,591 shares	13,002 shares	14,984 shares

	Number of shares issued	Increase of common stock	Conversion price
3. Shares issued during the period:  4th unsecured convertible bond	578 shares	¥499 Thousand	1,728.60 yen

#### 4. Losses on Vitamin E cases

Special losses recorded in the interim period under review (Losses on vitamin E cases) amounted to ¥1,561 million and were associated with civil settlements reached with indirect purchasers of synthetic vitamin E in the United States. Information on this issue outside of that noted above regarding damage compensation is not specified, thus, excluding the impact already recorded in the previous year's consolidated accounts, the impact to the semiannual financial statements could not be estimated.

#### 5. Other Special Losses

Losses in subsidiaries	¥250 million
Losses on golf membership evaluations	¥73 million
Write down on investment securities	¥130 million

#### 6. Escrow Account

An escrow account was created for expenses associated with the settlement of direct users and other civil cases involving the sales of vitamin E in the United States.

#### 7. Treatment of Accounts at Closing Date

The standard for accounts maturity dates are those occurring at the exchange date.

However, the end of this interim period occurred on a date whereby financial institutions were closed thus the balance exchange date was that of the following business day. The amount noted below is included in "Current Assets."

Accounts Receivable      ¥401 million

## NOTES TO LEASE TRANSACTIONS

- 1 Finance leases other than those that transfer ownership of the leased property to the lessee

- (1) Acquisition cost, Accumulated depreciation, Net balance (Millions of yen)

	Sep-30-2000	Sep-30-1999	Mar-31-2000
<b>Vehicles:</b>			
Acquisition cost	¥50	¥22	¥39
Accumulated depreciation	24	13	17
Net balance	¥26	¥9	¥21
<b>Tools, furniture and fixtures:</b>			
Acquisition cost	¥3,970	¥5,542	¥4,079
Accumulated depreciation	2,643	3,685	2,485
Net balance	¥1,327	¥1,856	¥1,594
<b>Computer Software:</b>			
Acquisition cost	¥208	¥211	¥211
Accumulated depreciation	123	82	82
Net balance	¥85	¥129	¥129
<b>Total:</b>			
Acquisition cost	¥4,229	¥5,776	¥4,329
Accumulated depreciation	2,790	3,780	2,584
Net balance	¥1,439	¥1,995	¥1,744

- (2) Future minimum lease payments (Millions of yen)

	Sep-30-2000	Sep-30-1999	Mar-31-2000
Due within one year	¥859	¥1,334	¥982
Due over one year	643	930	838
Total	¥1,503	¥2,065	¥1,820

- (3) Actual lease payments, Depreciation charges, Interest payments (Millions of yen)

	Sep-30-2000	Sep-30-1999	Mar-31-2000
Actual lease payments	¥559	¥716	¥1,333
Depreciation charges	517	702	1,293
Interest payments	¥31	¥46	¥84

- (4) Depreciation charges for leased assets are calculated using the straight-line method. The lease period is considered to be the useful life of the leased asset.
- (5) Interest payments for leased assets are calculated based on the differences between the lease fees and the respective assets' acquisition cost, which is considered to be interest-bearing. The allocation of interest payments to specific terms is in accordance with the interest method.

## 2. Operating Leases

(Millions of yen)

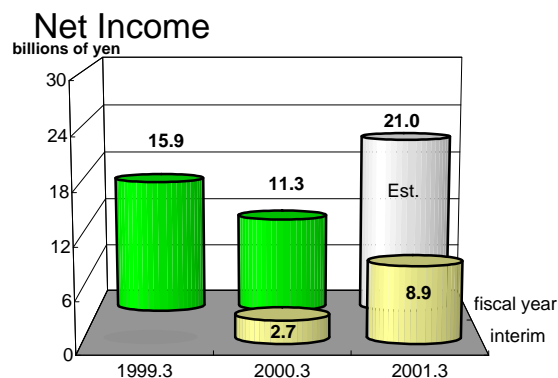
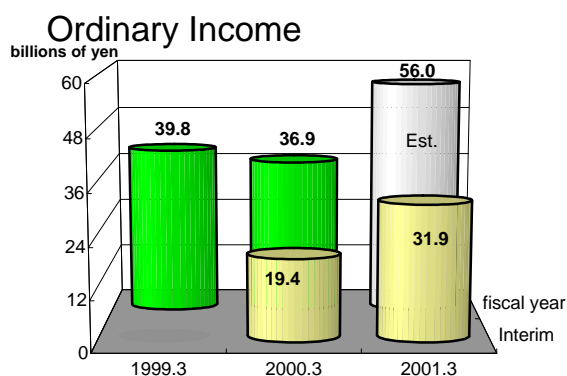
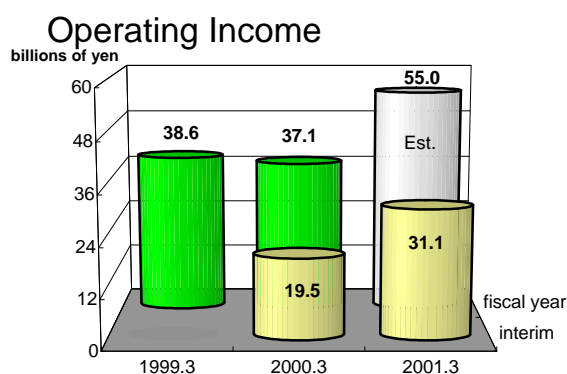
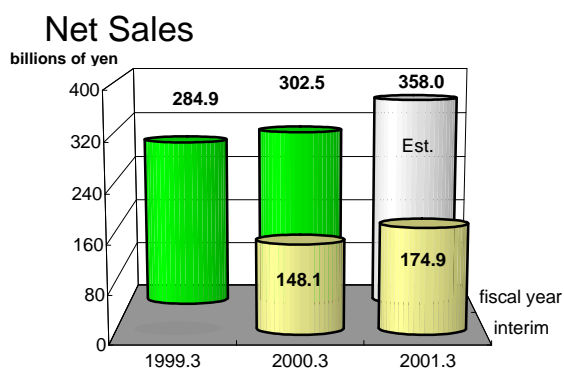
	<b>Sep-30-2000</b>	<b>Sep-30-1999</b>	<b>Mar-31-2000</b>
Due within one year	-	¥1	-
Due over one year	-	-	-
Total	-	¥1	-

# I. Financial Highlights

Years Ended March 31	2000	2001		2000	2001 (e)
Interim Apr-Sept	Interim	Interim	% Change		
<b>&lt; Statements of Income Data &gt;</b>					
Net Sales (billions of yen )	148.1	<b>174.9</b>	118.1	302.5	358.0
Operating Income ( billions of yen )	19.5	<b>31.1</b>	159.4	37.1	55.0
Ordinary Income ( billions of yen )	19.4	<b>31.9</b>	163.9	36.9	56.0
Net Income ( billions of yen )	2.7	<b>8.9</b>	327.2	11.3	21.0
Earnings per Share ( yen )	18.3	<b>59.8</b>		38.0	70.8
Fully Diluted Earnings per Share ( yen )	18.2	<b>59.3</b>		37.7	-
<b>&lt; Balance Sheets Data &gt;</b>					
Total Assets ( billions of yen )	495.2	<b>513.0</b>		485.7	-
Shareholders' Equity ( billions of yen )	323.7	<b>332.3</b>		329.4	-
<b>&lt; Others &gt;</b>					
Return on Equity (ROE) (Period Begin-End Average) (%)	1.7	<b>5.4</b>		3.5	-
Return on Assets (ROA) (Period Begin-End Average) (%)	1.1	<b>3.6</b>		2.4	-
Turnover Ratio of Total Assets (Period Begin-End Average ) (Times)	0.62	<b>0.70</b>		0.64	-
Equity Ratio ( % )	65.4	<b>64.8</b>		67.8	-
Number of Consolidated Subsidiaries	35	<b>35</b>		35	-

\* Earnings per Share, Fully Diluted Earnings per Share, ROE and ROA are calculated based on doubling the interim period net income.

\* Turnover Ratio of Total Assets is calculated based on doubling the interim period net sales.



## II. Consolidated Statements of Income

### 1. Consolidated Statements of Income & Explanation (billions of yen)

#### < Explanation >

Years Ended March 31 Interim Apr-Sept	2000 Interim	2001 % Interim	2001 %	Chg %	Change %
<b>Net sales</b>	148.1	100.0	<b>174.9</b>	100.0	26.8
Cost of sales	44.7	30.2	<b>49.1</b>	28.0	4.4
Reversal of reserve for sales returns	0.1	0.0	<b>0.1</b>	0.0	0.0
<b>Gross profit</b>	103.5	69.8	<b>126.0</b>	72.0	22.5
Research and development expenses	23.7	15.9	<b>22.6</b>	12.9	(1.1)
Selling, general and administrative expenses	60.3	40.7	<b>72.3</b>	41.3	12.1
<b>Operating income</b>	19.5	13.2	<b>31.1</b>	17.8	11.6
Non-operating income:					
Interest and dividend income	1.1		<b>1.4</b>		0.3
Equity in Earnings	0.2		<b>0.0</b>		(0.2)
Other non-operating income	0.9		<b>0.6</b>		(0.3)
<b>Non-operating income total</b>	2.2	1.5	<b>2.0</b>	1.1	(0.2)
Non-operating expenses:					
Interest expense	0.5		<b>0.5</b>		0.1
Other non-operating expenses	1.8		<b>0.7</b>		(1.1)
<b>Non-operating expenses total</b>	2.3	1.6	<b>1.2</b>	0.7	(1.0)
<b>Ordinary income</b>	19.4	13.1	<b>31.9</b>	18.2	12.4
Special profit:					
Gain on sales of property	0.0		<b>0.2</b>		0.1
Retirement allowance trust income	-		<b>1.4</b>		1.4
Other special profit	0.2		<b>0.0</b>		(0.2)
<b>Special profit total</b>	0.3	0.2	<b>1.6</b>	0.9	1.3
Special loss:					
Retirement allowance standards change loss	-		<b>15.1</b>		15.1
Losses on vitamin E cases	9.7		<b>1.6</b>		(8.2)
Other special losses	0.6		<b>0.5</b>		(0.1)
<b>Special losses total</b>	10.4	7.0	<b>17.2</b>	9.8	6.9
<b>Income before income taxes</b>	9.3	6.3	<b>16.2</b>	9.3	6.9
Income taxes-current	10.5	7.1	<b>18.1</b>	10.4	7.6
Income taxes-deferred	(3.9)	(2.6)	<b>(10.8)</b>	(6.2)	(6.9)
Minority interests	(0.0)		<b>0.0</b>		0.0
<b>Net income</b>	2.7	1.8	<b>8.9</b>	5.1	6.2

