

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

**FOR IMMEDIATE RELEASE  
October 31, 2006**



**(3) CASH FLOWS CONDITION**

Period	Operating Cash Flows	Investing Cash Flows	Financing Cash Flows	Cash & Cash Equivalents
April 1, 2006- September 30, 2006	¥36,615 mil.	(¥21,205 mil.)	(¥25,116 mil.)	¥174,979 mil.
April 1, 2005- September 30, 2005	¥39,903 mil.	(¥14,135 mil.)	(¥10,127mil.)	¥160,137 mil.



## Affiliated Companies

(Consolidated Subsidiaries)

(As of September 30, 2006)

Company Name	Location	Voting rights	Description of Operations *1	Relationship/Operations	Note
Sanko Junyaku Co., Ltd.	Tokyo	¥5,262 million	50.88% Diagnostic product production/sales	-	* 3,4
Sannova Co., Ltd.	Gunma Pref.	¥926 million	79.97% Pharmaceutical production/sales	(E) Pharmaceutical product purchase	* 4
Elmed Eisai Co., Ltd.	Tokyo	¥450 million	100.00% Pharmaceutical sales	-	
Eisai Food & Chemicals Co., Ltd.	Tokyo	¥101 million	100.00% Food additives/chemicals sales	(E) Food/chemicals sales	
Eisai Machinery Co., Ltd.	Tokyo	¥100 million	100.00% Pharmaceutical machinery production/sales	-	
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	
Eisai R&D management., Ltd.	Tokyo	¥10 million	100.00% Pharmaceutical management & operation of R&D	(E) Pharmaceutical management & operation of R&D	*5
Sunplanet Co., Ltd.	Tokyo	¥455 million	85.11% Administrative/Catering/Printing service, Real estate management	(E) Purchase of admin./catering/printing service	
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%)		

Company Name	Location		Voting rights	Description of Operations *1	Relationship/Operations	Note
Eisai Hong Kong Co., Ltd.	Hong Kong, China	500	HK\$	100.00% (10.00%)	Pharmaceutical sales (E) Pharmaceutical sales	* 2
Eisai Korea Inc.	Seoul, Korea	3,512,000	Won	100.00%	Pharmaceutical sales	-
Hi-Eisai Pharmaceutical Inc.	Manila, Philippines	45,000	Peso	50.00% (1.45%)	Pharmaceutical production/sales (E) Pharmaceutical sales	* 2,8
Eisai Pharmaceuticals India Private Ltd.	Mumbai, India	100,000	Rupee	100.00% (1.00%)	Pharmaceutical production/sales (E) Pharmaceutical sales	*2
Eisai Australia Pty.Ltd.	Sydney, Australia	1,000	Aus\$	100.00%	Pharmaceuticals	-

(Equity in Earnings in Associated Companies Accounted for by Equity Method)

Company Name	Location	Common Stock (Unit: thousands)	Voting rights	Description of Operations	Relationship/Operations	Note
Bracco-Eisai Co., Ltd.	Tokyo	¥340 million	49.00%	Contrast media import/ production/sales	(E) Pharmaceutical product purchase (E) indicates Eisai Co., Ltd.	

Notes: \*1. Description of Operation's column lists by type of operation segment.

\*2. Voting rights (%) ownership: Figures in parenthesis represent percentage indirectly owned by the Parent Company.

\*3. The stock of Sanko Junyaku Co., Ltd. is traded in the Over-the-Counter market (JASDAQ).

\*4. Specially designated subsidiary according to the stock exchange law.

\*5. Newly established and consolidated subsidiaries.

6. In June, 2006, Eisai Pharma-Chem Europe Ltd. completed liquidation.

7. Eisai-Novartis Verwaltungs GmbH was merged into a consolidated subsidiary, Eisai GmbH.

\*8. The Parent Company does not have a 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.

\*9. Eisai U.S.A.Inc. is in the process of liquidation.

\*10. In the consolidated financial results for the period under review, the only subsidiary whose sales exceed ten percent of consolidated sales is Eisai Inc. and its principal financial results are noted below.

Sales	¥139,789mil.
Ordinary income	¥13,827 mil.
Net income	¥8,594 mil.
Equity	¥55,522 mil.
Total assets	¥156,522 mil.

In addition, we established Eisai Clinical Research Singapore Pte.Ltd in October 2006.

