

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

**FOR IMMEDIATE RELEASE
July 30, 2004**

On July 30, 2004, Eisai Co., Ltd., announced quarterly consolidated financial results for the fiscal period ended June 30, 2004.

- Eisai Co., Ltd., is listed on the First Section of both the Tokyo Stock Exchange and the Osaka Securities Exchange.
- Securities Code Number: 4523
- Representative of corporation: Haruo Naito
President and CEO
(Representative Executive Officer)
- Inquiries should be directed to: Hiroyuki Mitsui
Vice President
Corporate Communications

4-6-10 Koishikawa, Bunkyo-ku
Tokyo 112-8088, Japan
Phone: +81-3-3817-5085
URL <http://www.eisai.co.jp/index-e.html>

Note: For additional specific information, please refer to the official Japanese-language version of this release.
This non-official English translation is provided as a courtesy only.

1. CONSOLIDATED QUARTERLY FINANCIAL RESULTS (APRIL 1, 2004 – JUNE 30, 2004)

1. NOTES TO PREPARATION OF THE QUARTERLY FINANCIAL REPORT

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

Number of newly consolidated subsidiaries: 1 (Eisai Food & Chemicals Co., Ltd.)

2. QUARTERLY FINANCIAL RESULTS

(1) RESULTS OF QUARTERLY OPERATIONS

| Period | Net Sales | Percent Change | Operating Income | Percent Change | Ordinary Income | Percent Change |
|------------------------------|---------------|----------------|------------------|----------------|-----------------|----------------|
| April 1, 2004-June 30, 2004 | ¥122,679 mil. | 5.2% | ¥18,634 mil. | (2.3%) | ¥19,463 mil. | (0.6%) |
| April 1, 2003-June 30, 2003 | ¥116,649 mil. | 1.3% | ¥19,078 mil. | 0.3% | ¥19,571 mil. | 6.7% |
| April 1, 2003-March 31, 2004 | ¥500,164 mil. | | ¥83,061 mil. | | ¥83,382 mil. | |

| Period | Net Income | Percent Change | Earnings per Share (EPS) | Fully Diluted EPS |
|------------------------------|---------------|----------------|--------------------------|-------------------|
| April 1, 2004-June 30, 2004 | ¥ 12,388 mil. | 0.4% | ¥43.05 | ¥43.04 |
| April 1, 2003-June 30, 2003 | ¥ 12,335 mil. | 10.3% | ¥42.28 | ¥42.28 |
| April 1, 2003-March 31, 2004 | ¥50,148 mil. | | ¥172.11 | ¥172.11 |

Note: Percentage increase (decrease) is a comparison to the quarterly period ended June 30, 2003.

(2) FINANCIAL POSITION

| Period | Total Assets | Shareholders' Equity | Shareholders' Equity to Total Assets | Shareholders' Equity per Share |
|------------------------------|---------------|----------------------|--------------------------------------|--------------------------------|
| April 1, 2004-June 30, 2004 | ¥635,319 mil. | ¥429,092 mil. | 67.5% | ¥1,491.08 |
| April 1, 2003-June 30, 2003 | ¥593,955 mil. | ¥397,223 mil. | 66.9% | ¥1,361.34 |
| April 1, 2003-March 31, 2004 | ¥615,776 mil. | ¥419,461 mil. | 68.1% | ¥1,457.47 |

(3) CASH FLOW CONDITION

| Period | Operating Cash Flow | Investing Cash Flow | Financial Cash Flow | Cash & Cash Equivalents |
|------------------------------|---------------------|---------------------|---------------------|-------------------------|
| April 1, 2004-June 30, 2004 | ¥9,420 mil. | (¥18,677 mil.) | (¥4,977 mil.) | ¥133,245 mil. |
| April 1, 2003-June 30, 2003 | ¥16,949 mil. | (¥3,764 mil.) | (¥4,507 mil.) | ¥136,400 mil. |
| April 1, 2003-March 31, 2004 | ¥72,718 mil. | (¥27,256 mil.) | (¥21,357 mil.) | ¥146,116 mil. |

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

(4) (REFERENCE DATA)**NON-CONSOLIDATED RESULTS OF QUARTERLY OPERATIONS**

| Period | Net Sales | Percent Change | Operating Income | Percent Change | Ordinary Income | Percent Change |
|----------------------------------|---------------|----------------|------------------|----------------|-----------------|----------------|
| April 1, 2004- June 30, 2004 | ¥74,750 mil. | (2.2%) | ¥16,621 mil. | (13.1%) | ¥17,447 mil. | (10.9%) |
| April 1, 2003- June 30, 2003 | ¥76,463 mil. | (0.5%) | ¥19,119 mil. | (5.7%) | ¥19,590 mil. | 2.8% |
| April 1, 2003- March 31, 2004 | ¥303,626 mil. | | ¥67,057 mil. | | ¥66,559mil. | |

| Period | Net Income | Percent Change | Total Assets | Shareholders Equity |
|----------------------------------|---------------|----------------|----------------|---------------------|
| April 1, 2004- June 30, 2004 | ¥ 11,259mil. | (8.2%) | ¥519,254 mil. | ¥412,611 mil. |
| April 1, 2003- June 30, 2003 | ¥ 12,267 mil. | 7.9% | ¥ 490,026 mil. | ¥385,844 mil. |
| April 1, 2003- March 31, 2004 | ¥41,883 mil. | | ¥515,630 mil. | ¥405,085 mil. |

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

[Current Quarter Financial Highlights] (April 1, 2004 – June 30, 2004)

- Consolidated net sales during the quarter amounted to ¥122,679 million, which was a 5.2% increase compared to the corresponding period last year.
- With respect to net sales to external customers by each geographic area, Japanese sales secured a 2.1% increase and the North American market gained ground by 7.6% while the European territories registered 12.1% growth and 'Asian and other markets' expanded by 21.7% on a year-on-year basis respectively.
- In conjunction with consolidated net sales of major in-line products, sales of *Aricept*, an Alzheimer's disease treatment, amounted to ¥34,414 million, up 6.0% year-on-year as sales of *Pariet* (U.S. brand name: *Aciphex*), a proton pump inhibitor, augmented by 15.5% to ¥30,344 million. In the meantime, the strategic product acquisition of *Zonegran*, an anti-epileptic drug, led to the incremental sales of ¥2,493 million for the two-month period since the end of April in the U.S.
- In connection with expenses, research and development expenses resulted in a year-on-year increase of 7.4% to ¥18,153 million while selling, general and administrative expenses amounted to ¥61,764 million, which was an increase of 7.0%. On the other hand, cost of goods sold came to ¥24,127 million, up 5.1% with the sales cost ratio being 19.7%, equal to the level of a year earlier.
- When it comes to earnings results, operating income for the quarter inched up to ¥18,634 million, a 2.3% decrease year-on-year; ordinary income came to ¥19,463 million, down 0.6%; net income amounted to ¥12,388 million, a 0.4% gain.
- Earnings per share (EPS) for the quarter came to ¥43.05, a ¥0.78 increase from the corresponding period last year.
- Average foreign exchange rates applied for the quarter resulted in ¥109.76 vis-a-vis US dollar and ¥132.27 against euro respectively.
(Average foreign exchange rates during the corresponding period last year were ¥118.50/US dollar and ¥134.66/euro.)

[Segment Information]

(Net sales for each segment are those to external customers.)

(1) Performance by operating segment

Pharmaceuticals segment

Despite the modest growth of 2.2% year-on-year in North America on a local currency basis, net sales of *Aricept* advanced favorably in Japan, Europe, and Asia while those of *Aciphex/Pariet* registered growth in every region. Consequently, sales advanced 6.2% to

¥118,080 million and operating income in the segment thereof came to ¥19,344 million, which was a year-on-year decrease of 0.2%.

Other segments

Due to the waning sales of pharmaceutical production systems and equipments, sales attributable to this 'other segments' descended to ¥4,599 million yen, down 15.2% over the previous year period while operating income shrank 56.7% to ¥ 159 million.

(2) Performance by geographic area

Japan: Sales in Japan amounted to ¥65,042 million, up 2.1% while operating income came to ¥18,096 million, down 10.0%. Sales of *Aricept* climbed to ¥8,916 million, up 27.9% and *Pariet* sales soared to ¥3,240 million, up 86.6% respectively, which more than offset the adverse effects incurred by the National Health Insurance reimbursement (NHI) price revision, resulting in the sales growth of pharmaceuticals. Notwithstanding the solid performance of the pharmaceuticals sales, diminished exports as well as proactive investments in clinical studies, among others, deteriorated the operating income level thereof on a year-on-year basis.

North America: Sales in North America advanced 7.6% year-on-year to ¥45,456 million and operating income increased 42.0% to ¥1,838 million respectively. Negative impact arising out of yen's appreciation shrank sales of *Aricept* to ¥18,123 million on a yen-denominated basis, down 5.3% while sales of *Aciphex* ascended to ¥24,825 million, up 9.8%, which was a year-on-year gain of 18.6% on a local currency basis.

Europe Sales in Europe rose 12.1% year-on-year to ¥9,536 million while operating income jumped to ¥939 million, an increase of 71.5%. Sales of *Aricept* gained ground to ¥6,695 million, up 16.1% and sales of *Pariet* amounted to ¥1,826 million, up 15.5% respectively.

Asia and other regions

Sales in 'Asia and other regions' advanced to ¥2,644 million, up 21.7% while operating income augmented by 51.9% to ¥685 million.

On balance, total overseas sales, excluding Japan, grew to ¥57,637 million, a year-on-year increase of 8.9%, thereby accounting for 47.0% of the consolidated net sales.

[Cash flow]

Net cash provided by operating activities during the quarter under review totaled ¥9,420 million, a decrease of ¥7,529 million in comparison with the preceding year. Core cash generation was, among other factors, rendered by income before income taxes for the quarter in the amount of ¥19,300 million, and depreciation and amortization expenses of ¥5,057 million while income taxes paid came to ¥17,493 million. Cash outflows arising out of investing activities surged by ¥14,913 million from the corresponding period last year to ¥18,677 million, out of which ¥6,776 million was used for purposes of obtaining property, plant and equipment, and ¥11,604 million was attributed to procurement of intangible fixed assets including but not limited to the strategic acquisition of *Zonegran*, an anti-epileptic drug. Net cash utilized in financing activities amounted to ¥4,977 million, up ¥470 million year-on-year, with the main usage thereof being the payment of dividends.

As a result of such operating, investing and financing activities, cash and cash equivalents outstanding at the end of the quarter period stood at ¥133,245 million, down ¥12,871 million in comparison with the beginning balance thereof.

[Projects under development]

The clinical trials, with an aim of proof of concept (POC) completion, are being progressed in conjunction with our four major global development projects including E5564 (generic name: eritoran), an endotoxin antagonist, E7070 (generic name: indisulam), E7389 as anticancer agents, and E2007, a selective AMPA receptor antagonist.