**Net sales**  
< Increase Factor(s) >  
• U.S. Aciphex sales increase  
• Aricept sales increase in Japan & Overseas

**Cost of sales percentage**  
<Improvement Factor(s)>  
• Increase in sales of Aricept & Aciphex and product mix

**Selling, general and administrative expenses**  
<Increase Factor(s)>  
• Increase of marketing expenses for Aciphex in the U.S.  
• Increase in retirement allowances expense in Japan

**Retirement allowance trust income**  
< Increase Factor(s) >  
• Differential in the investment securities book and market value

**Retirement allowance standards change loss**  
• Funding of retirement allowances via trust fund

**Income taxes-current**  
<Increase Factor(s)>  
• Funding of retirement allowances via trust fund

## 2. Financial Results by Segment

### 2-1 Consolidated Net Sales by Segment

(billions of yen)

Years Ended March 31	2000	2001	2000	2001 (e)
Interim Apr-Sept	Interim	Interim		
Net sales	148.1	<b>174.9</b>	302.5	358.0
Pharmaceuticals	131.4	<b>160.6</b>	270.9	-
Other	16.7	<b>14.4</b>	31.6	-

### 2-2 Consolidated Income by Segment

(billions of yen)

Years Ended March 31	2000	2001	2000	2001 (e)
Interim Apr-Sept	Interim	Interim		
Operating income	19.5	<b>31.1</b>	37.1	55.0
Pharmaceuticals	22.7	<b>36.6</b>	45.9	-
Other	0.7	<b>(1.2)</b>	(1.1)	-
Eliminations and Corporate	(3.8)	<b>(4.2)</b>	(7.7)	-

## 3. Financial Results by Area

### 3-1 Consolidated Net Sales by Geographical Area

(billions of yen)

Years Ended March 31	2000	2001	2000	2001 (e)
Interim Apr-Sept	Interim	Interim		
Net Sales	148.1	<b>174.9</b>	302.5	358.0
Japan	111.1	<b>123.5</b>	223.5	-
North America	30.5	<b>42.6</b>	64.6	-
Europe	5.4	<b>6.7</b>	11.5	-
Asia & Others	1.1	<b>2.1</b>	2.8	-

### 3-2 Consolidated Income by Geographical Area

(billions of yen)

Years Ended March 31	2000	2001	2000	2001 (e)
Interim Apr-Sept	Interim	Interim		
Operating Income	19.5	<b>31.1</b>	37.1	55.0
Japan	23.5	<b>37.2</b>	47.1	-
North America	1.0	<b>(0.3)</b>	(0.5)	-
Europe	(0.8)	<b>0.3</b>	(1.0)	-
Asia & Others	0.1	<b>0.2</b>	0.1	-
Eliminations & Corporate	(4.2)	<b>(6.4)</b>	(8.6)	-

\* Major countries and areas included in each category.

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

## 4. Consolidated Overseas Sales

		(billions of yen)			
Years Ended March 31		2000	2001	2000	2001 (e)
Interim Apr-Sept		Interim	Interim		
Sales		148.1	<b>174.9</b>	302.5	358.0
Overseas Sales		43.2	<b>57.4</b>	90.3	-
North America		32.5	<b>44.8</b>	67.4	-
Europe		7.4	<b>9.0</b>	16.4	-
Asia & Others		3.3	<b>3.6</b>	6.6	-
Overseas Sales ( % )		29.2	<b>32.8</b>	29.9	-

## 5. Global Product Sales

### 5-1 ARICEPT Area Sales

Area	Currency	Apr. 99- Sept. 99	Apr. 00- Sept. 00	Apr. 99- Mar. 00	Apr. 00- Mar. 01(e)
Japan	Yen Billions	-	<b>3.6</b>	1.8	10.0
U.S.	Yen Billions	21.9	<b>22.2</b>	47.6	52.1
	(US \$ millions)	(187)	<b>(207)</b>	(427)	(485)
U.K.	Yen Billions	0.5	<b>0.6</b>	1.1	-
	(UKPS millions)	(3)	<b>(3)</b>	(6)	-
Germany	Yen Billions	0.9	<b>1.1</b>	1.8	-
	(DM millions)	(14)	<b>(21)</b>	(31)	-
France	Yen Billions	2.2	<b>2.7</b>	4.8	-
	(Fr millions)	(119)	<b>(179)</b>	(276)	-
Europe Total	Yen Billions	3.7	<b>4.3</b>	7.8	8.6
Asia	Yen Billions	0.2	<b>0.5</b>	0.5	0.8
Total	Yen Billions	25.8	<b>30.6</b>	57.6	71.5

Note: Average exchange rates in the period ended Sept. 30, 2000 were 107.17 yen/US\$, 161.31 yen/UKPS, 50.43 yen/DM, and 15.04 yen/Fr.

### 5-2 ACIPHEX/PARIET AREA SALES

Area	Currency	Apr. 99- Sept. 99	Apr. 00- Sept. 00	Apr. 99- Mar. 00	Apr. 00- Mar. 01(e)
Japan	Yen Billions	2.9	<b>3.4</b>	5.9	7.5
U.S.	Yen Billions	4.3	<b>17.7</b>	9.9	41.3
	(US \$ millions)	(37)	<b>(165)</b>	(89)	(385)
U.K.	Yen Billions	0.6	<b>1.4</b>	1.8	-
	(UKPS millions)	(3)	<b>(9)</b>	(10)	-
Germany	Yen Billions	0.4	<b>0.4</b>	0.8	-
	(DM millions)	(6)	<b>(7)</b>	(14)	-
Europe Total	Yen Billions	1.0	<b>1.8</b>	2.6	3.6
Asia	Yen Billions	-	<b>0.1</b>	0.0	0.3
Total	Yen Billions	8.3	<b>23.0</b>	18.4	52.7

Note: Average exchange rates in the period ended September 30, 2000 were 107.17 yen/US\$, 161.31 yen/UKPS, and 50.43 yen/DM.

## 6. US / EU Pharmaceutical Operations

### 6-1 Eisai Inc. (U.S.A.) /

#### Clinical Development • Production • Prescription Pharmaceutical Sales

(billions of yen )

Years Ended March 31	2000	<b>2001</b>	2000	2001 (e)
Interim Apr-Sept	Interim	<b>Interim</b>		
Sales	28.8	<b>42.7</b>	63.0	-
Operating Income	0.8	<b>0.5</b>	0.4	-
Net Income	0.6	<b>0.4</b>	0.6	-

Note: Reflects new product prices established between parent and subsidiary in this interim period.

### 6-2 Eisai Ltd.(U.K.) / Clinical Development • Prescription Pharmaceutical Sales

(billions of yen )

Years Ended March 31	2000	<b>2001</b>	2000	2001 (e)
Interim Apr-Sept	Interim	<b>Interim</b>		
Sales	1.5	<b>2.3</b>	3.6	-
Operating Income	(0.6)	<b>(0.0)</b>	(0.8)	-
Net Income	(0.6)	<b>0.0</b>	(0.7)	-

### 6-3 Eisai S.A. (France) / Prescription Pharmaceutical Sales

(billions of yen )

Years Ended March 31	2000	<b>2001</b>	2000	2001 (e)
Interim Apr-Sept	Interim	<b>Interim</b>		
Sales	2.9	<b>2.7</b>	6.0	-
Operating Income	0.1	<b>0.3</b>	0.4	-
Net Income	0.1	<b>0.3</b>	0.3	-

### 6-4 Eisai GmbH (Germany) / Prescription Pharmaceutical Sales

(billions of yen )

Years Ended March 31	2000	<b>2001</b>	2000	2001 (e)
Interim Apr-Sept	Interim	<b>Interim</b>		
Sales	1.3	<b>1.6</b>	2.8	-
Operating Income	(0.4)	<b>(0.1)</b>	(0.7)	-
Net Income	(0.5)	<b>(0.3)</b>	(0.7)	-

Note: The above noted sales and operating income in each subsidiary are prior to intercompany eliminations.



