

EISAI CO., LTD.
AND

1. CONSOLIDATED ANNUAL FINANCIAL RESULTS (APRIL 1, 2004 – MARCH 31, 2005)

(1) RESULTS OF ANNUAL OPERATIONS

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 2004- March 31, 2005	¥533,011 mil.	6.6%	¥86,807 mil.	4.5 %	¥ 89,087 mil.	6.8%
April 1, 2003- March 31, 2004	¥500,164 mil.	7.2%	¥83,061 mil.	9.5 %	¥ 83,382 mil.	9.5%

Period	Net Income	Percent Change	Earnings per Share (EPS)	Fully Diluted EPS	Return on Equity	Ordinary Income/ Total Assets	Ordinary Income/ Net Sales
April 1, 2004- March 31, 2005	¥55,505 mil.	10.7%	¥193.39	¥193.34	12.6%	13.9%	16.7%
April 1, 2003- March 31, 2004	¥50,148 mil.	22.2%	¥172.11	¥172.11	12.4%	13.8%	16.7%

Notes:1. Equity in earnings of associated compa

- Non-consolidated subsidiaries: -
- Associated companies: 2

(5) CHANGES IN NUMBER OF CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

- Number of newly consolidated subsidiaries: 5
- Number of companies omitted from consolidation: 1
- Number of companies to which equity method is newly applied: - 5

I. Business Flows Within the Group

The Group consists of Eisai Co., Ltd. (hereinafter referred to as 'the Parent Company'), 38 consolidated subsidiaries and 2 associated companies accounted for by the Equity Method. The diagram below shows the principal operations and flows within the Group.

[Japan] <Pharmaceuticals Segment>



<Other Segment Areas>



[Overseas] <Pharmaceuticals Segment>

North America



Europe

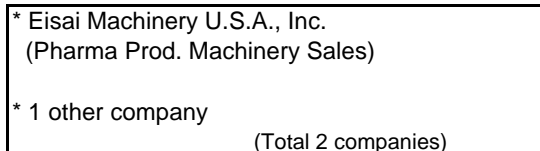


Asia and Others

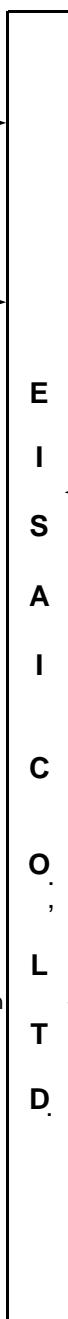
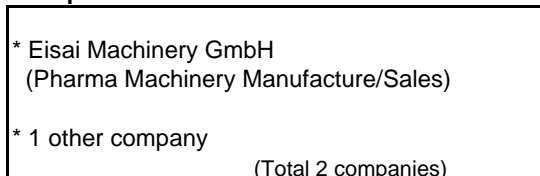


<Other Segment Areas>

North America



Europe



Products

Research

Research

Products

Distribution Service

Other Services

Research

Bulk

Research

Research

Bulk

Research

Products/
Bulk

Shows sales flow

Symbol Explanation:

* : Consolidated subsidiary (38 companies)

‡ : Associated company accounted for by the equity method (2 companies)

Products

Affiliated Companies

(Consolidated Subsidiaries)

Company Name	Location		Voting rights	Description of Operations	Relationship/Operations	Note
Sanko Junyaku Co., Ltd.	Tokyo	¥5,262 million	50.88%	Diagnostic product prod./sales	-	*2,3
Sannova Co., Ltd.	Gunma Pref.	¥926 million	79.97%	Pharmaceutical production/sales	(E) Pharmaceutical product purchase	*3
Elmed Eisai Co., Ltd.	Tokyo	¥450 million	100.00%	Pharmaceutical sales	-	
Eisai Food & Chemicals Co., Ltd.	Tokyo	¥100 million	100.00%	Food additives/chemicals sales	(E) Food/chemicals sales	*4,6
Eisai Machinery Co., Ltd.	Tokyo	¥100 million	100.00%	Pharma machinery production/sales	-	*9
KAN Research Institute, Inc.	Kyoto	¥70 million	100.00%	Basic research	(E) Basic research	
Eisai Distribution Co., Ltd.	Kanagawa Pref.	¥60 million	100.00%	Pharmaceutical distribution	(E) Pharmaceutical product distribution	
Sunplanet Co., Ltd.	Tokyo	¥455 million	85.12%	Administrative/catering/printing service, real estate management	(E) Purchase of admin./catering/ printing service, management of (E) real estate	
Clinical Supply Co., Ltd.	Gifu Pref.	¥80 million	84.80%	Medical devices production/sales	-	
Palma Bee'Z Research Institute Co., Ltd.	Tokyo	¥50 million	75.44% (25.44%)	Diagnostic product research	(E) Diagnostic product research	*1
Eisai Seikaken Co., Ltd.	Tokyo	¥50 million	70.00%	Agro-chemical production/sales	-	
Eisai Corporation of North America	New Jersey, USA	204,100 US\$	100.00%	U.S. subsidiaries holding company	-	*3
Eisai Research Institute of Boston, Inc.	Massachusetts, USA	90,300 US\$	100.00% (100.00%)	Basic research/chemical process research	(E) Basic research/process research for clinical trial supply	*1,3
Eisai Inc.	New Jersey, USA	~\$9 million				

Wei-zai Co., Ltd.	Taipei, Taiwan	20,000	NT\$	100.00%	Pharmaceutical sales	-	
Eisai China Inc.	Suzhou, China	254,983	RMB	100.00% (100.00%)	Pharmaceutical production/ sales	(E) Pharmaceutical sales	*1
Eisai Hong Kong Co., Ltd.	Hong Kong, China	500	HK\$	100.00% (10.00%)	Pharmaceutical sales	(E) Pharmaceutical sales	*1
Eisai Korea Inc.	Seoul, Korea	3,512,000	Won	100.00%	Pharmaceutical sales	-	
Hi-Eisai Pharmaceutical Inc.	Manila, Philippines	31,250	Peso	50.00% (1.45%)	Pharmaceutical production/ sales	(E) Pharmaceutical sales	*1,7,11
Eisai Pharmaceuticals India Private Ltd.	Mumbai, India	100,000	Rupee	100.00% (1.00%)	Pharmaceutical production/ sales	(E) Pharmaceutical sales	*1,4

(Associated Companies Accounted for by Equity Method)

(As of March 31, 2005)

Company Name	Location	Common Stock (Unit: thousands)		Voting rights	Description of Operations	Relationship/Operations	Note
Bracco-Eisai Co., Ltd.	Tokyo	340,000	Yen	49.00%	Contrast media import/ production/sales	(E) Contrast media purchase	
Eisai-Novartis Verwaltungs GmbH	Nuremberg, FRG	25	Euro	50.00% (50.00%)	Prescription pharmaceuticals	-	*1,12

*(E) indicates Eisai Co., Ltd.

- Notes: *1. Voting rights (%) ownership: Figures in parenthesis represent percentage indirectly owned by the Parent Company.
- *2. The stock of Sanko Junyaku Co., Ltd. is traded in the over-the-counter market (JASDAQ).
- *3. Specially designated subsidiary according to the stock exchange law.
- *4. Newly established and consolidated subsidiary.
- *5. Eisai Asia Regional Services Pte. Ltd. has changed its principal operations from pharmaceutical management and sales support to pharmaceutical sales from April 2004.
- *6. Eisai Food & Chemicals Co., Ltd. is a wholly-owned subsidiary, which was newly incorporated by spinning off the Food Additives and Chemicals Division of the Parent Company in April 2004.
- *7. Hi-Eisai Pharmaceutical Inc. was transformed from an associated company accounted for equity method into a consolidated subsidiary in July 2004 under the application of the "controlling entity" standard.
8. Dymec Co., Ltd. has completed the process of liquidation in September 2004.
- *9. The Machinery Division was divested from the Parent Company and transferred to its consolidated subsidiary, Herusu Co., Ltd., in October 2004, whose corporate name was simultaneously changed to Eisai Machinery Co., Ltd.
- *10. With the establishment of the European regional headquarters and holding company, Eisai Europe Ltd., in October 2004, the voting rights of the relevant subsidiary became indirectly owned by the Parent Company.
- *11. The Parent Company does not have more than 50 percent ownership in Eisai (Thailand) Marketing Co., Ltd., and Hi-Eisai Pharmaceutical Inc., but they are considered as consolidated subsidiaries under the application of the "controlling entity" standard.
- *12. Eisai Pharma-Chem Europe Ltd. and Eisai-Novartis Verwaltungs GmbH are in the process of liquidation.
- *13. In the consolidated financial results for the period under review, the only subsidiary whose sales exceed 10 percent of consolidated sales is Eisai Inc. and its principal financial results are noted below.
- | | |
|----------------------|---------------|
| Sales | ¥215,200 mil. |
| Ordinary income | ¥11,217 mil. |
| Net income | ¥6,619 mil. |
| Shareholder's equity | ¥30,564 mil. |
| Total assets | ¥115,795 mil. |

Wei-zai Co., Ltd. and Eisai Taiwan Inc., consolidated subsidiaries, were merged in April 2005. The surviving company is Eisai Taiwan Inc.

2. Management Policy

1. Basic policy of management

The Eisai Group (hereinafter referred to as 'the Company') positions its mission as "to give first thought to patients and their families and to increase the benefits healthcare provides." Consistent with this corporate philosophy, all Eisai Group members aspire to consistently exemplify a '*human health care (hhc)* company' which is capable of making a meaningful contribution under any healthcare system through meeting the diverse healthcare needs of patients and their families. We are committed to promoting Compliance with an eye to observing laws and ethical standards, and to striving to enhance corporate value while continuing our efforts to further expand the trustworthy relationship with a wide spectrum of stakeholders including customers, shareholders and local communities.

2. Issues facing the Company and management strategies

Business environment surrounding the pharmaceutical industry has been increasingly pressured, as represented by the accelerating healthcare cost-containment measures in Japan, the U.S. and Europe, the swelling research and development (R&D) expenditures, and the trend of industry reorganization. In addition, companies are faced with intensifying public calls for fulfillment of social responsibilities to ensure global environmental conservation and sustainability of society, as well as, their own business.

Under such circumstances, the Company has positioned creation of 'patient value,' 'shareholder value,' 'employee value' and the fulfillment of corporate social responsibilities as priorities of management for the enhancement of the corporate value. Management has been working to implement the following wide range of measures:

(1) Creation of 'patient value'

It is our firm belief that the mission of a pharmaceutical company lies in development of innovative drugs beneficial for patients in overcoming diseases and improving quality of life, consistent supply of high-quality products, and proper information provision for safe usage of drugs.

In the pursuit of fulfillment of our mission and higher efficiency, we have created a 'seamless value chain' system, whereby all the operations from R&D,

manufacturing, marketing to pharmacovigilance are conducted in-house, contributing to the creation of real value for patients with a key focus on providing greater benefits to patients.

a) Continuous creation of innovative drugs to satisfy medical needs

The Company concentrates management resources on R&D in three areas of focus – ‘neurology,’ ‘gastroenterology,’ and ‘oncology and critical care.’ In these areas, there are still a great number of patients around the world and many diseases with no established therapy. Through discovering innovative drugs of high efficacy, safety and cost-effectiveness, we aim to meet such unmet medical needs.

Management’s focus on specific therapeutic areas also provides an opportunity to accumulate information beneficial to all efforts in the R&D stage through marketing in those areas, which helps us work with accuracy and speed to improve the likelihood of success in creating innovative drugs.

b) Stable supply of high-quality pharmaceutical products

The Company strives to establish a production system based upon in-
in-) Stable supply of high-quality pharmaceutical products (sycuD -0a6946 b05) Tj00 0 Tw (-) 1

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(2) Enhancement of 'shareholder value'

We believe that we can pursue our goals of sustained growth and returns to shareholders through creating 'patient value' in the support of shareholders who share that corporate vision. We shall engage in a constant effort to enhance 'shareholder value' through increasing transparency in our business activities in the course of active and fair disclosure of corporate information.

a) Sustainable growth through enhancing business foundation

The Company has already established its business centers in major regions in Japan, the U.S., Europe and Asia. In addition, the Company is currently pursuing new business opportunities in the markets of enlarged EU, China and India in prospect of their vast growth potential.

In every territory around the world, the Company is stepping up efforts for further growth of its leading products such as an Alzheimer's disease treatment, *Aricept*, and a proton pump inhibitor, *Pariet* (the U.S. brand name: *Aciphex*), while striv

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increase the benefits healthcare provides” – that has been shared among employees in the course of various educational programs, training sessions and group activities. Management emphasizes the importance of such employees’ common belief in the corporate vision. Employees who recognize that their daily business activities, from R&D, production, administration to sales and marketing, can lead to increase benefits to patients work with greater satisfaction toward the meaningful goal.

b) Employment and lifestyle stability

The Company provides employees with stable employment, enabling individuals to maintain their personal lifestyles with appropriate compensation levels that are rewarding to productivity. Meanwhile, in addition to ensuring sound management of the health insurance union to support employees and their families in leading healthy lifestyles, the Parent Company firmly maintains the corporate welfare pension fund which can allow employees to work with a sense of security for enjoyable lives after retirement.

c) Skills development

The Company has put various systems in place for employees to diversify career options and the programs that provide employees with opportunities for intersectional exchanges and extended education to enrich careers. In addition, an employee satisfaction survey and a self-report system, which allows employees to submit their requests for job assignment or career development, have been instituted.

(4) Fulfillment of corporate social responsibilities

Fulfilling corporate social responsibilities as well as ensuring transparency and fairness are priorities of the management, and it is dedicated to achieving them through the enhancement of internal control system and Compliance. The Company also demonstrates its attention to its corporate social responsibilities through environmental conservation and philanthropic activities.

a) Enhancement of internal control system

Recognizing a wide spectrum of possible risks in business activities, we are committed to developing a stronger internal control structure.