With respect to KES524 (generic name: sibutramine), an obesity management agent under development in Japan, Eisai Co., Ltd. and Germany-based Abbott GmbH & Co., KG signed an agreement to amend the original co-development, licensing and supply agreement in April whereby we shall have the exclusive right and sole responsibility for the continued development and marketing of the product in Japan. In this connection, phase III trial was initiated in May.

An application for a vascular dementia indication for *Aricept* through the mutual recognition procedure in the EU was withdrawn in April. Notwithstanding the foregoing, the Company will expedite the ongoing clinical studies to evaluate the use of *Aricept* for the indication, and once additional supportive data have been obtained, we will resubmit an application thereof to the EU regulatory agencies. In the meantime, an application for a liquid formulation for *Aricept* was filed with the EU regulatory agencies in May.

Regarding *Aciphex/Pariet*, the Company obtained approval for on-demand therapy of symptomatic gastro-oesophageal reflux disease (symptomatic GORD) in April, and for the

treatment of Zollinger-Ellison Syndrome (ZES) in June, both of which are in conformity with the EU mutual recognition procedure. Meanwhile, in Japan, phase III trial for non-erosive gastroesophageal reflux disease (non-erosive GERD) was initiated in June.

On the other hand, the Company strategically acquired an anti-epileptic drug, *Zonegran*, from Ireland-based Elan Corporation, plc., which has been marketed in the U.S. since the end of April. We also expect to obtain approval for a marketing authorization application thereof through the EU's centralized procedure. Furthermore, with respect to TVP-1012 (generic name: rasagiline) under co-development in Europe and the U.S. for the indication of Alzheimer's dementia with Teva Pharmaceutical Industries Ltd., headquartered in Israel, phase II trials thereof have been launched in the U.S.

3. FINANCIAL FORECAST FOR THE FISCAL YEAR ENDING MARCH 31, 2005

In connection with forecast for the fiscal year ending March 2005, no revisions have been made to the financial projection for the half-year and full fiscal year period announced in the annual financial disclosure in May 2004.

CONSOLIDATED FINANCIAL FORECAST

| Period | Net Sales | Ordinary Income | Net Income |
|--------------------------------------|----------------|-----------------|--------------|
| April 1, 2004- September 30, 2004 | ¥254,000 mil. | ¥41,500 mil. | ¥25,000 mil. |
| April 1, 2004- March 31, 2005 | ¥ 520,000 mil. | ¥86,000 mil. | ¥52,000 mil. |

Note: Forecasted Annual Earnings per Share (EPS): ¥ 180.70

(REFERENCE DATA)

NON-CONSOLIDATED FINANCIAL FORECAST

| Period | Net Sales | Ordinary Income | Net Income | Dividends per Share | | |
|---------------------------------------|---------------|-----------------|--------------|---------------------|----------|--------|
| | | | | Interim | Year End | Annual |
| April 1, 2004 – September 30, 2004 | ¥147,000 mil. | ¥33,500 mil. | ¥20,500 mil. | ¥21.00 | – | – |
| April 1, 2004 – March 31, 2005 | ¥297,000 mil. | ¥63,000 mil. | ¥38,500mil. | – | ¥21.00 | ¥42.00 |

Note: Forecasted Annual Earnings per Share (EPS): ¥133.79

4. Forward-looking Statements and Risk Factors

Materials and information provided in this financial disclosure may contain “forward-looking statements” based on current expectations, forecasts, estimates, business goals and assumptions that are subject to risks and uncertainties, which could cause actual outcomes and results to differ materially from these statements.

Risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.

Certain risk factors particularly apply with respect to the Company-related forward-looking statements. Risk factors associated with our business include, but are not limited to, risks related to strategic alliances with partners, challenges arising out of global expansion, uncertainties in new pharmaceutical product development, healthcare cost-containment measures, intensified competition with generic drugs, possible incidence of adverse events, compliance with laws and regulations, litigations, closure or shutdown of factories, safety issues of raw materials used, environmental issues, conditions of financial markets and foreign exchange fluctuations, and IT security-related risks.

EISAI CO., LTD.

1-1) CONSOLIDATED BALANCE SHEET (ASSETS)

| Account Title | March 31, 2004 | | June 30, 2004 | | Increase (Decrease) | |
|-------------------------------------------|-------------------|--------------|-------------------|--------------|------------------------|--------|
| | (Millions of Yen) | (%) | (Millions of Yen) | (%) | (Millions of Yen) | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and time deposits | ¥56,703 | | ¥64,990 | | | |
| Accounts and notes receivable-trade | 132,103 | | 136,232 | | | |
| Short-term investments | 98,189 | | 77,410 | | | |
| Inventories | 35,108 | | 38,324 | | | |
| Deferred tax assets | 21,596 | | 25,235 | | | |
| Other current assets | 10,738 | | 11,505 | | | |
| Allowance for doubtful receivables | (249) | | (268) | | | |
| Total current assets | 354,191 | 57.5 | 353,429 | 55.6 | (761) | |
| Fixed assets: | | | | | | |
| Property, plant and equipment | | | | | | |
| Buildings and structures | 59,968 | | 60,073 | | | |
| Machinery, equipment and vehicles | 21,823 | | 21,550 | | | |
| Land | 17,247 | | 17,236 | | | |
| Construction in progress | 8,579 | | 8,888 | | | |
| Others | 9,071 | 116,690 | 9,018 | 116,767 | 18.4 | 77 |
| Intangible assets | | 15,055 | 2.4 | 33,518 | 5.3 | 18,463 |
| Investments and other assets | | | | | | |
| Investment securities | 82,427 | | 84,120 | | | |
| Long-term loans receivable | 55 | | 55 | | | |
| Deferred tax assets | 17,940 | | 18,579 | | | |
| Other assets | 30,490 | | 29,893 | | | |
| Allowance for doubtful receivables | (1,074) | | (1,045) | | | |
| Total investments and other assets | 129,839 | 21.1 | 131,603 | 20.7 | 1,764 | |
| Total fixed assets | 261,585 | 42.5 | 281,890 | 44.4 | 20,304 | |
| Total | ¥615,776 | 100.0 | ¥635,319 | 100.0 | ¥19,543 | |

EISAI CO., LTD.

1-2) CONSOLIDATED BALANCE SHEET

(LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY)

| Account Title | March 31, 2004 | | June 30, 2004 | | Increase (Decrease) |
|------------------------------------------------------------|-------------------|--------------|-------------------|--------------|------------------------|
| | (Millions of Yen) | (%) | (Millions of Yen) | (%) | (Millions of Yen) |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts and notes payable-trade | ¥15,864 | | ¥15,736 | | |
| Short-term borrowings | 191 | | 423 | | |
| Accounts payable-other | 45,355 | | 42,394 | | |
| Accrued expenses | 28,635 | | 39,928 | | |
| Accrued income taxes | 16,757 | | 11,600 | | |
| Reserve for sales rebates | 23,319 | | 26,531 | | |
| Other reserves | 896 | | 834 | | |
| Other current liabilities | 3,956 | | 5,924 | | |
| Total current liabilities | 134,975 | 21.9 | 143,373 | 22.6 | 8,398 |
| Long-term liabilities: | | | | | |
| Deffered tax liabilities | 321 | | 309 | | |
| Liability for retirement benefits | 49,877 | | 51,361 | | |
| Retirement allowances for directors and corporate auditors | 1,846 | | 1,848 | | |
| Other long-term liabilities | 695 | | 684 | | |
| Total long-term liabilities | 52,741 | 8.6 | 54,204 | 8.5 | 1,463 |
| Total liabilities | 187,717 | 30.5 | 197,578 | 31.1 | 9,861 |
| Minority Interests | 8,598 | 1.4 | 8,648 | 1.4 | 50 |
| Shareholders' equity: | | | | | |
| Common stock | 44,985 | 7.3 | 44,985 | 7.1 | - |
| Capital surplus | 55,222 | 8.9 | 55,222 | 8.7 | - |
| Retained earnings | 342,830 | 55.7 | 350,005 | 55.1 | 7,174 |
| Net unrealized gain on available-for-sale securities | 8,682 | 1.4 | 10,188 | 1.6 | 1,505 |
| Foreign currency translation adjustments | (6,273) | (1.0) | (5,307) | (0.9) | 966 |
| Treasury stock | (25,987) | (4.2) | (26,001) | (4.1) | (14) |
| Total shareholders' equity | 419,461 | 68.1 | 429,092 | 67.5 | 9,631 |
| Total | ¥615,776 | 100.0 | ¥635,319 | 100.0 | ¥19,543 |

EISAI CO., LTD.

2. CONSOLIDATED STATEMENTS OF INCOME

The First Quarter for 2003 and 2004

| Account Title | April 1, 2003 - June 30, 2003 | | April 1, 2004 - June 30, 2004 | | Increase (Decrease) | | |
|----------------------------------------------------------|----------------------------------|----------|----------------------------------|---------|------------------------|-------|--------|
| | (Millions of Yen) | (%) | (Millions of Yen) | (%) | (Millions of Yen) | | |
| Net sales | | ¥116,649 | 100.0 | | ¥122,679 | 100.0 | ¥6,030 |
| Cost of sales | | 22,843 | 19.6 | | 24,204 | 19.7 | 1,360 |
| Gross profit on sales | | 93,805 | 80.4 | | 98,475 | 80.3 | 4,669 |
| Provision of reserve for sales returns | | 117 | 0.1 | | (77) | (0.0) | (194) |
| Gross profit | | 93,688 | 80.3 | | 98,552 | 80.3 | 4,863 |
| Selling, general and administrative expenses | | | | | | | |
| Research and development expenses | 16,896 | | | 18,153 | | | |
| Selling, general and administrative expenses | 57,713 | 74,609 | 63.9 | 61,764 | 79,918 | 65.1 | 5,308 |
| Operating income | | 19,078 | 16.4 | | 18,634 | 15.2 | (444) |
| Non-operating income | | 773 | 0.7 | | 1,001 | 0.8 | 228 |
| Non-operating expenses | | 281 | 0.3 | | 172 | 0.1 | (108) |
| Ordinary income | | 19,571 | 16.8 | | 19,463 | 15.9 | (107) |
| Extra-ordinary income | | 472 | 0.4 | | 203 | 0.1 | (269) |
| Extra-ordinary loss | | 642 | 0.6 | | 366 | 0.3 | (275) |
| Income before income taxes and minority interests | | 19,401 | 16.6 | | 19,300 | 15.7 | (101) |
| Income taxes-current | 11,514 | | | 12,053 | | | |
| Income taxes-deferred | (4,478) | 7,036 | 6.0 | (5,224) | 6,829 | 5.5 | (207) |
| Minority interests | | 30 | 0.0 | | 82 | 0.1 | 52 |
| Net income | | ¥12,335 | 10.6 | | ¥12,388 | 10.1 | ¥53 |

3. CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS /RETAINED EARNINGS

| | April 1, 2003 - March 31, 2004 | | April 1, 2004 - June 30, 2004 | |
|------------------------------------------------|--------------------------------|----------|-------------------------------|----------|
| Account Title | (Millions of Yen) | | (Millions of Yen) | |
| Capital surplus | | | | |
| Capital surplus reserve, beginning balance | | ¥55,222 | | ¥55,222 |
| Increase in additional paid-in capital | | | | |
| - Conversion of convertible bonds | | - | | - |
| Capital surplus ending balance | | 55,222 | | 55,222 |
| Retained earnings, beginning balance | | | | |
| Consolidated earned surplus, beginning balance | | 302,669 | | 342,830 |
| Increase in retained earnings | | | | |
| - Net income | | 50,148 | | 12,388 |
| Decrease in retained earnings | | | | |
| - Dividends | 9,920 | | 5,179 | |
| - Bonuses to Directors | 66 | 9,987 | 34 | 5,214 |
| Retained earnings, ending balance | | ¥342,830 | | ¥350,005 |

EISAI CO., LTD.