## 7 . Selling, General & Administrative Expenses

### 7-1 Research & development expenses

(billions of yen )

Years Ended March 31	2000	2001	2000	2001 (e)
Interim Apr-Sept	Interim	Interim		
Net sales	148.1	<b>174.9</b>	302.5	358.0
Research & development expenses	23.7	<b>22.6</b>	46.7	51.0
Percentage of sales ( % )	15.9	<b>12.9</b>	15.4	14.2

### 7-2 Selling, general & administrative expenses

(billions of yen )

Years Ended March 31	2000	2001	2000	2001 (e)
Interim Apr-Sept	Interim	Interim		
Net sales	148.1	<b>174.9</b>	302.5	358.0
Selling, general, & administrative expenses	60.3	<b>72.3</b>	127.1	152.0
Personnel expense	21.8	<b>23.0</b>	45.2	-
Marketing expense	27.3	<b>39.0</b>	60.7	-
Administrative expense	10.7	<b>9.8</b>	20.2	-
Others	0.4	<b>0.5</b>	0.9	-
Percentage of sales ( % )	40.7	<b>41.3</b>	42.0	42.5

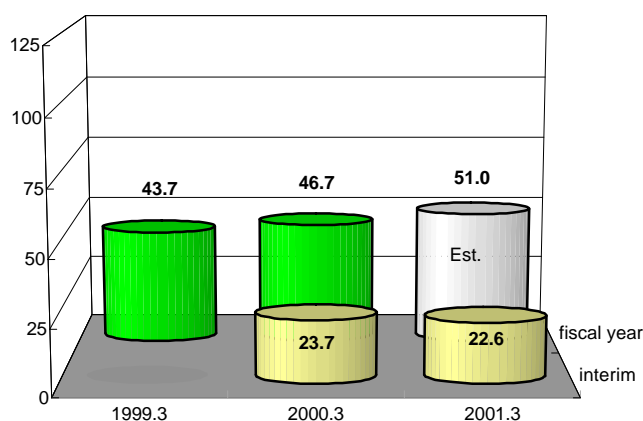
### 7-3 Selling, general & administrative expenses ( Including R&D Expenses )

(billions of yen )

Years Ended March 31	2000	2001	2000	2001 (e)
Interim Apr-Sept	Interim	Interim		
Net sales	148.1	<b>174.9</b>	302.5	358.0
Selling, general, & administrative expenses ( including R&D expenses )	83.9	<b>94.9</b>	173.8	203.0
Percentage of sales ( % )	56.6	<b>54.2</b>	57.4	56.7

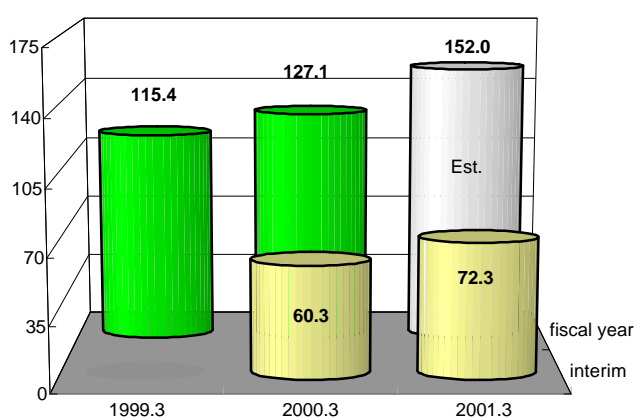
#### R&D Expenses

billions of yen



#### SG&A Expenses

billions of yen



### III. Consolidated Balance Sheets

#### 1. Consolidated Balance Sheets & Explanation

< Explanation >

<Assets>

( billions of yen )

Years Ended March 31 Interim September 30	2000 %	2001 Interim	Chg. %	Inc./ Dec.
<b>Current assets:</b>				
Cash and time deposits	49.1	<b>74.6</b>		25.5
Trade receivables	107.5	<b>110.3</b>		2.9
Short-term investments	99.3	<b>26.9</b>		(72.4)
Inventories	34.0	<b>32.3</b>		(1.7)
Deferred tax assets	9.7	<b>13.9</b>		4.2
Other current assets	13.4	<b>15.3</b>		1.9
Allowance for doubtful receivables	(0.6)	<b>(0.6)</b>		0.0
<b>Total current assets</b>	<b>312.4</b>	<b>64.3 272.8</b>	<b>53.2</b>	<b>87.3 (39.7)</b>
<b>Fixed assets:</b>				
<b>Property, plant, and equipment:</b>				
Buildings and structures	58.7	<b>57.3</b>		(1.3)
Machinery and vehicles	22.8	<b>21.6</b>		(1.2)
Land	19.1	<b>19.0</b>		(0.0)
Construction in progress	1.5	<b>1.1</b>		(0.5)
Others	7.5	<b>7.1</b>		(0.4)
<b>Total property, plant and equipment</b>	<b>109.5</b>	<b>22.5 106.2</b>	<b>20.7</b>	<b>96.9 (3.4)</b>
<b>Intangible assets</b>	<b>8.0</b>	<b>1.7 7.9</b>	<b>1.5</b>	<b>98.5 (0.1)</b>
<b>Investments and other assets:</b>				
Investments in securities	5.7	<b>77.7</b>		72.0
Long-term loans receivable	0.2	<b>0.2</b>		(0.0)
Deferred tax assets	11.8	<b>16.3</b>		4.5
Other investments	32.4	<b>32.0</b>		(0.3)
Allowance for doubtful receivables	(0.4)	<b>(0.5)</b>		(0.0)
<b>Total investments and other assets</b>	<b>49.6</b>	<b>10.2 125.8</b>	<b>24.5</b>	<b>253.5 76.2</b>
<b>Total fixed assets</b>	<b>167.2</b>	<b>34.4 239.9</b>	<b>46.7</b>	<b>143.5 72.7</b>
<b>Deferred charges</b>				
Foreign currency translation adjustments	5.5	1.2	-	- (5.5)
<b>Total Assets</b>	<b>485.7</b>	<b>100.0 513.0</b>	<b>100.0</b>	<b>105.6 27.4</b>

**Cash and time deposits**

< Increase Factor(s) >

- Increases in sales of prescription drugs in the U.S.
- Parent's anticipated reimbursement of straight bonds

**Short-term investments**

- Reclassification of certain marketable securities to Investments in securities

**Deferred tax assets**

< Increase Factor(s) >

- Accrued enterprise taxes

**Property, plant, and equipment**

< Decrease Factor(s) >

- Depreciation more than investment

**Investments in securities**

- Reclassification from marketable securities

**Deferred tax assets**

< Increase Factor(s) >

- Parent's funding of retirement allowances via trust fund

**Foreign currency translation adjustments**

- Reclassification to Shareholders' equity from this interim period

<Liabilities, Minority Interests & Shareholders' Equity>

(billions of yen)

< Explanation >

Years Ended March 31 Interim September 30	2000		2001 Interim	%	% chg.	Change
<b>Current liabilities:</b>						
Trade payables	14.2		<b>12.7</b>			(1.5)
Short-term borrowings	7.5		<b>7.6</b>			0.1
Current portion of long-term borrowing	1.6		<b>1.6</b>			0.0
Current portion of straight bonds	10.0		<b>10.0</b>			-
Accounts payable	21.4		<b>30.9</b>			9.5
Accrued income taxes	8.0		<b>16.7</b>			8.8
Accrued expenses	22.5		<b>21.9</b>			(0.6)
Reserve for rebates of sales	0.7		<b>11.4</b>			10.7
Other reserves	1.0		<b>0.8</b>			(0.2)
Other current liabilities	10.1		<b>5.9</b>			(4.3)
<b>Total current liabilities</b>	<b>96.9</b>	<b>19.9</b>	<b>119.5</b>	<b>23.3</b>	<b>123.3</b>	<b>22.6</b>
<b>Long-term liabilities:</b>						
Straight bonds	10.1		<b>10.1</b>			-
Convertible bonds	5.5		<b>5.5</b>			(0.0)
Long-term borrowing	0.1		<b>0.1</b>			(0.1)
Deferred tax liabilities	1.1		<b>1.2</b>			0.0
Retirement allowances	30.4		-			(30.4)
Retirement allowances reserve	-		<b>32.7</b>			32.7
Retirement allowances for Board of Directors	2.2		<b>1.9</b>			(0.4)
Other long-term debt	0.5		<b>0.5</b>			(0.0)
<b>Total long-term liabilities</b>	<b>49.9</b>	<b>10.3</b>	<b>51.8</b>	<b>10.1</b>	<b>103.8</b>	<b>1.9</b>
<b>Total liabilities</b>	<b>146.8</b>	<b>30.2</b>	<b>171.3</b>	<b>33.4</b>	<b>116.7</b>	<b>24.5</b>
<b>Minority interests</b>	<b>9.5</b>	<b>2.0</b>	<b>9.5</b>	<b>1.8</b>	<b>99.5</b>	<b>(0.1)</b>
<b>Shareholders' equity:</b>						
Common stock	44.9		<b>44.9</b>			0.0
Additional paid-in capital	55.1		<b>55.1</b>			0.0
Retained earnings	229.4		<b>234.9</b>			5.4
Net unrealized gains on securities	-		<b>3.0</b>			3.0
Foreign currency translation adjustments	-		<b>(5.5)</b>			(5.5)
Treasury stock	(0.0)		<b>(0.1)</b>			(0.1)
<b>Total shareholders' equity</b>	<b>329.4</b>	<b>67.8</b>	<b>332.3</b>	<b>64.8</b>	<b>100.9</b>	<b>2.9</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>485.7</b>	<b>100.0</b>	<b>513.0</b>	<b>100.0</b>	<b>105.6</b>	<b>27.4</b>

**Accrued income taxes**

< Increase Factor(s) >

- Increase corporate income tax for funding retirement allowance liability

**Accounts payable and Reserve for rebates of sales**

< Increase Factor(s) >

- Expansion in sales in U.S. pharmaceutical operations

**Retirement allowances**

- Reclassification of retirement allowances reserve

**Retirement allowances reserve**

< Increase Factor(s) >

- Increase associated with new accounting standards for retirement allowances

**Foreign currency translation adjustments**

- Reclassification to Shareholders' Equity from this interim period

## 2 . Capital Expenditures and Depreciation/Amortization

### Capital Expenditures and Depreciation/Amortization

(billions of yen)

Years Ended March 31	2000	2001	2000	2001(e)
Interim Apr-Sept	Interim	Interim		
Capital expenditures	7.9	4.0	16.3	16.5
Property, plant, and equipment	5.6	2.9	13.0	-
Intangible assets	2.3	1.1	3.3	-
Depreciation/Amortization	7.0	7.2	15.1	15.0

\* Depreciation/amortization includes property, plant, and equipment and intangible assets.