The officers and employees of every department will continue to

actively engage in creating the more clarified decision-making procedures and strengthening the respective monitoring functions to control potential business risks so that the Company can further improve the effectiveness of internal control.

b) Promotion of Compliance

To deal with business Compliance issues, the Company has stipulated a Charter of Business Conduct as well as conduct guidelines and requires all officers and employees of their rigorous observance in their daily activities. Furthermore, the Company continues to improve the effectiveness of the Compliance program applied to the entire group through

concurrent post of director.

The Board of Directors Secretariat also has been established to function as secretariat of the Nominating Committee and the Compensation Committee.

[Internal Control System]

In accordance with the resolution of the Board, the Parent Company assigned the executive officers responsibility for storage and management of information, assessment and management of risks in each area from finance, law

(Unit of amounts: Millions of Yen)

	Salary		Bonus		Retirement allowances	
	Number of persons	Amount	Number of persons	Amount	Number of persons	Amount
Directors	7	67.05	2	34.50	1	6.60
Corporate auditors	5	21.00	–	–	2	29.00
Total	12	88.05	2	34.50	3	35.60

- Notes: 1. The amount of remuneration paid to directors reported above was defined to be within a limit of ¥30 million per month, which was resolved at the general shareholders meeting held on June 27, 2002 in line with Article 269-1 of the Japanese Commercial Code. The amount received by directors who are also employees excluded salaries for services as employee.
2. The amount of remuneration paid to corporate auditors reported above was defined to be within a limit of ¥7.5 million per month, which was resolved at the general shareholders meeting held on June 28, 2001 in line with Article 279-1 of the Commercial Code.
3. The bonuses for directors reported above represent those paid to director and executive officers for their services during fiscal 2003. The amount was determined by the Compensation Committee pursuant to the resolution on appropriation of profit passed at the 92nd ordinary general meeting of shareholders on June 24, 2004.
4. The amount of retirement allowances paid to a director and corporate auditors reported above was determined by the Compensation Committee pursuant to the resolution passed at the 92nd ordinary general meeting of shareholders on June 24, 2004.

- ii) Amounts of remuneration paid to directors and executive officers after the transition to the Committees System (from June 24, 2004 to March 31, 2005):

(Unit of amounts: Millions of Yen)

	Salary		Bonus (Performance-related)		Retirement allowances	
	Number of persons	Amount	Number of persons	Amount	Number of persons	Amount
Inside directors	4	128.70	–	–	–	–
Outside directors	6	45.90	–	–	–	–
Executive officers	19	400.50	–	–	–	–
Total	29	575.10	–	–	–	–

Note: The person who is a director and executive officer is not paid for the services as director.

[Audit Fee]

- i) Net amount of fee paid to the auditor by the Parent Company and the subsidiaries ¥144 million
- ii) Out of the net fee amount noted at (i), a portion paid for paid

retirement allowances and then set up the revised remuneration system. The Audit Committee held nine meetings, where the members evaluated the sufficiency of the procedures for preparing quarterly financial statements, and the systems of internal control, compliance and risk management. The findings of the audits were reported to the Board.

3. Performance Review and Financial Position

1. Operating results for the period under review

[Sales and income]

The Company achieved the following consolidated financial results for the period under review:

Net sales: ¥533,011 million (6.6% increase year-on-year)

Operating income: ¥86,807 million (4.5% increase year-on-year)

Ordinary income: ¥89,087 million (6.8% increase year-on-year)

Net income: ¥55,505million (10.7% increase year-on-year)

Net sales gained ground geographically in the U.S. and Europe with steady growth in Japan as sales of *Aricept* expanded to ¥162,860 million, up 15.0% year-on-year and those of *Pariet* (US brand name: *Aciphex*) increased to ¥132,297 million, up 2.5% year-on-year.

In conjunction with profits, despite the proactive investments in R&D, operating income secured an upward trend, which was mainly attributable to cost-reduction as well as efficient usage of managerial resources.

Current income expanded mainly due to occurrence of currency gain caused by the depreciation of the yen, and a reduction in the tax expense in addition to the facts mentioned above.

[Conditions by segment]

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

(1) Performance by operating segment

I Pharmaceuticals segment:

In the Pharmaceuticals segment, sales of *Aricept* soared and those of *Aciphex/Pariet* achieved solid growth in Japan, the U.S., and Europe. Meanwhile in the U.S., *Zonegran*, an anti-epilepsy drug, was launched in the end of April 2004.

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million while income taxes paid totaled ¥37,961 million.

Cash outflows arising out of investing activities amounted to ¥37,531 million, an increase of ¥10,275 million, out of which ¥21,670 million was used for purposes of acquiring tangible fixed assets and ¥17,535 million was used for purpose of acquiring intangible assets.

Net cash used in financing activities amounted to ¥16,743 million, an decrease of ¥4,613 million from the same period of the previous year.

As a result of such operating, investing and financing activities, cash and cash equivalents at the end of the period under review came to ¥142,429 million, down ¥3,687 million from the end of the previous year.

[Trends in Financial Indicators]

	Year ended March 2001	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005
Shareholders'					

4. Progress in Research and Development and other Business Areas

[Projects under development]

- I The Company concentrates its managerial resources on the following research areas; neurology, gastrointestinal and oncology/critical care, thereby implementing proactive research and development activities.
- I Research and development endeavors have been focusing on the following key projects in Phase II trials: E5564 (generic name: eritoran), an endotoxin antagonist for sepsis and prevention of post coronary artery bypass graft surgery complications; E7070 (generic name: indisulam); E7389 for cancer; and E2007 for Parkinson's disease, epilepsy and multiple sclerosis based on selective AMPA receptor antagonism. The Proof-of-Concept of these four projects are ongoing.

<Projects in the U.S. and EU>

- I *Zonegran* (generic name: zonisamide), an anti-epileptic drug, obtained a Marketing Authorization Approval in EU from the European Commission in March 2005.
- I In terms of *Inovelon* (generic name: rufinamide), which the Company acquired from Novartis Pharma AG, a Marketing Authorization Application was submitted to European Medicines Agency in March 2005 through the European Union's Centralized Procedure as adjunct therapy for Lennox-Gastaut Syndrome.
- I Regarding TVP-1012 (generic name: rasagiline) developed by Teva Pharmaceutical Industries Ltd.(Israel), for Parkinson's disease, the Company is conducting Phase II trial in the U.S. for the potential additional indication of Alzheimer's disease in combination with *Aricept*.
- I The licensing agreement for the Company's original triazole-type anti-fungal agent (generic name: ravuconazole) with Bristol-Myers Squibb U.S. was terminated in October 2004. The Company will proceed with an independent development program mainly in the U.S.

<Projects in Japan>

- I A new indication application for the antiarrhythmic agent, *Tambacor*, was

<Life Cycle Management for main products>

- I As for the life-cycle management for *Aricept* and *Aciphex/Pariet*, the Company has been working on new indications and new formulations to maximize the product potential.
- I For *Aricept*, the Company is proceeding with clinical trials and plans to submit additional data in the U.S. Additionally, the Company plans to resubmit an application in the EU in connection with vascular dementia indication. The Company submitted a liquid formulation application in the EU in May 2004. *Aricept* obtained approval for orally disintegrating tablet and liquid formulations in October 2004 in the U.S.
- I For *Pariet*, the Company obtained approval for on-demand therapy of symptomatic gastro-oesophageal reflux disease in April 2004, and for the treatment of Zollinger-Ellison Syndrome in June 2004 in the EU. Phase III trial of *Pariet* for non-erosive gastroesophageal reflux disease was initiated in June 2004. In Japan, an application for *Pariet* was filed for *H.pylori* eradication in March 2005.

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facility with functions of process research and production of active pharmaceutical ingredients, was completed in August 2004 and at present the full-fledged manufacturing was commenced beginning February 2005. The Company has started preparation for the production of new products to come by renovating existing plants.

- I The Company is committed to continually

With respect to net sales, we expect a further expansion of *Aricept* and *Aciphex/Pariet* in the respective nations of the world as well as additional boost by anti-epileptic agent *Zonegran*, that was acquired and initiated for marketing in the U.S. in 2004 and was approved in Europe; despite getting stringent healthcare cost-containment measures in Japan, the U.S. and Europe.

With respect to sales, we expect 185,000 million yen in *Aricept* (13.6% increase year-on-year), and 145,000 million yen in *Aciphex/Pariet* (9.6% increase year-on-year).

We also envision an increase in profits, building upon improvement in cost-to-sales ratio and efficiency in managerial resources in spite of proactive investment in R&D on a continuous basis.

Regarding dividends, we plan to repatriate an annual total dividend of ¥80 per share, an increase of ¥24 per share over the previous year.(An interim dividend: ¥40 per share, a fiscal year-end dividend: ¥40 per share)

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, risks related to intellectual property rights, uncertainties in new pharmaceutical product development, healthcare cost-containment measures, intensified competition with generic drugs, possible incidence of adverse events, compliance with laws and regulations, litigations, closure or shutdown of factories, safety issues of raw materials used, environmental issues, conditions of financial markets and foreign exchange fluctuations, and IT security-related risks.

4-1) CONSOLIDATED BALANCE SHEET (ASSETS)

	Note	(%)	(%)	Increase/ Decrease (Millions of Yen)
ASSETS				
Current assets:				

4-2) CONSOLIDATED BALANCE SHEET
(LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY)

Increase/
Decrease

5. CONSOLIDATED STATEMENTS OF INCOME

Account Title	Note	April 1, 2003 - March 31, 2004		April 1, 2004 - March 31, 2005		Increase/ Decrease		
		(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)		
Net sales			¥500,164	100.0		¥533,011	100.0	¥32,847
Cost of sales	1		97,181	19.4		98,614	18.5	1,433
Gross profit on sales			402,982	80.6		434,396	81.5	31,413
Provision (Reversal) of reserve for sales returns			37	0.0		(128)	(0.0)	(165)
Gross profit			402,945	80.6		434,525	81.5	31,579
Selling, general and administrative expenses								
Research and development expenses	1	69,018		[13.8]	78,325		[14.7]	
Selling, general and administrative expenses		250,865	319,884	64.0	269,392	347,717	65.2	27,833
Operating income			83,061	16.6		86,807	16.3	3,746
Non-operating income								
Interest income		1,337			1,700			
Dividend income		380			441			
Foreign exchange gain		-			49			
Gain on sales of securities		19			3			
Amortization of excess of net assets over cost		72			86			
Equity in earnings of associated companies		31			25			
Other non-operating income		470	2,311	0.5	619	2,926	0.5	615
Non-operating expenses								
Interest expense		28			52			
Foreign exchange losses		977			-			
Depreciation		279			151			
Finance charge on collection of receivable		-			198			
Other non-operating expenses		706	1,990	0.4	242	646	0.1	(1,344)
Ordinary income			83,382	16.7		89,087	16.7	5,705
Special gain								
Gain on sales of fixed assets	2	600			253			
Gain on sales of investment securities		1			1,156			
Reversal of allowance for doubtful receivables		59			-			
Gain on exemption from obligation of substitutional portion of employees' Welfare Pension Fund		3,732			-			
Other special gain		14	4,408	0.9	27	1,437	0.3	(2,970)
Special loss								
Loss on disposal of fixed assets	3	2,751			655			
Loss on impairment of investment securities		112			-			
Additional severance payment		679			-			
Loss on litigation	4	422			1,434			
Loss on disposal of inventories		-			352			
Other special loss	5	1,302	5,268	1.1	431	2,873	0.6	(2,394)
Income before income taxes and minority interests			82,522	16.5		87,652	16.4	5,129
Income taxes-current		39,980			41,754			
Income taxes-deferred		(7,053)	32,927	6.6	(9,953)	31,801	6.0	(1,125)
Minority interests (loss)			(553)	(0.1)		345	0.0	899
Net income			¥50,148	10.0		¥55,505	10.4	¥5,356

6. CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS/RETAINED EARNINGS

	Note			
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Capital surplus at beginning		¥55,222		¥55,222
		55,222		55,222
		302,669		342,830
Increase in retained earnings				
- Net income		50,148		55,505
Decrease in retained earnings				
- Dividends	9,920		11,223	
- Bonuses to directors	66		34	
- Loss on disposal of treasury stock	-	9,987	1	11,258
		¥342,830		¥387,077

7. CONSOLIDATED STATEMENTS OF CASH FLOWS

	April 1, 2003- March 31, 2004	April 1, 2004- March 31, 2005	Increase/ Decrease
Note	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
	¥82,522	¥87,652	
	18,488	22,445	
Amortization of excess of net assets over cost	(72)	(86)	
	214	95	
	(1,718)	(2,142)	
	28	52	
	(31)	(25)	