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

The First Quarter for 2003 and 2004

| | April 1, 2003- June 30, 2003 | April 1, 2004- June 30, 2004 | Increase (Decrease) |
|------------------------------------------------------------------------|---------------------------------|---------------------------------|------------------------|
| Account Title | (Millions of Yen) | (Millions of Yen) | (Millions of Yen) |
| I. Operating activities: | | | |
| Income before income taxes and minority interests | ¥19,401 | ¥19,300 | |
| Depreciation and amortization | 4,292 | 5,057 | |
| Increase (Decrease) in allowance for doubtful receivables | 28 | (14) | |
| Interest and dividend income | (506) | (594) | |
| Interest expense | 6 | 7 | |
| Equity in earnings of associated companies | (15) | (1) | |
| Net loss on sales and disposal of fixed assets | (79) | (79) | |
| Provision for liability for retirement benefits | 3,960 | 1,701 | |
| Loss/gain on sales of short-term investments and investment securities | 0 | 7 | |
| Loss on impairment of securities | 106 | 61 | |
| Decrease (Increase) in trade receivables | 13,736 | (3,616) | |
| (Increase) in inventories | (1,051) | (2,943) | |
| (Decrease) in accounts payable | (1,583) | (429) | |
| Increase in other current liabilities | 3,330 | 4,658 | |
| Increase(Decrease) in reserve for sales rebates | (2,772) | 2,667 | |
| Other | (892) | 536 | |
| Sub-total | 37,962 | 26,318 | (11,644) |
| Interest and dividends received | 622 | 601 | |
| Interest paid | (6) | (7) | |
| Income taxes paid | (21,629) | (17,493) | |
| Net cash provided by operating activities | 16,949 | 9,420 | (7,529) |
| II. Investing activities: | | | |
| Purchases of short-term investments | (3,609) | (32) | |
| Proceeds from sales and redemptions of short-term investments | 8,637 | 480 | |
| Purchases of property, plant and equipment | (4,705) | (6,776) | |
| Proceeds from sales of property, plant and equipment | 499 | 40 | |
| Purchases of intangible assets | (667) | (11,604) | |
| Purchases of investment securities | (4,912) | (3,164) | |
| Proceeds from sales and redemptions of investment securities | 1,481 | 3,063 | |
| Decrease in time deposits (exceeding 3 months) | 239 | 278 | |
| Other | (727) | (962) | |
| Net cash used in investing activities | (3,764) | (18,677) | (14,913) |
| III. Financing activities: | | | |
| Increase in short-term bank borrowings | 190 | 237 | |
| Dividends paid | (4,668) | (5,179) | |
| Other | (29) | (35) | |
| Net cash used in financing activities | (4,507) | (4,977) | (470) |
| Effect of exchange rate changes on cash and cash equivalents | 450 | 1,363 | 913 |
| Net increase (decrease) in cash and cash equivalents | 9,128 | (12,871) | (22,000) |
| Cash and cash equivalents at beginning of year | 127,271 | 146,116 | 18,845 |
| Cash and cash equivalents at end of period | ¥136,400 | ¥133,245 | (¥3,155) |

5. SEGMENT INFORMATION

1. Industry Segment Information

(1) For the first quarter, ended June 30, 2003 (Millions of Yen)

| | Pharmaceuticals | Others | Total | Eliminations and Corporate | Consolidated |
|------------------------|-----------------|--------|----------|----------------------------|--------------|
| I. Sales | | | | | |
| (1) Sales to customers | ¥111,223 | ¥5,425 | ¥116,649 | – | ¥116,649 |
| (2) Intersegment sales | 52 | 3,243 | 3,295 | (¥3,295) | – |
| Total sales | 111,276 | 8,668 | 119,945 | (3,295) | 116,649 |
| Operating expenses | 91,894 | 8,300 | 100,194 | (2,623) | 97,570 |
| Operating income | ¥19,381 | ¥368 | ¥19,750 | (¥671) | ¥19,078 |

(2) For the first quarter, ended June 30, 2004 (Millions of Yen)

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

Notes:

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

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

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

2. Geographical Segment Information

For the first quarter ended June 30, 2003 (Millions of Yen)

| | Japan | North America | Europe | Asia and Others | Total | Eliminations and Corporate | Consolidated |
|------------------------|---------|---------------|--------|-----------------|----------|----------------------------|--------------|
| I. Sales | | | | | | | |
| (1) Sales to customers | ¥63,713 | ¥42,258 | ¥8,505 | ¥2,172 | ¥116,649 | – | ¥116,649 |
| (2) Intersegment sales | 17,568 | 4,146 | 685 | 16 | 22,416 | (22,416) | – |
| Total sales | 81,282 | 46,404 | 9,190 | 2,188 | 139,066 | (22,416) | 116,649 |
| Operating expenses | 61,181 | 45,109 | 8,643 | 1,737 | 116,672 | (19,101) | 97,570 |
| Operating income | ¥20,100 | ¥1,294 | ¥547 | ¥451 | ¥22,393 | (¥3,314) | ¥19,078 |

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

(Millions of Yen)

| | Japan | North America | Europe | Asia and Others | Total | Eliminations and Corporate | Consolidated |
|------------------------|---------|---------------|--------|-----------------|----------|----------------------------|--------------|
| I. Sales | | | | | | | |
| (1) Sales to customers | ¥65,042 | ¥45,456 | ¥9,536 | ¥2,644 | ¥122,679 | - | ¥122,679 |
| (2) Intersegment sales | 15,362 | 5,000 | 1,641 | 7 | 22,011 | (22,011) | - |
| Total sales | 80,404 | 50,457 | 11,177 | 2,651 | 144,691 | (22,011) | 122,679 |
| Operating expenses | 62,308 | 48,618 | 10,238 | 1,966 | 123,132 | (19,086) | 104,045 |
| Operating income | ¥18,096 | ¥1,838 | ¥939 | ¥685 | ¥21,558 | (¥2,924) | ¥18,634 |

Notes:

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

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

-North America: The United States and Canada

-Europe: The United Kingdom, France, Germany, etc.

-Asia and Others: East Asia, South-East Asia and South-Central America, etc.

(3) Intersegment sales in Japan principally represent product sales from the parent company (Eisai Co., Ltd.) 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.

3. Overseas Sales

(1) For the first quarter ended June 30, 2003

(Millions of Yen)

| | North America | Europe | Asia and Others | Total |
|----------------------------|---------------|---------|-----------------|----------|
| 1. Overseas sales | ¥44,481 | ¥10,309 | ¥2,937 | ¥57,728 |
| 2. Consolidated sales | | | | ¥116,649 |
| 3. Share of overseas sales | 38.1% | 8.9% | 2.5% | 49.5% |

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

(Millions of Yen)

| | North America | Europe | Asia and Others | Total |
|----------------------------|---------------|---------|-----------------|----------|
| 1. Overseas sales | ¥47,679 | ¥12,501 | ¥3,144 | ¥63,325 |
| 2. Consolidated sales | | | | ¥122,679 |
| 3. Share of overseas sales | 38.9% | 10.2% | 2.5% | 51.6% |

Notes:

(1) Segmentation of the areas is based on geographical proximity.

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

-North America: The United States and Canada.

-Europe: The United Kingdom, France, Germany, etc.

-Asia and Others: East Asia, South-East Asia, and South-Central America, etc.

(3) Overseas sales represent the sales reported in countries and areas outside Japan by the parent company and the consolidated subsidiaries.

2004.6

Reference Data

First Quarter Ended June 30, 2004

July 30, 2004



Eisai Co., Ltd.

Corporate Communications Department
TEL 81-3-3817-5120 FAX 81-3-3811-3077

<http://www.eisai.co.jp/eir/>

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*Unless otherwise specified, all figures have been rounded to their nearest specified unit.

*Currency exchange rates utilized in the reference data are noted in the table below.

*Overseas sales are calculated based upon the fiscal year average rate in the table below.

Currency Exchange Rates

| | US | EU | UK |
|----------------------------------------------------|----------|----------|--------|
| | (¥/US\$) | (¥/EURO) | (¥/£) |
| (Apr. 1- Jun. 30, 2003) First Quarter Average Rate | 118.50 | 134.66 | 191.82 |
| (Jun. 30, 2003) First Quarter End Rate | 119.80 | 136.92 | 198.11 |
| (Apr.1- Mar. 31, 2004) Fiscal Year Average Rate | 113.07 | 132.60 | 191.00 |
| (Mar. 31, 2004) Fiscal Year End Rate | 105.69 | 128.88 | 193.09 |
| (Apr.1 - Jun. 30, 2004) First Quarter Average Rate | 109.76 | 132.27 | 198.51 |
| (Jun. 30, 2004) First Quarter End Rate | 108.43 | 131.06 | 196.18 |
| Fiscal Year Ending Mar. 31, 2005 Forecast Rate | 105.00 | 125.00 | 185.00 |

Materials and information provided in this financial disclosure may contain “forward-looking statements” based on current expectations, forecasts, estimates, business goals and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements.

Risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.

Risk factors particularly apply with respect to the Company-related forward-looking statements. Risk factors associated with our business include, but are not limited to, risks related to strategic alliances with partners, challenges arising out of global expansion, uncertainties in new pharmaceutical product development, healthcare cost-containment measures, intensified competition with generic drugs, possible incidence of adverse events, compliance with laws and regulations, litigations, closure or shutdown of factories, safety issues of raw materials used, environmental issues, conditions of financial markets and foreign exchange fluctuations, and IT security-related risks.