## 3. Flotation of Bonds

### 3-1 Straight Bonds

As of September 30, 2000 (billions of yen)

Type/Date of Issue	Amount	Balance	Maturity Date	Coupon Rate
No.3 unsecured straight bonds Dec-14-1995	10.0	10.0	Dec-14 2000	2.10% per year
No.4 unsecured straight bonds Dec-14-1995	10.0	10.0	Dec-14 2001	2.40% per year
Secured straight bonds Mar-29-2000	0.1	0.1	Mar-29 2004	1.50% per year

### 3-2 Convertible Bonds

As of September 30, 2000 (billions of yen)

Type/Date of Issue	Amount	Conversion Amount	Conversion Percentage	Balance	Maturity Date	Conversion Price	Coupon Rate
No.4 unsecured convertible bonds Nov-16-1995	10.0	4.5	45.1 %	5.5	Mar-31 2003	1,728.60 yen	0.60% per year

## 4. Stock Information

### 4-1 Issued Stock and Shareholder Information

As of September 30, 2000

Total Number of Authorized Shares	Number of Shares Outstanding	Number of Shareholders	Average Number of Shares per Shareholder
700,000,000 shares	296,451,253 shares	19,857	14,929 shares

### 4-2 Top 10 Shareholders

As of September 30, 2000

Name	Shares	Percentage
Nippon Life Insurance Co.	16,364 Thousands	5.52%
The Asahi Bank, Ltd.	14,765 Thousands	4.98%
The Fuji Bank, Ltd.	12,848 Thousands	4.33%
The Chase Manhattan Bank, N. A. London S.L. Omnibus Account	10,966 Thousands	3.70%
The Dai-Ichi Mutual Life Insurance Co.	10,300 Thousands	3.47%
Sumitomo Mutual Life Insurance Co.	8,844 Thousands	2.98%
Sumitomo Trust & Banking Co., Ltd. (Trust Account)	8,839 Thousands	2.98%
The Dai-Ichi Kangyo Bank, Ltd.	7,857 Thousands	2.65%
State Street Bank and Trust Company	7,597 Thousands	2.56%
Eisai Employee Shareholding Association	7,592 Thousands	2.56%

### 4-3 Number of Shareholders by Category

	3/2000	%	9/2000	%	Change
Financial Institutions	134	0.6%	<b>142</b>	0.7%	8
Securities Companies	33	0.1%	<b>31</b>	0.2%	(2)
Other Domestic Corporations	1,219	5.3%	<b>1,162</b>	5.9%	(57)
Foreign Corporations, etc.	369	1.6%	<b>404</b>	2.0%	35
Individuals and Others	21,469	92.4%	<b>18,118</b>	91.2%	(3,351)
Total	23,224	100.0%	<b>19,857</b>	100.0%	(3,367)

### 4-4 Number of Shares Held by Category

(One unit = 1,000 shares)	3/2000	%	9/2000	%	Change
Financial Institutions	142,035	47.9%	<b>143,727</b>	48.5%	1,691
Securities Companies	872	0.3%	<b>1,692</b>	0.5%	819
Other Domestic Corporations	23,127	7.8%	<b>22,227</b>	7.5%	(900)
Foreign Corporations, etc.	77,338	26.1%	<b>84,126</b>	28.4%	6,787
Individuals and Others	53,076	17.9%	<b>44,678</b>	15.1%	(8,397)
Total	296,450	100.0%	<b>296,451</b>	100.0%	0

\* Stock numbers less than one thousand have been omitted.

## IV. Consolidated Statements of Cash Flows

	(billions of yen)			
Years Ended March 31	2000	2001		2000
Interim Apr-Sept	Interim	Interim	Change	
<b>Operating Activities</b>				
Income before income taxes	9.3	16.2	6.9	25.5
Depreciation and amortization	7.0	7.2	0.3	15.1
Other non-cash losses/gains	0.6	19.7	19.1	5.2
Operating assets/liability increase/decrease	(1.7)	2.8	4.5	2.8
Others	21.1	6.1	(15.0)	11.3
Subtotal	36.2	51.9	15.7	60.0
Interest paid/received	0.8	0.9	0.1	1.7
Payments on vitamin E cases	(0.2)	(0.3)	(0.0)	(9.7)
Cash paid for income taxes	(14.8)	(9.3)	5.4	(24.8)
<b>Net cash provided by operating activities</b>	<b>22.0</b>	<b>43.2</b>	<b>21.2</b>	<b>27.2</b>
<b>Investing Activities</b>				
Capital expenditures	(7.9)	(6.6)	1.3	(16.3)
Other continuous activities asset increase/decrease	(0.6)	0.2	0.7	1.8
Purchases of short-term investments	(11.8)	(20.8)	(9.0)	(25.1)
Sales of short-term investments	16.8	14.1	(2.7)	31.6
Others	2.8	(15.6)	(18.5)	4.0
<b>Net cash used in investing activities</b>	<b>(0.7)</b>	<b>(28.8)</b>	<b>(28.1)</b>	<b>(4.0)</b>
<b>Financing Activities</b>				
Dividends paid	(3.4)	(3.4)	(0.0)	(6.4)
Long-term debt increase/decrease	(0.0)	(0.1)	(0.0)	(10.1)
Short-term debt increase/decrease	0.1	0.1	(0.0)	1.1
Others	(0.0)	(0.1)	(0.1)	(0.0)
<b>Net cash used in financing activities</b>	<b>(3.4)</b>	<b>(3.5)</b>	<b>(0.1)</b>	<b>(15.4)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(3.6)</b>	<b>(0.2)</b>	<b>3.4</b>	<b>(2.4)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>14.3</b>	<b>10.8</b>	<b>(3.6)</b>	<b>5.3</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>46.9</b>	<b>52.6</b>	<b>5.6</b>	<b>46.9</b>
<b>Newly consolidated subsidiaries cash and cash equivalents at the beginning of the year</b>	<b>0.3</b>	<b>-</b>	<b>(0.3)</b>	<b>0.3</b>
<b>Cash and cash equivalents at end of year</b>	<b>61.6</b>	<b>63.3</b>	<b>1.8</b>	<b>52.6</b>

### < Explanation >

- Loss associated with retirement allowance standards change
- Accrued rebates of sales associated with U.S. pharmaceutical operations

- Increase in time deposits in anticipation for reimbursement of straight bonds

Years Ended March 31	2000	2001		2000
Interim Apr-Sept	Interim	Interim	Change	
<b>Free Cash Flow</b>	<b>13.6</b>	<b>36.8</b>	<b>23.2</b>	<b>12.6</b>

\* Free Cash Flow equals the net cash provided by operating activities minus the cash from capital expenditures and other continuous activities asset increase/ decrease.

## V. Consolidated Subsidiaries - Affiliated Companies

### 1. Consolidated Subsidiaries: 35

As of September 30, 2000

Company Name	Location	Common Stock	Equity(%) Ownership <sup>1</sup>	Description of Operations
<Domestic Subsidiaries: 14>				
Sanko Junyaku Co., Ltd.	Tokyo	¥5,262 million	50.59%	Diagnostic product prod./sales
Sannova Co., Ltd.	Gunma Pref.	¥927 million	79.28%	Pharmaceutical prod./sales
Elmed Eisai Co., Ltd.	Tokyo	¥450 million	100.00%	Pharmaceutical sales
Eland Co., Ltd.	Tokyo	¥400 million	100.00%	Real estate management
Kan Research Institute, Inc.	Kyoto	¥70 million	100.00%	Basic research
Eisai Distribution Co., Ltd.	Kanagawa Pref.	¥60 million	100.00%	Pharmaceutical distribution
Clinical Supply Co., Ltd.	Gifu Pref.	¥80 million	84.80%	Medical instruments sales/prod.
Takehaya Co., Ltd. <sup>3</sup>	Tokyo	¥68 million	82.17%	Printing/admin. services
Herusu Co., Ltd.	Tokyo	¥64 million	75.00%	Pharma. machinery, etc. sales
Eisai Seikaken Co., Ltd.	Tokyo	¥50 million	70.00%	Agro-chemical prod./sales
Kawashima Co., Ltd.	Gifu Pref.	¥50 million	63.16%	Catering /admin. services
Seiansha Co., Ltd.	Tokyo	¥30 million	50.00%	Promotion/sales production
Dymec Co., Ltd.	Chiba Pref.	¥30 million	84.80%	Medical instruments prod./sales
Hisakata Co., Ltd. <sup>3</sup>	Tokyo	¥10 million	82.17%	Insurance agency services
<Subsidiaries Outside Japan: 21>		Unit=thousand		
Eisai Corporation of North America	New Jersey, USA	179,100 US\$	100.00%	U.S. subsidiaries holding company
Eisai Inc.	New Jersey, USA	83,600 US\$	100.00%	Pharma. prod./sales/clinical development
Eisai Research Institute of Boston, Inc.	Massachusetts, USA	65,300 US\$	100.00%	Basic research/clinical trial process research
Eisai U.S.A., Inc.	Texas, USA	29,500 US\$	100.00%	Bulk chemical prod./sales & machinery sales
Eisai Ltd.	London, U.K.	15,549 UKPS	100.00%	Pharma. sales/clinical development
Eisai London Research Laboratories Ltd.	London, U.K.	12,000 UKPS	100.00%	Basic research
Eisai Pharma-Chem Europe Ltd.	London, U.K.	100 UKPS	100.00%	Bulk chemical sales support
Eisai Europe Ltd. <sup>2</sup>	London, U.K.	3,825 UKPS	100.00%	-
Eisai GmbH	Frankfurt, FRG	15,000 DM	100.00%	Pharmaceutical sales
Eisai Machinery GmbH	Cologne, FRG	2,500 DM	100.00%	Pharm. machinery prod./sales
Eisai S.A.	Paris, France	130,000 Fr	100.00%	Pharmaceutical sales
Eisai B.V.	Amsterdam, Netherlands	1,200 GL	100.00%	Pharmaceutical prod./sales
P.T. Eisai Indonesia	Jakarta, Indonesia	5,000 US\$	79.60%	Pharmaceutical prod./sales
Eisai Asia Regional Services Pte. Ltd.	Singapore	26,400 S\$	100.00%	Pharm. management/sales support
Eisai (Malaysia) Sdn. Bhd.	Petaling Jaya, Malaysia	470 M\$	98.09%	Pharmaceutical sales
Eisai (Thailand) Marketing Co., Ltd.	Bangkok, Thailand	11,000 Baht	49.90%	Pharmaceutical prod./sales
Eisai Hong Kong Co., Ltd.	Hong Kong	500 HK\$	100.00%	Pharmaceutical prod./sales
Eisai Taiwan, Inc.	Taipei, Taiwan	250,000 NT\$	100.00%	Pharmaceutical prod./sales
Weizai Co., Ltd.	Taipei, Taiwan	20,000 NT\$	100.00%	Pharmaceutical sales
Eisai (Suzhou) Pharmaceutical Co., Ltd.	Suzhou, China	139,274 RMB	100.00%	Pharmaceutical prod./ sales
Eisai Korea Inc.	Seoul, Korea	3,512,000 Won	100.00%	Pharmaceutical sales