April 1, 2003 - March 31, 2004	April 1, 2004 - March 31, 2005
<p>Inventories are stated at cost substantially determined by average method for the Parent Company and the consolidated subsidiaries in Japan, and at lower of cost or market method determined by the first-in first-out method in the consolidated subsidiaries outside Japan, for finished products, goods, work-in-process products, raw materials and other stored items.</p> <p>(2) Depreciation of Fixed Assets (a) Property, plant and equipment: Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the assets in the Parent Company and consolidated subsidiaries in Japan, while the straight-line method is used in subsidiaries outside Japan. The ranges of useful lives of assets are noted as follows: Buildings: 15 to 65 years Machinery and equipment: 6 to 7 years</p> <p>(b) Intangible assets: Intangible assets are carried at cost less accumulated amortization, which is computed by the straight-line method for the Parent Company and all consolidated subsidiaries. Amortization for software used internally is computed by the straight-line method over useful lives of five years.</p> <p>(3) Accounting policies for certain reserves: (a) Allowance for doubtful receivables: The allowance for doubtful receivables is stated at amounts considered to be appropriate based on the Company's past credit loss experience and on evaluation of potential losses in receivables outstanding.</p> <p>(b) Reserve for sales rebates: The reserve is stated at an amount determined by multiplying inventories of distributors at the end of the period by the average rebate ratio, in order to provide for expenditures of sales rebates expected to be incurred after the end of the period. In addition, a portion of sales rebates in consolidated subsidiaries is calculated using an estimated rebate percentage associated with sales amounts at the end of the period.</p> <p>(c) Other reserves: For the Parent Company and certain consolidated subsidiaries in Japan, other reserves are stated in amounts noted below and are included in other reserves in current liabilities of the period.</p>	<p>Same as at the left.</p> <p>(2) Depreciation of Fixed Assets (a) Property, plant and equipment: Same as at the left.</p> <p>(b) Intangible assets: Same as at the left.</p> <p>(3) Accounting policies for certain reserves: (a) Allowance for doubtful receivables: Same as at the left.</p> <p>(b) Reserve for sales rebates: Same as at the left.</p> <p>(c) Other reserves: Same as at the left.</p>

April 1, 2003 - March 31, 2004

April 1, 2004 - March 31, 2005

i) Reserve for sales returns:

A reserve is provided at an amount sufficient to cover possible losses on sales returns. It is determined by multiplying the accounts receivable balance by the average return ratio over

April 1, 2003 - March 31, 2004

April 1, 2004 - March 31, 2005

plan assets to be thereby returned were extinguished as of the approval date of exemption of future obligation thereof. As a result, the Parent Company accounted for a gain on exempted obligation of substitutional portion of employees' Welfare Pension Fund in the amount of ¥3,732 million as special

3 Ma

April 1, 2003 - March 31, 2004

April 1, 2004 - March 31, 2005

Foreign currency forward contracts

(ii) Hedged items:

Trade receivables and payables including committed transactions denominated in foreign currencies

(c) Hedging policy:

April 1, 2003 - March 31, 2004	April 1, 2004 - March 31, 2005
insignificant risk of changes in value, all of which mature or become due within three months of the date of acquisition.	

Changes in Presentation Methods

April 1, 2003 - March 31, 2004	April 1, 2004 - March 31, 2005
<p>(Consolidated Statements of Income)</p> <p>As well as patent infringement litigation expenses, "Loss on litigation" includes "Loss on vitamin E litigation settlement" which was presented as a separate component of Special loss in the previous period. Loss on vitamin E litigation settlement in this period accounted for ¥210 million.</p>	<p>(Consolidate Balance Sheet)</p> <p>The contribution to a similar partnership as investment limited partnership was presented as "Other assets", included in "Investments and other assets," in the previous period. However, in accordance with the revision of the certain portion of Securities and Exchange Law (the 97th issue on June 9, 2004), it was presented as "Investment securities," included in "Investments and other assets" from this period. Total contribution to a similar partnership as investment limited partnership as of March 31, 2005 was ¥67 million.</p> <p>(Consolidated Statements of Income)</p> <ol style="list-style-type: none"> 1. As the amount of "Finance charge on collection of receivable," included in "Other non-operating expenses" in the previous period, exceeded 10% of total non-operating expenses in this period, it was separately treated and presented in an independent account title. The reported amount as "Finance charge on collection of receivable" in the previous period was ¥177 million. 2. As the amount of "Reversal of allowances for doubtful receivables," separately treated and presented in an independent account title in the previous period, was ¥7 million in this period, accounting for less than or equal to 10% of total special gain, it was included in "Other special gain." 3. As the amount of "Loss on disposal of inventories," included in "Other special loss" in the previous period, exceeded 10% of total special loss in this period, it was separately treated and presented in an independent account title. The reported amount as "Loss on disposal of inventories" in the previous period was ¥150 million. 4. As the amount of "Loss on impairment of investment securities," separately treated and presented in an independent account title in the previous period, was ¥63 million in this period, accounting for less than or equal to 10% of total special loss, it was included in "Other special loss."

Additional Information

April 1, 2003- March 31, 2004	April 1, 2004- March 31, 2005
_____	<p>(Pro forma standard taxation)</p> <p>In accordance with the revised Japanese tax code regarding the treatment of 'pro forma standard tax' in the category of enterprise taxes in Statements of Income, as stated in Practical Issues Task Force No.12 proclaimed on February 13, 2004, enterprise taxes levied in proportion to added value and capital amounting to ¥851 million is recognized as 'Selling, general and administrative expenses' starting this period.</p>

NOTES TO CONSOLIDATED BALANCE SHEET

March 31, 2004	March 31, 2005																																												
<p>*1. Account titles and amounts of investments in associated companies:</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Marketable securities (stocks)</td> <td style="text-align: right;">¥363 mil.</td> </tr> <tr> <td>Investments in other assets</td> <td style="text-align: right;">¥1mil.</td> </tr> </table> <p>2. Contingent debts: The Parent Company is a solidarity guarantee for the following warrantees:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="width: 30%;">Warrantee</th> <th style="width: 30%;">Item</th> <th style="width: 40%;">Yen (mil.)</th> </tr> </thead> <tbody> <tr> <td>Employees</td> <td>Housing loans</td> <td style="text-align: center;">131</td> </tr> </tbody> </table> <p>*3. ¥329 million was deducted from acquisition cost of tangible fixed assets at the end of the period by the reduction-entry of government subsidies. Details of reduction entries are as follows:</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Buildings and structures</td> <td style="text-align: right;">¥19 mil.</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">¥184 mil.</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">¥125 mil.</td> </tr> </table> <p>*4. Issued stocks:</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Common stock</td> <td style="text-align: right;">296,566,949 shares</td> </tr> <tr> <td>Treasury stocks</td> <td></td> </tr> <tr> <td>Common stocks</td> <td style="text-align: right;">8,789,679 shares</td> </tr> </table>	Marketable securities (stocks)	¥363 mil.	Investments in other assets	¥1mil.	Warrantee	Item	Yen (mil.)	Employees	Housing loans	131	Buildings and structures	¥19 mil.	Machinery and equipment	¥184 mil.	Others	¥125 mil.	Common stock	296,566,949 shares	Treasury stocks		Common stocks	8,789,679 shares	<p>*1. Account titles and amounts of investments in associated companies:</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Marketable securities (stocks)</td> <td style="text-align: right;">¥349 mil.</td> </tr> <tr> <td>Investments in other assets</td> <td style="text-align: right;">¥1 mil.</td> </tr> </table> <p>2. Contingent debts: The Parent Company is a solidarity guarantee for the following warrantees:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="width: 30%;">Warrantee</th> <th style="width: 30%;">Item</th> <th style="width: 40%;">Yen (mil.)</th> </tr> </thead> <tbody> <tr> <td>Employees</td> <td>Housing loans</td> <td style="text-align: center;">125</td> </tr> </tbody> </table> <p>*3. ¥336 million was deducted from acquisition cost of tangible fixed assets at the end of the period by the reduction-entry of government subsidies. Details of reduction entries are as follows:</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Buildings and structures</td> <td style="text-align: right;">¥19 mil.</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">¥166 mil.</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">¥150 mil.</td> </tr> </table> <p>*4. Issued stocks:</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Common stock</td> <td style="text-align: right;">296,566,949 shares</td> </tr> <tr> <td>Treasury stocks</td> <td></td> </tr> <tr> <td>Common stocks</td> <td style="text-align: right;">10,781,202 shares</td> </tr> </table>	Marketable securities (stocks)	¥349 mil.	Investments in other assets	¥1 mil.	Warrantee	Item	Yen (mil.)	Employees	Housing loans	125	Buildings and structures	¥19 mil.	Machinery and equipment	¥166 mil.	Others	¥150 mil.	Common stock	296,566,949 shares	Treasury stocks		Common stocks	10,781,202 shares
Marketable securities (stocks)	¥363 mil.																																												
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NOTES TO THE CONSOLIDATED STATEMENTS OF INCOME

April 1, 2003 - March 31, 2004	April 1, 2004 - March 31, 2005
*1. Total research and development expenses included in general and administrative expenses and manufacturing expenses in this period: ¥69,018 mil.	
*2. Principal gains on sales of fixed assets: Land ¥569 mil.	
*3. Principal loss on disposal of fixed assets: Buildings and structures ¥1,014 mil. Land ¥1,389 mil.	
*4. Loss on litigation: A special loss recorded as " <i>Loss on litigation</i> " includes additional expenses associated with civil settlements	

8. SEGMENT INFORMATION

				- (¥16,585)	¥500,164 -	
Total sales	477,011	39,738	516,749	(16,585)	500,164	¥1,448
			¥86,020	(¥2,959)	¥83,061	
II. Assets, depreciation, and capital expenditures						
-Assets	¥429,762	¥27,426	¥457,189	¥158,587	¥615,776	
-Depreciation & amortization	17,750	574	18,325	163	18,488	
-Capital expenditures	¥27,186	¥1,109	¥28,295	¥381	¥28,677	

(2) For the fiscal year ended March 31, 2005

(Millions of Yen)

Pharma-
ceuticals

Others

Total

Eliminations

(4) Corporate assets included in eliminations and corporate, consist mainly of surplus operating capital (cash and marketable securities), long-term investments (investment securities) and administrative capital.

For the year ended March 31, 2004:

¥161,524 million

For the year ended March 31, 2005:

9.LEASE TRANSACTIONS

April 1, 2003 – March 31, 2004

April 1, 2004 – March 31, 2005

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

(1) Acquisition cost, Accumulated depreciation, Net leased property:

(Millions of Yen)

Acquisition cost	Accumulated depreciation	Net leased property
---------------------	-----------------------------	---------------------------

11. INCOME TAXES

April 1, 2003 – March 31, 2004

April 1, 2004 – March 31, 2005

1. Details of principal deferred tax assets and liabilities are noted below.

(1) Current assets:

Deferred tax

April 1, 2003 – March 31, 2004	April 1, 2004 – March 31, 2005																		
2. Since the effective income tax rates of the Company differed from the statutory tax rate by less than or equal to 5% disclosure of details is omitted.	<p>2. Reconciliation between the effective income tax rate of the Company and the statutory tax rate:</p> <table> <tr> <td></td> <td style="text-align: right;">(%)</td> </tr> <tr> <td>Statutory tax rate of the Company</td> <td style="text-align: right;">41.0</td> </tr> <tr> <td>(Reconciliation)</td> <td></td> </tr> <tr> <td>Expenses not permanently deductible for income tax purposes, such as entertainment expense</td> <td style="text-align: right;">2.2</td> </tr> <tr> <td>Tax credit for experiment and research expenses</td> <td style="text-align: right;">(5.8)</td> </tr> <tr> <td>Difference in statutory tax rate of subsidiaries</td> <td style="text-align: right;">(1.3)</td> </tr> <tr> <td>Valuation allowance</td> <td style="text-align: right;">1.5</td> </tr> <tr> <td>Other</td> <td style="text-align: right;"><u>(1.3)</u></td> </tr> <tr> <td>Effective income tax rates</td> <td></td> </tr> </table>		(%)	Statutory tax rate of the Company	41.0	(Reconciliation)		Expenses not permanently deductible for income tax purposes, such as entertainment expense	2.2	Tax credit for experiment and research expenses	(5.8)	Difference in statutory tax rate of subsidiaries	(1.3)	Valuation allowance	1.5	Other	<u>(1.3)</u>	Effective income tax rates	
	(%)																		
Statutory tax rate of the Company	41.0																		
(Reconciliation)																			
Expenses not permanently deductible for income tax purposes, such as entertainment expense	2.2																		
Tax credit for experiment and research expenses	(5.8)																		
Difference in statutory tax rate of subsidiaries	(1.3)																		
Valuation allowance	1.5																		
Other	<u>(1.3)</u>																		
Effective income tax rates																			

12. SECURITIES

1 MARKET VALUE OF HELD-TO-MATURITY SECURITIES

(Millions of Yen)

Carrying amounts lower than aggregated fair value	Period Ended Mar-31-2004			Period Ended Mar-31-2005		
	Carrying amount	Aggregated fair value	Unrealized gain	Carrying amount	Aggregated fair value	Unrealized gain
1. Government bonds	—	—	—	—	—	—
2. Corporate bonds	¥20,811	¥20,937	¥125	¥26,103	¥26,279	¥176
3. Other	23,997	24,003	6	9,398	9,403	5
Sub-total	¥44,808	¥44,940	¥132	¥35,501	¥35,683	¥181
Carrying amounts higher than aggregated fair value	Carrying amount	Aggregated fair value	Unrealized loss	Carrying amount	Aggregated fair value	Unrealized loss
1. Government bonds	—	—	—	—	—	—
2. Corporate bonds	¥20,412	¥20,301	(¥111)	¥14,166	¥13,969	(¥197)
3. Other	3,999	3,999	(0)	21,498	21,497	(1)
Sub-total	¥24,412	¥24,301	(¥111)	¥35,665	¥35,466	(¥198)
TOTAL	¥69,221	¥69,242	¥21	¥71,166	¥71,149	(¥16)

2. MARKET VALUE OF AVAILABLE-FOR-SALE SECURITIES

(Millions of Yen)

Carrying amounts exceeding cost	Period Ended Mar-31-2004			Period Ended Mar-31-2005		
	Cost	Carrying amount	Unrealized gain	Cost	Carrying amount	Unrealized gain
1. Stocks	¥13,204	¥28,080	¥14,875	¥18,462	¥34,502	¥16,039
2. Bonds	211	211	0	—	—	—
Government bonds	—	—	—	—	—	—
Corporate bonds	211	211	0	—	—	—
3. Other	6,776	6,878	101	5,007	5,029	21
Sub-total	¥20,192	¥35,170	¥14,977	¥23,470	¥39,531	¥16,061

1. Stocks	¥888	¥764	(¥123)	¥15	¥15	(¥0)
2. Bonds	—	—	—	40	40	—
Government bonds	—	—	—	40	40	—
Corporate bonds	—	—	—	—	—	—
3. Other	2,773	2,753	(19)	2,572	2,525	(47)
Sub-total	¥3,661	¥3,518				

3. OTHER MARKETABLE SECURITIES SOLD DURING THE FISCAL YEAR PERIOD

13. DERIVATIVE FINANCIAL INSTRUMENTS

FOREIGN CURRENCY RELATED DERIVATIVES

(Millions of Yen)

	Period Ended Mar-31-2004			Period Ended Mar-31-2005				
	Contracted amount		Fair value	Unrealized gain (loss)	Contracted amount		Fair value	Unrealized gain (loss)
		Over 1 Year				Over 1 Year		
Foreign currency Forward contracts								
Payables: U.S. dollar	¥6,470	—	¥6,284	¥185	¥11,135	—	¥11,348	(¥213)
Euro				41	—	—	—	—

14. PENSION PLANS AND RETIREMENT BENEFIT COST

Period Ended Mar-31-2004	Period Ended Mar-31-2005
--------------------------	--------------------------

1. Outline of pension plan:

The Parent Company:

The Parent Company adopts the defined-benefit type of a stand-alone employees' welfare plan and a termination allowance plan, 45% of which is contributed to the employees' pension fund.

