



**First Half Fiscal Year 2004
Financial Results**

Eisai Co., Ltd.

Consolidated Performance for First Half FY 2004

(billions of yen, %)

	FY2003 1H			FY2004 1H			
	Results	%	YOY	Results	%	YOY	Change
Net Sales	247.8	100.0	106	261.0	100.0	105	13.2
Cost of sales	47.6	19.2	90	50.4	19.3	106	2.8
Gross Margin	200.2	80.8	110	210.6	80.7	105	10.4
R&D Expenses	33.5	13.6	120	37.5	14.4	112	3.9
SG&A Expenses	125.7	50.7	111	131.5	50.4	105	5.9
Operating Income	41.0	16.5	101	41.6	15.9	101	0.6
Ordinary Income	40.7	16.4	101	43.2	16.6	106	2.6
Net Income	24.9	10.0	112	27.6	10.6	111	2.7
EPS (Yen)	85.2		111	95.8		112	10.6

Sales of Major Products

(billions of yen, %)

Product Name	Area	FY2004 1Q	YOY	FY2004 2Q	YOY	FY2004 1H	YOY
<i>Aricept</i> Alzheimer's Disease Treatment	Total	34.4	106	41.9	116	76.3	111
	Japan	8.9	128	8.4	126	17.3	127
	U.S.	18.1	95	26.1	113	44.2	104
	Millions of Dollars	165	102	237	121	402	112
	Europe	6.7	116	6.7	119	13.4	117
	Asia	0.7	114	0.7	117	1.4	116
<i>Aciphex/ Pariet</i> Proton Pump Inhibitor	Total	30.3	116	34.5	92	64.8	101
	Japan	3.2	187	5.1	125	8.4	143
	U.S.	24.8	110	27.0	86	51.9	96
	Millions of Dollars	226	119	246	92	472	103
	Europe	1.8	115	1.8	99	3.6	107
	Asia	0.5	135	0.5	136	1.0	135

The average dollar rate during first half of FY2004 was 109.86 yen and that during first half of FY2003 was 113.07 yen.

Sales to Customers by Geographic Area

(billions of yen, %)

	FY2003 1H		FY2004 1H			
	Results	%	Results	%	YOY	Change
Japan	129.1	52.1	133.3	51.1	103	4.3
North America	96.9	39.1	102.7	39.3	106	5.8
Europe	17.1	6.9	19.2	7.4	112	2.1
Asia and Others	4.8	1.9	5.8	2.2	121	1.0
Overseas Total	118.7	47.9	127.7	48.9	108	8.9
Total	247.8	100.0	261.0	100.0	105	13.2

Operating Income by Geographic Area

(Pre-royalty deduction)

(billions of yen, %)

	FY2003 1H		FY2004 1H			
	Results	%	Results	%	YOY	Change
Japan	26.8	57.7	21.3	47.5	79	(5.5)
North America	17.1	36.9	19.6	43.7	114	2.4
Europe	1.6	3.5	2.7	6.0	166	1.1
Asia and Others	0.9	1.9	1.3	2.8	141	0.4
Overseas Total	19.6	42.3	23.5	52.5	120	3.9
Sub-Total	46.4	100.0	44.8	100.0	96	(1.7)
Eliminations	(5.5)		(3.2)			2.3
Total	41.0		41.6		101	0.6

Performance of Eisai Inc.

(millions of dollars, %)

	FY2003 1H			FY2004 1H			
	Results	%	YOY	Results	%	YOY	Change
Net Sales	828	100.0	118	938	100.0	113	110
<i>Aricept</i>	358	43.3	132	402	42.9	112	44
<i>Aciphex</i>	457	55.2	111	472	50.3	103	15
<i>Zonegran</i>	-	-	-	56	5.9	-	56
Operating Income	42	5.1	222	46	5.0	110	4
Net Income	25	3.1	202	29	3.1	114	4
Operating Income (Pre-royalty Deduction)	141	17.0	148	173	18.5	123	32

Consolidated Free Cash Flow

(billions of yen)

	Cash Flow from Operating Activities		Capital Expenditure		Free Cash Flow	
	Results	Change	Results	Change	Results	Change
FY2002 1H	19.6	(13.6)	(14.2)	(3.9)	5.3	(17.5)
FY2003 1H	45.8	26.3	(9.8)	4.4	36.0	30.7
FY2004 1H	40.8	(5.1)	(24.2)	(14.3)	16.6	(19.4)

Further Globalization

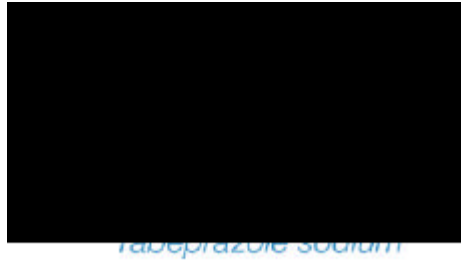


U.S. *Aricept* Sales and Prescription Growth Trends

(%)