Notes: 1. Direct/Indirect Ownership percentage.

2. Eisai Europe Ltd., as a registered company, remains in existence.

3. Takehaya Co., Ltd. absorbed Hisakata Co., Ltd. on October 1, 2000.

## 2. Equity in Earnings Method Subsidiary: 1 company

As of September 30, 2000

Company Name	Location	Common Stock	Equity (%) Ownership <sup>1</sup>	Description of Operations
[Subsidiaries Outside Japan: 1]		Unit: thousand		
Shenyang Eisai Pharmaceutical Co., Ltd.	Shenyang, China	13,790 RMB	70.96%	Pharmaceutical production/sales

## 3. Equity in Earnings in Affiliated Companies: 5 companies

As of September 30, 2000

Company Name	Location	Common Stock	Equity (%) Ownership <sup>1</sup>	Description of Operations
[Affiliated companies in Japan: 2]				
Bracco-Eisai Co., Ltd.	Tokyo	¥340 million	49.00%	Contrast media import prod./sales
Gakuen Shoji Co., Ltd.	Ibaraki Pref.	¥20 million	37.81%	Catering & admin. services
[Affiliated companies outside Japan: 3]		Unit: thousand		
Eisai-Novartis GmbH & Co. KG <sup>2</sup>	Nuremberg, FRG	2,500 DM	50.00%	
Eisai-Novartis Verwaltungs GmbH <sup>2</sup>	Nuremberg, FRG	50 DM	50.00%	
Hi-Eisai Pharmaceutical Inc.	Manila, Philippines	25,000 Peso	49.90%	Pharmaceutical sales

Note 1: Indirect/Direct ownership percentage.

2: Eisai-Novartis GmbH and Co. KG and Eisai-Novartis Verwaltungs GmbH exist as registered companies.

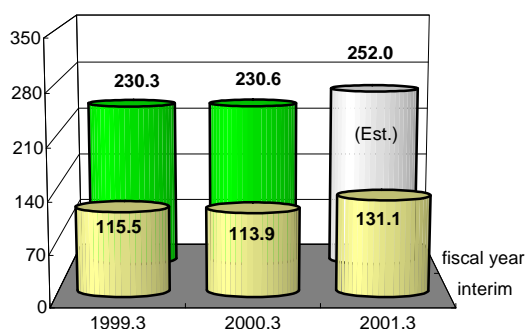


# I. Non-Consolidated Financial Highlights

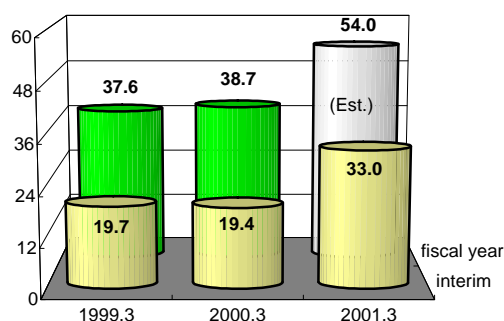
Years Ended March 31	1999	2000	2001		2000	2001(e)
Interim Apr-Sept	Interim	Interim	Interim	% chg.		
<b>&lt;Statements of Income Data&gt;</b>						
Net Sales (billions of yen)	115.5	113.9	<b>131.1</b>	115.1	230.6	252.0
Operating Income (billions of yen)	19.7	19.4	<b>33.0</b>	170.0	38.7	54.0
Ordinary Income (billions of yen)	13.6	19.4	<b>33.5</b>	172.9	38.4	54.5
Net Income (billions of yen)	5.7	3.7	<b>6.5</b>	177.8	12.0	16.5
Earnings per Share (EPS) (yen)	38.7	24.8	<b>44.1</b>		40.6	55.7
Fully Diluted Earnings per Share (yen)	38.4	24.6	<b>43.7</b>		40.3	-
<b>&lt;Balance Sheets Data&gt;</b>						
Total Assets (billions of yen)	407.8	447.5	<b>457.5</b>		438.3	-
Shareholders' Equity (billions of yen)	306.1	329.5	<b>341.0</b>		335.0	-
<b>&lt;Others&gt;</b>						
Return on Equity (ROE) (Period Begin-End Average) (%)	3.8	2.3	<b>3.9</b>		3.7	-
Return on Assets (ROA) (Period Begin-End Average) (%)	2.8	1.7	<b>2.9</b>		2.8	-
Turnover Ratio of Total Assets (Period Begin - End Average) (Times)	0.56	0.52	<b>0.59</b>		0.53	-

\* Earnings per Share, Fully Diluted Earnings per Share, ROE and ROA are calculated based on doubling the interim period net income.  
 \* Turnover Ratio of Total Assets is calculated based on doubling the interim period net sales.

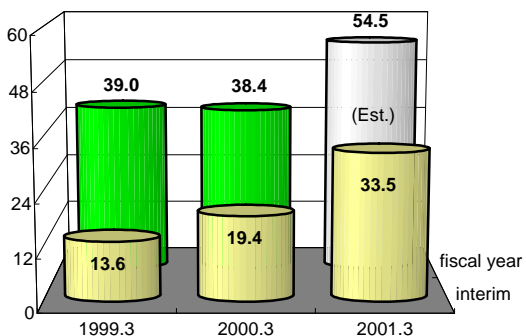
**Net Sales**  
billions of yen



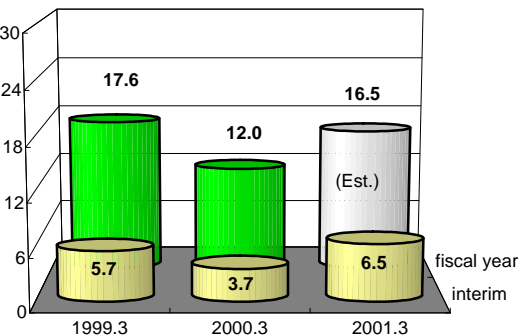
**Operating Income**  
billions of yen



**Ordinary Income**  
billions of yen



**Net Income**  
billions of yen



## II. Non-Consolidated Statements of Income

1. STATEMENTS OF INCOME & EXPLANATION							( billions of yen )	< Explanation >
Years Ended March 31	2000	Sales	2001	Sales	Chg.	Change		
Interim Apr-Sept	Interim	%	Interim	%	%			
<b>Net sales</b>	113.9	100.0	<b>131.1</b>	100.0	115.1	17.2		
Cost of sales	38.9	34.1	<b>41.6</b>	31.7	107.0	2.7		
Reversal of reserve for sales returns	0.1	0.0	<b>0.1</b>	0.0		0.0		
Gross profit	75.1	65.9	<b>89.6</b>	68.3	119.4	14.5		
Research and development expenses	22.7	19.9	<b>21.6</b>	16.5	95.1	(1.1)		
Selling, general, & administrative expenses	33.0	29.0	<b>35.1</b>	26.7	106.3	2.1		
<b>Operating income</b>	19.4	17.0	<b>33.0</b>	25.1	170.0	13.6		
<b>Non-operating income:</b>								
Interest and dividend income	0.9		<b>0.9</b>			(0.0)		
Other non-operating income	1.0		<b>0.6</b>			(0.4)		
<b>Total non-operating income</b>	1.9	1.6	<b>1.5</b>	1.1	77.9	(0.4)		
<b>Non-operating expenses:</b>								
Interest expense	0.4		<b>0.3</b>			(0.1)		
Other non-operating expenses	1.5		<b>0.6</b>			(0.9)		
<b>Total non-operating expenses</b>	1.9	1.6	<b>0.9</b>	0.6	468.0	(1.0)		
<b>Ordinary income</b>	19.4	17.0	<b>33.5</b>	25.6	172.9	14.1		
<b>Special profit:</b>								
Gain on sales of property	0.0		<b>0.0</b>			(0.0)		
Profit on sales of investments in securities	0.1		-			(0.1)		
Retirement allowance trust income	-		<b>1.4</b>			1.4		
Reversal of allowance for doubtful receivables	0.2		<b>0.1</b>			(0.1)		
<b>Total special profit</b>	0.3	0.3	<b>1.5</b>	1.1	486.0	1.2		
<b>Special loss:</b>								
Loss on disposal of property	0.2		<b>0.2</b>			(0.0)		
Losses in subsidiaries	-		<b>5.6</b>			5.6		
Retirement allowance standards change loss	-		<b>15.1</b>			15.1		
Losses on vitamin E cases	9.7		<b>1.6</b>			(8.2)		
Other special losses	-		<b>0.5</b>			0.5		
<b>Total special losses</b>	9.9	8.7	<b>22.9</b>	17.5	230.6	13.0		
<b>Income before income taxes</b>	9.8	8.6	<b>12.1</b>	9.2	123.9	2.3		
Income taxes-current	9.5	8.3	<b>17.4</b>	13.2	183.7	7.9		
Income taxes-deferred	(3.4)	(2.9)	<b>(11.8)</b>	(9.0)		(8.4)		
<b>Net income</b>	3.7	3.2	<b>6.5</b>	5.0	177.8	2.9		
Retained earnings brought forward	5.9		<b>5.3</b>			(0.6)		
Adjustment of retained earnings for applied tax allocation	14.3		-			(14.3)		
Adjustment of deferred tax regarding earnings for reduction of assets cost	0.1		-			(0.1)		
<b>Unappropriated retained earnings for the period</b>	24.0		<b>11.9</b>			(12.1)		