In some cases the Parent Company may pay additional severance.

The Parent Company obtained approval from Japan's Minister of Health, Labour and Welfare for exemption from the benefit obligation of the substitutional retirement portion of the Eisai Welfare Pension Fund on August 29, 2003.

Consolidated subsidiaries:

Certain subsidiaries in Japan adopt the defined-benefit pension type of a joint pension plan, an approved pension scheme and a termination allowance plan. Certain overseas subsidiaries outside Japan adopt a defined contribution plan as well as a defined-benefit plan.

Period Ended Mar-31-2004
simple method.

Period Ended Mar-31-2005

3. Components of the net employees' retirement benefit costs:

	(Millions of Yen)
Service cost (Note 1,3)	¥4,986
Interest costs	3,229
Expected return on plan assets	(1,489)
Additional severance payment	679
Amortization of transitional obligation	3,188
Recognized actuarial loss	9,768
Amortization of prior service cost (Note 2)	(3,237)
Contribution and others	<u>952</u>
Net periodic benefit costs	<u>¥18,078</u>
Gain on exemption from obligation of substitutional Portion of employees' Welfare Pension Fund	<u>(¥3,732)</u>
Total	<u>¥14,346</u>

Notes:

- (1) After deduction of the amounts borne by employees in accordance with the Japanese Welfare Pension Law.
- (2) Reflects the current amortization of prior

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Period Ended Mar-31-2004

Period Ended Mar-31-2005

17. PRODUCTION, RECEIVED ORDER AND SALES INFORMATION

1. Production Results

(1) Production results

(Millions of Yen)

Segment	Apr-1-2003 to Mar-31-2004		Apr-1-2004 to Mar-31-2005	
	Amount		Amount	
Pharmaceuticals	¥454,392		¥506,764	
Other	8,597		8,305	
Total	¥462,989		¥515,069	

Note: 1. The amounts are evaluated by sales price and those arising from intersegment trades are balanced out.
2. The above figures do not include consumption tax.

(2) Product purchases

(Millions of Yen)

Segment	Apr-1-2003 to Mar-31-2004		Apr-1-2004 to Mar-31-2005	
	Amount		Amount	
Pharmaceuticals	¥18,393		¥18,545	
Other	9,494		8,925	
Total	¥27,887		¥27,469	

Note: 1. The amounts are evaluated by purchase price and those arising from intersegment trades are balanced out.
2. The above figures do not include consumption tax.

2. Received Order

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

3. Sales Results by business and geographical segment

(Millions of Yen, %)

Sales results by business and geographical segment	April-1-2003 to March-31-2004		April-1-2004 to March-31-2005	
	Amount	%	Amount	%
Pharmaceuticals	¥476,761	95.3	¥510,981	95.9
Japan	239,775	47.9	247,688	46.5
North America	193,546	38.7	213,465	40.1

18-1) CONSOLIDATED STATEMENTS OF INCOME
Fourth Quarter of FY2003 and FY2004 (three months ended March 31)

Account Title	January 1, 2004 - March 31, 2004		January 1, 2005 - March 31, 2005		Increase/ Decrease (Millions of Yen)		
	(Millions of Yen)	(%)	(Millions of Yen)	(%)			
Net sales		¥122,419	100.0		¥128,584	100.0	¥6,165
Cost of sales		23,772	19.4		22,886	17.8	(886)
Gross profit on sales		98,646	80.6		105,698	82.2	7,051
Provision of reserve for sales returns		(63)	(0.0)		(53)	(0.0)	10
Gross profit		98,710	80.6		105,751	82.2	7,041
Selling, general and administrative expenses							
Research and development expenses	18,417		[15.0]	21,319		[16.6]	
Selling, general and administrative expenses	63,087	81,504	66.5	65,910	87,229	67.8	5,724
Operating income		17,205	14.1		18,522	14.4	1,316
Non-operating income		670	0.5		857	0.7	186
Non-operating expenses		186	0.2		109	0.1	(77)
Ordinary income		17,689	14.4		19,269	15.0	1,580
Special income		158	0.2		(26)	(0.0)	(185)
Special loss		3,920	3.2		847	0.7	(3,073)
Income before income taxes and minority interests		13,926	11.4		18,395	14.3	4,468
Income taxes-current	11,040			11,081			
Income taxes-deferred	(6,213)	4,827	4.0	(4,162)	6,918	5.4	2,091
Minority interests		(705)	(0.6)		34	0.0	739
Net income		¥9,805	8.0		¥11,442	8.9	¥1,637

18-2)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fourth Quarter of FY2003 and FY2004 (three months ended March 31)

	January 1, 2004 - March 31, 2004	January 1, 2005 - March 31, 2005	Increase/ Decrease
Account Title	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
I. Operating activities:			
Income before income taxes and minority interests	¥13,926	¥18,395	
Depreciation and amortization	4,983	6,581	
Increase (Decrease) in allowance for doubtful receivables	112	62	
Interest and dividend income	(453)	(593)	
Interest expense	8	31	
Equity in (earnings) loss of associated companies	(39)	(6)	
(Gain) Loss on sales and disposal of fixed assets	1,785	351	
Provision for liability for retirement benefits	2,780	2,206	
(Gain) Loss on sales of short-term investments and investment securities	45	(1)	
Loss on impairment of securities	—	1	
(Increase) Decrease in trade receivables	7,322	3,279	
(Increase) Decrease in inventories	(708)	(696)	
Increase (Decrease) in trade payables	(1,740)	(2,207)	
Increase (Decrease) in other current liabilities	8,442	(1,908)	
Increase (Decrease) in reserve for sales rebates	(9,379)	(4,316)	
Other	(2,239)	(3,602)	
Sub-total	24,848	17,578	(7,269)
Interest and dividends received	393	573	
Interest paid	—	(36)	
Contribution to employee retirement benefit trust	—	(20,000)	
Income taxes paid	(2,120)	(1,937)	
Net cash provided by operating activities	23,120	(3,822)	(26,942)
II. Investing activities:			
Purchases of short-term investments	(1,293)	(40)	
Proceeds from sales and redemptions of short-term investments	3,915	3,935	
Purchases of property, plant and equipment	(5,795)	(4,126)	
Proceeds from sales of property, plant and equipment	635	11	
Purchases of intangible assets	(1,286)	(5,018)	
Purchases of investment securities	(4,535)	(5,654)	
Proceeds from sales and redemptions of investment securities	5,125	57	
Net (increase) decrease in time deposits (exceeding 3 months)	(171)	30	
Other	653	2,824	
Net cash used in investing activities	(2,752)	7,979	(5,226)
III. Financing activities:			
Net increase (decrease) in short-term borrowings	173	110	
Redemption of corporate bond	(100)	—	
Purchase of treasury stock	(11,400)	—	
Other	(51)	(2)	
Net cash used in financing activities	(11,378)	108	11,486
IV. Effect of exchange rate changes on cash and cash equivalents	(975)	1,502	2,477
V. Net increase (decrease) in cash and cash equivalents	8,014	(10,191)	(18,205)
VI. Cash and cash equivalents at beginning of period	138,102	152,620	14,518
VII. Cash and cash equivalents at end of period	¥146,116	¥142,429	(¥3,687)

18-3) SEGMENT INFORMATION

Fourth Quarter of FY2003 and FY2004 (three months ended March 31)

1. Business Segment Information

(1) For the fourth quarter, ended March 31, 2004

(Millions of Yen)

	Pharma- ceuticals	Others	Total	Eliminations and Corporate	Consolidated
I. Sales					
(1) Sales to customers	¥116,568	¥5,850	¥122,419	-	¥122,419
(2) Intersegment sales	46	4,648	4,694	(¥4,694)	-
Total sales	116,614	10,499	127,113	(4,694)	
					¥17,205

(2) For the fourth quarter, ended March 31, 2005

(Millions of Yen)

	Pharma- ceuticals	Others	Total	Eliminations and Corporate	Consolidated
I. Sales					
(1) Sales to customers	¥123,321	¥5,262	¥128,584	-	
(2) Intersegment sales	25	5,861	5,887		

2. Geographical Segment Information

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 Other: East and South-East Asia, Central and South America, etc.
3. Overseas sales represent the sales reported in countries and areas outside Japan by the Parent Company and the consolidated subsidiaries.

EISAI CO., LTD. NON-CONSOLIDATED ANNUAL FINANCIAL REPORT RELEASE

FOR IMMEDIATE RELEASE

May 16, 2005

On May 16, 2005, Eisai Co., Ltd., announced non-consolidated annual financial results for the fiscal year ended March 31, 2005.

- Date of the Board of Directors' Meeting for presentation of non-consolidated annual financial results: May 16, 2005
- Due date of beginning a fiscal year-end dividend payment: June 1, 2005
- Date of General Shareholders' Meeting: June 24, 2005
- Eisai Co., Ltd., is listed on the First Sections of both the Tokyo Stock Exchange and the Osaka Securities Exchange.
- Securities code number: 4523
- Payment of Interim Dividend: Yes
- Stock Unit: The number of shares constituting one unit:
100 shares
- Representative of corporation: Haruo Naito
Director and President & CEO
- 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. NON-CONSOLIDATED ANNUAL FINANCIAL RESULTS

(APRIL 1, 2004 –

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1-1) NON-CONSOLIDATED BALANCE SHEET (ASSETS)

	Note	(%)	(%)	Increase/ Decrease (Millions of Yen)
ASSETS				
Current assets:				
Cash and cash in bank		¥42,274	¥30,854	
Notes receivable-trade	2	11,560	7,720	
Accounts receivable-trade	2	102,219	107,283	
Short-term investments		52,032	50,354	
Merchandise		6,079	4,825	
		7,406	7,003	
Semi-finished goods		6,659	7,753	
Raw materials		3,460	3,599	
Work in process		771	804	
Supplies		1,197	1,267	
Advances		69	—	
Deferred tax assets		12,072	15,876	
Short-term loans receivable	2	8,708	6,475	
Other current assets		7,139	5,474	
Allowance for doubtful receivables		(8)	(6)	
Total current assets				

2. NON-CONSOLIDATED STATEMENTS OF INCOME

Account Title	Note	The 92nd Period Apr. 1, 2003 - Mar. 31, 2004		The 93rd Period Apr. 1, 2004 - Mar. 31, 2005		Increase/ Decrease (Millions of Yen)		
		(Millions of Yen)	(%)	(Millions of Yen)	(%)			
Net sales	2		¥303,626	100.0		¥307,936	100.0	¥4,309
Cost of sales	1		83,532	27.5		77,652	25.2	(5,880)
Gross profit on sales			220,094	72.5		230,283	74.8	10,189
Provision (Reversal) of reserve for sales returns			41	0.0		(129)	(0.0)	(171)
Gross profit			220,052	72.5		230,413	74.8	10,360
Selling, general and administrative expenses								
Research and development expenses	1	67,381		[22.2]	77,128		[25.0]	
Selling, general and administrative expenses		85,613	152,995	50.4	85,649	162,778	52.8	9,783
Operating income			67,057	22.1		67,634	22.0	577
Non-operating income								
Interest income		82			69			
Interest on securities		405			354			
Dividend income		500			544			
Rents income	2	486			429			
Foreign exchange gain		—			202			
Other non-operating income		200	1,674	0.5	364	1,964	0.6	290
Non-operating expenses								
Interest expenses		32			40			
Assets lent to others expenses		146			124			
Foreign exchange loss		1,272			—			
Depreciation		279			151			
Other non-operating expenses		441	2,172	0.7	166	483	0.2	(1,688)
Ordinary Income			66,559	21.9		69,115	22.4	2,556
Special gain								
Gain on sales of fixed assets	3	1			180			
Gain on sales of investment securities		—			1,149			
Reversal of allowance for doubtful receivables		986			—			
Gain on exemption from obligation of substitutional portion of employees' Welfare Pension Fund		3,732			—			
Other special gain		—	4,719	1.6	9	1,339	0.5	(3,379)
Special loss								
Loss on disposal of fixed assets	4	744			520			
Provision for allowance for doubtful receivables		322			—			
Loss on impairment of investment securities		97			—			
Loss on litigation	5	422			1,434			
Loss on disposal of inventories		—			352			
Other special loss		486	2,072	0.7	359	2,667	0.9	594
Income before income taxes			69,205	22.8		67,788	22.0	(1,417)
Income taxes-current		31,704			31,204			
Income taxes-deferred		(4,381)	27,322	9.0	(6,913)	24,290	7.9	(3,032)
Net income			41,883	13.8		43,498	14.1	1,614
Retained earnings brought forward			6,935			8,352		
Loss on disposal of treasury stock			—			1		
Interim dividends paid			5,252			6,043		
Unappropriated retained earnings for the period			¥43,566			¥45,806		¥2,240

3. NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (for reference)

The 92nd Period

4. NON-CONSOLIDATED APPROPRIATIONS OF RETAINED EARNINGS

(Millions of Yen)

Unappropriated retained earnings	¥43,566	¥45,806
---	---------	---------

BASIS OF PRESENTING ANNUAL NON-CONSOLIDATED FINANCIAL STATEMENTS

The 92nd Period April 1, 2003 - March 31, 2004	The 93rd Period April 1, 2004 - March 31, 2005
---	---

1. Marketable and Investment Securities:

(1) Held-to-Maturity Securities:

Held-to-Maturity Securities are stated at amortized cost. (Straight-line method)

(2) Investment Securities in Subsidiaries and

The 92nd Period
April 1, 2003 - March 31, 2004

The 93rd Period

The 92nd Period
April 1, 2003 - March 31, 2004

The 93rd Period
April 1, 2004 - March 31, 2005

The 92nd Period April 1, 2003 - March 31, 2004	The 93rd Period April 1, 2004 - March 31, 2005
<p>associated receivables and payables have the same terms and denominations as the corresponding receivables and payables and the contract amounts will not exceed those of the corresponding assets and liabilities. As a result, high correlation and effectiveness between the hedging instruments and the hedged items are kept against fluctuations in foreign exchange rate so that assessment of effectiveness is skipped.</p> <p>9. Consumption Taxes: Income and expense are recorded net of consumption taxes.</p>	<p>9. Consumption Taxes: Same as at the left.</p>

Changes in Presentation Methods

The 92nd Period April 1, 2003 - March 31, 2004	The 93rd Period April 1, 2004 - March 31, 2005
<p>(Non-consolidated Statements of Income) As well as patent infringement litigation expenses, "Loss on litigation" includes "Loss on vitamin E litigation settlement" which was presented as a separate component of Special loss in the previous period. Loss on vitamin E litigation settlement in this period accounted for ¥210 million.</p>	<p>(Non-consolidated Balance Sheet) The contribution to a similar partnership as investment limited partnership was presented as "Other assets", included in "Investments and other assets, in the previous period. However, in accordance with the revision of the certain portion of Securities and Exchange Law (the 97th issue on June 9, 2004), it was presented as "Investment securities," included in "Investments and other assets".</p>

Other a44a60Tj 0 04 er
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	<p><i>investment securities</i>," separately treated and presented in an independent account title in the previous period, was ¥63 million in this period, accounting for below 10% of total special loss, it was included in "<i>Other special loss</i>."</p>
--	--

Additional Information

<p>The 92nd Period April 1, 2003 - March 31, 2004</p>	<p>The 93rd Period April 1, 2004 - March 31, 2005</p>
	<p>(Pro forma standard taxation) In accordance with the revised Japanese tax code regarding the treatment of 'pro forma standard tax' in the category of enterprise taxes in Statements of Income, as stated in Practical Issues Task Force No.12 proclaimed on February 13, 2004, enterprise</p>

NOTES TO NON-CONSOLIDATED STATEMENTS OF INCOME

The 92nd Period April 1, 2003 - March 31, 2004	The 93rd Period April 1, 2004 - March 31, 2005																
<p>*1. Total research and development expenses included in general and administrative expenses and manufacturing expenses for the period were ¥67,381 million. The research and development cost includes the following:</p> <table style="margin-left: 20px;"> <tr> <td>Net periodic benefit costs</td> <td style="text-align: right;">¥3,695 mil.</td> </tr> <tr> <td>Depreciation expenses</td> <td style="text-align: right;">¥4,149 mil.</td> </tr> </table> <p>*2. Principal income from affiliated companies:</p> <table style="margin-left: 20px;"> <tr> <td>Sales</td> <td style="text-align: right;">¥65,535 mil.</td> </tr> <tr> <td>Rent income</td> <td style="text-align: right;">¥432 mil.</td> </tr> </table> <p>*3. Principal gain on sales of property, plant and equipment:</p> <table style="margin-left: 20px;"> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">¥0 mil.</td> </tr> </table> <p>*4. Principal loss on disposal of fixed assets:</p> <table style="margin-left: 20px;"> <tr> <td>Buildings</td> <td style="text-align: right;">¥282 mil.</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">¥134 mil.</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">¥240 mil.</td> </tr> </table> <p>*5. Loss on litigation: A special loss recorded as "<i>Loss on litigation</i>" includes additional expenses associated with civil settlements on vitamin E sale and patent infringement litigation expenses.</p>	Net periodic benefit costs	¥3,695 mil.	Depreciation expenses	¥4,149 mil.	Sales	¥65,535 mil.	Rent income	¥432 mil.	Tools, furniture and fixtures	¥0 mil.	Buildings	¥282 mil.	Machinery and equipment	¥134 mil.	Land	¥240 mil.	<p>*1. Total research and development expenses included in general and administrative expenses and manufacturing expenses for the period were ¥77,128 million. Total expenses: ¥10,021 million. Total expenses: ¥10,021 million.</p>
Net periodic benefit costs	¥3,695 mil.																
Depreciation expenses	¥4,149 mil.																
Sales	¥65,535 mil.																
Rent income	¥432 mil.																
Tools, furniture and fixtures	¥0 mil.																
Buildings	¥282 mil.																
Machinery and equipment	¥134 mil.																
Land	¥240 mil.																

5. LEASE TRANSACTIONS

The 92nd Period
April 1, 200

The 93rd Period (March 31, 2005)

(Millions of Yen)

Type	Carrying amount	Market value	Difference
Subsidiary	4,279	3,778	(500)

7. INCOME TAXES

	The 92nd Period March 31, 2004	The 93rd Period March 31, 2005
--	-----------------------------------	-----------------------------------

1.

	(%)
Statutory tax rate of the Company	41.0
(Reconciliation)	
Expenses not permanently deductible for income tax purposes, such as entertainment expense	2.1
Income not permanently taxable for income tax purposes, such as dividend income	(0.2)
Tax credit for experiment and research expenses	(7.2)
Tax credit on IT investment	(0.3)
Valuation allowance	1.0
Other	(0.6)
Effective income tax rates	<u>35.8</u>

8. THE PREMISE OF A GOING CONCERN

There were no events or conditions that might be indicative of significant doubt of the entity's ability to continue as a going concern in the previous and present periods.

9. ASSETS, EARNINGS PER SHARE

The 92nd Period April 1, 2003 - March 31, 2004		The 93rd Period April 1, 2004 - March 31, 2005	
Equity value per share	¥1,407.52	Equity value per share	¥1,510.69
Earnings per share	¥143.73	Earnings per share	¥151.56
Fully diluted earnings per share	¥143.72	Fully diluted earnings per share	¥151.51

Note: The basis of the report of net earnings per share and fully diluted earning per share are as follows:

	The 92nd Period April 1, 2003 - March 31, 2004	The 93rd Period April 1, 2004 - March 31, 2005
Net earnings per share		
Net income (mil. yen)	41,883	43,498
Amount not attributed to common share (mil. yen)	34	-
[Bonuses to directors through appropriation of earnings] (mil. yen)	[34]	[-]
Net income on common shares (mil. yen)	41,848	43,498
Average number of common shares outstanding (thousand shares)	291,169	287,006

Fully diluted earning per share
Increased

10-1) NON-CONSOLIDATED STATEMENTS OF INCOME

Fourth Quarter of FY2003 and FY2004 (three months ended on March 31) (for reference)

Account Title	January 1, 2004 - March 31 2004		January 1, 2005 - March 31 2005		Increase/ Decrease		
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)		
Net sales		¥69,622	100.0		¥73,369	100.0	¥3,747
Cost of sales		19,250	27.6		17,745	24.2	(1,504)
Gross profit on sales		50,372	72.4		55,624	75.8	5,251
Provision of reserve for sales returns		(59)	(0.0)		(51)	(0.1)	7
Gross profit		50,431	72.4		55,675	75.9	5,243
Selling, general and administrative expenses							
Research and development expenses	18,331		[26.3]	21,303		[29.0]	
Selling, general and administrative expenses	20,739	39,071	56.1	20,531	41,834	57.0	2,763
Operating income		11,360	16.3		13,840	18.9	2,480
Non-operating income		366	0.5		555	0.8	189
Non-operating expenses		351	0.5		119	0.2	(231)
Ordinary income		11,375	16.3		14,277	19.5	2,901
Special income		(7)	(0.0)		(24)	(0.0)	(17)
Special loss		1,014	1.4		693	1.0	(320)
Income before income taxes		10,354	14.9		13,558	18.5	3,204
Income taxes-current	7,577			7,586			
Income taxes-deferred	(3,548)	4,028	5.8	(2,563)	5,022	6.9	994
Net income		¥6,325	9.1		¥8,535	11.6	¥2,210

10-2) NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

Fourth Quarter of FY2003 and FY2004 (three months ended on March 31) (for reference)

Jan. 1, 2004- Mar. 31, 2004	Jan. 1, 2005- Mar. 31, 2005	Increase/ Decrease
(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
¥10,354	¥13,558	
3,663	4,405	
88	88	
(223)	(168)	
8	10	
118	251	
2,536	1,953	

to be appointed as Director

Ikujiro Nonaka	currently Professor, Graduate School of Hitotsubashi University, to be appointed as Outside Director
Tadahiro Yoshida	currently Representative Director and Chairman and President, YKK Corporation, to be appointed as Outside Director
Yoshiyuki Kishimoto	currently Director of Strategy of Booz Allen Hamilton (Japan) Inc, to be appointed as Outside Director

(2) Expected Resignation of Directors

Yukio Akimoto	currently Director, to be appointed as Corporate Advisor
Mitsuaki Shimaguchi	currently Director
Katsuro Tanaka	currently Director

(3) Candidates for New Executive Officers

Yutaka Tsuchiya	currently President, Eisai Europe Limited
Noboru Naoe	currently Deputy Managing Director, Prescription Drug Division

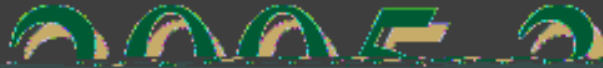
Soichi Matsuno currently Represe

Hideki Hayashi curre

Commerce and Management, Hitotsubashi University
 Apr-1995 Professor, Japan Advanced Institute of Science and
 Technology
 Sep-1997 Xerox Faculty Fellow in Knowledge, University of California,
 Berkley (Current Position)
 Apr-2000 Professor, School of International Corporate Strategy,
 Hitotsubashi University Graduate School (Current Position)
 Jun-2004 Outside Director, Fujitsu Limited (Current Position)

Name: Tadahiro Yoshida (age 58)
 Date of Birth: January 5, 1947
 Education: June 1972 Kellogg School of Management, Northwestern University
 Career: Mar-1969 graduated Faculty of Law, Keio University
 Aug-1972 Joined YKK Corporation (former Yoshida Kogyo K.K.)
 Jun-1978 Director of said company
 Jun-1980 Executive Director of said company
 Jun-1985 Executive Vice President of said company
 Sep-1986 Representative Executive Vice President of said company
 Jul-1993 President of said company
 Jul-1999 Chairman and President of said company (Current Position)
 Apr-2002 Chairman and President, YKK AP Inc (former YKK
 Architectural Products Co., Ltd.,) (Current Position)

Name: Yoshiyuki Kishimoto
 Date of Birth: August 21, 1963 (age 41)
 Education: March 2000 Graduate School Business Administration, Keio University
 Career: Apr-1986 graduated Department of Economics, Business Administration
 Tokyo University
 Apr-1986 Joined Booz Allen Hamilton (Japan) Inc.
 Jun-1993 completed JL Kellogg School of Management, Northwestern
 University



Reference Data

Fiscal Year Ended March 31, 2005

May 16, 2005

For Inquiry:

Corporate Communications Department

TEL 81-3-3817-5120 FAX 81-3-3811-3077

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

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*All figures have been rounded to their nearest specified unit.

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

Currency Exchange Rates

	US	EU	UK
	(¥/US\$)	(¥/EURO)	(¥/£)
(Apr. 2002 - Mar. 2003) Fiscal Year Average Rate	121.95	121.04	188.41
(Mar. 31, 2003) Fiscal Year End Rate	120.20	129.83	189.45
(Apr. 2003 - Mar. 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. 2004 - Mar. 2005) Fiscal Year Average Rate	107.54	135.18	198.38
(Mar. 31, 2005) Fiscal Year End Rate	107.39	138.87	202.03
Fiscal Year Ending March 31, 2006 Forecast Rate	103.00	135.00	195.00

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. 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, IT security-related risks and outsourcing risks.

