

CONSOLIDATED FIRST QUARTER FINANCIAL RESULTS (APRIL 1, 2006 – JUNE 30, 2006)

1. NOTES TO PREPARATION OF THE QUARTERLY FINANCIAL REPORT

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

Number of newly consolidated subsidiaries: 2 (Eisai R&D Management Company Ltd. and Eisai (Singapore) Pte. Ltd.)

Number of companies omitted from consolidation: 1 (Eisai Pharma-Chem Europe Ltd.)

2. CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2007

(1) RESULTS OF QUARTERLY OPERATIONS

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 2006- June 30, 2006	¥ 153,943 mil.	13.4%	¥ 24,110 mil.	7.4%	¥ 25,110 mil.	7.4%

(3) CASH FLOW CONDITION

Period	Operating Cash Flow	Investing Cash Flow
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[Current Quarter Financial Highlights] (April 1, 2006 – June 30, 2006)

- ' ' Consolidated net sales during the quarter amounted to ¥153,943 million, which was a 13.4% increase compared to the corresponding period a year earlier.
- ' ' Sales of *Aricept*, an Alzheimer's disease treatment, expanded to ¥53,739 million, up 28.9% year-on-year. Sales of *Pariet* (U.S. brand name: *Aciphex*), a proton pump inhibitor, achieved an increase of 18.5% year-on-year to ¥40,455 million.
- ' ' With respect to net sales to external customers by each geographic area, Japanese sales secured a 2.6% increase and the North American market increased 24.9% while the European territory gained ground by 19.1% growth and 'Asian and other markets' expanded by 34.0% on a year-on-year basis respectively.
- ' ' Research and development expenses totaled ¥24,350 million with a year-on-year increase of 22.3% while selling, general and administrative expenses amounted to ¥78,670 million, which was an increase of 13.5%. The cost of goods ratio decreased to 17.4% representing a reduction of 0.3 percentage point.
- ' ' Operating income for the quarter under review was ¥24,110 million an increase of 7.4% year-on-year; ordinary income achieved ¥25,110 million, up 7.4%; net income came to ¥15,842 million, a 6.2% gain. As a result, earnings per share (EPS) reached to ¥55.42, a ¥3.22 rise from the correr

om the same per iod of the prior year. Net cash utilized in financing activities amounted to ¥14,352 million, up ¥4,265 million.

[Segment Information]

(Note: Net sales for each segment noted below are those to external customers.)

(1) Performance by operating segment

Pharmaceuticals segment:

- ' ' Net sales of *Aricept* and *Aciphex/Pariet* advanced in Ja

(2) Performance by geographic region

Japan:

- ' ' Sales in Japan amounted to ¥70,943 million, up 2.6% while operating income came to ¥17,025 million, down 13.1% on a year-on-year basis due to the proactive investment for research and development activities.
- ' ' Sales of *Aricept* came to ¥11,501 million, up 16.5%. In the meantime, *Pariet* sales advanced by 12.9% to ¥7,144 million.

North America:

- ' ' Sales in North America amounted to ¥65,713 million, an advance of 24.9% and operating income climbed to ¥5,993 million, up 79.7% on a year-on-year basis respectively.
- ' ' Sales of *Aricept* expanded 40.7% (local currency: 32.3%) to ¥33,126 million while sales of *Aciphex* advanced 15.8% (local currency: 8.9%) to ¥29,255 million.

Europe:

- ' ' Sales in Europe totaled ¥12,384 million, a rise of 19.1% year-on-year while operating income decreased 44.6% to ¥736 million due to investment for marketing expansion at new sales sites.
- ' ' Sales of *Aricept* advanced to ¥7,732 million, up 5.4% while sales of *Pariet* surged to ¥2,954 million, up 63.3%.
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¥8,075 million, a decrease of ¥4,022 million from the same period of the prior year. Net quarterly income before tax amounted to ¥24,707 million and depreciation and amortization expenses came to ¥5,921 million, while income taxes paid totaled ¥18,650 million.

- ' ' Cash outflows arising out of investing activities amounted to ¥11,794 million, up ¥2,913 million year-on-year, out of which ¥6,889 million and ¥7,076 million were used for the purpose of obtaining property, plant and equipment, and investment account security respectively.
- ' ' Net cash utilized in financing activities amounted to ¥14,352 million, an increase of ¥4,265 million from the same period of the prior year.
- ' ' As a result of such operating, investing and financing activities, cash and cash equivalents at the end of the quarter period under review stood at ¥164,353 million, down ¥18,925 million from the end of the prior fiscal year.

[Projects under development]

- ' ' Eisai group focuses managerial resources on the following research areas; neurology and oncology, thereby implementing proactive R&D activities.
- ' ' A subsidiary, Eisai R&D Management Co.,Ltd (in Tokyo) in charge of R&D management was established in April, 2006 in order to execute the most appropriate decision making for global R&D activities. We set out to discover the new drugs smoothly and timely as scheduled with the improved efficiency in research and development.
- ' ' Phase III study of endotoxin antagonist, E5564 (generic name: eritoran), for severe sepsis was started in the U.S. and Europe.
- ' ' Phase III study for anticancer drug E7389 was started in the U.S. for breast cancer. Study for the an application of Subpart H for breast cancer is also in process. (Subpart H application: Subpart H of the NDA regulations allow accelerated approval of new drugs that provide meaningf

- ' ' An additional indication application for severe Alzheimer's dementia for Aricept based on the mutual recognition procedure in Europe was submitted in May 2006.