**Net sales**  
< Increase Factor(s) >  

- Increase in Aricept sales
- Industrial property rights, etc. income increase
- Export of Aciphex/Pariet bulk tablets
- Export of Aricept drug substance

**Cost of sales %**  
< Improvement Factor(s) >  

- Product mix
- Industrial property rights, etc.

**Losses in subsidiaries**  
< Increase Factor(s) >  

- Sanko Junyaku Co., Ltd.

**Income taxes-current**  
< Increase Factor(s) >  

- Funding of retirement allowance via trust fund

## 2. SALES DATA

### 2-1 Non-Consolidated Net Sales by Segment

(billions of yen)

Years Ended March 31	1999	2000	2001	2000	2001(e)
Interim Apr-Sept	Interim	Interim	Interim		
Net Sales	115.5	113.9	<b>131.1</b>	230.6	252.0
Pharmaceuticals	100.8	101.0	<b>116.5</b>	203.2	224.0
Prescription Pharmaceuticals	88.6	90.0	<b>105.4</b>	181.1	201.0
Ratio of in-house developed products to Prescription Pharmaceuticals (%)	(72.4)	(72.0)	<b>(74.8)</b>	(71.6)	-
Consumer Health Care Products	12.2	11.0	<b>11.2</b>	22.1	23.0
Animal Health, Food Additives/Chemicals, Machinery, etc.	12.3	10.1	<b>8.3</b>	19.2	16.7
Industrial Property Rights, etc. Income	2.3	2.8	<b>6.3</b>	8.3	11.3

### 2-2 Exports by Geographical Area

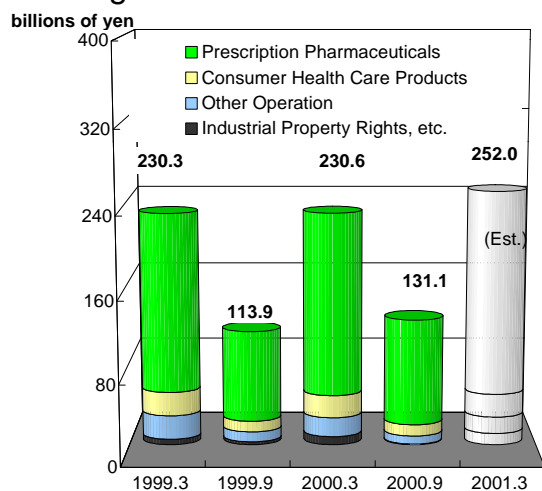
(billions of yen)

Years Ended March 31	1999	2000	2001	2000	2001(e)
Interim Apr-Sept	Interim	Interim	Interim		
Net Sales	115.5	113.9	<b>131.1</b>	230.6	252.0
Export	16.2	16.8	<b>21.5</b>	34.7	40.0
North America	10.0	11.6	<b>15.7</b>	23.9	-
Europe	4.1	3.0	<b>3.9</b>	6.8	-
Asia & Others	2.1	2.1	<b>1.9</b>	4.0	-
Ratio of Exports to Sales (%)	14.0	14.7	<b>16.4</b>	15.0	15.9

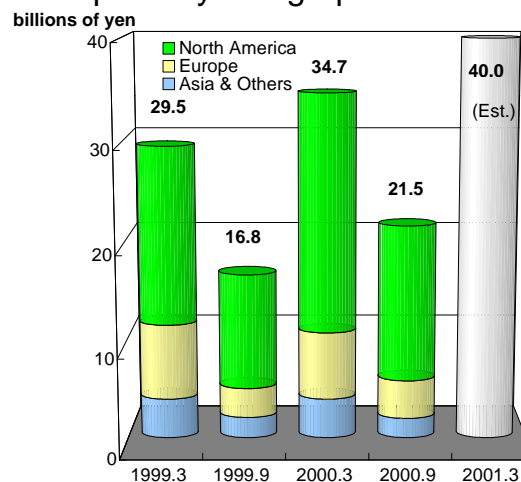
Note: Export segment areas noted below:

1. North America: U.S., Canada
2. Europe: U.K., France, Germany, etc.
3. Asia & Others: East Asia, South East Asia, South-Central America, etc.

### Segment Sales



### Exports by Geographical Area



## 2-3 PRESCRIPTION PHARMACEUTICALS

( billions of yen )

Product Years Ended March 31,	Description Interim Apr-Sept	1999	2000	2001	Change	2000	2001(e)
		Interim	Interim	Interim			
SELBEX	Gastritis/gastric ulcer medication	14.4	15.0	<b>15.4</b>	0.4	29.8	30.0
METHYCOBAL	Peripheral neuropathy treatment	12.4	12.9	<b>14.8</b>	2.0	25.0	28.0
GLAKAY	Osteoporosis treatment	5.7	6.1	<b>6.7</b>	0.6	12.0	13.5
IOMERON	Non-ionic contrast medium	6.3	5.9	<b>5.5</b>	(0.3)	10.8	10.5
MYONAL	Muscle relaxant	4.6	4.5	<b>5.1</b>	0.6	8.8	9.5
NITOROL-R	Long-acting isosorbide dinitrate	4.0	3.7	<b>3.8</b>	0.1	7.3	7.0
ARICEPT	Alzheimer's disease treatment	-	-	<b>3.6</b>	3.6	1.8	10.0
PARIET	Proton pump inhibitor	2.6	2.9	<b>3.5</b>	0.6	6.0	7.5
AZEPTIN	Anti-allergy agent	3.5	3.0	<b>3.5</b>	0.5	7.4	7.0
INHIBACE	Long-acting ACE inhibitor	3.0	2.6	<b>2.4</b>	(0.2)	5.0	5.0
GLUCAGON G NOVO	Endoscopic examination/hypoglycemia treatment	-	1.8	<b>2.3</b>	0.5	3.9	4.5
RULID	Long-acting macrolide antibiotic	1.9	1.8	<b>1.8</b>	(0.0)	4.2	4.0
CLEACTOR	Thrombolytic agent, myocardial infarction treatment	0.3	0.4	<b>0.4</b>	(0.0)	0.9	1.0
ARICEPT drug substance (bulk export)		5.5	3.8	<b>5.2</b>	1.5	7.5	8.0
PARIET bulk tablets (bulk export)		-	3.7	<b>5.4</b>	1.7	7.5	11.5
Others		24.4	21.9	<b>26.0</b>	4.1	43.2	44.0
<b>Prescription Pharmaceuticals Total</b>		<b>88.6</b>	<b>90.0</b>	<b>105.4</b>	<b>15.3</b>	<b>181.1</b>	<b>201.0</b>

## 2-4 CONSUMER HEALTH CARE PRODUCTS

( billions of yen )

Product Group Years Ended March 31,	Main Product/Description Interim Apr-Sept	1999	2000	2001	Change	2000	2001(e)
		Interim	Interim	Interim			
CHOCOLA BB Group	CHOCOLA BB / Vitamin B <sub>2</sub> preparation	3.8	3.5	<b>4.2</b>	0.7	7.1	8.4
Vitamin-E Group	JUVELUX / Natural type vitamin E preparation	2.4	2.1	<b>1.8</b>	(0.3)	4.1	3.9
SACLON Group	SACLON / Indigestion & heartburn treatment	1.9	1.7	<b>1.5</b>	(0.1)	3.5	3.4
NABOLIN Group	NABOLIN / Active-type vitamin B <sub>12</sub>	1.2	1.0	<b>0.8</b>	(0.2)	1.9	1.8
Bayer Product Group	BAYCLEAR / Athlete's foot treatment	0.6	0.7	<b>0.7</b>	(0.0)	1.3	1.4
Others		2.3	2.0	<b>2.2</b>	0.2	4.1	4.1
<b>Consumer Health Care Products Total</b>		<b>12.2</b>	<b>11.0</b>	<b>11.2</b>	<b>0.2</b>	<b>22.1</b>	<b>23.0</b>

### 3. GROSS PROFIT/MANUFACTURING COST

#### 3-1 Breakdown of Cost of Sales

( billions of yen )