	April to June 2004/2003 YOY	July to September 2004/2003 YOY	April to September 2004/2003 YOY
Sales	102	121	112
NRx	121	120	120
TRx	120	121	120

(Source: IMS NPA® Plus, Retail, Sales comparison is based on dollar figures)



U.S. *Aciphex* Sales and Prescription Growth Trends

(%)

	April to June 2004/2003 YOY	July to September 2004/2003 YOY	April to September 2004/2003 YOY
Sales	119	92	103
NRx	104	104	104
TRx	104	104	104

(Source: IMS NPA® Plus, Retail, Sales comparison is based on dollar figures)

Steady Growth of Japanese Business

Growth Rate

	Market Average	Eisai
Sales growth rate in Japan	102.6%	106.6%

April-September 2004, IMS

Market Share

	1H FY2003	1H FY2004
Prescription pharmaceuticals in Japan Market share by sales	3.30%	3.43%

April-September 2003 and 2004, IMS

Ranking of Manufacturers

	FY2003	1H FY2004
Prescription pharmaceuticals in Japan	8th	7th

April 2003-March 2004, April-September 2004, IMS

Growth Strategy for PPI Market in Japan

- To Be Most Preferred Brand for Patients -

1. Expand market by educating patients about GERD

- Promote the diagnosis of GERD by utilizing FSSG interview sheet
- Promote the diagnosis and evaluation of treatment efficacy by using VAS
- Educate patients via web broadcasting
- Educate patients via mass media

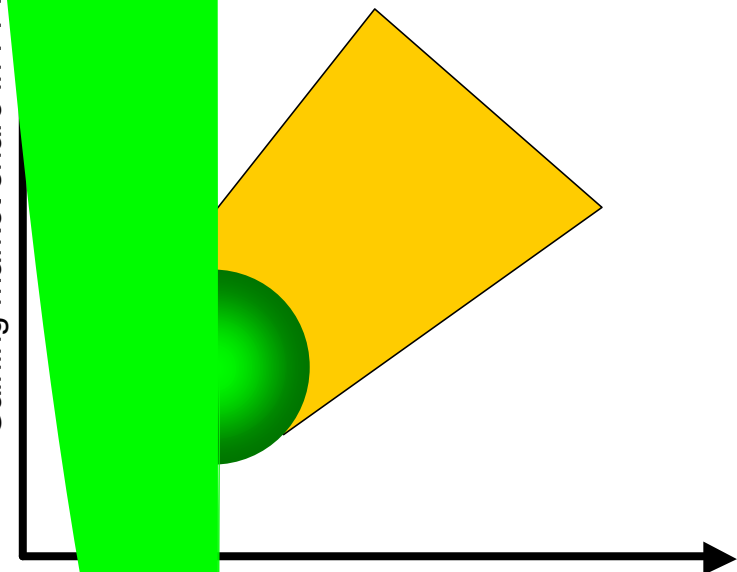
2. Gain share in the PPI market

- Increase medical reps (1,200 MRs) in FY2005
- Establish prescription and treatment guideline by each department in hospitals
- Present efficacy and safety data based on comparative evidence

3. Seek further product potential through additional indications

- *H. pylori* eradication (submission is expected in FY2004)
- Non-erosive GERD (submission is expected in FY2005)

