

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

**FOR IMMEDIATE RELEASE
July 30, 2004**

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

1. NOTES TO PREPARATION OF THE QUARTERLY FINANCIAL REPORT

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

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

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

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

- ' Consolidated net sales during the quarter amounted to ¥122,679 million, which was a 5.2% increase compared to the corresponding period last year.
 - ' With respect to net sales to external customers by each geographic area, Japanese sales secured a 2.1% increase and the North American market gained ground by 7.6% while the European territories registered 12.1% growth and 'Asian and other markets' expanded by 21.7% on a year-on-year basis respectively.
 - ' In conjunction with consolidated net sales of major in-line products, sales of *Aricept*, an Alzheimer's disease treatment, amounted to ¥34,414 million, up 6.0% year-on-year as sales of *Pariet* (U.S. brand name: *Aciphex*), a proton pump inhibitor, augmented by 15.5% to ¥30,344 million. In the meantime, the strategic product acquisition of *Zonegran*, an anti-epileptic drug, led to the incremental sales of ¥2,493 million for the two-month period since the end of April in the U.S.
 - ' In connection with expenses, research and development expenses resulted in a year-on-year increase of 7.4% to ¥18,153 million while selling, general and administrative expenses amounted to ¥61,764 million, which was an increase of 7.0 %. On the other hand, cost of goods sold came to ¥24,127 million, up 5.1% with the sales cost ratio being 19.7%, equal to the level of a year earlier.
 - ' When it comes to earnings results, operating income for the quarter inched up to ¥18,634 million, a 2.3% decrease, a 21.8% decrease by US dollar basis. Earnings corresponding period last year.
 - ' Average foreign exchange rates applied for the quarter resulted in ¥109.76 vis-a-vis US dollar and ¥132.27 against euro respectively.
(Average foreign exchange rates during the corresponding period last year were ¥118.50/US dollar and ¥134.70 against euro respectively.)
- Adjusted on a sales basis, net sales in Japan, Europe, and Asia while those of *Aciphex/Pariet* registered growth in every region. Consequently, sales advanced 6.2% to

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

Other segments

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

(2) Performance by geographic area

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

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

Europe Sales in Europe rose 12.1% year-on-year to ¥9,427 ¥93% w8%a

[Cash flow]

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

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

[Projects under development]

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

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

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

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

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

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

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

In connection with forecast for the fiscal ye

4. Forward-looking Statements and Risk Factors

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

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

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

EISAI CO., LTD.

1-1) CONSOLIDATED BALANCE SHEET (ASSETS)

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

EISAI CO., LTD.

1-2) CONSOLIDATED BALANCE SHEET

(LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY)

		(%)		(%)	Increase (Decrease) (Millions of Yen)
Current liabilities:					
	¥15,864		¥15,736		
	191		423		
Accounts payable-other	45,355		42,394		
Accrued expenses	28,635		39,928		
Accrued income taxes	16,757		11,600		
Reserve for sales rebates	23,319		26,531		
Other reserves	896		834		
Other current liabilities	3,956		5,924		
Total current liabilities	134,975	21.9	143,373	22.6	8,398
Long-term liabilities:					
Deffered tax liabilities	321		309		
Liability for retirement benefits	49,877		51,361		
Retirement allowances for directors and corporate auditors	1,846		1,848		
	695		684		
Total long-term liabilities					

EISAI CO., LTD.

2. CONSOLIDATED STATEMENTS OF INCOME

The First Quarter for 2003 and 2004

		(%)		(%)	Increase (Decrease) (Millions of Yen)		
	¥116,649	100.0	¥122,679	100.0	¥6,030		
	22,843	19.6	24,204	19.7	1,360		
	93,805	80.4	98,475	80.3	4,669		
	117	0.1	(77)	(0.0)	(194)		
Gross profit	93,688	80.3	98,552	80.3	4,863		
	16,896		18,153				
	57,713	74,609	63.9	61,764	79,918	65.1	5,308

3. CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS /RETAINED EARNINGS

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

EISAI CO., LTD.