I. Consolidated Financial Highlights

1. Statement of Income Data

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | | | |
|----------------------------------------------|---------------|--------------|----------|-------|----------|
| | 2004 | 2005 | Change % | 2004 | 2005 (e) |
| Net Sales | 116.6 | 122.7 | 105.2 | 500.2 | 520.0 |
| Cost of Sales | 23.0 | 24.1 | 105.1 | 97.2 | 96.0 |
| Research and Development Expenses | 16.9 | 18.2 | 107.4 | 69.0 | 75.0 |
| Selling, General and Administrative Expenses | 57.7 | 61.8 | 107.0 | 250.9 | 263.0 |
| Operating Income | 19.1 | 18.6 | 97.7 | 83.1 | 86.0 |
| Ordinary Income | 19.6 | 19.5 | 99.4 | 83.4 | 86.0 |
| Net Income | 12.3 | 12.4 | 100.4 | 50.1 | 52.0 |
| Earnings per Share (yen) | 42.3 | 43.1 | 101.8 | 172.1 | 180.7 |
| Dividends per Share (yen) | - | - | - | 36 | 42 |

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

2. Balance Sheet Data

(billions of yen)

| | 2004 | | Inc./ Dec. |
|----------------------|--------|--------------|------------|
| | 31-Mar | 30-Jun | |
| Total Assets | 615.8 | 635.3 | 19.5 |
| Shareholders' Equity | 419.5 | 429.1 | 9.6 |

3. Capital Expenditures and Depreciation/Amortization

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | | 2004 |
|-------------------------------|---------------|-------------|------------|------|
| | 2004 | 2005 | Inc./ Dec. | |
| Capital Expenditures | 5.2 | 23.2 | 18.0 | 28.7 |
| Property, plant and equipment | 4.5 | 3.2 | (1.3) | 25.4 |
| Intangible Assets | 0.7 | 19.9 | 19.3 | 3.3 |
| Depreciation/Amortization | 4.3 | 5.1 | 0.8 | 18.5 |

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

4. Cash Flow Data

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | | 2004 |
|--------------------------------------------|---------------|---------------|------------|--------|
| | 2004 | 2005 | Inc./ Dec. | |
| Net cash provided by operating activities | 16.9 | 9.4 | (7.5) | 72.7 |
| Net cash used in investing activities | (3.8) | (18.7) | (14.9) | (27.3) |
| Net cash used in financing activities | (4.5) | (5.0) | (0.5) | (21.4) |
| Cash and cash equivalents at end of period | 136.4 | 133.2 | (3.2) | 146.1 |
| Free Cash Flow | 12.1 | (8.9) | (21.0) | 48.9 |

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

II. Consolidated Statements of Income

1. Consolidated Statement of Income & Explanation (billions of yen)

| Years Ended/Ending March 31 | First Quarter | | | | | | <Explanation> |
|----------------------------------------------|---------------|---------|--------------|---------|--------|-----------|-------------------------------------------------------------------------------------------------------|
| | 2004 | Sales % | 2005 | Sales % | Chg. % | Inc./Dec. | |
| Net sales | 116.6 | 100.0 | 122.7 | 100.0 | 105.2 | 6.0 | |
| Cost of sales | 22.8 | 19.6 | 24.2 | 19.7 | 106.0 | 1.4 | Cost of sales <Decrease Factor(s)> Business mix and sales product mix change |
| Reversal of reserve for sales returns | 0.1 | 0.1 | (0.1) | (0.0) | | (0.2) | |
| Gross profit | 93.7 | 80.3 | 98.6 | 80.3 | 105.2 | 4.9 | |
| Research and development expenses | 16.9 | 14.5 | 18.2 | 14.8 | 107.4 | 1.3 | Research and development expenses <Increase Factor(s)> Alliance fee |
| Selling, general and administrative expenses | 57.7 | 49.4 | 61.8 | 50.3 | 107.0 | 4.1 | |
| Operating income | 19.1 | 16.4 | 18.6 | 15.2 | 97.7 | (0.4) | |
| Non-operating income | 0.8 | 0.7 | 1.0 | 0.8 | 129.5 | 0.2 | |
| Non-operating expenses | 0.3 | 0.3 | 0.2 | 0.1 | 61.3 | (0.1) | Foreign exchange gain/loss *2003 1Q: Loss of 1.8 billions *2004 1Q: Gain of 0.1 billions |
| Ordinary income | 19.6 | 16.8 | 19.5 | 15.9 | 99.4 | (0.1) | |
| Extraordinary income | 0.5 | 0.4 | 0.2 | 0.1 | 43.1 | (0.3) | |
| Extraordinary loss | 0.6 | 0.6 | 0.4 | 0.3 | 57.1 | (0.3) | |
| Income before taxes & interests | 19.4 | 16.6 | 19.3 | 15.7 | 99.5 | (0.1) | |
| Income taxes-current | 11.5 | 9.9 | 12.1 | 9.8 | 104.7 | 0.5 | |
| Income taxes-deferred | (4.5) | (3.9) | (5.2) | (4.3) | | (0.7) | |
| Minority interests | 0.0 | 0.0 | 0.1 | 0.1 | | 0.1 | |
| Net income | 12.3 | 10.6 | 12.4 | 10.1 | 100.4 | 0.1 | |

2. Financial Results by Industry Segment

2-1. Consolidated Net Sales by Industry Segment

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | |
|---------------------------------|---------------|----------------|---------|
| | 2004 | 2005 | 2004 |
| Net sales to customers | 116.6 | 122.7 | 500.2 |
| Pharmaceuticals | 111.2 | 118.1 | 476.8 |
| (In-house developed products %) | (89.3%) | (88.3%) | (88.9%) |
| Japan | 59.1 | 60.7 | 239.8 |
| North America | 41.7 | 45.3 | 193.5 |
| Europe | 8.3 | 9.4 | 33.6 |
| Asia and others | 2.2 | 2.6 | 9.9 |
| Others | 5.4 | 4.6 | 23.4 |
| Japan | 4.7 | 4.3 | 21.2 |
| Overseas | 0.8 | 0.3 | 2.2 |

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

* Major areas and countries included in each category:

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

2-2. Consolidated Operating Income by Industry Segment

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | |
|-----------------------------|---------------|--------------|-------|
| | 2004 | 2005 | 2004 |
| Operating income/loss | 19.1 | 18.6 | 83.1 |
| Pharmaceuticals | 19.4 | 19.3 | 84.6 |
| Others | 0.4 | 0.2 | 1.4 |
| Elimination and Corporate | (0.7) | (0.9) | (3.0) |

3. Financial Results by Geographical Area

3-1. Consolidated Net Sales by Geographical Segment

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | |
|-----------------------------|---------------|--------------|-------|
| | 2004 | 2005 | 2004 |
| Net sales to customers | 116.6 | 122.7 | 500.2 |
| Japan | 63.7 | 65.0 | 260.9 |
| North America | 42.3 | 45.5 | 194.5 |
| Europe | 8.5 | 9.5 | 34.8 |
| Asia and others | 2.2 | 2.6 | 9.9 |
| Overseas sales | 52.9 | 57.6 | 239.2 |
| Overseas sales ratio (%) | 45.4% | 47.0% | 47.8% |

3-2. Consolidated Operating Income by Geographical Segment

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | |
|-----------------------------|---------------|--------------|-------|
| | 2004 | 2005 | 2004 |
| Operating income/loss | 19.1 | 18.6 | 83.1 |
| Japan | 20.1 | 18.1 | 71.9 |
| North America | 1.3 | 1.8 | 10.9 |
| Europe | 0.5 | 0.9 | 3.4 |
| Asia and others | 0.5 | 0.7 | 1.8 |
| Eliminations and corporate | (3.3) | (2.9) | (5.0) |

4. Overseas Sales

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | |
|-----------------------------|---------------|--------------|-------|
| | 2004 | 2005 | 2004 |
| Net sales | 116.6 | 122.7 | 500.2 |
| North America | 44.5 | 47.7 | 202.3 |
| Europe | 10.3 | 12.5 | 47.9 |
| Asia and others | 2.9 | 3.1 | 12.0 |
| Overseas sales | 57.7 | 63.3 | 262.3 |

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

* Major areas and countries included in each category:

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

5. Global Product Sales

5-1. ARICEPT Sales by Area

| Years Ended/Ending March 31 | | First Quarter | | |
|-----------------------------|----------------|---------------|-------------|-------|
| | | 2004 | 2005 | 2004 |
| Area | | | | |
| Japan | ¥ Billions | 7.0 | 8.9 | 28.4 |
| U.S. | ¥ Billions | 19.1 | 18.1 | 87.9 |
| | US \$ Millions | 162 | 165 | 777 |
| U.K. | ¥ Billions | 0.3 | 0.2 | 1.0 |
| | UK £ Millions | 1 | 1 | 5 |
| Germany | ¥ Billions | 2.1 | 1.6 | 6.2 |
| | Euro Millions | 15 | 12 | 47 |
| France | ¥ Billions | 3.4 | 4.8 | 15.5 |
| | Euro Millions | 25 | 36 | 117 |
| Europe Total | ¥ Billions | 5.8 | 6.7 | 22.8 |
| Asia and others | ¥ Billions | 0.6 | 0.7 | 2.5 |
| Total | ¥ Billions | 32.5 | 34.4 | 141.6 |

5-2. ACIPHEX/PARIET Sales by Area

| Years Ended/Ending March 31 | | First Quarter | | |
|-----------------------------|----------------|---------------|-------------|-------|
| | | 2004 | 2005 | 2004 |
| Area | | | | |
| Japan | ¥ Billions | 1.7 | 3.2 | 14.6 |
| U.S. | ¥ Billions | 22.6 | 24.8 | 105.5 |
| | US \$ Millions | 191 | 226 | 933 |
| U.K. | ¥ Billions | 1.3 | 1.5 | 6.2 |
| | UK £ Millions | 7 | 8 | 33 |
| Germany | ¥ Billions | 0.3 | 0.3 | 1.1 |
| | Euro Millions | 2 | 2 | 8 |
| Europe Total | ¥ Billions | 1.6 | 1.8 | 7.3 |
| Asia and others | ¥ Billions | 0.3 | 0.5 | 1.6 |
| Total | ¥ Billions | 26.3 | 30.3 | 129.0 |

<Reference> [Non-consolidated]

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

| Years Ended/Ending March 31 | | First Quarter | | |
|-----------------------------|----------------|---------------|-------------|-------|
| | | 2004 | 2005 | 2004 |
| Net sales | ¥ Billions | 42.4 | 45.9 | 196.1 |
| | US \$ Millions | 358 | 418 | 1,734 |
| Operating income | ¥ Billions | 1.0 | 1.6 | 10.0 |
| | US \$ Millions | 8 | 14 | 88 |
| Net income | ¥ Billions | 0.7 | 1.0 | 6.0 |
| | US \$ Millions | 5 | 9 | 53 |
| Operating income before | ¥ Billions | 6.2 | 7.6 | 34.1 |
| Royalty deduction | US \$ Millions | 53 | 69 | 301 |

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

| Years Ended/Ending March 31 | | First Quarter | | |
|-----------------------------|----------------------|---------------|------------|------|
| | | 2004 | 2005 | 2004 |
| Net sales | ¥ Billions | 0.8 | 1.0 | 3.8 |
| | Chinese RMB Millions | 52 | 78 | 273 |
| Operating income | ¥ Billions | 0.2 | 0.3 | 1.0 |
| | Chinese RMB Millions | 15 | 25 | 68 |
| Net income | ¥ Billions | 0.2 | 0.3 | 0.8 |
| | Chinese RMB Millions | 15 | 22 | 59 |

*The fiscal year of Eisai China Inc. ends on December 31. Average rate of Japanese yen to Chinese RMB was 14.01 yen from January 1 to December 31, 2003, 12.95 yen from January 1, 2004 to March 31, 2004 and 14.37 yen from January 1, 2003 to March 2003, respectively.