[Major alliances]

- ' ' License agreement concerning development, manufacture and sales was concluded in April 2006 in 10 countries, including ASEAN countries, for a gastroprokinetic agent 'Gasmotin' (Generic name: mosapride citrate) by Dainippon Sumitomo Pharma Co., Ltd. and Eisai Co., Ltd. Currently, the marketing applications in each country are under preparation.
- ' ' Joint development agreement concerning the transdermal patch formulation of 'Aricept' was concluded with Nitto Denko Corporation in May 2006. Joint development for the transdermal patch formulation of Aricept using the technology by Nitto Denko Corporation will be conducted.
- ' ' The out-license agreement of our selective estrogen receptor modulator to Radius Health , Inc. (US) was concluded in June 2006.
- ' ' Eisai Co., Ltd. , Eisai Inc. (US) and Teva Pharmaceutical industries Ltd. (Israel) ended the collaboration agreement for Rasagiline in July 2006, which includes co-promotion for Parkinson's disease in the U.S.and joint development for Alzheimer's disease.
- ' ' Solvay Pharmaceuticals Marketing & Licensing AG an affiliate of Solvay Pharmaceuticals, and Eisai Co., Ltd. concluded a license agreement on Solvay Pharmaceuticals' treatment for pancreatic exocrine insufficiency (SA-001) for the co-development and exclusive distribution with Solvay Seiyaku K.K. in Japan in July 2006. The phase III study is under preparation in Japan.

3. FINANCIAL

FORECASTED DIVIDEND

Dividends per Share		
Half Year End	Year End	Annual
¥55.00	¥55.00	¥110.00

(REFERENCE DATA)

NON-CONSOLIDATED FINANCIAL FORECAST

Period	Net Sales	Operating Income	Ordinary Income	Net Income
April 1, 2006- September 30, 2006	¥170,000 mil.	¥29,000 mil.	¥29,500 mil.	¥19,000 mil.
April 1, 2006- March 31, 2007	¥346,000 mil.	¥64,000 mil.	¥65,000 mil.	¥41,000 mil.

financial markets and foreign exchange fluctuations.

5. Matters associated with Corporate Governance

(1) Resolutions at the 94th Ordinary General Meeting of Shareholders

The following proposals were approved at the Company's 94th Ordinary General Meeting of Shareholders, held on June 23, 2006:

- Proposal No. 1 Partial Amendments to the Articles of Incorporation
- Proposal No. 2 Election of eleven (11) Directors
- Proposal No. 3 Issuing New Share Subscription Rights as Stock Options

In terms of Directors, four (4) internal Directors including one (1) newly elected Director and seven (7) Outside Directors including two (2) newly elected Directors were elected and assumed their respective offices.

In terms of candidates of Directors, they were nominated in accordance with the nomination standard for candidates of Director which was Nomination Committee provided and such proposal was made. In particular, candidates of outside director meet the requirements for Outside Directors as stipulated in Article 2, Item 15, of the Corporate Code as well as the following independent requirements:

"Requirements for the independence of Outside Directors specified by the Nominating Committee" (revised on September 29, 2005):

1. Outside directors must not have been, in the past five years, a director, executive officer, or other officer of a major customer (including holding companies) of Eisai or its affiliated companies, as defined below.
 - (1) A customer for which 2% or more of its sales in any of the past five fiscal years have been sales or compensation for work or transactions to Eisai or its affiliated companies.
 - (2) Regardless of the previous item, customers with a relationship of substantial interest with Eisai or its affiliated companies, such as Eisai's audit corporation.
2. Outside directors must not have received directly from Eisai or it

(2) Even when the individual has received the amount indirectly, the actual situation shall be judged prudently.

3. Outside directors must not be a close relative of, or one having a similar relationship to, a director or executive officer of Eisai or its affiliated companies.

(1) A "close relative" is defined as a spouse, a blood relative within three degrees of kinship, or a cohabitating relative.

(2) "One having a similar relationship to" is defined as one having a human relationship that can be rationally recognized as that which makes it impossible for the individual to fulfill duties as an independent director, such as a personally interested individual

(2) Determination of the structure for Board of Directors

At the Board of Directors Meeting held following the close of the Ordinary General Meeting of Shareholders, the Chair of the Board of Directors and members of the Nomination, Audit and Compensation committees were elected and assumed the position. In addition, it was confirmed that all seven (7) outside Directo

(3) Matters related to “Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders”

(a) Following the Board of Directors meeting on June 23, 2006, Independent Committee of Outside Directors, which comprises all outside directors elected in the Ordinary General Meeting of Shareholders, was held and resolved the following matters:

Tadashi Kurachi, Director, was unanimously selected to chair the Independent Committee of Outside Directors.

The by-laws of the Independent Committee of Outside Directors, which include such items as the objectives, convocation procedures, convention procedures, items for deliberation and matters for resolution of the Independent Committee of Outside Directors, were unanimously approved. These by-laws state that, as a general rule, a meeting of the Independent Committee of Outside Directors shall be held each year immediately after the conclusion of the Ordinary General Meeting of Shareholders and also in March.

Concerning deliberation on the continuation, revision and abolition of the “Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders,” established on February 28, 2006, all seven outside directors, including the two newly elected members, declared their intent to maintain the document policy in its present form.

(b) The proposal of aforementioned Independent Committee of Outside Directors was deliberated and approved at the Board of Directors Meeting on July 31, 2006. We released today the approval of the proposal as “Continuation of Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders”.

Please visit our company website to refer the details for “Continuation of Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders”

(<http://www.eisai.co.jp/enews/enews200608.html>).