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

The First Quarter for 2003 and 2004

April 1, 2003-

5. SEGMENT INFORMATION

1. Industry Segment Information

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

(Millions of Yen)

	Pharma- ceuticals	Others	Total	Eliminations and Corporate	Consolidated
I. Sales					
(1) Sales to customers	¥111,223				
(2) Intersegment sales					

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

(Millions of Yen)

	Japan	North America	Europe	Asia and Others	Total	Eliminations and Corporate	Consolidated
I. Sales							
(1) Sales to customers	¥65,042	¥45,456	¥9,536	¥2,644	¥122,679	-	¥122,679
(2) Intersegment sales	15,362	5,000	1,641	7	22,011	(22,011)	-
Total sales	80,404	50,457	11,177	2,651	144,691	(22,011)	122,679

2004.6

Reference Data

First Quarter Ended June 30, 2004

July 30, 2004

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

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

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

Currency Exchange Rates

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

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

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

I. Consolidated Financial Highlights

1. Statement of Income Data

(billions of yen)

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

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

2. Balance Sheet Data

(billions of yen)

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

3. Capital Expenditures and Depreciation/Amortization

(billions of yen)

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

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

4. Cash Flow Data

(billions of yen)

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

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

II. Consolidated Statements of Income

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

Years Ended/Ending March 31	2004	Sales %	2005	Sales %	Chg. %	Inc./ Dec.
Net sales	116.6	100.0	122.7	100.0	105.2	6.0
Cost of sales	22.8	19.6	24.2	19.7	106.0	1.4
Reversal of reserve for sales returns	0.1	0.1	(0.1)	(0.0)		(0.2)
Gross profit	93.7	80.3	98.6	80.3	105.2	4.9
Research and development expenses	16.9	14.5	18.2	14.8	107.4	1.3
Selling, general and administrative expenses	57.7	49.4	61.8	50.3		

<Explanation>

2. Financial Results by Industry Segment

2-1. Consolidated Net Sales by Industry Segment

(billions of yen)

Years Ended/Ending March 31

2004



5. Global Product Sales

5-1. ARICEPT Sales by Area

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

5-2. ACIPHEX/PARIET Sales by Area

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

<Reference> [Non-consolidated]

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

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



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

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

(billions of yen)

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

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

(billions of yen)

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

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

(billions of yen)

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



<Liabilities and Shareholders' Equity>

(billions of yen)

	31-Mar	%	30-Jun	%	Chg. %	Inc./ Dec.	<Explanation>
Current liabilities:							
Accounts payable-trade	15.9		15.7			(0.1)	
Short-term borrowings	0.2		0.4			0.2	
Accounts payable-other	45.4		42.4			(3.0)	
Accrued expenses	28.6		39.9			11.3	
Accrued income taxes	16.8		11.6			(5.2)	
Reserve for sales rebates	23.3		26.5			3.2	
Other reserves	0.9		0.8			(0.1)	
Other current liabilities	4.0		5.9			2.0	
Total current liabilities	135.0	21.9	143.4	22.6	106.2	8.4	
Long-term liabilities:							
Deferred tax liabilities	0.3		0.3			(0.0)	
Liabilities for retirement benefits	49.9		51.4			1.5	
Allowance for retirement of Directors	1.8		1.8			0.0	
Other long-term liabilities	0.7		0.7			(0.0)	
Total long-term liabilities	52.7	8.6	54.2	8.5	102.8	1.5	
Total liabilities	187.7	30.5	197.6	31.1	105.3	9.9	
Minority Interests	21.9	0.2					