Eisai Korea Inc. (Korea) / Pharmaceutical Sales

| Years Ended/Ending March 31 | | First Quarter | | |
|-----------------------------|---------------------|---------------|------------|------|
| | | 2004 | 2005 | 2004 |
| Net sales | ¥ Billions | 0.5 | 0.6 | 2.3 |
| | Korean Won Billions | 5 | 6 | 24 |
| Operating income | ¥ Billions | 0.1 | 0.1 | 0.3 |
| | Korean Won Billions | 1 | 1 | 3 |
| Net income | ¥ Billions | 0.0 | 0.1 | 0.2 |
| | Korean Won Billions | 0 | 1 | 2 |

*Average rate of Japanese yen to Korean won was 0.0949yen from April 1 to June 30 2004, 0.0985 yen from April 1 to June 30, 2003, and 0.0959 yen from April 1, 2003 to March 31, 2004, respectively.

6. Selling, General and Administrative Expenses (Including R&D expenses)

6-1. Research and Development Expenses (R&D expenses)

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | 2004 | 2005 (e) |
|-----------------------------------|---------------|--------------|-------|-------------|
| | 2004 | 2005 | | |
| Net sales | 116.6 | 122.7 | 500.2 | 520.0 |
| Research and development expenses | 16.9 | 18.2 | 69.0 | 75.0 |
| Percentage of sales (%) | 14.5% | 14.8% | 13.8% | 14.4% |

6-2. Selling, General and Administrative Expenses (SG&A expenses)

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | 2004 | 2005 (e) |
|----------------------------------------------|---------------|--------------|-------|-------------|
| | 2004 | 2005 | | |
| Net sales | 116.6 | 122.7 | 500.2 | 520.0 |
| Selling, general and administrative expenses | 57.7 | 61.8 | 250.9 | 263.0 |
| Personnel expenses | 15.5 | 14.6 | 58.9 | - |
| Marketing expenses | 35.5 | 38.1 | 161.9 | - |
| Administrative expenses and others | 6.8 | 9.0 | 30.1 | - |
| Percentage of sales (%) | 49.4% | 50.3% | 50.2% | 50.6% |

6-3. Selling General and Administrative Expenses (Including R&D Expenses)

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | 2004 | 2005 (e) |
|-----------------------------------------------------------------------|---------------|--------------|-------|-------------|
| | 2004 | 2005 | | |
| Net sales | 116.6 | 122.7 | 500.2 | 520.0 |
| Selling, general and administrative expenses (including R&D expenses) | 74.6 | 79.9 | 319.9 | 338.0 |
| Percentage of sales (%) | 63.9% | 65.1% | 64.0% | 65.0% |

III. Consolidated Balance Sheet

1. Consolidated Balance Sheet & Explanation

<Assets>

(billions of yen)

| | 2004 | | | | Chg. % | Inc./ Dec. | <Explanation> |
|--------------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-----------------------------------------------------------------------------------------------------------------------|
| | 31-Mar | % | 30-Jun | % | | | |
| Current assets: | | | | | | | |
| Cash and time deposits | 56.7 | | 65.0 | | | 8.3 | Cash and time deposits <Increase Factor(s)> Increase in collection of accounts receivable -trade in U.S. |
| Accounts receivable-trade | 132.1 | | 136.2 | | | 4.1 | |
| Short-term investments | 98.2 | | 77.4 | | | (20.8) | |
| Inventories | 35.1 | | 38.3 | | | 3.2 | |
| Deferred tax assets | 21.6 | | 25.2 | | | 3.6 | |
| Other current assets | 10.7 | | 11.5 | | | 0.8 | |
| Allowance for doubtful receivables | (0.2) | | (0.3) | | | (0.0) | |
| Total current assets | 354.2 | 57.5 | 353.4 | 55.6 | 99.8 | (0.8) | |
| Fixed assets: | | | | | | | |
| Property, plant and equipment: | | | | | | | |
| Buildings and structures | 60.0 | | 60.1 | | | 0.1 | |
| Machinery and vehicles | 21.8 | | 21.6 | | | (0.3) | |
| Land | 17.2 | | 17.2 | | | (0.0) | |
| Construction in progress | 8.6 | | 8.9 | | | 0.3 | |
| Others | 9.1 | | 9.0 | | | (0.1) | |
| Total property, plant and equipment | 116.7 | 19.0 | 116.8 | 18.4 | 100.1 | 0.1 | |
| Intangible assets | 15.1 | 2.4 | 33.5 | 5.3 | 222.6 | 18.5 | |
| Investment in other assets: | | | | | | | |
| Investments in securities | 82.4 | | 84.1 | | | 1.7 | |
| Long-term loans receivable | 0.1 | | 0.1 | | | 0.0 | |
| Deferred tax assets | 17.9 | | 18.6 | | | 0.6 | |
| Other investments | 30.5 | | 29.9 | | | (0.6) | |
| Allowance for doubtful receivables | (1.1) | | (1.0) | | | 0.0 | |
| Total investments and other assets | 129.8 | 21.1 | 131.6 | 20.7 | 101.4 | 1.8 | |
| Total fixed assets | 261.6 | 42.5 | 281.9 | 44.4 | 107.8 | 20.3 | |
| Total assets | 615.8 | 100.0 | 635.3 | 100.0 | 103.2 | 19.5 | |

<Liabilities and Shareholders' Equity>

(billions of yen)

| | 2004 | | | | Chg. % | Inc./ Dec. | <Explanation> |
|-----------------------------------------------------------------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------------------------------------------------------------------------------------|
| | 31-Mar | % | 30-Jun | % | | | |
| Current liabilities: | | | | | | | |
| Accounts payable-trade | 15.9 | | 15.7 | | | (0.1) | Accrued income taxes <Decrease Factor(s)> Decrease due to settlement of income |
| Short-term borrowings | 0.2 | | 0.4 | | | 0.2 | |
| Accounts payable-other | 45.4 | | 42.4 | | | (3.0) | |
| Accrued expenses | 28.6 | | 39.9 | | | 11.3 | |
| Accrued income taxes | 16.8 | | 11.6 | | | (5.2) | |
| Reserve for sales rebates | 23.3 | | 26.5 | | | 3.2 | |
| Other reserves | 0.9 | | 0.8 | | | (0.1) | |
| Other current liabilities | 4.0 | | 5.9 | | | 2.0 | |
| Total current liabilities | 135.0 | 21.9 | 143.4 | 22.6 | 106.2 | 8.4 | |
| Long-term liabilities: | | | | | | | |
| Deferred tax liabilities | 0.3 | | 0.3 | | | (0.0) | Liabilities for retirement benefits Amortization of actuarial loss |
| Liabilities for retirement benefits | 49.9 | | 51.4 | | | 1.5 | |
| Allowance for retirement of Directors | 1.8 | | 1.8 | | | 0.0 | |
| Other long-term liabilities | 0.7 | | 0.7 | | | (0.0) | |
| Total long-term liabilities | 52.7 | 8.6 | 54.2 | 8.5 | 102.8 | 1.5 | |
| Total liabilities | 187.7 | 30.5 | 197.6 | 31.1 | 105.3 | 9.9 | |
| Minority Interests | 8.6 | 1.4 | 8.6 | 1.4 | 100.6 | 0.1 | |
| Shareholders' equity: | | | | | | | |
| Common stock | 45.0 | 7.3 | 45.0 | 7.1 | | - | |
| Capital surplus | 55.2 | 8.9 | 55.2 | 8.7 | | - | |
| Retained earnings | 342.8 | 55.7 | 350.0 | 55.1 | | 7.2 | |
| Net unrealized gains on available-for-sale securities | 8.7 | 1.4 | 10.2 | 1.6 | | 1.5 | |
| Foreign currency translation adjustments | (6.3) | (1.0) | (5.3) | (0.9) | | 1.0 | |
| Treasury stock | (26.0) | (4.2) | (26.0) | (4.1) | | (0.0) | |
| Total shareholders' equity | 419.5 | 68.1 | 429.1 | 67.5 | 102.3 | 9.6 | |
| Total liabilities, minority interests and shareholders' equity | 615.8 | 100.0 | 635.3 | 100.0 | 103.2 | 19.5 | |

IV. Consolidated Statements of Cash Flows

| Years Ended/Ending March 31 | (billions of yen) | | | <Explanation> |
|---------------------------------------------------------------------|-------------------|---------------|-----------|----------------------------------------------------------------------------------|
| | First Quarter | | | |
| | 2004 | 2005 | Inc./Dec. | |
| Operating activities | | | | |
| Income before income taxes & minority interests | 19.4 | 19.3 | (0.1) | |
| Depreciation and amortization | 4.3 | 5.1 | 0.8 | |
| Other non-cash losses/gains | 4.1 | 1.7 | (2.3) | |
| Operating assets/liabilities increase/decrease | 11.7 | 0.9 | (10.8) | |
| Others | (1.5) | (0.6) | 0.8 | |
| Subtotal | 38.0 | 26.3 | (11.6) | |
| Interest paid/received | 0.6 | 0.6 | (0.0) | |
| Cash paid for income taxes | (21.6) | (17.5) | 4.1 | |
| Net cash provided by operating activities | 16.9 | 9.4 | (7.5) | |
| Investing activities | | | | |
| Capital expenditures | (5.4) | (18.4) | (13.0) | Capital expenditures |
| Other revenue/payment for continuous activities | 0.5 | 0.0 | (0.4) | Expenditures for purchases of property, plant and equipment was 4.7 billion yen. |
| Purchases/sales of securities | 1.6 | 0.3 | (1.3) | |
| Others | (0.5) | (0.7) | (0.2) | |
| Net cash used in investing activities | (3.8) | (18.7) | (14.9) | |
| Financing activities | | | | |
| Dividends paid | (4.7) | (5.2) | (0.5) | |
| Short-term debt proceeds/payments | 0.2 | 0.2 | 0.0 | |
| Others | (0.0) | (0.0) | (0.0) | |
| Net cash used in financing activities | (4.5) | (5.0) | (0.5) | |
| Effect of exchange rate changes on cash and cash equivalents | 0.5 | 1.4 | 0.9 | |
| Net increase in cash and cash equivalents | 9.1 | (12.9) | (22.0) | |
| Cash and cash equivalents at beginning of year | 127.3 | 146.1 | 18.8 | |
| Cash and cash equivalents at end of year | 136.4 | 133.2 | (3.2) | |
| (billions of yen) | | | | |
| Years Ended March 31 | First Quarter | | | <Explanation> |
| | 2004 | 2005 | Inc./Dec. | |
| | | | | |
| Free Cash Flow | 12.1 | (8.9) | (21.0) | |