[SUPPORTING DATA]
1-1) CONSOLIDATED BALANCE SHEET (ASSETS)

		(%)		(%)	Increase/ Decrease (Millions of Yen)
ASSETS					
Current assets:					
Cash and cash in bank	74,163		72,715		
Accounts and notes receivable-trade	148,720		143,699		
Securities	120,021		99,565		
Inventories	44,949		45,369		
Deferred tax assets	29,272		30,336		
Other current assets	15,806		15,266		
Allowance for doubtful receivables	(333)		(318)		
Total current assets	432,601	57.9	406,635	56.1	(25,966)
Fixed assets:					
Property, plant and equipment					
Buildings and structures	66,715		65,848		
Machinery, equipment and vehicle	25,464		24,318		
Land	17,052		17,001		
Construction in progress	9,300		10,417		
Others	10,149	128,682	9,734	127,320	17.6 (1,362)
Intangible assets		43,206		41,338	5.7 (1,868)
Investments and other assets					
Investment securities	105,452		108,657		
Long-term loans receivable	61		61		
Deferred tax assets	27,612		30,499		
Other assets	10,393		11,051		
Allowance for doubtful receivables	(779)	142,741	(746)	149,523	20.6 6,782
Total fixed assets		314,630			15,8

1-2) CONSOLIDATED BALANCE SHEET (LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY)

		(%)		(%)	Increase/ Decrease (Millions of Yen)
LIABILITIES					
Current liabilities:					
Accounts and notes payable-trade	24,405		19,869		
Short-term borrowings	413		410		
Accounts payable-other	53,171		45,836		
Accrued expenses	42,602		42,344		
Income taxes payable	23,415		16,096		
Reserve for sales rebates	27,826		26,894		
Other reserves	781		671		
Other current liabilities	5,538		5,571		
Total current liabilities	178,154	23.9	157,694	21.8	(20,460)
Long-term liabilities:					
Deferred tax liabilities	91		91		
Liability for retirement benefits	35,577		35,130		
Retirement allowances for directors	1,317		1,141		
Other long-term liabilities	3,578		3,509		
Total long-term liabilities	40,565	5.4	39,871	5.5	(693)
Total liabilities	218,719	29.3	197,566	27.3	(21,153)
NET ASSETS					
Owners' Equity:					
Common stock			44,985		
Capital surplus			55,222		
Retained earnings			430,571		
Treasury stock			(31,901)		
Owners' Equity			498,877	68.8	1,557
Net unrealized gain on available-for-sale securities			18,327		
Foreign currency translation adjustments			669		
			18,997	2.6	(2,897)
Minority interests			9,374	1.3	78
Total net assets			527,250	72.7	(1,261)
Total liabilities and net assets			724,816	100.0	(22,414)
Minority interests:					
Minority interests	9,296	1.2			
Shareholders' equity:					
Common stock	44,985	6.0			
Capital surplus	55,222	7.4			
Retained earnings	429,025	57.4			
Net unrealized gain on available-for-sale securities	20,327	2.7			
Foreign currency translation adjustments	1,567	0.2			
Treasury stock	(31,913)	(4.2)			

2. CONSOLIDATED STATEMENTS OF INCOME
 First Quarter of FY2006 (April 1 to June 30, 2006)

Account Title	April 1, 2005- June 30, 2005		April 1, 2006 - June 30, 2006		Increase/ Decrease		
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)		
Net sales		135,780	100.0		153,943	100.0	18,163
Cost of sales		24,058	17.7		26,853	17.4	2,794
Gross profit on sales		111,721	82.3		127,090	82.6	15,368
Provision of reserve for sales returns		31	0.0		(41)	(0.0)	(72)
Gross profit		111,690	82.3		127,131	82.6	15,441
Selling, general and administrative expenses							
1 Research and development expenses	19,914		(14.7)	24,350		(15.8)	
2 Selling, general and administrative expenses	69,325	89,240	65.8	78,670	103,020	66.9	13,780
Operating income		22,450	16.5		24,110	15.7	1,660
Non-operating income		1,138	0.8		1,709	1.1	570
Non-operating expenses		200	0.1		709	0.5	508
Ordinary income		23,388	17.2		25,110	16.3	1,722
Special gain		24	0.0		70	0.0	45
Special loss		229	0.1		473	0.3	243
Income before income taxes and minority interests		23,182	17.1		24,707	16.0	1,525
Income taxes-current	12,055			11,512			
Income taxes-deferred	(3,870)	8,185	6.0	(2,769)	8,742	5.6	557
Minority interests		80	0.1		122	0.1	42
Net income		14,917	11.0		15,842	10.3	925

3. Consolidated Statement of Changes in Net Assets The First Quarter (April 1 to June 30th, 2006)

Unit Millions of Yen

	Owners' equity					Net unrealized gain and translation adjustments			Minority Interests	Net assets (Total)
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustments	Total		
Balance at the end of prior period (March 31, 2006)	44,985	55,222	429,025	(31,913)	497,320	20,327	1,567	21,895	9,296	528,512
Changes of items during the period										
Dividends			(14,293)		(14,293)					(14,293)
Net income			15,842		15,842					15,842
Loss on disposal of treasury stock			(3)		(3)					(3)
Disposal of treasury stock				28	28					28
Changes of other items during the period (Net)						(1,999)	(897)	(2,897)	78	(2,819)
Changes of items during the period (Total)			1,545	11	1,557	(1,999)	(897)	(2,897)	78	(1,261)
Balance at the end of current period (June 30, 2006)	44,985	55,222	430,571	(31,901)	498,877	18,327	669	18,997	9,374	527,250