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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	19.4	19.3	(0.1)	
Depreciation and amortization	4.3	5.1	0.8	
Other non-cash losses/gains	4.1	1.7	(2.3)	
Operating assets/liabilities increase/decrease	11.7	0.9	(10.8)	
Others	(1.5)	(0.6)	0.8	
Subtotal	38.0	26.3	(11.6)	
Interest paid/received	0.6	0.6	(0.0)	
Cash paid for income taxes	(21.6)	(17.5)	4.1	
Net cash provided by operating activities	16.9	9.4	(7.5)	
Investing activities				
Capital expenditures	(5.4)	(18.4)	(13.0)	
Other revenue/payment for continuous activities	0.5	0.0	(0.4)	
Purchases/sales of securities	1.6	0.3	(1.3)	
Others	(0.5)	(0.7)	(0.2)	
Net cash used in investing activities	(3.8)	(18.7)	(14.9)	
Financing activities				
Dividends paid	(4.7)	(5.2)	(0.5)	
Short-term debt proceeds/payments	0.2	0.2	0.0	
Others	(0.0)	(0.0)	(0.0)	
Net cash used in financing activities	(4.5)	(5.0)	(0.5)	
Effect of exchange rate changes on cash and cash equivalents	0.5	1.4	0.9	
Net increase in cash and cash equivalents	9.1	(12.9)	(22.0)	
Cash and cash equivalents at beginning of year	127.3	146.1	18.8	
Cash and cash equivalents at end of year	136.4	133.2	(3.2)	

Consolidated Cash Flow Statement for the Fiscal Year Ended March 31, 2005 (in billions of yen)



V. Non-Consolidated Financial Highlights

1. Statements of Income Data

(billions of yen)

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

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

2. Net Sales by Business Segment

(billions of yen)

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

3. Exports by Geographical Area

(billions of yen)

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

* Major areas and countries included in each category:

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

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

4. Prescription Pharmaceuticals

(billions of yen)

Years Ended/Ending March 31		2004	2005	Change	2004
Product	Description			%	
	Alzheimer's disease treatment				
ARICEPT		7.0	8.9	127.9	28.4
	Peripheral neuropathy treatment				
METHYCOBAL		8.3	8.0		

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

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

(billions of yen)

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

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

(billions of yen)

Years Ended/Ending March 31	2004	2005	2004	2005
				(e)
Net sales	76.5	74.8	303.6	297.0
Selling, general and administrative expenses	20.6	21.0	85.6	89.0
Personnel expenses	9.9	8.8	38.1	-
Marketing expenses	6.6	7.7	30.9	-
Administrative expenses and others	4.1	4.5		

.7e1les (%)



VI. Changes in Quarterly Results

1. Consolidated Statement of Income Data

(billions of yen)

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

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

2. Consolidated Balance Sheet Data

<Assets>

(billions of yen)

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

<Liabilities and Shareholders' Equity>

(billions of yen)

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

5. Consolidated *ARICEPT* Sales by Area

(billions of yen)



7. Statement of Income Data [Non-Consolidated]

(billions of yen)

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

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

8. Prescription Pharmaceuticals [Non-Consolidated]

(billions of yen)

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

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

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

(billions of yen)

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

10. Consumer Health Care Products [Non-Consolidated]

(billions of yen)

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

VII. Major R&D Pipeline Candidates

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

1. International Development

1-1. Approved

(Product) Name (Research Code)	Area	Date	Description	Form.	Origin
PARIET	E.U.	Jun-04	Zollinger-Ellison Syndrome	Tab.	In-house
E3810			Currently indicated for the treatment of peptic ulcers. Approved for the treatment of		
(Additional indicatitino of peptic ulcers. Approv 0.0094 Tw (eph2 V&t6 Tw (36uu.68 Tf -0.0046 Tc 0.0416 Tw (1. International Development) Tj -0.24 -20.0			Description	Form.	Origin

1-4. Phase III

(Product) Name
(Research Code)



2-2. Phase III

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

2-3. Phase II

(Product) Name (Research Code)	Description	Form.	Origin
E3620	Gastrointestinal motility disorders/ 5-HT		

VIII. Major Events

Date	Description
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July 8, 2004