## 2. Management Policy

### 1) Basic policy of management

The Eisai Group (hereinafter referred to as “the Company”) defines 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 various needs of global healthcare. We codified this basic concept into the bylaws to share it with shareholders.

In order to act on this policy, we are committed to further expand the trustworthy relationships with our principal stakeholders including patients, customers, shareholders, and employees and promote compliance while always observing laws and ethical standards, thereby enhancing corporate value.

### 2) Management strategies and issues the Company faces

The business environment surrounding the pharmaceutical industry has been increasingly pressured and is set for great change, as represented by the accelerating healthcare cost-containment measures in Japan, the U.S., Europe and Asia, the swelling research and development (R&D) expenditures, the advancement of science and technology, the emergence of new economic blocs, and the trend of industry reorganization. In addition to having to manage their core business, companies are facing intensifying public calls for the fulfillment of social responsibilities to ensure global environmental conservation and sustainability of society.

Because of and within the above context, the Company launched the “Dramatic Leap Plan”, the 5th Mid-term Strategic Plan ending in FY 2011, in April 2006. This plan aims to further improve efficiency and productivity by giving the Company the ability to handle any situation arising anywhere flexibly and thoroughly. To that end, the Company places principle functions that are part of the pharmaceutical business model in the most appropriate country and region based on the concept of “value creation at all places by the best people with the appropriate structure” and implements its business in consideration of the current situation of each region.

Taking the advantage of opportunities for future growth, we strive to create “patient value”, “shareholder value” and “employee value” in order to improve our corporate value. In addition, we work to fulfill our corporate social responsibilities.

#### (1) Creation of “patient value”

It is our firm belief that the primary mission of a pharmaceutical company lies in the creation of value for patients. We believe that the creation of “patient value” lies in “discovery of innovative drugs for combating the diseases for which adequate treatments have not been discovered and raising quality of life of patients”, “ensuring a stable supply of quality products” and “provision of information for safe and proper usage of drugs”.

a) Further concentration in the R&D area

By further advancing the concept of focused R&D activities, the Company will continuously endeavor to discover pharmaceutical products in neurology and oncology – areas where adequate treatments have frequently not been established – that are superior in terms of efficacy, safety and economy.

In the neurology franchise, we aim to discover new therapeutic agents for neurodegenerative disorders such as Alzheimer's disease. At the same time, we will steadily advance research related to epilepsy, Parkinson's disease and other neurological



d) Establishment of a system to realize stable supply of high-quality pharmaceutical products

The Company aims to lead the global market in providing a stable supply of high-quality products, while also achieving cost competitiveness. To achieve this aim, the Company is promoting the construction of a system that enables production of high-quality pharmaceuticals that meet our original quality assurance standards. Meanwhile, we are expanding our production functions in Japan, the U.S. and Asia, as well as promoting a plan to establish new production bases in Europe and India. Through such efforts, the Company will pursue the enrichment of its “seamless value chain” and achieve a globally stable supply of high-quality pharmaceutical products.

e) Improvement of information provision

In order to promote the appropriate use of our products, the Company is dedicated to information provision on safety and efficacy of its pharmaceutical products through timely collection, analysis and evaluation of the latest product information available. Regarding future products, we are pursuing global efforts to develop in-house marketing activities, more effectively to communicate with healthcare professionals. For this purpose, we are increasing the number of medical representatives in Japan, the U.S., Europe, China and other areas. At the same time, we will construct a strategic global marketing system, with headquarters in the U.S. which will collaborate closely with Europe and Japan, and strive to enrich our information provision activities.

Furthermore, various public educational programs on Alzheimer’s disease are conducted throughout Japan and globally. These initiatives include developing online resources for patients/caregivers as well as supporting activities by Alzheimer’s associations and the healthcare professionals specializing in treating this disease.

f) Strategic entry into new areas

The Company is implementing a strategy to transfer selected functions including clinical research, production, data management/statistical analysis, process chemistry and formulation research to areas with excellent technological bases that are also cost-effective.