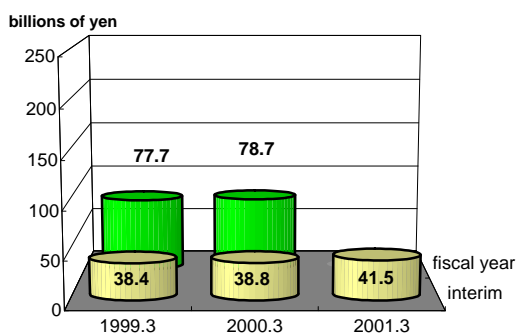
Years Ended March 31	1999	2000	2001	2000
Interim Apr-Sept	Interim	Interim	Interim	
Net Sales	115.5	113.9	<b>131.1</b>	230.6
Cost of Sales	38.4	38.8	<b>41.5</b>	78.7
Beginning inventory (+)	11.4	9.9	<b>12.5</b>	9.9
Manufacturing cost (+)	21.6	22.4	<b>21.8</b>	43.9
Adjustment for returned goods (+)	(0.1)	(0.1)	<b>(0.1)</b>	(0.1)
Product purchase (+)	15.6	17.9	<b>17.6</b>	36.7
Account transfer (+)	(0.2)	0.2	<b>0.9</b>	0.9
Ending inventory ( - )	10.0	11.5	<b>11.2</b>	12.5
Cost of Sales %	33.2	34.1	<b>31.7</b>	34.1
Gross Profit	77.1	75.1	<b>89.6</b>	151.9

#### 3-2 Breakdown of Manufacturing Costs

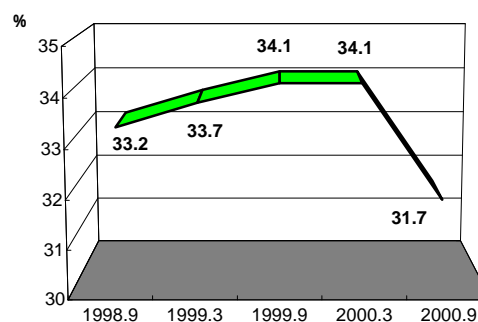
( billions of yen )

Years Ended March 31	1999	2000	2001	2000
Interim Apr-Sept	Interim	Interim	Interim	
Total manufacturing cost	26.0	24.0	<b>23.1</b>	47.3
Raw materials	13.7	11.6	<b>9.7</b>	21.6
Labor cost	6.4	6.4	<b>6.7</b>	13.4
Expenses	5.9	6.0	<b>6.7</b>	12.3
Beginning inventory of semi-finished goods and work-in-process (+)	7.6	8.6	<b>8.4</b>	8.6
Ending inventory of semi-finished goods and work-in-process ( - )	8.7	9.4	<b>8.5</b>	8.4
Account transfer (+)	(3.3)	(1.1)	<b>(1.4)</b>	(3.9)
Cost variances ( + )	0.1	0.3	<b>0.2</b>	0.3
Manufacturing cost	21.6	22.4	<b>21.8</b>	43.9

#### Cost of Sales



#### Cost of Sales Percentage



## 4. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

### 4-1 R&D Expenses

( billions of yen )

Years Ended March 31	1999	2000	2001	2000	2001(e)
Interim Apr-Sept	Interim	Interim	Interim		
Net sales	115.5	113.9	<b>131.1</b>	230.6	252.0
R&D expenses	21.6	22.7	<b>21.6</b>	45.0	49.0
(Ratio of Overseas R&D Expenses to Total R&D Expenses) (%)	(31.4)	(27.4)	<b>(26.2)</b>	(27.4)	(30.6)
Ratio of R&D expenses to sales (%)	18.7	19.9	<b>16.5</b>	19.5	19.4

### 4-2 Selling, General and Administrative (SG&A) Expenses

( billions of yen )

Years Ended March 31	1999	2000	2001	2000	2001(e)
Interim Apr-Sept	Interim	Interim	Interim		
Net sales	115.5	113.9	<b>131.1</b>	230.6	252.0
SG&A expenses	35.8	33.0	<b>35.1</b>	68.1	68.5
Personnel expenses	16.9	16.1	<b>17.4</b>	33.2	-
Marketing expenses	8.5	7.9	<b>9.4</b>	19.8	-
Administrative expenses	10.4	9.0	<b>8.3</b>	15.2	-
Ratio of SG&A expenses to sales (%)	31.0	29.0	<b>26.7</b>	29.5	27.2

### 4-3 Selling, General and Administrative Expenses (SG&A) (including R&D expenses)

( billions of yen )

Years Ended March 31	1999	2000	2001	2000	2001(e)
Interim Apr-Sept	Interim	Interim	Interim		
Net sales	115.5	113.9	<b>131.1</b>	230.6	252.0
SG&A expenses (including R&D expenses)	57.5	55.7	<b>56.7</b>	113.1	117.5
Ratio of SG&A expenses to sales (%)	49.7	48.9	<b>43.2</b>	49.1	46.6

## 5. PERSONNEL INFORMATION

( persons )

Years Ended March 31	1998	1999	2000	2000
Interim Apr-Sept				Interim
Total Employees	4,372	4,313	4,182	<b>4,106</b>
Research and development	1,010	1,049	1,040	<b>1,032</b>
Production	1,000	942	946	<b>921</b>
Sales, marketing and administration	2,362	2,322	2,196	<b>2,153</b>
Total Personnel cost (billions of yen)	62.3	63.0	62.5	<b>32.5</b>

\* Employee numbers are expected to be 4,030 at the end of March 2001.

### III. Non-Consolidated Balance Sheets

#### 1 . Balance Sheets & Explanation

##### <ASSETS>

( billions of yen )

Years Ended March 31 Interim September 30	2000 %	2001 interim %	Chg. %	Change		
<b>Current assets:</b>						
Cash and time deposits	26.4	<b>37.3</b>	141.5	10.9		
Notes receivable-trade	18.6	<b>18.0</b>	97.0	(0.6)		
Accounts receivable-trade	82.3	<b>88.9</b>	108.0	6.6		
Short-term investments	91.5	<b>22.3</b>	24.2	(69.3)		
Inventories	25.2	<b>24.4</b>	96.8	(0.8)		
Short-term deposits	4.8	<b>4.8</b>	100.0	-		
Deferred tax assets	6.7	<b>9.4</b>	138.8	2.6		
Other current assets	6.9	<b>8.9</b>	129.7	2.0		
Allowance for doubtful receivables	(0.5)	<b>(0.4)</b>	85.0	0.1		
<b>Total current assets</b>	261.9	59.8	<b>213.5</b>	46.7	81.5	(48.4)
<b>Fixed assets:</b>						
<b>Property, plant, and equipment:</b>						
Buildings	37.7	<b>36.9</b>	97.9	(0.8)		
Land	10.5	<b>10.5</b>	100.0	-		
Others	21.1	<b>18.7</b>	88.7	(2.4)		
<b>Total property, plant, and equipment</b>	69.3	15.8	<b>66.1</b>	14.4	95.4	(3.2)
<b>Intangible assets:</b>						
Software	6.5	<b>6.4</b>	99.4	(0.0)		
Patents, telephone rights and others	0.4	<b>0.5</b>	114.3	0.1		
<b>Total intangible assets</b>	6.9	1.6	<b>7.0</b>	1.5	100.4	0.0
<b>Investments and other assets:</b>						
Investments in securities	5.1	<b>74.3</b>	1,445.7	69.2		
Investments in subsidiaries	46.9	<b>41.4</b>	88.3	(5.5)		
Deferred tax assets	11.4	<b>18.5</b>	162.5	7.1		
Other investments	38.3	<b>38.3</b>	100.0	0.0		
Allowance for doubtful receivables	(1.4)	<b>(1.5)</b>	101.0	(0.0)		
<b>Total investments and other assets</b>	100.2	22.8	<b>171.0</b>	37.4	170.7	70.8
<b>Total fixed assets</b>	176.4	40.2	<b>244.0</b>	53.3	138.3	67.6
<b>Total Assets</b>	438.3	100.0	<b>457.5</b>	100.0	104.4	19.3

##### < Explanation >

###### Cash and time deposits

- < Increase Factor(s) >
- In anticipation for reimbursement of straight bonds

###### Accounts receivable-trade

- < Increase Factor(s) >
- Net sales increase

###### Short-term investments

- < Increase Factor(s) >
- Reclassification of certain marketable securities to Investments in securities

###### Deferred tax assets

- < Increase Factor(s) >
- Increase in accrued enterprise taxes
  - Bonus reserves taxation base expansion

###### Property, plant, and equipment

- < Decrease Factor(s) >
- Increased depreciation of assets

###### Investment in securities

- < Increase Factor(s) >
- Fair value evaluation of securities
  - Reclassification of certain marketable securities in Short-term investments to Investments in securities

###### Deferred tax assets

- < Increase Factor(s) >
- Funding of retirement allowances via trust fund

## &lt; LIABILITIES AND SHAREHOLDERS' EQUITY &gt;

( billions of yen )