I. Consolidated Financial Highlights

1. Statements of Income

					(billions of yen)	
Years Ended/Ending March 31	2002	2003	2004	2005	Chg. %	2006 (e)
Net Sales	431.7	466.6	500.2	533.0	106.6	575.0
Cost of Sales	101.5	102.6	97.2	98.5	101.3	103.0
Research and Development Expenses	55.0	59.7	69.0	78.3	113.5	89.0
Selling, General and Administrative Expenses	202.5	228.4	250.9	269.4	107.4	292.0
Operating Income	72.7	75.9	83.1	86.8	104.5	91.0
Ordinary Income	76.1	76.1	83.4	89.1	106.8	92.0
Net Income	36.5	41.0	50.1	55.5	110.7	58.0
					(Inc./Dec.)	
Earnings per Share (yen)	123.5	141.2	172.1	193.4	21.3	203.0
Dividends On shareholders' Equity ratio (DOE, %)	2.4	2.5	2.6	3.7	1.1	-
Dividends Payout Ratio (%)	23.3	22.7	20.9	29.0	8.0	-
Dividends per Share (yen)	29.0	32.0	36.0	56.0	20.0	80.0

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

2. Balance Sheet

					(billions of yen)	
March 31	2002	2003	2004	2005	Inc./ Dec	
Total Assets	557.6	591.7	615.8	662.7	46.9	
Shareholders' Equity	362.1	388.2	419.5	459.6	40.1	
Equity-to-Total Asset Ratio (%)	64.9%	65.6%	68.15%	69.4%	1.2%	

3. Capital Expenditures and Depreciation/Amortization

					(billions of yen)	
Years Ended/Ending March 31	2002	2003	2004	2005	Inc./ Dec.	2006 (e)
Capital Expenditures	27.2	21.9	28.7	49.0	20.3	26.0
Property, plant and equipment	19.0	17.4	25.4	21.7	(3.7)	20.0
Intangible Assets	8.3	4.5	3.3	27.3	24.0	6.0
Depreciation/Amortization	15.3	180.0	18.5	22.4	4.0	24.0

Net Intangible Assets 92.7 89.8 84.0 99.8 447.1 260.2 404.7 (22.4) 58.0 0.8 88.5 37.1 175.0 403.7 97.2 20.2 67.0 3.3 (Inm97)-244

4. Statements of Cash Flows

					(billions of yen)	
Years Ended/Ending March 31	2002	2003	2004	2005	Inc./ Dec.	
Net cash provided by operating activities	56.9	57.6	72.7	49.2	(23.5)	
Net cash used in investing activities	(7.2)	(27.7)	(27.3)			

II. Consolidated Statements of Income

1. Consolidated Statements of Income

(billions of yen)

Years Ended/Ending March 31	2004	Sales %	2005	Sales %	Chg. %	Inc./Dec.
Net sales	500.2	100.0	533.0	100.0	106.6	32.8
Cost of sales	97.2	19.4	98.6	18.5	101.5	1.4
Reversal/Provision of reserve for sales returns	0.0	0.0	(0.1)	(0.0)	-	(0.2)
Gross profit	402.9	80.6	434.5	81.5	107.8	31.6
Research and development expenses	69.0	13.8	78.3	14.7	113.5	9.3
Selling, general and administrative expenses	250.9	50.2	269.4	50.5	107.4	18.5
Operating income	83.1	16.6	86.8	16.3	104.5	3.7
Non-operating income:						
Interest and dividend income	1.7		2.1			0.4
Other non-operating income	0.6		0.8			0.2
Total non-operating income	2.3	0.5	2.9	0.5	126.6	0.6
Non-operating expenses:						
Interest expense	0.0		0.1			0.0
Foreign exchange loss	1.0		-			(1.0)
Other non-operating expenses	1.0		0.6			(0.4)
Total non-operating expense	2.0	0.4	0.6	0.1	32.5	(1.3)
Ordinary income	83.4	16.7	89.1	16.7	106.8	5.7
Extraordinary income:						
Gains on sales of investments in securities	0.0		1.2			1.2
Gains by the exemption from the substitutional portion of Eisai's welfare pension fund	3.7		-			(3.7)
Other extraordinary income	0.7		0.3			(0.4)
Total extraordinary income	4.4	0.9	1.4	0.3	32.6	(3.0)
Extraordinary loss:						
Loss on disposal of fixed assets	2.8		0.7			(2.1)
Loss on litigation settlements	0.4		1.4			1.0
Other extraordinary loss	2.1		0.8			(1.3)
Total extraordinary loss	5.3	1.1	2.9	0.6	54.5	(2.4)
Income before income taxes & minority interests	82.5	16.5	87.7	16.4	106.2	5.1
Income taxes-current	40.0	8.0	41.8	7.8	104.4	1.8
Income taxes-deferred	(7.1)	(1.4)	(10.0)	(1.8)		(2.9)
Minority interests	(0.6)	(0.1)	0.3	0.0		0.9
Net income	50.1	10.0	55.5	10.4	110.7	5.4

<Explanation>

Net sales
<Increase Factor(s)>
Sales increase of



3. Financial Results by Geographical Area

3-1. Consolidated Net Sales by Geographical Segment

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005
Net sales to customers	431.7	466.6	500.2	533.0
Japan	246.6	250.6	260.9	268.3
North America	157.0	179.5	194.5	214.5
Europe	21.1	27.3	34.8	38.3
Asia and others	7.0	9.1	9.9	11.9
Overseas Sales	185.1	216.0	239.2	264.7
Overseas Sales [%]	[42.9%]	[46.3%]	[47.8%]	[49.7%]

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

3-2. Consolidated Operating Income by Geographical Segment

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005
Operating income/loss	72.7	75.9	83.1	86.8
Japan	72.9	70.2	71.9	74.4
North America	6.6	5.7	10.9	11.4
Europe	1.6	2.4	3.4	3.5
Asia and others	0.8	1.7	1.8	2.1
Eliminations and Corporate	(9.2)	(4.1)	(5.0)	(4.5)

* Operating expense in the pharmaceutical segment of the parent company for the year ended March 2003 increased because of the introduction of Enterprise Resource Planning (ERP) and the fact that this introduction led the allocation of operating expenses in greater detail to the pharmaceutical business for this period.

4. Overseas Sales

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005
Net sales	431.7	466.6	500.2	533.0
Overseas sales	199.6	233.5	262.3	288.1
North America	162.7	185.9	202.3	222.8
Europe	27.1	36.0	47.9	51.2
Asia and others	9.7	11.6	12.0	14.1
Overseas Sales [%]	[46.2%]	[50.0%]	[52.4%]	[54.1%]

* Major areas and countries included in each category:

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

5. Global Product Sales

5-1. ARICEPT Sales by Geographic Area

Years Ended/Ending March 31 Area	Currency	2002	2003	2004	2005
Japan	Yen Billions	13.7	21.9	28.4	35.1
U.S.	Yen Billions	66.7	74.5	87.9	97.6
	US\$ Millions	[533]	[611]	[777]	[907]
U.K.	Yen Billions	1.3	0.9	1.0	1.0
	UK£ Millions	[7]	[5]	[5]	[5]
France	Yen Billions	8.2	11.3	15.5	19.1
	Euro Millions	[74]	[93]	[117]	[141]
Germany	Yen Billions	4.1	4.4	6.2	7.1
	Euro Millions	[37]	[37]	[47]	[53]
Europe Total	Yen Billions	13.6	16.6	22.8	27.2
Asia	Yen Billions	1.8	2.3	2.5	2.9
Total	Yen Billions	95.8	115.3	141.6	162.9

* Sales forecast for Eisai sales territories for the year ending March 2006 is ¥185.0 billion.

5-2. ACIPHEX/PARIET Sales by Geographic Area

Years Ended/Ending March 31 Area	Currency	2002	2003	2004	2005
Japan	Yen Billions	5.4	5.8	14.6	19.4
U.S.	Yen Billions	87.0	103.8	105.5	104.1
	[US\$ Millions]	[695]	[851]	[933]	[968]
U.K.	Yen Billions	4.7	5.6	6.2	5.5



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

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

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005	2006 (e)
Net sales	431.7	466.6	500.2	533.0	575.0
Research & development expenses	55.0	59.7	69.0	78.3	89.0
Percentage of sales [%]	[12.8%]	[12.8%]	[13.8%]	[14.7%]	[15.5%]

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

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005	2006 (e)
Net sales	431.7	466.6	500.2	533.0	575.0
Selling, general & administrative expenses	202.5	228.4	250.9	269.4	292.0
Personnel expense	50.7	55.7	58.9	60.8	-
Marketing expense	129.7	147.4	161.9	171.9	-
Administrative expense and Others	22.1	25.4	30.1	36.6	-
Percentage of sales [%]	[46.9%]	[48.9%]	[50.2%]	[50.5%]	[50.8%]

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

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005	2006 (e)
Net sales	431.7	466.6	500.2	533.0	575.0
Selling, general & administrative expenses (including R&D expenses)	257.5	288.1	319.9	347.7	381.0
Percentage of sales [%]	[59.7%]	[61.7%]	[64.0%]	[65.2%]	[66.3%]

7. Personnel Information

(persons)

March 31	2002	2003	2004	2005	2006 (e)
Japan	5,175	5,162	5,055	4,993	-
U.S.	875	1,002	1,225	1,537	-
Europe	399	416	452	503	-
Asia	811	853	968	1,262	-
Total	7,260	7,433	7,700	8,295	9,100

III. Consolidated Balance Sheet

1. Consolidated Balance Sheet <Assets>

March 31	(billions of yen)						<Explanation>
	2004		2005	Chg.	Inc./		
		%		%	%	Dec.	
Current assets:							
Cash and time deposits	56.7		54.4			(2.4)	
Accounts and notes receivable-trade	132.1		142.1			10.0	Accounts receivabletrade
Short-term investments	98.2		92.7			(5.5)	<Increase Factor(s)>
Inventories	35.1		39.5			4.4	Sales increase
Deferred tax assets	21.6		28.3			6.7	
Other current assets	10.7		9.0			(1.7)	
Allowance for doubtful accounts receivables	(0.2)		(0.3)			(0.1)	
Total current assets	354.2	57.5	365.6	55.2	103.2	11.4	
Fixed assets:							
Property, plant and equipment:							
Buildings and structures	60.0		67.0			7.0	
Machinery and vehicles	21.8		25.3			3.5	
Land	17.2		17.0			(0.3)	
Construction in progress	8.6		4.0			(4.5)	
Others	9.1		9.6			0.6	
Total property, plant and equipment	116.7	19.0	122.9	18.5	105.3	6.2	
Intangible assets	15.1	2.4	37.0	5.6	245.8	22.0	Intangible assets
							<Increase Factor(s)>
							Zonegran acquisition
Investments and other assets:							
Investments securities	82.4		89.3			6.9	Investments securities
Long-term loans receivable	0.1		0.1			0.1	<Increase Factor(s)>
Deferred tax assets	17.9		20.6			2.6	Acquisition of securities held to maturity
Other assets	30.5		28.3			(2.2)	Appreciated market price of holding securities
Allowance for doubtful accounts receivables	(1.1)		(1.1)			(0.0)	
Total investments and other assets	129.8	21.1	137.2	20.7	105.7	7.4	
Total fixed assets	261.6	42.5	297.1	44.8	113.6	35.5	
Total assets	615.8	100.0	662.7	100.0	107.6	46.9	

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

March 31	(billions of yen)				<Explanation>
	2004	2005	Chg.	Inc./	
	%	%	%	Dec.	
Current liabilities:					
Accounts and notes payable-trade	15.9	15.7		(0.2)	
Short-term borrowings	0.2	0.8		0.6	
Accounts payable-other	45.4	45.1		(0.3)	
Accrued expenses	28.6	33.7		5.1	
Accrued income taxes	16.8	21.1		4.4	

3. Stock Information

3-1. Issued Stock and Shareholder Information

As of March 31, 2005

Total Number of Authorized Shares (shares)	Number of Shares Outstanding (shares)	[Number of Treasury Stock] (shares)	Number of Shareholders (persons)	Average Number of Shares per Shareholder (shares)
700,000,000	296,566,949	[10,781,202]	25,475	11,641

* Outstanding shares at fiscal period end includes treasury stock.

3-2. Top 10 Shareholders

As of March 31, 2005

Name	Shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,889 Thousands	6.37%
Nippon Life Insurance Co.	13,827 Thousands	4.66%
Saitama Resona Bank, Limited.	12,398 Thousands	4.18%
Nihon Trustee Service Trust Bank, Ltd. (Trust Account)	11,947 Thousands	4.03%
State Street Bank and Trust Company 505103	9,402 Thousands	3.17%
The Chase Manhattan Bank N.A. London S.L. Omnibus Account	7,299 Thousands	2.46%
Moxley and Company	7,200 Thousands	2.43%
Mizuho Corporate Bank, Ltd.	6,680 Thousands	2.25%
State Street Bank and Trust Company	6,036 Thousands	2.04%
Eisai Employee Shareholding Association	5,901 Thousands	1.99%

* Stock numbers less than one thousand have been omitted.

3-3. Number of Shareholders by Category

(persons)

March 31	2004	%	2005	%	Inc./Dec.
Financial Institutions	145	0.5%	139	0.5%	(6)
Securities Companies	38	0.1%	35	0.1%	(3)
Other Japanese Corporations	1,097	3.7%	1,035	4.1%	(62)
Corporations Outside Japan, etc.	500	1.7%	478	1.9%	(22)
Treasury Stock	1	0.0%	1	0.0%	-
Individuals and Others	27,932	94.0%	23,787	93.4%	(4,145)
Total	29,713	100.0%	25,475	100.0%	(4,238)

3-4. Number of Shares Held by Category

March 31 (One unit = 1,000 shares)	2004	%	2005	%	Inc./Dec.
Financial Institutions	117,976	39.8%	112,986	38.1%	(4,990)
Securities Companies	4,934	1.7%	5,508	1.9%	574
Other Japanese Corporations	16,656	5.6%	17,945	6.0%	1,289
Corporations Outside Japan, etc.	105,129	35.4%	111,682	37.7%	6,553
Treasury Stock	8,789	3.0%	10,781	3.6%	1,991
Individuals and Others	43,080	14.5%	37,661	12.7%	(5,418)
Total	296,566	100.0%	296,566	100.0%	-

* Stock numbers less than one thousand have been omitted.