(2) Creation of “shareholder value”

The Company is committed to global efforts aimed at creating “patient value” while pursuing sustained growth and increased value generation and return to shareholders. In pursuing the above, we shall also engage in a constant effort to enhance “shareholder value” through increasing transparency in our business operations through active and fair disclosure of corporate information.

a) Sustainable growth through enhancement of the business foundation

The Company is undertaking business activities relying on centers that have been established in the major regions of Japan, the U.S., Europe and Asia. In particular, the Company is currently pursuing new business opportunities in the markets of the enlarged EU, where the Company is stepping up efforts for further growth of its leading products such as Aricept for the Alzheimer's disease treatment, and Pariet (U.S. brand name: Aciphex), the proton pump inhibitor. Furthermore, we are seeking growth through the development of our oncology business, which will support and allow us to prepare for the launch of anticancer compounds that are in our pipeline.

The Company plans to invest resources in R&D activities and strategic alliances in order to strengthen our therapeutic focus areas, with the hope of achieving sustainable growth.

b) Basic policy on profit appropriation

Eisai is devoted to providing sustainable and stable dividends based on the profitability of the consolidated business as we all emphasizing returns on shareholder equity through the reliance on metrics such as dividend on equity (DOE). Furthermore, the internal reserve fund shall be allocated to enhance R&D activities and reinforce business infrastructure with an eye to increasing corporate value. We aim for an 8% level of DOE as a mid-term target.

(3) Creation of "employee value"

The Company believes that employees are the only stakeholders that can solely and directly enhance corporate value. We also seek an environment where all employees share the corporate vision and are motivated to drive the realization of that philosophy through daily business activities. To that end, we consider the key component of our human resource management is to be the encouragement of employee skill development in order to provide a rewarding working environment for employees, taking each individual's strengths and will into account.

a) Employee skill and career development

Eisai provides programs that enable each of its employees to voluntarily achieve personal growth to encourage innovation. In order to support the acquisition of knowledge and skills necessary for work, we offer scholarship programs for business/law schools and other outside short-term training courses according to the needs of each of the countries in which Eisai operates.

Furthermore, we have established the Global Human Resource Management Section, a department dedicated to the global human resource management strategy. Eisai proactively undertakes efforts to ensure the global career development of employees—through the construction of a system for international exchange of personnel as well as making available leadership training tools.

b) Facilitation of an environment for greater employee satisfaction

The basic policy of the Company is to maintain a compensation level that is correlated with productivity and the potential for the creation of value. This includes recruitment, advancement and promotions, placement and equal opportunity for skill development—which are provided to enable employees to strive toward the realization of Eisai's corporate philosophy. To allow individuals to maximize capabilities in their area of responsibility as well as maintain work life balance, the Company proactively provides various options for employees with respect to their life needs including providing child care support. In addition, inspections are scheduled and conducted regularly in order to improve the work environment and ensure the health and safety of our employees.

In addition, a health insurance program is provided through the Eisai Health Insurance Union as is a corporate pension program that is funded by Eisai Co., Ltd. The Group companies also offers benefit packages that are tailored to employees in each of the countries and regions where we do business.

(4) Fulfillment of corporate social responsibilities

The Company regards fulfillment of its corporate social responsibilities as a high priority for management, in order to secure and maintain the trust of various stakeholders. Thus, we are dedicated to the enhancement of internal control systems and compliance, environmental protection and philanthropic activities.

a) Internal control system

The Company has established an internal control policy to define basic guidelines for the establishment and implementation of an internal control system, which applies to all levels of officers and employees. The Company also promotes enhancement of the system, so as to proactively address a wide spectrum of possible risks in its business activities.

In addition to appointing an executive officer in charge of promoting internal control, the Company has established a department, which has the authority and responsibility for the construction and operation of the internal control system for the whole of Eisai. Furthermore, an executive officer in charge of internal audits is appointed while a department in charge of such activities has been established to ensure that the results of internal audits are reported to the President, Board of Directors and Audit Committee. Departments that are in charge of internal audits are also in place at major subsidiaries. Working in collaboration with Eisai's internal audit division, this system makes it possible for the Company to monitor and ensure the appropriateness of its operations.

In order to secure the credibility of our financial reports, we are aiming for a system that enables the construction and continuous monitoring of internal controls by enhancing the documentation of financial risks and control,

subsidiaries, which together account for a majority of our business. Furthermore, to secure the fairness of our financial reports, the responsible individuals at each division and subsidiaries are required to file an affidavit verifying the contents of their reports. Regarding day-to-day risks, the department dedicated to the promotion of internal control is carrying out Control Self Assessment (CSA) activities through which every division of the Company can conduct self-evaluations of its progress in the establishment of the internal control system.

b) Promotion of compliance

To deal with business compliance issues, the Company has stipulated a Charter of Business Conduct as well as Business Conduct Guidelines and requires all officers and employees to rigorously observe compliance in their daily activities.