Reference Consolidated Earned Surplus Statement

	April 1, 2005 - June 30, 2005
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4. CONSOLIDATED STATEMENTS OF CASH FLOWS

First Quarter of FY2006 (April 1 to June 30, 2006)

	April 1, 2005- June 30, 2005	April 1, 2006- June 30, 2006	Increase/ Decrease
Account Title	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
I. Operating activities:			
Income before income taxes and minority interests	23,182	24,707	
Depreciation and amortization	5,893	5,921	
	169	4	
Decrease in allowance for doubtful receivables	(70)	(12)	
Interest and dividend income	(966)	(1,574)	
Interest expense	8	14	
Equity in earnings of associated companies	(6)	(0)	
Gain on sales and disposal of fixed assets	33	399	
Provision for liability for retirement benefits	1,514	-	
(Gain) Loss on sales of short-term investments and investment securities	(0)	(0)	
Loss on impairment of securities	3	12	
(Increase) Decrease in trade receivables	(1,855)	4,685	
Increase in inventories	(438)	(678)	
Increase (Decrease) in trade payables	115	(4,327)	
Increase (Decrease) in other current liabilities	2,481	(3,437)	
Increase (Decrease) in reserve for sales rebates	217	(401)	
Decrease in reserve for retirement benefits	-	(439)	
Other	(447)	326	
Sub-total	29,834	25,199	(4,634)
Interest and dividends received	979	1,564	
Interest paid	(8)	(38)	
Income taxes paid	(18,708)	(18,650)	
Net cash provided by operating activities	12,097	8,075	(4,022)
II. Investing activities:			
Purchases of short-term investments	(26)	(30)	
Proceeds from sales and redemptions of short-term investments	1,127	3,343	
Purchases of property, plant and equipment	(8,216)	(6,889)	
Proceeds from sales of property, plant and equipment	88	63	
Purchases of intangible assets	(2,683)	(573)	
Purchases of investment securities	(2,487)	(7,076)	
Proceeds from sales and redemptions of investment securities	3,590	170	
Net increase in time deposits (exceeding 3 months)	(356)	(114)	
Other	82	(688)	
Net cash used in investing activities	(8,880)	(11,794)	(2,913)
III. Financing activities:			
Net decrease in short-term bank borrowings	(32)	(2)	
Dividends paid	(10,002)	(14,293)	
Dividends paid to minorities	(43)	(48)	
Other	(8)	(8)	
Net cash used in financing activities	(10,087)	(14,352)	(4,265)
IV. Effect of exchange rate changes on cash and cash equivalents	907	(853)	(1,760)
V. Net decrease in cash and cash equivalents	(5,962)	(18,925)	(12,962)
VI. Cash and cash equivalents at beginning of year	142,429	183,278	40,849
VII. Cash and cash equivalents at end of period	136,466	164,353	27,886

		June 30, 2006
Sales		
(1) Sales to customers		
(2) Intersegment sales		

2) Geographical Segment Information

(Unit: Millions of Yen)

April 1, 2005-
June 30, 20, 20

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

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

3) Overseas Sales

		April 1, 2005- June 30, 2005	April 1, 2006- June 30, 2006
North America	Sales (Millions of Yen)	55,157	67,921
	% of Consolidated sales (%)	40.6	44.1
Europe	Sales (Millions of Yen)	14,530	16,249
	% of Consolidated sales (%)	10.7	10.6
Asia and Others	Sales (Millions of Yen)	4,140	5,602
	% of Consolidated sales (%)	3.1	3.6
Total Overseas Sales	Sales (Millions of Yen)	73,828	89,772
	% of Consolidated sales (%)	54.4	58.3

Consolidated sales
(Millions of Yen)



I. Consolidated Financial Highlights

1. Statements of Income Data

(billions of yen)

Years Ended/Ending March 31	2006	2007	Change %	2006	2007 (e)
Net sales	135.8	153.9	113.4	601.3	640.0
Cost of sales	24.1	26.8	111.3	104.5	110.0
R&D expenses	19.9	24.4	122.3	93.2	105.0
SG&A expenses	69.3	78.7	113.5	307.8	324.0
Operating income	22.5	24.1	107.4	95.7	101.0
Ordinary income	23.4	25.1	107.4	100.0	104.0
Net income	14.9	15.8	106.2	63.4	67.0
Earnings per share (EPS, yen)	52.2	55.4	(Inc./Dec.)		



2. Financial Results by Business Segment

2-1. Consolidated Net Sales by Business Segment

(billions of yen)

Years Ended/Ending March 31	2006	2007	2006
Net sales to customers	135.8	153.9	601.3
Pharmaceuticals	130.7	148.6	579.8
In-house developed products (%)	89.0%	90.6%	88.8%
Japan	64.4	66.4	265.4
North America	52.4	65.2	252.1
Europe	10.3	12.0	44.6
Asia and others	3.7	4.9	17.6
Others segment	5.0	5.4	21.4
Japan	4.7	4.5	19.6
Overseas	0.3	0.8	1.8

3. Geographical Segment Information

3-1. Consolidated Net Sales by Geographical Segment

(billions of yen)

Years Ended/Ending March 31	Three months ended Jun 30		
	2006	2007	2006
Net sales to customers	135.8	153.9	601.3
Japan	69.1	70.9	285.1
North America	52.6	65.7	253.1
Europe	10.4	12.4	45.5
Asia and others	3.7	4.9	17.6
Overseas sales	66.7	83.0	316.2
Overseas sales (%)	49.1%	53.9%	52.6%