Gaining market share in PPI Market

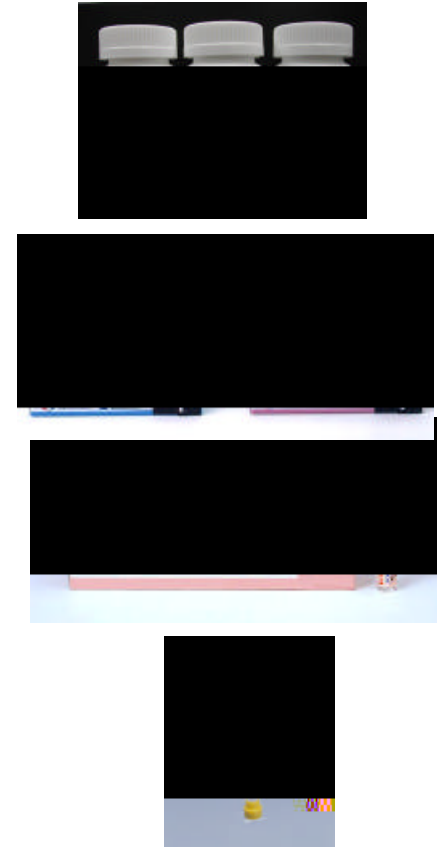


Expand market by educating patients about GERD

FSSG: Frequency Scale for the Symptom of GERD
VAS: Visual Analogue Scale

Newly Launched Products In First Half FY2004

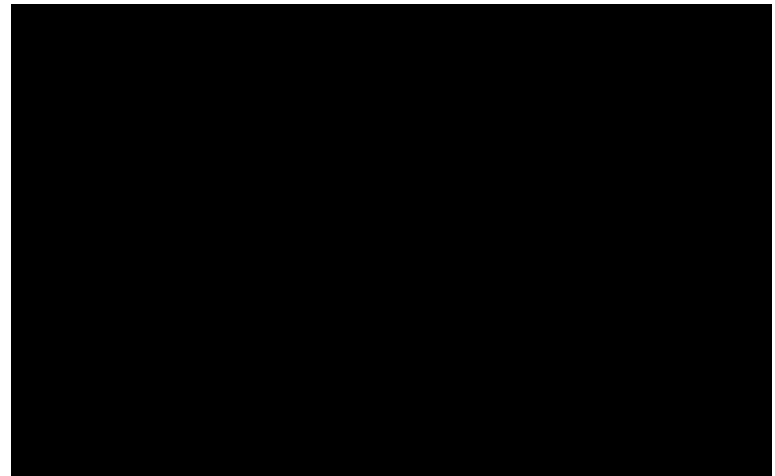
- n *Zonegran* (Epilepsy)
 - April 28, 2004, U.S.
- n *Aricept D Tablets*
(Rapid Disintegrating Tablet)
 - July 1, 2004, Japan
- n *Apnission Inj.*
(Apnea in Premature infants)
 - July 1, 2004, Japan
- n *Neophyllin Inj.* prefilled soft bag 250mg
(Additional Formulation)
 - July 1, 2004, Japan
- n *Warfarin 0.5mg Tablet*
(Additional Formulation)
 - May 10, 2004, Japan





U.S. *Zonegran*

- *Zonegran* was transitioned smoothly from Elan to Eisai.
90 Elan sales personnel joined Eisai upon deal execution.
- *Zonegran* sales have been booked by Eisai Inc. since April 28th and achieved \$56 million in first half FY2004 (five months).
- *Zonegran* off to a strong start for FY2004 sales target of \$110 million.
- *Zonegran* contributed to an increase in profit even after absorbing amortization costs.
- Epilepsy will be a therapeutic area of focus with *Zonegran*, *Cerebyx*, rufinamide, and E2007.
- *Zonegran* was filed for approval under the centralised procedure in the E.U. in November 2003.



Regulatory Achievements In First Half FY2004

n Approved

Pariet

- On-demand therapy of symptomatic GORD - Amendments to the Posology and Method of Administration (EU, April)
- Zollinger-Ellison Syndrome - Additional indication (EU, June)

Aricept

- [Orally Disintegrating Tablet - Additional formulation \(US, October\)](#)
- [Liquid - Additional formulation \(US, October\)](#)

Coretec

- Prefilled softbag -Additional formulation (Japan, September)

n Submitted

Zonegran (E2090)

- Application was transferred from Elan (EU, April)
 - Application was submitted in November, 2003

Aricept

- Liquid - Additional formulation (EU, May)

n Phase III**KES524** (generic name: sibutramine)

Phase III initiated (Japan)

Pariet Non-erosive GERD

Phase III initiated (Japan)

nPhase II**TVP-1012** (generic name: rasagiline)[Phase II initiated \(US\)](#)

Alzheimer's disease (additional indication)

Advances in Development Phase

-Newly Initiated Clinical Studies-

19

TVP-1012 (rasagiline)	Alzheimer's disease (additional indication) Irreversible monoamine oxidase type B (MAO-B) inhibitor	Phase II initiated (US)
E3030	Diabetes Control glucose level by dual agonizing PPAR alpha-gamma Cancer Oral angiogenesis inhibitor (VEGFR tyrosine kinase inhibitor) Diabetes Control glucose level by inhibiting DPP (dipeptidyl peptidase) IV	Phase I initiated (US, Japan)

E2007: AMPA Receptor Antagonist

Epilepsy

US

Phase IIb in preparation

Phase IIa completed

	<u>Mono/Combo</u>	Region	Stage	Combo
Breast cancer	Mono	US	Phase IIb in progress	-
	Combo	EU	Phase II in preparation	capecitabine
Colorectal cancer	Combo	EU	Phase II in preparation	capecitabine
	Combo	EU	Phase II in progress	irinotecan
NSCLC	Combo	EU	Phase II in progress	carboplatin
Gastric cancer	Mono	JP	Phase I/II initiated	-