## &lt; Explanation &gt;

Years Ended March 31	2000		2001		Chg.	Change
Interim September 30	%		Interim	%	%	
<b>Current liabilities:</b>						
Notes payable-trade	0.8		<b>0.8</b>		104.6	0.0
Accounts payable-trade	7.9		<b>7.1</b>		89.6	(0.8)
Current portion of straight bonds	10.0		<b>10.0</b>		100.0	-
Current portion of long-term borrowing	1.0		<b>1.0</b>		100.0	-
Accrued income taxes	7.6		<b>16.7</b>		219.5	9.1
Consumption tax payable	0.8		<b>1.5</b>		187.0	0.7
Accrued expenses	14.3		<b>13.0</b>		90.7	(1.3)
Reserve for rebates of sales	0.7		<b>0.6</b>		95.5	(0.0)
Other reserves	1.0		<b>0.9</b>		84.6	(0.2)
Other current liabilities	13.1		<b>16.5</b>		126.4	3.5
<b>Total current liabilities</b>	<b>57.2</b>	<b>13.1</b>	<b>68.2</b>	<b>14.9</b>	<b>119.1</b>	<b>11.0</b>
<b>Long-term liabilities:</b>						
Straight bonds	10.0		<b>10.0</b>		100.0	-
Convertible bonds	5.5		<b>5.5</b>		100.0	(0.0)
Retirement allowances	27.9		-		-	(27.9)
Retirement allowances reserve	-		<b>30.2</b>		-	30.2
Retirement allowances for Board Members	1.9		<b>1.7</b>		88.0	(0.2)
Provision for losses on investments in subsidiaries	0.8		<b>1.0</b>		132.5	0.3
<b>Total long-term liabilities</b>	<b>46.1</b>	<b>10.5</b>	<b>48.3</b>	<b>10.6</b>	<b>104.9</b>	<b>2.2</b>
<b>Total liabilities</b>	<b>103.3</b>	<b>23.6</b>	<b>116.5</b>	<b>25.5</b>	<b>112.8</b>	<b>13.2</b>
<b>Shareholders' equity:</b>						
Common Stock	44.9	10.2	<b>44.9</b>	9.8	100.0	0.0
Additional paid-in capital	55.1		<b>55.1</b>		100.0	0.0
Legal reserve	6.8		<b>7.2</b>		105.3	0.4
Retained earning for reduction of assets cost	0.1		<b>0.1</b>		99.3	(0.0)
General Reserve	198.9		<b>218.9</b>		110.1	20.0
Unappropriated retained earnings for the period	29.1		<b>11.9</b>		40.8	(17.2)
Net realized gains on securities	-		<b>2.9</b>	0.6	-	2.9
<b>Total Shareholders' equity</b>	<b>335.0</b>	<b>76.4</b>	<b>341.0</b>	<b>74.5</b>	<b>101.8</b>	<b>6.0</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>438.3</b>	<b>100.0</b>	<b>457.5</b>	<b>100.0</b>	<b>104.4</b>	<b>19.3</b>

**Accrued income taxes**

&lt; Increase Factor(s) &gt;

- Funding of retirement allowances via trust fund

**Retirement allowances reserve**

&lt; Increase Factor(s) &gt;

- Increase associated with new accounting standards for retirement allowances

**Unappropriated retained earnings for the period**

&lt; Decrease Factor(s) &gt;

- Application of tax-effect accounting impact in the previous period

## 2 . Capital Expenditures and Depreciation/Amortization

( billions of yen )

Years Ended March 31	2000	2001	2000	2001(e)
Interim Apr-Sept	Interim	Interim		
Capital expenditures	4.5	<b>2.2</b>	10.2	11.5
Property, plant, and equipment	2.3	<b>1.2</b>	7.7	-
Intangible assets	2.3	<b>1.0</b>	2.5	-
Depreciation/Amortization	5.2	<b>5.1</b>	11.1	11.0

Note: Depreciation/amortization includes property, plant, and equipment as well as intangible assets.



# I. Major R&D Pipeline Candidates

## <JAPAN>

### 1 . FILED FOR APPROVAL (Includes additional form)

Code	Description	Approval	Form.	Origin
E2000 (Additional form)	Muscle Relaxant  Absorption after topical application has been shown to relieve central nervous skeletal muscle spasticity to mitigate muscle stiffness and pain from poor circulation, and can be expected to improve various symptoms of muscle tension.	Mar-97	Transdermal	In-house
E7155	MRI Contrast Medium  A gadolinium contrast medium for magnetic resonance imaging which increases the contrast of lesions in many tissues, achieving a particularly high contrast in hepatic lesions.	Mar-00	Inj.	Bracco
ARICEPT (E2020) (Additional form)	Alzheimer's Disease/Acetylcholinesterase Inhibitor  Treatment that is a convenient dosage formulation for elderly patients.	Mar-00	Fine Granules	In-house

### 2 . PHASE III (Includes additional indication development)

Code	Description	Approval	Form.	Origin
T-614	Anti-rheumatic Agent  Inhibits lymphocyte proliferation and immunoglobulin production by suppressing the production of inflammatory cytokines. Expected to improve chronic rheumatoid arthritis.	2002	Tab.	Toyama Chemical
E6010 (Additional indication)	Pulmonary Embolism Treatment  A novel second generation type of t-PA with a structure modified utilizing gene recombinant techniques. The first t-PA indicated for the treatment of pulmonary embolism with orphan drug status.	2001	Inj.	In-house
E3810 (Additional indication)	GERD Maintenance/Proton Pump Inhibitor  The compound has already been approved for the treatment of peptic ulcers in Japan and is in Phase III clinical trials for GERD Maintenance.	2001	Tab.	In-house

### 3 . PHASE II (Includes additional indication development)

Code	Description	Form.	Origin
E3620	Gastrointestinal Motility/5-HT3 Receptor Antagonist/5-HT4 Receptor Agonist  Serotonin type 3 receptor antagonist and type 4 receptor agonist under development for GI motility. Improves diarrhea and the sense of fullness and anorexia associated with chronic gastritis, and irritable bowel syndrome.	Tab.	In-house
KES524	Obesity Management/Serotonin & Noradrenaline Reuptake Inhibitor  Inhibits the reuptake of neurotransmitters such as noradrenaline and serotonin, and enhances the feeling of satiety and metabolic rate resulting in a loss of body weight.	Cap.	Knoll
E6010 (Additional indication)	Cerebral Embolism Treatment  A novel second generation type of t-PA with a structure modified utilizing gene recombinant techniques. The first t-PA expected to become indicated for the treatment of cerebral embolism.	Inj.	In-house

## <INTERNATIONAL DEVELOPMENT>

### 1. Approved (Includes additional indication development)

Code/Product	Area	Date	Description	Form.	Origin
E3810/PARIET (Additional indication)	EU	From Oct-00	H. pylori Eradication (In combination with antibiotics ) The compound has already been approved for the treatment of peptic ulcers and has now received agreement for approval from all 15 EU countries.	Tab.	In-house

### 2. PHASE III (Includes additional indication development)

Code	Area	Description	Form.	Origin
E3810 (Additional indication)	U.S.	H. pylori Eradication The compound has already been approved for the treatment of peptic ulcers in Japan, Europe, and the U.S. Phase III trials are on-going for H. pylori eradication utilizing a triple therapy regimen.	Tab.	In-house
E2020 (Additional indication)	U.S.	Dementia with Cerebral Vascular Disease Currently approved for the treatment of mild to Alzheimer's disease, E2020 is now in Phase III trials for the treatment of dementia with cerebral vascular disease.	Tab.	In-house

### 3. PHASE II (Includes additional indication development)

Code	Area	Description	Form.	Origin
E5531	U.S.	Septic Shock/Endotoxin Antagonist A synthetic endotoxin antagonist that is effective against various forms of gram negative endotoxins. Presently, there are no effective compounds approved for the treatment of septic shock.	Inj.	In-house
E3810 (Additional indication)	U.S.	Symptomatic Reflux Esophagitis/Proton Pump Inhibitor The compound has already been approved for the treatment of peptic ulcers and a Phase II trial is on-going for symptomatic reflux esophagitis treatment.	Tab.	In-house
E2020 (Additional indication)	U.S.	Attention Deficit Disorder/Attention Deficit Hyperactivity Disorder Currently approved for the treatment of mild to moderate Alzheimer's disease, E2020 is now in Phase II trials for the treatment of attention deficit/hyperactivity disorder.	Tab.	In-house
E7070	U.S. EU	Anti-cancer / antimetabolic agent The compound promotes apoptosis in the G1 stage of the cell cycle. This is one of the first compounds to exhibit G1 arresting activity in the cell cycle stage.	Inj.	In-house

## < Licensed-In Compounds >

Area (Research Code)	Territory	Date	Description	Form.	Origin
GI (TKS1044)	Worldwide	Aug. 2000	H. pylori Eradication/anti-infective for upper digestive tract	Oral	Teikoku Chemical
CNS ( - )	Japan	Oct. 2000	Cervical Dystonia Agent/botulinum toxin type B	Inj.	Elan

## II. Principal New Products

### 1. Eisai

#### <CONSUMER HEALTH CARE PRODUCTS>

Product Name	Launch	Product Description
CHOCOLA BB FRESH	Apr-00	A vitamin B <sub>2</sub> drink product sold in pharmacies, drug stores, and convenience stores. Nutritional supplement in times of physical exhaustion and fatigue.
SACLON CHEWABLE	Jun-00	Easily chewable and has a pleasing mint flavor. When water is not available, Saclon Chewable offers relief from upset stomach and stomach queasiness.
CHOCOLA BB PURE	Jul-00	Contains vitamin B <sub>2</sub> that assists in the metabolism of fat and also contains vitamin C that assists in the recovery of skin wounds and rough skin. Vitamin B <sub>2</sub> , the principal ingredient, is effective for the alleviation or relief of symptoms associated with pimples and rough skin. And for usage as a nutritional supplement in times of physical exhaustion.
SAHNE MOIST GEL	Sep-00	Contains natural vitamin E and glycyrrhizinate dipotassium (an anti-inflammatory agent). After application, Sahne MOIST GEL is quickly absorbed by the skin and provides a dry skin moisture feeling.
BREATHE RIGHT NASAL STRIPS	Oct-00	Nasal strip with plastic bands worn on the nose. Two bands of plastic in the nasal strip attempt to straighten gently lifting the sides of the nose and improves nasal breathing by approximately 30%.

### 2. Sanko Junyaku

#### <DIAGNOSTIC PRODUCTS>

Product Name	Listing/Launch	Product Description
PICOLUMI KL-6	Dec-99	A diagnostic product to specifically detect sialy antigen KL-6 in patient serum with interstitial pneumonia via electrochemical luminescence.
	Apr-00	It is useful for monitoring therapeutic efficacy and prognosis of interstitial pneumonia.
PICOLUMI CA/RF	Mar-00	A diagnostic product to specifically detect agalactosyl IgG antibody via electrochemical luminescence and also provides an alternative test for diagnosing early rheumatoid arthritis.
	Jun-00	