* Net sales for each segment are those to external customers

3-2. Consolidated Operating Income by Geographical Segment

(billions of yen)

Years Ended/Ending March 31	Three months ended Jun 30		
	2006	2007	2006
Operating income	22.5	24.1	95.7
Japan	19.6	17.0	74.2
North America	3.3	6.0	22.5
Europe	1.3	0.7	4.6
Asia and others	0.8	0.9	2.8
Eliminations and corporate	(2.6)	(0.6)	(8.4)

4. Overseas Sales

(billions of yen)

Years Ended/Ending March 31	Three months ended Jun 30		
	2006	2007	2006
Net sales	135.8	153.9	601.3
Overseas sales	73.8	89.8	343.9
North America	55.2	67.9	262.3
Europe	14.5	16.2	61.7
Asia and others	4.1	5.6	19.9
Overseas sales (%)	54.4%	58.3%	57.2%

* 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. (excluding Japan)

<Reference> [Non-consolidated]

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

Years Ended/Ending March 31		Three months ended Jun 30		
		2006	2007	2006
Net sales	¥ Billions [US\$ Millions]	52.9 [491]	65.9 [576]	254.7 [2,248]
Operating income	¥ Billions [US\$ Millions]	3.0 [28]	5.5 [48]	18.6 [164]
Net income	¥ Billions [US\$ Millions]	2.0 [18]	3.9 [34]	13.0 [115]
Operating income before royalty deduction	¥ Billions [US\$ Millions]	10.3 [95]	15.2 [132]	54.2 [479]

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

Years Ended/Ending March 31		Three months ended Jun 30		
		2006	2007	2006
Net sales	¥ Billions [Chinese RMB Millions]	1.3 [101]	1.5 [103]	6.6 [490]
Operating income	¥ Billions [Chinese RMB Millions]	0.3 [25]	0.3 [19]	1.3 [97]
Net income	¥ Billions [Chinese RMB Millions]	0.3 [25]	0.3 [17]	1.3 [95]

* Fiscal year of Eisai China Inc. ends on December 31.

* Average rate of Japanese yen to Chinese RMB

January 1, 2005 to March 31, 2005 12.62 yen/Chinese RMB

January 1, 2006 to March 31, 2006 14.52 yen/Chinese RMB

January 1, 2005 to December 31, 2005 13.45 yen/Chinese RMB

Eisai Korea Inc. (South Korea)/Pharmaceutical Sales

Years Ended/Ending March 31		Three months ended Jun 30		
		2006	2007	2006
Net sales	¥ Billions [Korean Won Billions]	1.1 [10]	1.8 [14]	5.4 [48]
Operating income	¥ Billions [Korean Won Billions]	0.1 [1]	0.2 [2]	0.6 [5]
Net income	¥ Billions [Korean Won Billions]	0.1 [1]	0.2 [1]	0.3 [3]

* Average rate of Japanese yen to Korean won

April 1, 2005 to June 30, 2005 0.1074yen/Korean won

April 1, 2006 to June 30, 2006 0.1211yen/Korean won

April 1, 2005 to March 31, 2006 0.1126 yen/Korean won

6. SG&A Expenses (Including R&D Expenses)

6-1. R&D Expenses

(billions of yen)

Years Ended/Ending March 31

2006

2007

2006

2007
(e)



III. Consolidated Balance Sheet

1. Consolidated Balance Sheet <Assets>

	(billions of yen)				Chg. %	Inc./ Dec.	<Explanation>
	2006						
	Mar 31	%	Jun 30	%			
Current assets:							
Cash and cash in banks	74.2		72.7			(1.4)	
Accounts and notes receivable-trade	148.7		143.7			(5.0)	
Securities	120.0		99.6			(20.5)	Securities
Inventories	44.9		45.4			0.4	<Decrease Factor(s)>
Deferred tax assets	29.3		30.3			1.1	Payment of income taxes
Other current assets	15.8		15.3			(0.5)	Payment of dividends
Allowance for doubtful receivables	(0.3)		(0.3)			0.0	
Total current assets	432.6	57.9	406.6	56.1	94.0	(26.0)	
Fixed assets:							
Property, plant and equipment:							
Buildings and structures	66.7		65.8			(0.9)	
Machinery, equipment and vehicles	25.5		24.3			(1.1)	
Land	17.1		17.0			(0.1)	
Construction in progress	9.3		10.4			1.1	
Others	10.1		9.7			(0.4)	
Total property, plant and equipment	128.7	17.2	127.3	17.6	98.9	(1.4)	
Intangible assets	43.2	5.8	41.3	5.7	95.7	(1.9)	
Investments and other assets:							
Investment securities	105.5		108.7			3.2	
Long-term loans receivable	0.1		0.1			(0.0)	
Deferred tax assets	27.6		30.5			2.9	
Other assets	10.4		11.1			0.7	
Allowance for doubtful accounts	(0.8)		(0.7)			0.0	
Total investments and other assets	142.7	19.1	149.5	20.6	104.8	6.8	
Total fixed assets	314.6	42.1	318.2	43.9	101.1	3.6	
Total assets	747.2	100.0	724.8	100.0	97.0	(22.4)	

2. Consolidated Balance Sheet
<Liabilities and Net Assets>

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IV. Consolidated Statements of Cash Flows