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

V. Non-Consolidated Financial Highlights

1. Statements of Income Data

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | | | |
|----------------------------------------------|---------------|-------------|----------|-------|----------|
| | 2004 | 2005 | Change % | 2004 | 2005 (e) |
| Net Sales | 76.5 | 74.8 | 97.8 | 303.6 | 297.0 |
| Cost of Sales | 20.8 | 19.5 | 93.9 | 83.6 | 70.0 |
| Research and Development Expenses | 16.0 | 17.6 | 109.9 | 67.4 | 75.0 |
| Selling, General and Administrative Expenses | 20.6 | 21.0 | 102.3 | 85.6 | 89.0 |
| Operating Income | 19.1 | 16.6 | 86.9 | 67.1 | 63.0 |
| Ordinary Income | 19.6 | 17.4 | 89.1 | 66.6 | 63.0 |
| Net Income | 12.3 | 11.3 | 91.8 | 41.9 | 38.5 |

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

2. Net Sales by Business Segment

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | | | |
|----------------------------------------------------------------------------|---------------|----------------|----------|---------|----------|
| | 2004 | 2005 | Change % | 2004 | 2005 (e) |
| Net Sales (billions of yen) | 76.5 | 74.8 | 97.8 | 303.6 | 297.0 |
| Pharmaceuticals | 67.2 | 65.1 | 96.9 | 260.7 | 254.0 |
| Prescription Pharmaceuticals(Including Drug Substance/Bulk Tablets) | 62.8 | 60.8 | 96.8 | 241.2 | 234.0 |
| (Ratio of in-house developed products to Prescription Pharmaceuticals) (%) | (79.0%) | (80.9%) | - | (80.4%) | - |
| Consumer Health Care Products | 4.3 | 4.3 | 98.5 | 19.5 | 20.0 |
| Food Additives/Chemicals, Machinery, etc. | 2.2 | 0.6 | 28.8 | 9.7 | 4.5 |
| Industrial Property Rights, etc. Income | 7.1 | 9.0 | 127.4 | 33.3 | 38.5 |

3. Exports by Geographical Area

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | | | |
|------------------------------|---------------|--------------|----------|-------|----------|
| | 2004 | 2005 | Change % | 2004 | 2005 (e) |
| Net Sales | 76.5 | 74.8 | 97.8 | 303.6 | 297.0 |
| Export | 22.3 | 21.0 | 93.8 | 85.9 | 79.0 |
| North America | 16.5 | 14.9 | 90.2 | 62.7 | - |
| Europe | 4.5 | 5.0 | 110.8 | 18.8 | - |
| Asia and Others | 1.3 | 1.1 | 80.6 | 4.3 | - |
| Ratio of Exports to Sales(%) | 29.2% | 28.0% | - | 28.3% | 26.6% |

* Major areas and countries included in each category:

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

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

4. Prescription Pharmaceuticals

(billions of yen)

| Years Ended/Ending March 31 | | First Quarter | | | 2004 |
|-----------------------------------------------|-----------------|---------------|-------------|----------|-------|
| | | 2004 | 2005 | Change % | |
| Product | Description | | | | |
| Alzheimer's disease treatment | ARICEPT | 7.0 | 8.9 | 127.9 | 28.4 |
| Peripheral neuropathy treatment | METHYCOBAL | 8.3 | 8.0 | 96.0 | 31.8 |
| Gastritis/gastric ulcer medication | SELBEX | 6.7 | 5.8 | 86.3 | 24.4 |
| Proton pump inhibitor | PARIET | 1.7 | 3.2 | 186.6 | 14.6 |
| Osteoporosis treatment | GLAKAY | 2.8 | 2.4 | 85.8 | 10.0 |
| Non-ionic contrast medium | IOMERON | 2.6 | 2.3 | 88.8 | 9.4 |
| Muscle relaxant | MYONAL | 2.3 | 2.2 | 95.4 | 8.7 |
| Long-acting isosorbide dinitrate | NITOROL-R | 1.4 | 1.3 | 89.6 | 5.3 |
| Endoscopic examination/hypoglycemia treatment | GLUCAGON G NOVO | 1.2 | 1.1 | 91.7 | 4.4 |
| Anti-allergy agent | AZEPTIN | 1.0 | 0.8 | 88.7 | 3.5 |
| Long-acting macrolide antibiotic | RULID | 0.8 | 0.7 | 84.9 | 3.1 |
| Long-acting ACE inhibitor | INHIBACE | 0.7 | 0.6 | 82.2 | 2.5 |
| Prescription Pharmaceuticals Total | | 48.9 | 49.3 | 100.8 | 192.3 |

5. ACIPHEX/PARIET, ARICEPT Drug Substance / Bulk Tablets Sales

(billions of yen)

| Years Ended/Ending March 31 | | First Quarter | | | 2004 |
|-----------------------------------------------------|--|---------------|-------------|----------|------|
| | | 2004 | 2005 | Change % | |
| ACIPHEX/PARIET bulk tablets/drug substance (export) | | 9.4 | 6.0 | 63.4 | 32.5 |
| ARICEPT drug substance (export) | | 4.6 | 5.6 | 122.5 | 16.3 |
| Bulk Substance / Tablets Total | | 14.0 | 11.6 | 82.7 | 48.9 |

6. Consumer Health Care Products

(billions of yen)

| Years Ended/Ending March 31 | | First Quarter | | | 2004 |
|-----------------------------------------------|------------------|---------------|------------|----------|------|
| | | 2004 | 2005 | Change % | |
| Vitamin B ₂ preparation | CHOCOLA BB Group | 2.5 | 2.1 | 84.7 | 8.7 |
| SACLON / Indigestion & heartburn treatment | SACLON Group | 0.5 | 0.6 | 122.0 | 2.3 |
| JUVELUX / Natural Vitamin E preparation | Vitamin-E Group | 0.6 | 0.5 | 83.7 | 2.8 |
| NABOLIN / Active-type Vitamin B ₁₂ | NABOLIN Group | 0.2 | 0.3 | 150.1 | 1.5 |
| Consumer Health Care Products Total | | 4.3 | 4.3 | 98.5 | 19.5 |

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

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

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | 2004 | 2005 (e) |
|------------------------------------------------------------|---------------|----------------|---------|-------------|
| | 2004 | 2005 | | |
| Net sales | 76.5 | 74.8 | 303.6 | 297.0 |
| Research and development expenses | 16.0 | 17.6 | 67.4 | 75.0 |
| Overseas research and development expenses | 6.3 | 7.1 | 24.3 | - |
| (Ratio of overseas R&D expenses to total R&D expenses) (%) | (39.3%) | (40.2%) | (36.1%) | - |
| Percentage of sales (%) | 0.2 | 0.2 | 0.2 | 0.3 |

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

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | 2004 | 2005 (e) |
|----------------------------------------------|---------------|--------------|-------|-------------|
| | 2004 | 2005 | | |
| Net sales | 76.5 | 74.8 | 303.6 | 297.0 |
| Selling, general and administrative expenses | 20.6 | 21.0 | 85.6 | 89.0 |
| Personnel expenses | 9.9 | 8.8 | 38.1 | - |
| Marketing expenses | 6.6 | 7.7 | 30.9 | - |
| Administrative expenses and others | 4.1 | 4.5 | 16.6 | - |
| Percentage of sales (%) | 26.9% | 28.1% | 28.2% | 30.0% |

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

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | 2004 | 2005 (e) |
|--------------------------------------------------------------|---------------|--------------|-------|-------------|
| | 2004 | 2005 | | |
| Net sales | 76.5 | 74.8 | 303.6 | 297.0 |
| Selling, general and administrative expenses (including R&D) | 36.6 | 38.6 | 153.0 | 164.0 |
| Percentage of sales (%) | 47.9% | 51.7% | 50.4% | 55.2% |

8. Capital Expenditures and Depreciation/Amortization

(billions of yen)

| Years Ended/Ending March 31 | First Quarter | | 2004 |
|-------------------------------|---------------|------|------|
| | 2004 | 2005 | |
| Capital expenditures | 3.5 | 4.6 | 20.6 |
| Property, plant and equipment | 2.9 | 2.1 | 17.7 |
| Intangible assets | 0.6 | 2.6 | 2.8 |
| Depreciation/Amortization | 3.1 | 3.3 | 13.6 |

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

VI. Changes in Quarterly Results

1. Consolidated Statement of Income Data

(billions of yen)

| Years Ended/Ending March 31 | 2004 | | | | 2005 |
|----------------------------------------------|---------------|----------------|---------------|----------------|---------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter |
| Net sales | 116.6 | 131.1 | 130.0 | 122.4 | 122.7 |
| Cost of sales | 23.0 | 24.6 | 25.9 | 23.7 | 24.1 |
| Research and development expenses | 16.9 | 16.6 | 17.1 | 18.4 | 18.2 |
| Selling, general and administrative expenses | 57.7 | 67.9 | 62.1 | 63.1 | 61.8 |
| Operating income | 19.1 | 21.9 | 24.9 | 17.2 | 18.6 |
| Non-operating income/expenses | 0.5 | (0.8) | 0.2 | 0.5 | 0.8 |
| Ordinary income | 19.6 | 21.1 | 25.0 | 17.7 | 19.5 |
| Extraordinary income/expenses | (0.2) | 3.4 | (0.4) | (3.8) | (0.2) |
| Income before taxes and interests | 19.4 | 24.5 | 24.7 | 13.9 | 19.3 |
| Net income | 12.3 | 12.5 | 15.5 | 9.8 | 12.4 |
| Earnings per share (yen) | 42.3 | 42.9 | 53.1 | 33.9 | 43.1 |

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

2. Consolidated Balance Sheet Data

<Assets>

(billions of yen)

| Years Ended/Ending March 31 | 2004 | | | 2005 | |
|-------------------------------|--------|--------|--------|--------|--------------|
| | 30-Jun | 30-Sep | 31-Dec | 31-Mar | 30-Jun |
| Current assets | 346.0 | 357.7 | 348.2 | 354.2 | 353.4 |
| Fixed assets | 248.0 | 258.4 | 260.3 | 261.6 | 281.9 |
| Property, plant and equipment | 112.6 | 114.3 | 114.6 | 116.7 | 116.8 |
| Intangible assets | 15.8 | 15.2 | 14.8 | 15.1 | 33.5 |
| Investments and other assets | 119.5 | 128.9 | 130.8 | 129.8 | 131.6 |
| Total assets | 594.0 | 616.1 | 608.5 | 615.8 | 635.3 |