3-5. Breakdown of Shareholders Holding Size/Number of Shareholders

March 31	2004	%	2005	%	Inc./ Dec.
1 million shares and over	50	0.2%	55	0.2%	5
from 0.1 million to less than 1 million shares	158	0.5%	163	0.6%	5
from 10 thousands to less than 0.1 million shares	749	2.5%	685	2.7%	(64)
from 1 thousands to less than 10 thousand shares	11,075	37.3%	9,409	36.9%	(1,666)
from 1 hundred to less than 1 thousand shares	15,276	51.4%	12,111	47.5%	(3,165)
less than 100 shares	2,405	8.1%	3,052	12.0%	647
Total	29,713	100.0%	25,475	100.0%	(4,238)

3-6. Breakdown by Shareholder Holding Size/Number of Shares Held

As of March 31

March 31 (One unit = 1,000 shares)	2004	%	2005	%	Inc./ Dec.
1 million shares and over	198,817	67.0%	201,935	68.1%	3,118
from 0.1 million to less than 1 million shares	50,233	16.9%	52,785	17.8%	2,551
from 10 thousands to less than 0.1 million shares	19,396	6.6%	17,654	6.0%	(1,742)
from 1 thousands to less than 10 thousand shares	24,268	8.2%	21,024	7.1%	(3,243)
from 1 hundred to less than 1 thousand shares	3,756	1.3%	3,043	1.0%	(713)
less than 100 shares	93	0.0%	123	0.0%	29
Total	296,566	100.0%	296,566	100.0%	-

* Stock numbers less than one thousand have been omitted.

IV. Consolidated Statements of Cash Flows

Years Ended/Ending March 31	(billions of yen)			<Explanation>
	2004	2005	Inc./Dec.	
Operating activities				
Income before income taxes & minority interests	82.5	87.7	5.1	
Depreciation and amortization	18.5	22.4	4.0	
Other non-cash losses/gains	9.1	7.3	(1.8)	
Operating assets/liability increase/decrease	11.4	(4.9)	(16.3)	
Others	(4.6)	(7.4)	(2.8)	
Subtotal	116.9	105.1	(11.8)	
Interest paid/received	1.6	2.0	0.4	
Payments in employee pension trust	-	(20.0)	(20.0)	
Income taxes paid	(45.8)	(38.0)	7.8	
Net cash provided by operating activities	72.7	49.2	(23.5)	
Investing activities				
Capital expenditures	(25.1)	(39.2)	(14.1)	
Other revenue/payment for continuous activities	1.3	0.5	(0.8)	
Purchases/sales of securities	(2.5)	0.1	2.6	
Others	(1.0)	1.1	2.0	
Net cash used in investing activities	(27.3)	(37.5)	(10.3)	
Financing activities				
Dividends paid	(9.9)	(11.2)	(1.3)	
Long-term debt proceeds/payment	(0.1)	-	0.1	
Short-term debt proceeds/payment	0.2	0.7	0.5	
Treasury stock purchase	(11.4)	(6.1)	5.3	
Others	(0.1)	(0.1)	0.0	
Net cash used in financing activities	(21.4)	(16.7)	4.6	
Effect of exchange rate changes on cash and cash equivalents	(5.3)	1.4	6.6	



V. Consolidated Subsidiaries - Associated Companies

1. Consolidated Subsidiaries (38 companies)

1-1. Subsidiaries Outside Japan (27 companies)

As of March 31, 2005

Company Name	Location	Common Stock	Description of Operations
		Unit: thousand	
Eisai Corporation of North America	New Jersey, USA	204,100 US\$	100.00% U.S. subsidiaries holding company
Eisai Research Institute of Boston, Inc.	Massachusetts, USA	90,300 US\$	100.00% Basic research/clinical trial process research
Eisai Inc.	New Jersey, USA	83,600 US\$	100.00% Pharma. prod./sales
Eisai U.S.A., Inc.	New Jersey, USA	29,500 US\$	100.00% -

1-2. Subsidiaries in Japan (11 companies)

As of March 31, 2005

Company Name	Location	Common Stock	Description of Operations
Sanko Junyaku Co., Ltd.	Tokyo	5262 million yen	50.88% Diagnostic product prod./sales
Sannova Co., Ltd.	Gunma Pref.	926 million yen	79.97% Pharmaceutical prod./sales
Elmed Eisai Co., Ltd.	Tokyo	450 million yen	100.00% Pharmaceutical sales
Eisai Food & Chemicals Co., Ltd.*	Tokyo	100 million yen	100.00% Chemicals and Food additives sales
Eisai Machinery Inc.*	Tokyo	100 million yen	100.00% Pharma. Production system, etc prod./sales
KAN Research Institute, Inc.	Kyoto	70 million yen	100.00% Basic research
Eisai Distribution Co., Ltd.	Kanagawa Pref.	60 million yen	100.00% Pharmaceutical distribution
Sunplanet Co., Ltd.	Tokyo	455 million yen	85.12% Real estate mgt., catering/administrative
Clinical Supply Co., Ltd.	Gifu Pref.	80 million yen	84.80% Medical instruments prod./sales
Palma Bee'Z Research Institute Co., Ltd.	Tokyo	50 million yen million yen	75.44% Diagnostic product and genetic

VI. Financial Trend

(billions of yen)

Years Ended/Ending March 31	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<Statements of Income>										
Net Sales	273.4	281.6	301.8	284.9	302.5	361.7	431.7	466.6	500.2	533.0
Cost of Sales*	94.2	95.0	93.8	87.1	91.6	98.5	101.5	102.6	97.2	98.5
Research and Development Expenses	37.6	38.3	45.1	43.7	46.7	49.6	55.0	59.7	69.0	78.3
Sales, General and Administrative Expenses	98.8	104.4	121.2	115.4	127.1	154.7	202.5	228.4	250.9	269.4
Operating Income	49.1	50.4	47.5	38.6	37.1	59.0	72.7	75.9	83.1	86.8
Ordinary Income	48.7	50.3	47.2	39.8	36.9	63.2	76.1	76.1	83.4	89.1
Net Income	19.1	19.4	19.8	15.9	11.3	23.3	36.5	41.0	50.1	55.5
<Statements of Cash Flows>										
Net cash provided by operating activities				35.9	27.2	85.0	56.9	57.6	72.7	49.2
Net cash used in investing activities				(33.9)	(4.0)	(19.6)	(7.2)	(27.7)	(27.3)	10.5
										45.0
Total Assets	442.9	456.6	453.1	463.4	485.7	549.4	557.6	591.7	615.8	662.7
Shareholders' Equity	227.4	254.4	299.2	308.6	329.4	345.9	362.1	388.2	419.5	459.6
Capital Expenditures				14.2	16.3	15.0	27.2	21.9	28.7	49.0
Depreciation/Amortization				13.0	15.1	150.0	15.3	18.0	18.5	22.4
<Managerial Indices>										
Earnings per Share* (EPS) (yen)	74.1	71.0	70.0	53.6	38.0	78.7	123.5	141.2	172.1	193.4
Fully Diluted EPS (yen)	69.8	66.9	67.1	53.1	37.7	77.9	122.3	139.9	172.1	193.3
Return on Sales Ratio (%)	7.0	6.9	6.6	5.6	3.7	6.4	8.5	8.8	10.0	10.4
Return on Equity (ROE) (%)	8.7	8.1	7.2	5.2	3.5	6.9	10.3	10.9	12.4	12.6
Equity-to-Total Asset Ratio (%)	51.3	55.7	66.0	66.6	67.8	63.0	64.9	65.6	68.1	69.4
Turnover Ratio of Total Capital (Time)	0.7	0.6	0.7	0.6	0.6	0.7	0.8	0.8	0.8	0.8
Return on Assets (ROA) (%)	4.6	4.3	4.4	3.5	2.4	4.5	6.6	7.1	8.3	8.7
Price-to-Book Value Ratio (PBR) (Time)	2.4	2.3	1.8	2.4	2.4	2.7	2.5	1.6	1.9	2.3
Dividends on Equity (DOE)(%)	1.8	2.1	2.2	2.1	2.0	2.0	2.4	2.5	2.6	3.7
Payout Ratio (%)	20.2	25.5	31.4	40.1	56.5	29.2	23.3	22.7	20.9	29.0
Dividends per Share (yen)	15.0	18.0	21.5	21.5	21.5	23.0	29.0	32.0	36.0	56.0
Total Cash Dividends (billions of yen)	39	50	62	64	64	68	85	93	104	160
Treasury Stock Purchase (thousand of shares)							4590.0	3,000	4,000	197
Treasury Stock Purchase (billions of yen)							13.9	9.2	11.4	61.0



4. Prescription Pharmaceuticals

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005	Change %	2006 (e)
Product						
Description						

Alzheimer's disease treatment

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7. GROSS PROFIT/MANUFACTURING COST

7-1 Breakdown of Cost of Sales

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005
Net sales	275.0	289.6	303.6	307.9
Cost of sales	84.3	85.5	83.5	77.7
Beginning inventory (+)	11.9	12.6	14.2	13.5
Manufacturing cost (+)	41.8	47.2	45.1	40.4
Product purchase (+)	34.9	31.3	30.1	24.3
Account transfer (+)	8.1	8.7	7.7	11.3
Ending inventory (-)	12.6	14.2	13.5	11.8
Cost of sales (%)	30.6	29.5	27.5	25.2
Reversal/Provision of reserve for sales returns	(0.1)	0.1	0.0	(0.1)
Gross profit	190.9	204.0	220.1	230.4

7-2 Breakdown of Manufacturing Costs

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005
Total manufacturing cost	45.4	50.0	46.0	43.8
Raw materials	17.7	19.5	15.9	15.0
Labor cost	13.6	14.9	14.5	13.3
Expenses	14.2	15.6	15.5	15.5
Beginning inventory of semi-finished goods and work-in-process (+)	7.2	7.7	6.9	7.4
Ending inventory of semi-finished goods and work-in-process (-)	7.7	6.9	7.4	8.8
Account transfer (+)	(2.0)	(2.7)	(1.7)	(2.3)
Cost variances (+)	(1.2)	(0.8)	1.3	0.3
Manufacturing cost	41.8	47.2	45.1	40.4

8. Selling, General & Administrative Expenses (Including R&D Expenses)

8-1 Research and Development Expenses

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005	2006 (e)
Net sales	275.0	289.6	303.6	307.9	320.0
Research and development expenses	51.9	57.6	67.4	77.1	86.0
Overseas research and development expenses	17.5	18.4	24.3	31.2	-
[Ratio of overseas R&D expenses to total R&D expenses] (%)	[33.8%]	[31.8%]	[36.1%]	[40.5%]	-
Percentage of sales (%)	[18.9%]	[19.9%]	[22.2%]	[25.0%]	[26.9%]

8-2 Selling, General and Administrative Expenses

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005	2006 (e)
Net sales	275.0	289.6	303.6	307.9	320.0
Selling, general and administrative expenses	75.1	81.1	85.6	85.6	93.0
Personnel expenses	35.4	37.6	38.1	35.4	-
Marketing expenses	23.9	26.8	30.9	32.8	-
Administrative expenses	15.8	16.7	16.6	17.5	-
Percentage of sales (%)	[27.3%]	[28.0%]	[28.2%]	[27.8%]	[29.1%]

8-3 Selling, General and Administrative Expenses (Including R&D Expenses)

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005	2006 (e)
Net sales	275.0	289.6	303.6	307.9	320.0
Selling, general and administrative expenses (including R&D expenses)	127.0	138.7	153.0	162.8	179.0
Percentage of sales (%)	[46.2%]	[47.9%]	[50.4%]	[52.9%]	[55.9%]

9. Balance Sheet Data

<Assets>

(billions of yen)

March 31	2002	2003	2004	2005
Current assets	213.8	243.2	261.6	249.3
Fixed assets	233.2	239.7	254.0	281.3
Property, plant and equipment	71.4	72.6	79.2	84.1
Intangible assets	11.3	12.2	11.2	17.8
Investments and other assets	150.5	154.9	163.6	179.4
Total assets	447.0	482.9	515.6	530.6

<Liabilities and Shareholders' Equity>

(billions of yen)

March 31	2002	2003	2004	2005
Current liabilities	56.6	61.9	62.4	67.9
Long-term liabilities	35.2	43.5	48.2	30.9
Total liabilities	91.8	105.4	110.5	98.9
Shareholders' equity	355.2	377.5	405.1	431.8
Total shareholders' equity	447.0	482.9	515.6	530.6

10. Capital Expenditures and Depreciation/Amortization

(billions of yen)

Years Ended/Ending March 31	2002	2003	2004	2005	2006 (e)
Capital expenditures	19.6	15.9	20.6	25.0	15.0
Property, plant and equipment	13.7	11.6	17.7	16.3	11.0
Intangible Assets	6.0	4.4	2.8	8.7	4.0
Depreciation/Amortization	10.9	13.0	13.6	14.3	16.0

* Depreciation/Amortization value represent Depreciation for "Property, plant and equipment" and Amortization for "Intangible assets".