Years Ended/Ending March 31	(billions of yen)			<Explanation>
	Three months ended Jun 30			
	2006	2007	Inc./Dec.	
Operating activities				
Income before income taxes and minority interests	23.2	24.7	1.5	
Depreciation and amortization	5.9	5.9	0.0	
Other non-cash gains/losses	1.6	0.0	(1.6)	
Operating assets/liabilities increase/decrease	0.5	(4.1)	(4.6)	
Others	(1.4)	(1.3)	0.0	
Sub-total	29.8	25.2	(4.6)	
Interest paid/received	1.0	1.5	0.6	
Payment of income taxes	(18.7)	(18.7)	0.1	
Net cash provided by operating activities	12.1	8.1	(4.0)	
Investing activities				
Capital expenditures	(10.9)	(7.5)	3.4	
Other revenue/payment for continuous activities	0.1	0.1	(0.0)	
Purchases/sales of securities etc.	2.2	(3.6)	(5.8)	
Others	(0.3)	(0.8)	(0.5)	
Net cash used in investing activities	(8.9)	(11.8)	(2.9)	
Financing activities				
Dividends paid	(10.0)	(14.3)	(4.3)	
Short-term debt proceeds/payment	(0.0)	(0.0)	0.0	
Others	(0.1)	(0.1)	(0.0)	
Net cash used in financing activities	(10.1)	(14.4)	(4.3)	
Foreign currency translation adjustments on cash and cash equivalents	0.9	(0.9)	(1.8)in	
Net increase (decrease) in cash and cash equivalents	(6.0)	(18.9)	(13.0)	
Cash and cash equivalents at beginning of period	142.4	183.3	40.8	
Cash and cash equivalents at end of period	136.5	164.4	27.9	
(billions of yen)				
Years Ended/Ending March 31	Three months ended Jun 30			
	2006	2007	Inc./Dec.	
Free Cash Flows	1.3	0.7	(0.6)	

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

V. Non-Consolidated Financial Results

1. Non-Consolidated Financial Highlights

1-1. Statements of Income Data

(billions of yen)

Years Ended/Ending March 31	2006	2007	Change %	2006	2007 (e)
Net sales	79.0	82.9	104.9	332.0	346.0
Cost of sales	19.0	19.9	104.8	78.0	79.0
R&D expenses	19.6	24.4	124.4	92.9	103.0
SG&A expenses	22.9	23.3	101.8	95.8	100.0
Operating income	17.5	15.3	87.1	65.4	64.0
Ordinary income	18.1	15.6	86.5	67.3	65.0
Net income	11.6	10.1	86.9	43.9	41.0

* "Cost of sales" includes "(Reversal of) Provision for sales returns".

1-2. Balance Sheet Data

(billions of yen)

	Mar 31	Jun 30	Inc./Dec.
Total assets	572.9	553.9	(19.0)
Net assets	465.2	459.0	(6.3)
Owner's equity and unrealized gain and translation adjustments	465.2	459.0	(6.3)
Equity ratio	81.2%	82.9%	1.7 pp

*Past data have been reclassified in accordance with the new segmentation of this fiscal year.

1-3. Capital Expenditures and Depreciation/Amortization

(billions of yen)

Years Ended/Ending March 31	2006	2007	Inc./Dec.	2006
Capital expenditures	2.2	1.5	(0.7)	24.5
Property, plant and equipment	1.4	0.9	(0.4)	11.2

2. Net Sales by Business Segment

(billions of yen)

Years Ended/Ending March 31	2006	2007	Change %	2006	2007 (e)
Net sales	79.0	82.9	104.9	332.0	346.0
Prescription pharmaceuticals	50.9	53.4	104.9	211.5	218.0
Ratio of in-house developed products to prescription pharmaceuticals (%)					
Exports	13.6	12.4	91.4	53.9	56.5
Consumer health care products	4.0	4.3	108.7	17.6	18.5
Food additives/Chemicals, Machinery, etc.	0.5	0.4	83.7	1.8	1.5
Industrial property rights, etc. income	10.1	12.4	122.4	47.2	51.5

3. Exports by Geographical Area

(billions of yen)

Years Ended/Ending March 31	2006	2007	Change %	2006	2007 (e)
Net sales	79.0	82.9	104.9	332.0	346.0
Exports	23.1	24.7	107.0	99.7	106.5
North America	15.5	17.3	112.2	69.6	-
Europe	6.3				



7. SG&A Expenses (Including R&D Expenses)

7-1. R&D Expenses



8. Balance Sheet Data

<Assets>

(billions of yen)

	Mar 31	Jun 30	Inc./ Dec.
Current assets	278.2	257.1	(21.1)
Fixed assets	294.7	296.8	2.1
Property, plant and equipment	82.7	79.8	(2.9)
Intangible assets	26.5	25.3	(1.2)
Investments and other assets	185.5	191.7	6.2
Total assets	572.9	553.9	(19.0)

<Liabilities and Net Assets>

(billions of yen)

	Mar 31	Jun 30	Inc./ Dec.
Current liabilities	74.6	62.5	(12.1)
Long-term liabilities	33.1	32.5	(0.6)
Total liabilities	107.7	95.0	(12.7)
Total owners' equity	445.4	441.2	(4.2)

9. Statements of Cash Flows

(billions of yen)