Key Global POC Projects

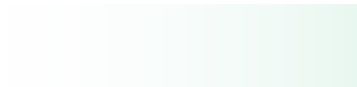
E7389: Tubulin Polymerization Inhibitor

Prevention of endotoxin-related
complication after coronary artery
bypass graft surgery (CABG)

EU Phase IIa completed

EU [Phase IIb in progress](#)

Aricept Lifecycle Management

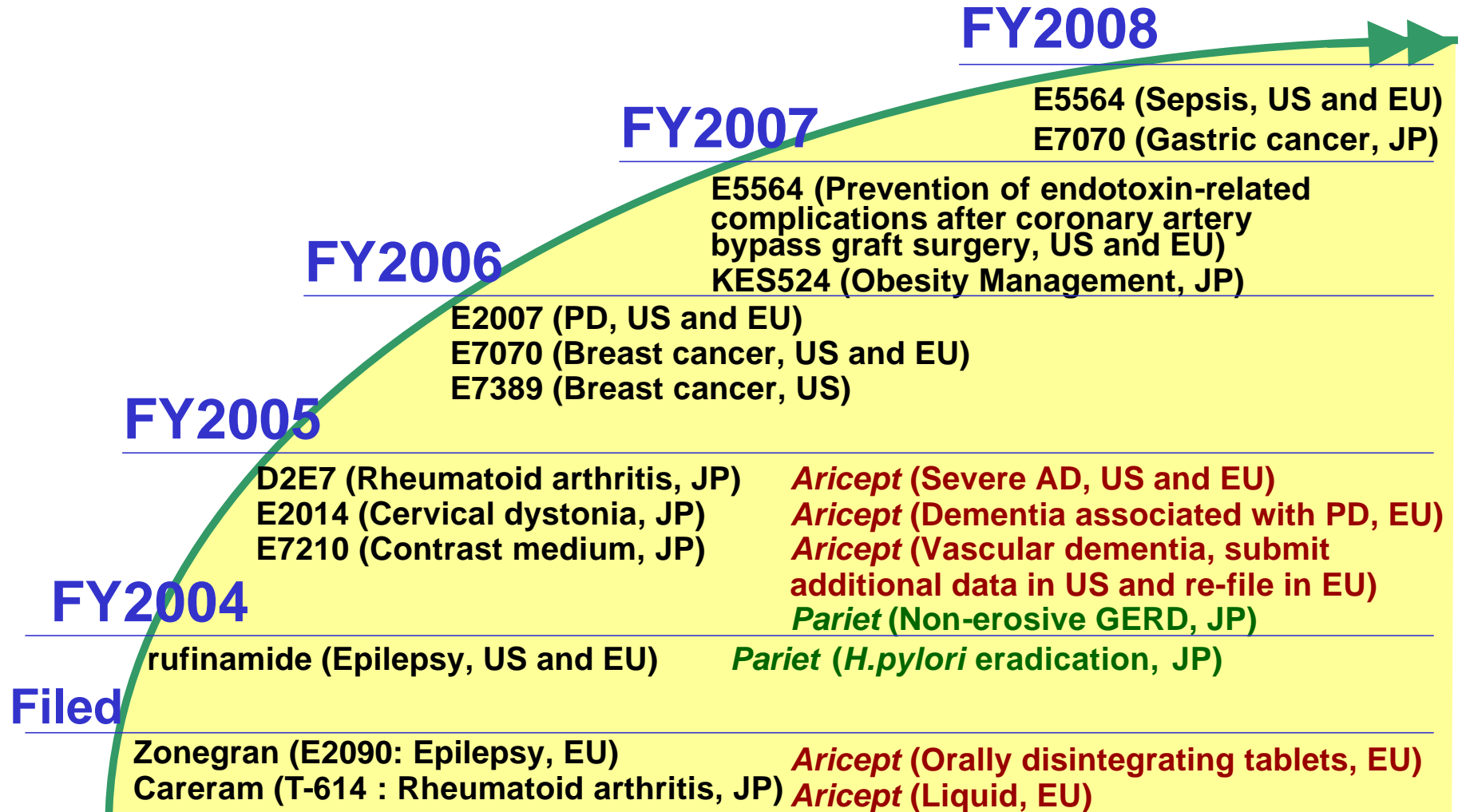


Pariet/Aciphex Lifecycle Management



Global Filing Plan

NME (New Molecular Entity) and LCM (Lifecycle Management)



Financial Forecast for FY2004

(billions of yen, %)

	FY2003 Results	FY2004 Estimates	YOY
Net Sales	500.2	520.0	104
R&D Expenses	69.0	75.0	109
Operating Income	83.1	86.0	104
(R&D Expenses + Operating Income Ratio)	30.4%	31.0%	-
Net Income	50.1	52.0	104
EPS (Yen)	172.1	180.7	105

Dividends (Yen)	36.0	42.0	
DOE (%)	2.6	2.7	