<Liabilities and Shareholders' Equity>

(billions of yen)

| Years Ended/Ending March 31 | 2004 | | | 2005 | |
|----------------------------------------------------------------|--------|--------|--------|--------|--------------|
| | 30-Jun | 30-Sep | 31-Dec | 31-Mar | 30-Jun |
| Current liabilities | 135.5 | 147.9 | 127.0 | 135.0 | 143.4 |
| Long-term liabilities | 51.9 | 49.5 | 52.8 | 52.7 | 54.2 |
| Total liabilities | 187.4 | 197.4 | 179.8 | 187.7 | 197.6 |
| Minority Interests | 9.4 | 9.4 | 9.3 | 8.6 | 8.6 |
| Shareholders' equity | 397.2 | 409.3 | 419.4 | 419.5 | 429.1 |
| Total liabilities, minority interests and shareholders' equity | 594.0 | 616.1 | 608.5 | 615.8 | 635.3 |

3. Consolidated Capital Expenditures and Depreciation/Amortization (billions of yen)

| Years Ended/Ending March 31 | 2004 | | | | 2005 |
|-------------------------------|---------------|----------------|---------------|----------------|---------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter |
| Capital expenditures | 5.2 | 7.4 | 6.0 | 10.1 | 23.2 |
| Property, plant and equipment | 4.5 | 6.8 | 5.3 | 8.8 | 3.2 |
| Intangible assets | 0.7 | 0.6 | 0.7 | 1.3 | 19.9 |
| Depreciation/Amortization | 4.3 | 4.5 | 4.7 | 5.0 | 5.1 |

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

4. Consolidated Cash Flows Data (billions of yen)

| Years Ended/Ending March 31 | 2004 | | | | 2005 |
|--------------------------------------------------------------|---------------|----------------|---------------|----------------|---------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter |
| Net cash provided by operating activities | 16.9 | 28.9 | 3.8 | 23.1 | 9.4 |
| Net cash used in investing activities | (3.8) | (11.5) | (9.2) | (2.8) | (18.7) |
| Net cash used in financing activities | (4.5) | (0.0) | (5.4) | (11.4) | (5.0) |
| Effect of exchange rate changes on cash and cash equivalents | 136.4 | 150.0 | 138.1 | 146.1 | 133.2 |
| Free cash flow | 12.1 | 24.0 | (3.8) | 16.7 | (8.9) |

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

5. Consolidated *ARICEPT* Sales by Area

(billions of yen)

| Years Ended/Ending March 31 | | 2004 | | | | 2005 |
|-----------------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter |
| Japan | ¥ Billions | 7.0 | 6.7 | 7.9 | 6.8 | 8.9 |
| U.S. | ¥ Billions | 19.1 | 23.1 | 20.5 | 25.1 | 18.1 |
| | US \$ Millions | 162 | 197 | 187 | 232 | 165 |
| U.K. | ¥ Billions | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 |
| | UK £ Millions | 1 | 1 | 1 | 1 | 1 |
| Germany | ¥ Billions | 2.1 | 1.3 | 1.5 | 1.3 | 1.6 |
| | Euro Millions | 15 | 10 | 12 | 10 | 12 |
| France | ¥ Billions | 3.4 | 4.1 | 4.2 | 3.9 | 4.8 |
| | Euro Millions | 25 | 31 | 32 | 29 | 36 |
| EU total | ¥ Billions | 5.8 | 5.7 | 6.0 | 5.4 | 6.7 |
| Asia | ¥ Billions | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 |
| Total | ¥ Billions | 32.5 | 36.1 | 35.0 | 38.0 | 34.4 |

6. Consolidated *ACIPHEX/PARIET* Sales by Area

(billions of yen)

| Years Ended/Ending March 31 | | 2004 | | | | 2005 |
|-----------------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter |
| Japan | ¥ Billions | 1.7 | 4.1 | 5.7 | 3.1 | 3.2 |
| U.S. | ¥ Billions | 22.6 | 31.4 | 26.7 | 24.8 | 24.8 |
| | US \$ Millions | 191 | 266 | 244 | 232 | 226 |
| U.K. | ¥ Billions | 1.3 | 1.6 | 1.8 | 1.6 | 1.5 |
| | UK £ Millions | 7 | 8 | 10 | 8 | 8 |
| Germany | ¥ Billions | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| | Euro Millions | 2 | 2 | 2 | 2 | 2 |
| EU total | ¥ Billions | 1.6 | 1.8 | 2.1 | 1.8 | 1.8 |
| Asia | ¥ Billions | 0.3 | 0.4 | 0.5 | 0.4 | 0.5 |
| Total | ¥ Billions | 26.3 | 37.7 | 35.0 | 30.1 | 30.3 |

<Reference> [Non-consolidated] Eisai Inc. (U.S.A.)

(billions of yen)

| Years Ended/Ending March 31 | | 2004 | | | | 2005 |
|------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter |
| Net sales | ¥ Billions | 42.4 | 55.3 | 48.1 | 50.4 | 45.9 |
| | US \$ Millions | 358 | 470 | 440 | 467 | 418 |
| Operating income | ¥ Billions | 1.0 | 4.0 | 2.4 | 2.6 | 1.6 |
| | US \$ Millions | 8 | 34 | 22 | 24 | 14 |
| Net income | ¥ Billions | 0.7 | 2.4 | 1.4 | 1.6 | 1.0 |
| | US \$ Millions | 5 | 20 | 13 | 15 | 9 |
| Operating income royalty deduction | ¥ Billions | 6.2 | 10.4 | 8.0 | 9.4 | 7.6 |
| | US \$ Millions | 53 | 88 | 73 | 87 | 69 |

7. Statement of Income Data [Non-Consolidated]

(billions of yen)

| Years Ended/Ending March 31 | 2004 | | | | 2005 |
|----------------------------------------------|---------------|----------------|---------------|----------------|---------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter |
| Net sales | 76.5 | 77.4 | 80.2 | 69.6 | 74.8 |
| Cost of sales | 20.8 | 21.3 | 22.3 | 19.2 | 19.5 |
| Research and development expenses | 16.0 | 16.4 | 16.6 | 18.3 | 17.6 |
| Selling, general and administrative expenses | 20.6 | 22.4 | 22.0 | 20.7 | 21.0 |
| Operating income | 19.1 | 17.3 | 19.3 | 11.4 | 16.6 |
| Ordinary income | 19.6 | 16.4 | 19.2 | 11.4 | 17.4 |
| Net income | 12.3 | 10.6 | 12.7 | 6.3 | 11.3 |

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

8. Prescription Pharmaceuticals [Non-Consolidated]

(billions of yen)

| Years Ended/Ending March 31 | | 2004 | | | | 2005 |
|------------------------------------|-------------|---------------|----------------|---------------|----------------|---------------|
| | | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter |
| Product | Description | | | | | |
| ARICEPT | | 7.0 | 6.7 | 7.9 | 6.8 | 8.9 |
| METHYCOBAL | | 8.3 | 7.8 | 8.4 | 7.2 | 8.0 |
| SELBEX | | 6.7 | 5.8 | 6.4 | 5.5 | 5.8 |
| PARIET | | 1.7 | 4.1 | 5.7 | 3.1 | 3.2 |
| GLAKAY | | 2.8 | 2.5 | 2.6 | 2.1 | 2.4 |
| IOMERON | | 2.6 | 2.3 | 2.6 | 1.9 | 2.3 |
| MYONAL | | 2.3 | 2.2 | 2.3 | 1.9 | 2.2 |
| NITOROL-R | | 1.4 | 1.2 | 1.5 | 1.2 | 1.3 |
| GLUCAGON G NOVO | | 1.2 | 1.1 | 1.3 | 0.9 | 1.1 |
| AZEPTIN | | 1.0 | 0.7 | 0.9 | 1.0 | 0.8 |
| RULID | | 0.8 | 0.7 | 0.9 | 0.7 | 0.7 |
| INHIBACE | | 0.7 | 0.6 | 0.7 | 0.5 | 0.6 |
| Prescription Pharmaceuticals Total | | 48.9 | 46.6 | 53.9 | 43.0 | 49.3 |

*Statistical segmentation of "Prescription Pharmaceutical Total" has been modified from the year ended March 31, 2004.

9. Aricept, Aciphex/Pariet Drug Substance/Bulk Tablets Sales [Non-Consolidated]

(billions of yen)

| Years Ended/Ending March 31 | 2004 | | | | 2005 |
|-----------------------------------------------------|---------------|----------------|---------------|----------------|---------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter |
| Product | | | | | |
| ACIPHEX/PARIET bulk tablets/drug substance (export) | 9.4 | 9.8 | 6.6 | 6.6 | 6.0 |
| ARICEPT drug substance (export) | 4.6 | 3.8 | 3.6 | 4.3 | 5.6 |
| Bulk Substance/Tablets Total | 14.0 | 13.7 | 10.2 | 11.0 | 11.6 |

10. Consumer Health Care Products [Non-Consolidated]

(billions of yen)

| Years Ended/Ending March 31 | 2004 | | | | 2005 |
|-----------------------------|---------------|----------------|---------------|----------------|---------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | First Quarter |
| Product | | | | | |
| CHOCOLA BB Group | 2.5 | 2.2 | 2.1 | 2.0 | 2.1 |
| SACLON Group | 0.5 | 0.6 | 0.7 | 0.5 | 0.6 |
| Vitamin-E Group | 0.6 | 0.8 | 0.9 | 0.5 | 0.5 |
| NABOLIN Group | 0.2 | 0.7 | 0.3 | 0.3 | 0.3 |
| Consumer Health Care Total | 4.3 | 5.5 | 5.2 | 4.5 | 4.3 |

VII. Major R&D Pipeline Candidates

Ongoing and recent development from Apr. 2004 to Jun. 2004 (include subsequent events)

1. *Pariet* was approved for the treatment of Zollinger-Ellison Syndrome in the EU
2. All application rights for E2090 (*Zonegran*) in the EU were transferred from Elan to Eisai
3. Application for liquid formulation of *Aricept* was submitted in the EU
4. Application for E2080 (Rufinamide) is being prepared in the US and EU
5. KES524 development moved into Phase III in Japan.
6. *Pariet* development for the treatment of non erosive GERD moved into Phase III in Japan.
7. Rasagiline development for the treatment of Alzheimer's disease moved into Phase II in the US
8. *Pariet* was approved for on-demand therapy of symptomatic GORD in the EU
9. Filing of *Aricept* for vascular dementia was withdrawn in the EU

1. International Development

1-1. Approved

| (Product) Name (Research Code) | Area | Date | Description | Form. | Origin |
|--------------------------------------------|------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------|
| PARIET E3810 (Additional indication) | E.U. | Jun-04 | Zollinger-Ellison Syndrome Currently indicated for the treatment of peptic ulcers. Approved for the treatment of Zollinger-Ellison syndrome in the E.U. | Tab. | In-house |
| PARIET E3810 (Additional indication) | E.U. | Apr-04 | On-demand therapy for symptomatic GORD Currently indicated for the treatment of symptomatic GORD in the EU. Received approval for on-demand therapy of symptomatic GORD. | Tab. | In-house |