Years Ended/Ending March 31	Three months ended Jun 30		
	2006	2007	Inc./Dec.
Operating activities			
Income before income taxes	17.8	15.2	(2.7)
Depreciation and amortization	3.8	4.1	0.2
Other non-cash gains/losses	1.5	0.1	(1.4)
Operating assets/liabilities increase/decrease	0.0	1.2	1.2
Others	(0.7)	(0.4)	0.3
Subtotal	22.4	20.1	(2.3)
Interest paid/received	0.5	0.7	0.2
Income taxes paid	(15.3)	(16.3)	(0.9)
Net cash provided by operating activities	7.7	4.6	(3.1)
Investing activities			
Capital expenditures	(7.0)	(5.2)	1.8
Other revenue/payment for continuous activities	0.1	1.0	1.0
Purchases/sales of securities	1.7	(3.7)	(5.3)
Others	(0.2)	(1.1)	(0.9)
Net cash used in investing activities	(5.4)	(8.9)	(3.5)
Financing activities			
Dividends paid	(10.0)	(14.3)	(4.3)
Others	(0.0)	0.0	0.0
Net cash used in financing activities	(10.0)	(14.3)	(4.3)
Foreign currency translation adjustments on cash and cash equivalents	(0.0)	(0.0)	0.0
Net increase (decrease) in cash and cash equivalents	(7.8)	(18.6)	(10.9)
Cash and cash equivalents at beginning of period	79.5	100.5	21.0
Cash and cash equivalents at end of period	71.7	81.9	10.1

(billions of yen)

Years Ended/Ending March 31	Three months ended Jun 30		
	2006	2007	Inc./Dec.
Free Cash Flows	0.8	0.4	(0.3)

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

VI. Changes in Quarterly Results

1. Statements of Income Data [Consolidated]

(billions of yen)

Years Ended/Ending March 31

Net sales	135.8	146.8	167.3	151.3	153.9
Cost of sales	24.1	24.6	30.0	25.8	26.8
R&D expenses	19.9	24.5	22.6	26.2	24.4
SG&A expenses	69.3	74.9	81.7	81.8	78.7
Operating income	22.5	22.8	32.9	17.5	24.1
Non-operating income & expenses	0.9	0.9	1.4	1.1	1.0
Ordinary income	23.4	23.7	34.3	18.6	25.1
Special gain & loss	(0.2)	(0.3)	0.0	(3.5)	(0.4)

3. Capital Expenditures and Depreciation/Amortization [Consolidated]

(billions of yen)

Years Ended/Ending March 31	2006				2007
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Capital expenditures	4.6	9.4	5.9	17.2	3.7
Property, plant and equipment	3.6	5.3	4.2	7.8	3.2
Intangible assets	1.0	4.0	1.7	9.4	0.6
Depreciation/Amortization	5.9	6.1	6.5	6.5	5.9

* "Depreciation/Amortization" value represents 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	2006				2007
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Net cash provided by operating activities	12.1	27.8	9.2	37.9	8.1
Net cash used in investing activities	(8.9)	(5.3)	(10.1)	(5.3)	(11.8)
Net cash used in financing activities	(10.1)	(0.0)	(11.7)	0.0	(14.4)
Cash and cash equivalents at end of period	136.5	160.1	150.2	183.3	164.4
Free cash flows	1.3	19.4	(3.0)	25.8	0.7

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

5. ARICEPT Sales by Area (Eisai Territory Sales) [Consolidated]

Years Ended/Ending March 31

Japan	¥ Billions	9.9	10.6	12.1	9.7	11.5
U.S.	¥ Billions	23.5	29.1	31.6	35.6	33.1
	[US\$ Millions]	[219]	[262]	[271]	[306]	[289]
U.K.	¥ Billions	0.3	0.2	0.3	0.2	0.4
	[UK£ Millions]	[2]	[1]	[1]	[1]	[2]
France	¥ Billions	5.1	5.1	5.5	5.3	5.5
	[Euro Millions]	[38]	[38]	[40]	[37]	[38]
Germany	¥ Billions	1.9	2.1	2.1	1.8	1.8
	[Euro Millions]	[14]	[15]	[15]	[12]	[13]
Europe total	¥ Billions	7.3	7.4	7.9	7.3	7.7
Asia	¥ Billions	0.9	1.1	1.1	1.2	1.4
Total	¥ Billions	41.7	48.2	52.7	53.8	53.7

6.

7. ZONEGRAN Sales by Area (Eisai Territory Sales) [Consolidated]

Years Ended/Ending March 31		2006				2007
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
U.S.	¥ Billions [US\$ Millions]	3.6 [33]	3.9 [35]	3.7 [32]	1.5 [12]	1.0 [9]
Europe, Asia	¥ Billions	0.0	0.1	0.1	0.2	0.3
Total	¥ Billions	3.6	4.0	3.9	1.7	1.3

8. Eisai Inc. (U.S.)

Years Ended/Ending March 31		2006				2007
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Net sales	¥ Billions [US\$ Millions]	52.9 [491]	61.8 [556]	70.1 [601]	70.0 [600]	65.9 [576]
Operating income	¥ Billions [US\$ Millions]	3.0 [28]	4.9 [44]	7.0 [61]	3.7 [31]	5.5 [48]
Net income	¥ Billions [US\$ Millions]	2.0 [18]	3.4 [30]	4.8 [42]	2.9 [24]	3.9 [34]
Operating income before royalty deduction	¥ Billions [US\$ Millions]	10.3 [95]	13.6 [122]	16.5 [142]	13.9 [119]	15.2 [132]

9. Statement of Income Data [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31					
Net sales	79.0	81.9	93.3	77.7	82.9
Cost of sales	19.0	18.9	22.2	17.9	19.9
R&D expenses	19.6	24.3	22.1	26.8	24.4
SG&A expenses	22.9	23.4	25.0	24.4	23.3
Operating income	17.5	15.3	24.0	8.6	15.3
Ordinary income	18.1	15.6	24.6	9.1	15.6
Net income	11.6	10.1	15.9	6.4	10.1

* "Cost of Sales" includes "(Reversal of) Provision for or sales returns".