11. Personnel Information

(persons)

March 31	2002	2003	2004	2005	2006 (e)
Total employees	3,911	3,894	3,858	3,815	3,900
Production	856	839	809	798	-
Research and development	937	948	956	940	-
Sales, marketing and administration	2,118	2,107	2,093	2,077	-
Total Personnel cost (billions of yen)	653	697	703	653	-

12. Statements of Cash Flows

(billions of yen)

Years Ended/Ending March 31	2004	2005	Inc./ Dec.
Operating activities			
Income before income taxes & minority interests	69.2	67.8	(1.4)
Depreciation and amortization	13.6	14.3	0.6
Other non-cash losses/gains	7.5	6.7	(0.9)
Operating assets/liability increase/decrease	(6.2)	1.3	7.6
Others	(4.6)	(8.0)	(3.3)
Subtotal	79.5	82.1	2.6
Interest paid/received	1.1	1.0	(0.1)
		(20.0)	(20.0)
Income taxes paid	(37.3)	(28.0)	9.2
Net cash provided by operating activities	43.3	35.0	(8.3)
Investing activities			
Capital expenditures	(17.6)	(24.2)	(6.6)
Other revenue/payment for continuous activities	0.4	0.4	(0.0)
Purchases/sales of securities	2.1	(0.9)	(3.0)
Others	(0.6)	(1.4)	(0.8)
Net cash used in investing activities	(15.6)	(26.1)	

VIII. Changes in Quarterly Results

1. Statements of Income Data [Consolidated]

(billions of yen)

Years Ended/Ending March 31

Net sales	116.6	131.1	130.0	122.4	122.7	138.3	143.4	128.6
Cost of sales	23.0	24.6	25.9	23.7	24.1	26.3	25.3	22.8
Research and development expenses	16.9	16.6	17.1	18.4	18.2	19.3	19.5	21.3
Selling, general and administrative expenses	57.7	67.9	62.1	63.1	61.8	69.8	71.9	65.9
Operating income	19.1	21.9	24.9	17.2	18.6	22.9	26.7	18.5
Non-operating income/expenses	0.5	(0.8)	0.2	0.5	0.8	0.8	(0.1)	0.7

3. Capital Expenditures and Depreciation/Amortization [Consolidated]

(billions of yen)

Years Ended/Ending March 31	2004				2005			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Capital Expenditures	5.2	7.4	6.0	10.1	23.2	8.2	3.8	13.8
Property, plant and equipment	4.5	6.8	5.3	8.8	3.2	6.5	3.3	8.7
Intangible assets	0.7	0.6	0.7	1.3	19.9	1.7	0.5	5.1
Depreciation/Amortization	4.3	4.5	4.7	5.0	5.1	5.4	5.4	6.6

* Depreciation/Amortization value represent Depreciation for "Property, plant and equipment" and Amortization for "Intangible assets".

4. Statements of Cash Flows Data [Consolidated]

(billions of yen)

Years Ended/Ending March 31	2004				2005			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net cash provided by operating activities	16.9	28.9	3.8	23.1	9.4	31.4	12.2	(3.8)
Net cash used in investing activities	(3.8)	(11.5)	(9.2)	(2.8)	(18.7)	(2.8)	(8.1)	(8.0)
Net cash used in financing activities	(4.5)	(0.0)	(5.4)	(11.4)	(5.0)	0.4	(12.2)	0.1
Cash and cash equivalents at end of period	136.4	150.0	138.1	146.1	133.2	163.7	152.6	142.4
Free Cash Flow	12.1	24.0	(3.8)	16.7	(8.9)	25.5	6.8	(13.0)

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

9. Statements of Income Data [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31

Net sales	76.5	77.4	80.2	69.6	74.8	76.5	83.3	73.4
Cost of sales	20.8	21.3	22.3	19.2	19.5	19.9	20.5	17.7
Research and development expenses	16.0	16.4	16.6	18.3	17.6	18.9	19.3	21.3

11. 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	Second Quarter	Third Quarter	Fourth Quarter
Product								
ACIPHEX/PARIET bulk tablets/drug substance (export)	9.4	9.8	6.6	6.6	6.0	4.6	5.8	5.3
ARICEPT drug substance (export)	4.6	3.8	3.6	4.3	5.6	5.4	4.5	5.0
Bulk Substance/Tablets Total	14.0	13.7	10.2	11.0	11.6	10.1	10.4	10.4

12. 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	Second Quarter	Third Quarter	Fourth Quarter
Product								
CHOCOLA BB Group	2.5	2.2	2.1	2.0	2.1	2.4	2.1	1.8
Vitamin-E Group	0.6	0.8	0.9	0.5	0.5	0.6	0.6	0.5
SACLON Group	0.5	0.6	0.7	0.5	0.6	0.4	0.6	0.5
NABOLIN Group	0.2	0.7	0.3	0.3	0.3	0.4	0.3	0.3
Consumer Health Care Total	4.3	5.5	5.2	4.5	4.3	5.0	5.0	4.5

VII. Major R&D Pipeline Candidates

1. Aricept rapid disintegration tablet was approved in the U.S.
 2. Aricept liquid formulation was approved in the U.S.
 3. Pariet was approved for the treatment of Zollinger-Ellison Syndrome in the E.U.
 4. Pariet was approved for on-demand therapy of symptomatic GORD in the E.U.
 - # 5. Zonegran was approved for adjunct therapy of adults with partial seizures in the E.U.
 6. Coretec inj. prefilled softbag was approved in Japan
 - # 7. Nitorol inj. prefilled softbag was approved in Japan
 8. Application for liquid formulation of Aricept was submitted in the E.U.
 - # 9. Application for Pariet for H. pylori eradication was submitted in Japan
 - # 10. Application for INOVELON (E2080) for adjunct therapy of Lennox-Gastaut Syndrome was submitted in the E.U.
 11. Application of Tambocor for the treatment of paroxysmal atrial fibrillation/flutter was submitted in Japan
 12. Pariet development for the treatment of non erosive GERD moved into Phase III in Japan
 13. Phase III study for KES524 (sibutramine) initiated in Japan
 14. TVP-1012 (rasagiline) development for the treatment of Alzheimer's disease moved into Phase II in the U.S.
 15. Phase II study for E7389 was initiated in the U.S.
 16. Filing of Aricept for vascular dementia was withdraw in the E.U. and in preparation for the resubmission
- # Ongoing and recent development since January 2005

1. International Development

1-1. Approved

(Product) Name (Research Code)	Area	Date	Description	Form.	Origin
ZONEGRAN (E2090)	E.U.	Mar-05	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 U.S. and approved in the E.U.	Cap.	Dainippon

1-2. Filed for Approval

(Product) Name (Research Code)	Area	Date	Description	Form.	Origin
ARICEPT E2020 (Additional indication)	U.S. (E.U.)	Sep-02	Vascular Dementia Currently indicated for the treatment of mild to moderate dementia of the Alzheimer's type. Filed for Vascular Dementia in the E.U. and U.S. Though filing for Vascular Dementia was withdrawn in the E.U., Eisai will resubmit application once additional supportive data have been obtained.	Tab.	In-house
ARICEPT E2020 (Additional form)	E.U.	Dec-03	Rapid Disintegration Tablet Currently available in tablet form. Filed for rapid disintegration tablet for patients who can not swallow tablets easily.	RDT	In-house
ARICEPT E2020 (Additional form)	E.U.	May-04	Liquid Formulation Currently available in tablet form. Filed for liquid formulation for patients who can not swallow tablet easily.	Liquid	In-house
INOVELON (E2080)	E.U. (U.S.)	Mar-05	Anti-Epilepsy (generic name: rufinamide) A broad-spectrum anticonvulsant which has novel structure unrelated to currently marketed antiepileptic drugs. Received orphan status and submission filed in the E.U. for adjunct therapy for Lennox-Gastaut Syndrome (LGS).	Tab.	Novartis

1-3. 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

1-4. Phase III in Preparation

Generic Name	Area	Description	Form.	Origin
clevudine	Asia	Anti-hepatitis B Agent (generic name: clevudine) Clevudine is an antiviral agent for treatment of hepatitis caused by the hepatitis B virus based on DNA polymerase inhibition. Phase III clinical trials in preparation in China.	Cap.	Bukwang

1-5. Phase II

(Product) Name (Research Code)	Area	Description	Form.	Origin
E5564	U.S.	Sepsis/ Endotoxin Antagonist (generic name: eritoran) 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 (generic name: eritoran) 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 Targeting Agent (generic name: indisulam) 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.	Parkinson's disease, Epilepsy and Multiple Sclerosis / AMPA Receptor Antagonist Selectively antagonizes the AMPA-type glutamate receptor. Under development as a treatment for Parkinson's disease, Epilepsy and Multiple sclerosis.	Tab.	In-house
TVP-1012 (Additional indication)	U.S.	Alzheimer's disease / Irreversible Monoamine Oxidase Type B (MAO-B) Inhibitor (generic name: rasagiline) 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 in the U.S.	Tab.	Teva
E7389	U.S.	Anti-cancer/ Microtubule Growth Suppressor The compound is a derivative anti-tumor active body of Halichondrin B from sponge. The compound acts against tumors by blocking tubulin polymerization and by inhibiting cell division. E7389 is now in phase II clinical trials in the U.S.	Inj.	In-house
ACIPHEX E3810 (Additional indication)	U.S.	Intermittent Therapy for Symptomatic GERD Currently indicated for the treatment of peptic ulcers. Now in phase II trials for the intermittent therapy for symptomatic GERD.	Tab.	In-house

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

2-2. Phase III

(Product) Name (Research Code)	Expected Application	Description	Form.	Origin
PARIET E3810 (Additional indication)	FY2005	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 (generic name: sibutramine) 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 in progress.	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
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	Anti-rheumatic Agent / Human Anti TNF-alfa Monoclonal Antibody (generic name: adalimumab) 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. and psoriasis.	Inj.	Abbott
E7210 (Suspended)	Ultrasonic Contrast Medium Microbubbles of E7210 reflect ultrasound. Microbubbles do not disappear easily, thereby stable imaging is expected.	Inj.	Bracco
E2014	Cervical Dystonia / Botulinum Toxin Type B Botulinum toxin acts on cholinergic nerve ending synapses and inhibits the release of acetylcholine to relax muscles.	Inj.	Solstice Neuro- Science
E0167	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

X. Major Events

Date	Description
May 16, 2005	News Release Notice on providing stock options in the form of new stock issuance
	News Release Eisai and Abbott signed a joint development agreement for new indication, psoriasis, of anti-rheumatic agent D2E7 (adalimumab)
Apr 1, 2005	News Release Eisai announces the merger of two subsidiaries in Taiwan
	News Release Eisai announces submission of marketing authorization application of the anti-epileptic agent <i>INOVELON</i> (rufinamide) in Europe
	News Release Dainippon Pharmaceutical and Eisai conclude agreement for the development, manufacture and marketing of the anti-epileptic agent <i>ZONEGRAN</i> (zonisamide) in Asia
	News Release Eisai files lawsuits against companies selling generic products of Eisai's <i>SELBEX capsule 50 mg</i> based on the unfair competition prevention law in the Japanese market
Mar 18, 2005	News Release Eisai and TorreyPines Therapeutics announces second major discovery alliance
Mar 16, 2005	News Release Eisai receives <i>ZONEGRAN</i> marketing authorization granted by European Commission
Mar 15, 2005	News Release Eisai files application for a new indication for <i>PARIET</i> in Japan for <i>H. pylori</i> eradication indication
Mar 1, 2005	Eisai and The University of Tokyo Hospital agree to collaborate at 22nd Century Medical Center project
	News Release
Feb 24, 2005	News Release Eisai announces establishment of its pharmaceuticals marketing subsidiary in Italy
Feb 2, 2005	News Release Notice concerning revision of forecast year end dividend for fiscal year period (93rd Company fiscal year) ending March '05
Feb 2, 2005	News Release Transfer of Marketing Rights of ACE Inhibitor <i>INHIBACE</i> from Eisai to Chugai
Jan 18, 2005	News Release <i>ACIPHEX/PARIET</i> expanded manufacturing facility at Misato Plant
Dec 20, 2004	Eisai launches <i>CORETEC INJECTION SB9mg</i> , treatment of acute heart failure
	Eisai receives a positive opinion for <i>ZONEGRAN</i> marketing authorization from European Committee for Medicinal Products for Human Use (CHMP)
Nov 18, 2004	News Release Notice concerning completion of the acquisition of the Company's own shares through TosTNeT-2
Nov 15, 2004	News Release Eisai in-licenses anti-hepatitis B agent clevudine from Bukwang Pharm (South Korea)
Oct 29, 2004	News Release Eisai reacquires worldwide rights for a triazole-type anti-fungal agent, ravuconazole
Oct 29, 2004	News Release Eisai announced establishment of its pharmaceutical marketing subsidiary in India
Oct 28, 2004	News Release Eisai announced establishment of its European regional headquarters in the UK
Oct 22, 2004	News Release Eisai receives approvals for new formulations of <i>ARICEPT</i> , orally disintegrating tablet and liquid formulation in the U.S.
Oct 1, 2004	Eisai Machinery Co., Ltd. inaugurates its business activities
Sep 17, 2004	Eisai revamped its corporate website
	Notice concerning the revision of Eisai Co., Ltd. and consolidated subsidiaries quarterly financial report for the period ended June 30, 2004.
Aug 5, 2004	News Release Eisai launches <i>SAHNE WHITE</i> , a medicated skin cream that provides protection against spots and produces smooth skin
Aug 3, 2004	Eisai announced the completion of new integrated pilot/production factory (PF) building
	Eisai's German pharmaceuticals marketing subsidiary starts promotion of AstraZeneca's <i>ENTOCORT</i> , a locally acting glucocorticosteroid for inflammatory bowel diseases
Jul 30, 2004	News Release Notice concerning acquisition of the Company's own shares
Jul 8, 2004	News Release Eisai receives European Marketing Authorization for <i>PARIET</i> for Zollinger-Ellison Syndrome
Jul 1, 2004	Eisai launches

Date

Description

Eisai launches the first treatment in Japan for apnea of prematurity low concentration aminophylline,
APNISSION Injection 15mg

Jun 28, 2004 News
Release