1-2. Filed for Approval

| (Product) Name (Research Code) | Area | Date | Description | Form. | Origin |
|---------------------------------------------|--------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------|
| ARICEPT E2020 (Additional indication) | U.S. | Sep-02 | Vascular Dementia Currently indicated for the treatment of mild to moderate dementia of the Alzheimer's type. Non-approvable letter was received from FDA for vascular dementia (VaD) indication on July 3, 2003. Though filing for VaD was withdrawn in the EU, Eisai will resubmit application once additional supportive data have been obtained. | Tab. | In-house |
| ARICEPT E2020 (Additional form) | U.S. E.U. | Dec-03 Dec-03 | Rapid Disintegration Tablet Currently available in tablet form. Filed for rapid disintegration tablet form for patients who have difficulty swallowing tablets and to contribute to improved compliance. | RDT | In-house |
| ARICEPT E2020 (Additional form) | U.S. E.U. | Dec-03 May-04 | Liquid Formulation Currently available in tablet form. Filed for liquid formulation for patients who have difficulty swallowing and will contribute to improved compliance. | Liquid | In-house |
| E2090 | E.U. | Nov-03 | Anti-Epilepsy (generic name: Zonisamide) An anti-epilepsy drug which has a wide spectrum of anti-convulsive effects and is well tolerated. Already available in the US and submission filed in the EU. Acquired from Elan Corporation, plc the marketing, development, and sales rights to <i>Zonegran</i> in North America and Europe. | Cap. | Dainippon |

1-3. Submission in Preparation

| (Product) Name (Research Code) | Area | Expected Application | Description | Form. | Origin |
|-----------------------------------|--------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------|
| E2080 | U.S. E.U. | FY2004 FY2004 | Anti-Epilepsy (generic name: Rufinamide) A broad-spectrum anticonvulsant which has novel structure unrelated to currently marketed antiepileptic drugs. Phase III clinical trials completed and preparing for submission. | Tab. | Novartis |

1-4. Phase III

| (Product) Name (Research Code) | Area | Expected Application | Description | Form. | Origin |
|---------------------------------------------|--------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------|
| ARICEPT E2020 (Additional indication) | U.S. E.U. | FY2005 FY2005 | Severe Dementia due to Alzheimer's disease Currently indicated for the treatment of mild to moderate dementia of the Alzheimer's type. E2020 is now in phase III trials for the treatment of severe dementia due to Alzheimer's disease. | Tab. | In-house |
| ARICEPT E2020 (Additional indication) | E.U. | FY2005 | Dementia associated with Parkinson's disease Currently indicated for the treatment of mild to moderate dementia of the Alzheimer's type. E2020 is now in phase III trials for the treatment of dementia associated with Parkinson's disease. | Tab. | In-house |

1-5. Phase II

| (Product) Name (Research Code) | Area | Description | Form. | Origin |
|---------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------|
| E5564 | U.S. | Sepsis/ Endotoxin Antagonist A synthetic endotoxin antagonist effective against endotoxin from various types of gram negative bacteria. Under development for the treatment of sepsis. | Inj. | In-house |
| E5564 | U.S. E.U. | Endotoxin-related complications after coronary artery bypass graft surgery A synthetic endotoxin antagonist effective against endotoxin from various types of gram negative bacteria. Now in phase II development for the prevention of endotoxin-related complications after coronary artery bypass graft surgery. | Inj. | In-house |
| E7070 | U.S. E.U. | Anti-cancer/ Cell Cycle G1 Phase Arresting Agent The compound induces apoptosis by inhibiting cell cycle progression in the G1 phase. Under development as an anti-cancer agent with a novel mechanism of action. | Inj. | In-house |
| ARICEPT E2020 (Additional indication) | U.S. E.U. | Migraine Prophylaxis Currently indicated for the treatment of mild to moderate dementia of the Alzheimer's type. E2020 is now in phase II trials for the prophylaxis of migraine headaches. | Tab. | In-house |
| E2007 | U.S. E.U. | Multiple Sclerosis, Epilepsy and Parkinson's disease / AMPA receptor antagonist Selectively antagonizes the AMPA-type glutamate receptor and inhibits neuronal cell death. Under development as a treatment for Multiple sclerosis, Epilepsy and Parkinson's disease. | Tab. | In-house |
| Rasagiline (Additional indication) | U.S. | Alzheimer's disease / Irreversible monoamine oxidase type B (MAO-B) inhibitor Application already submitted for the treatment of Parkinson's disease by Teva Pharmaceuticals Industries Ltd. Rasagiline is now in phase II trials for the treatment of Alzheimer's disease. | Tab. | Teva |

2. Development in Japan

2-1. Filed for Approval

| (Product) Name (Research Code) | Application | Description | Form. | Origin |
|----------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------------------|
| CLEACTOR E6010 (Additional indication) | May-03 | Pulmonary Embolism A novel second generation t-PA with a structure modified by utilizing recombinant DNA techniques. Designated as an orphan drug, E6010 is expected to be the first t-PA indicated for the treatment of pulmonary embolism in Japan. | Inj. | In-house |
| T-614 | Sep-03 | Anti-rheumatic Agent Suppresses lymphocyte proliferation, immunoglobulin production and production of inflammatory cytokines. Expected to improve chronic rheumatoid arthritis. | Tab. | Toyama Chemical |

2-2. Phase III

| (Product) Name (Research Code) | Expected Application | Description | Form. | Origin |
|--------------------------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------|
| PARIET E3810 (Additional indication) | FY2004 | Eradication of <i>H. pylori</i> in combination with antibiotics Currently indicated for the treatment of peptic ulcers in Japan. E3810 is now in phase III trials for the eradication of <i>H. pylori</i> in combination with antibiotics. | Tab. | In-house |
| PARIET E3810 (Additional indication) | FY2006 | Non-erosive GERD Currently indicated for the treatment of peptic ulcers in Japan. E3810 is now in phase III trials for the treatment of non-erosive GERD. | Tab. | In-house |
| KES524 | FY2007 | Obesity /Central Acting Serotonin & Noradrenaline Reuptake Inhibitor Inhibits the reuptake of the cerebral neurotransmitters, noradrenaline and serotonin, enhancing the feeling of satiety and energy consumption resulting in loss of body weight. Phase III clinical trials initiated. | Cap. | Abbott |

2-3. Phase II

| (Product) Name (Research Code) | Description | Form. | Origin |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------|
| E3620 | Gastrointestinal motility disorders/ 5-HT ₃ Receptor Antagonist/ 5-HT ₄ Receptor Agonist The compound has dual action as a serotonin type 3 receptor antagonist and a serotonin type 4 receptor agonist and is under development for gastrointestinal motility disorders. It is expected to improve sensation of fullness and anorexia associated with chronic gastritis and to improve bowel function and abdominal pain associated with irritable bowel syndrome. | Tab. | In-house |
| CLEACTOR E6010 (Additional indication) | Cerebral Embolism A novel second generation t-PA with a structure modified by utilizing recombinant DNA techniques. E6010 is under development to become the first t-PA for the treatment of cerebral embolism in Japan. | Inj. | In-house |
| TAMBOCOR (E0735) (Additional indication) | Paroxysmal Atrial Fibrillation/Flutter The compound has already been approved as a treatment for ventricular tachyarrhythmias in Japan and is in phase II clinical trials for the treatment of sporadic atrial fibrillation/flutter. | Tab. | 3M |
| ARICEPT E2020 (Additional indication) | Severe Dementia due to Alzheimer's disease Currently indicated for the treatment of mild to moderate dementia of the Alzheimer's type. Now in phase II trials for the treatment of severe dementia. | Tab. | In-house |
| D2E7 | Human Anti TNF-alfa Monoclonal Antibody By blocking the activity of Tumor Necrosis Factor- alpha (TNF-alfa) which plays a central role in inflammation in rheumatoid arthritis (RA), D2E7 is expected to be effective in patients with RA. | Inj. | Abbott |
| E7210 | Ultrasonic Contrast Medium Microbubbles of E7210 reflect ultrasound. Microbubbles do not disappear easily, thereby stable imaging is expected. | Inj. | Bracco |
| E2014 | Cervical Dystonia / Botulinum Toxin Type B Botulinum toxin acts on cholinergic nerve ending synapses and inhibits the release of acetylcholine to relax muscles. | Inj. | Elan |
| E0167 | Recurrence of Hepatocellular Carcinoma Vitamin K ₂ (menatetorenone) currently indicated for the treatment of osteoporosis. Phase II trials have been initiated for the prevention of recurrence of hepatocellular carcinoma. | Cap. | In-house |

VIII. Major Events

| Date | | Description |
|----------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 8, 2004 | News Release | Eisai Receives European Marketing Authorization for <i>PARIET</i> (rabeprazole sodium) for Zollinger-Ellison Syndrome |
| July 1, 2004 | | Eisai launches <i>Neophyllin Inj. prefilled softbag 250ml</i> in Japan |
| July 1, 2004 | News Release | Notice Concerning Stock Options (Stock Acquisition Rights) Including the amount paid In upon the exercise of stock options |
| June 30, 2004 | News Release | Eisai launches the first treatment in Japan for apnea of prematurity low concentration aminophylline, <i>APNISSION Injection 15mg</i> |
| June 28, 2004 | News Release | Eisai's statement to AD2000 clinical trial led by the collaborative group of University of Birmingham |
| June 28, 2004 | News Release | Eisai launches new formulation of <i>ARICEPT</i> , rapid disintegration tablet, in Japan |
| June 24, 2004 | News Release | Notice on allotment of stock options (stock acquisition rights) |
| June 18, 2004 | News Release | Sankyo Junyaku Co., Ltd., subsidiary of Eisai Co., Ltd., to launch new DCP diagnostic test kit for hepatocellular Carcinoma (HCC), <i>LUMIPULSE PIVKA-II EISAI</i> |
| May 31, 2004 | News Release | Eisai submits MAA for new formulation of <i>ARICEPT</i> (donepezil hydrochloride), liquid formulation in the European Union |
| May 12, 2004 | News Release | Eisai launches <i>SACLON & SACLON Tablets</i> with increased ingredients for restoration of damaged stomach mucosa and acid neutralization |
| May 11 2004 | News Release | Notice on providing stock options in the form of new stock issuance |
| May 11 2004 | News Release | Notice concerning the spin off of the Machinery Division of Eisai Co., Ltd |
| May 10 2004 | | Eisai launches <i>Warfarin 0.5mg</i> tablet in Japan |
| May 7, 2004 | News Release | Amendment of the co-development, licensing and supply agreement for the obesity management agent KES524 |
| April 28, 2004 | | Eisai Inc. starts marketing of <i>Zonegran</i> , an epilepsy treatment agent in the US |
| April 23, 2004 | News Release | <i>ARICEPT</i> application for vascular dementia is withdrawn in the EU |
| April 21, 2004 | News Release | <i>PARIET</i> approved for on-demand therapy of symptomatic GORD in the EU |
| April 19, 2004 | News Release | Eisai launches <i>MENTEC HERB</i> for irritation-associated fatigue and headache |
| April 2, 2004 | News Release | Eisai's German pharmaceuticals marketing subsidiary and GlaxoSmithKline signed a promotion agreement for <i>IMUREK</i> , an immunosuppressant |