10. Prescription Pharmaceuticals [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31					
Product					
<i>ARICEPT</i>	9.9	10.6	12.1	9.7	11.5
<i>METHYCOBAL</i>	7.8	8.2	8.9	7.2	7.9
<i>PARIET</i>	6.3	6.8	8.5	5.9	

11. Exports by Products [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31	2006				2007
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Product					
ARICEPT	6.3	4.8	6.1	5.5	5.4
ACIPHEX/PARIET	6.1	7.0	6.2	7.6	6.5
Others	1.2	1.0	0.9	1.2	0.6
Exports total	13.6	12.8	13.2	14.3	12.4

12. Consumer Health Care Products [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31	2006				2007
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Product					
CHOCOLA BB Group	2.0	2.2	2.5	1.6	2.1
Vitamin-E Group	0.4	0.5	0.6	0.3	0.4
SACLON Group	0.4	0.5	0.6	0.4	0.4
NABOLIN Group	0.3	0.4	0.4	0.3	0.4
Others	0.8	0.9	1.4	1.1	1.0
Consumer health care total	4.0	4.5	5.4	3.7	4.3

VII. Major R&D Pipeline Candidates

Ongoing and recent developments from April 2006

1. Application of Aricept for the additional indication of severe dementia due to Alzheimer's disease was submitted in the EU.
2. Applications of Gasmotin are in preparation in 10 Asian countries including ASEAN members.
3. Phase III study of E5564 for severe sepsis was initiated in the EU/U.S.
4. Phase III study of E7389 for breast cancer was initiated in the U.S.
5. Phase II study of E5555 for acute coronary syndrome was initiated in the EU/U.S.
6. Collaboration agreement for TVP-1012 (rasagiline) was ended in the U.S.

1. International Development

1-1 Filed for Approval

(Product) Name (Research Code)	Area	Date	Description	Form.	Origin
ARICEPT (E2020) (Additional indication)	U.S. (EU)	Sep-02	Vascular Dementia Currently indicated for the treatment of mild to moderate dementia due to Alzheimer's disease. Filed for the additional indication of vascular dementia in the U.S. Though filing for vascular dementia was withdrawn in the EU in April 2004, Eisai will	Tab.	In-house
ARICEPT (E2020) (Additional formulation)	EU	May-04	Liquid Formulation	Liquid	In-house
INOVELON (E2080)	EU	Mar-05	Anti-Epilepsy (generic name: rufinamide)	Tab.	Novartis
	U.S.	Nov-05			
ARICEPT (E2020) (Additional indication)	U.S. EU	Dec-05 May-06	Severe Dementia due to Alzheimer's Disease	Tab.	In-house

1-2 Submission in Preparation

	Area	Expected Application	Description	Form.	Origin
GASMOTIN	Asia	FY2006	Gastroprokinetic Agent (generic name: mosapride citrate)	Tab.	Dainippon Sumitomo Pharma

1-3 Phase III

(Product) Name (Research Code)	Area	Expected Application	Description	Form.	Origin
ARICEPT (E2020) (Additional indication)	EU	FY2006	Dementia associated with Parkinson's Disease	Tab.	In-house
AS-3201	U.S. EU	FY2009	Diabetic complication/Aldose Reductase Inhibitor	Tab.	Dainippon Sumitomo Pharma
E2007	EU U.S.	FY2007	Parkinson's Disease/AMPA Receptor Antagonist	Tab.	In-house





VIII. Major Events

Date	Description
Jul. 2006	Eisai starts marketing severe chronic pain agent Prialt in the UK and Germany. <Jul. 31, 2006 released>
	Continuation of policy for protection of the company's corporate value and common interests of shareholders <Jul. 31, 2006 released>
	Acquisition of treasury stock <Jul. 31, 2006 released>
	Co-development and distribution agreement on treatment for pancreatic exocrine insufficiency (SA-001) in Japan concluded. <Jul. 27, 2006 released>
	Mutually agreed with Teva to end collaboration agreement for rasagiline. < Jul. 12, 2006 released>
	Stock options (new share subscription rights) including the amount paid in upon the exercise of stock options <Jul. 10, 2006 released>
	Operation of marketing subsidiary in Singapore was started. <Jul. 4, 2006 released>
Jun. 2006	Selective estrogen receptor modulators (SERMs) was licensed to Radius. <Jun. 29, 2006 released>
	Allotment of stock options (new share subscription rights) <Jun. 23, 2006 released>
May. 2006	Dissolution of Eisai U.S.A. Inc. was resolved. <May 19, 2006 released>
	Partial amendment of articles of corporation <May 16, 2006 released>
	Provision of stock options in the form of new stock issuance <May 16, 2006 released>
	Application with the MHRA for New Aricept indication: severe Alzheimer's disease was filed. <May 16, 2006 released>
	Joint development agreement with Nitto Denko on a transdermal patch formulation of <i>Aricept</i> was signed. <May 10, 2006 released>
	First clinical study for E2012, potential new treatment for Alzheimer's Disease will be initiated. <May 9, 2006 released>
	Pharmaceutical marketing subsidiary in Singapore was established.
Apr. 2006	Release about personal information documentation loss. <Apr. 21, 2006 released>
	Agreement with Dainippon Sumitomo Pharma of licensing for " <i>Gasmotin</i> ", a gastroprokinetic agent, for countries in Asia including ASEAN members. <Apr. 17, 2006 released>
	Eisai R&D Management Co., Ltd. was established.
	5 th Mid-term Strategic Plan "Dramatic Leap Plan" was initiated.

* Events are posted in accordance with execution date.