The Company has appointed an executive officer (compliance officer) in charge of promoting and supervising compliance. A department dedicated to the promotion of compliance has also been established. The Compliance Committee, consisting primarily of outside legal specialists, has also been established as an advisory organization to the compliance officer. Furthermore, a Compliance Charter has been established for the Company and a Compliance Handbook, which lists the Charter as well as guidelines of conduct, has also been created. While periodically and continuously revising this handbook, we are also implementing periodic compliance training for all officers and employees. Furthermore, we have established compliance desks within and outside of Eisai for the prevention and early resolution of risks.

As for information management, an executive officer responsible for information security for the Company has been appointed to establish and implement our policy.

c) Environmental protection

To ensure environmental protection, Eisai has introduced environmental management systems in accordance with ISO14001 standards at its principal manufacturing facilities in Japan and continues efforts for upgrading and strengthening their environment-related controls. Other operating units and subsidiaries across the world also are striving to establish their own environmental management systems so that they can reduce the environmental burden generated from their operations by means of stricter control of greenhouse gas emissions, promotion of energy and resource conservation as well as recycling and waste reduction.

d) Philanthropy

In pursuit of its corporate vision, the Company is making a number of philanthropic contributions, notably in the healthcare field. Such contributions include sponsorship of an annual program to award healthcare professionals who have dedicated their lives to medical or care services under challenging environments, assistance to encourage natural science research and knowledge dissemination related to human diseases and their remedies, promotion of interdisciplinary healthcare study including health economics, and development of young researchers. The Company also supports a number of educational initiatives designed to raise the awareness

### 3) Basic policy of corporate governance and structure

Based on the recognition that further improvement of corporate governance is of paramount importance, Eisai works on the enhancement of its corporate governance structure as a way to increase corporate value.

Eisai strives to enhance stakeholder value by satisfying unmet medical needs and actively returning profits to shareholders in accordance with the corporate philosophy codified as an article in the bylaws.

Eisai is a company with committees system where the functions of supervision and operation are clearly separated and the Board focuses on management by delegating business decision-making extensively to officers in accordance with laws and the bylaws. In order to oversee company operations objectively and equitably from the shareholders' and stakeholders' perspectives, the roles of the Board Chairperson and President & CEO are separated. Furthermore, an outside director assumes the role of the Board Chairperson and the President & CEO alone holds the concurrent post of director. The Board of Directors consists of a majority of outside directors who have been selected based on certain standards to ensure corporate independence. In addition, all members of both the Nominating Committee and the Compensation Committee are composed of outside directors. With an outside director as chair, the Audit Committee consists of a majority of outside directors and directors with a good understanding of the internal systems, processes and procedures required to have effective operations.

The Company has established a committee of outside directors that is independent of management. This committee proactively operates the "Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders." It evaluates the cost of buying Eisai stock and makes assessments on whether the allotment of new stock acquisition rights (stock options) should be proposed to the Board of Directors.

Furthermore, through proactive and timely disclosure of important information related to the management of the Company, we will execute fair and highly-transparent management of the Company.

The state of Eisai's corporate governance is reported to the Tokyo Stock Exchange and the Osaka Securities Exchange as the "Corporate Governance Report." The English version of the report is available at Eisai's corporate website: (<http://www.eisai.co.jp/pdf/ecompany/egovernance0731.pdf>.)

### 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:	¥319,389 mil.	(13.0% increase year-on-year)
Operating income:	¥49,643 mil.	(9.7% increase year-on-year)
Ordinary income:	¥51,745 mil.	(9.9% increase year-on-year)
Net income:	¥32,509 mil.	(7.8% increase year-on-year)

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### 3) Second Quarter Financial Highlights (July 1, 2006 – September 30, 2006)



#### 4) Progress in R & D and other Business developments

##### [Products under development]

- Eisai group focuses managerial resources on the research areas of neurology and oncology, and implements proactive R&D strategy and tactics in order to maximize our effectiveness in these areas.
- Eisai R&D Management Co., Ltd (in Tokyo), a subsidiary charged with R&D management functions was established in April, 2006 in order to execute the most appropriate decision making for global R&D activities. We have set out to discover new drugs smoothly and within desired timelines via improved efficiency in research and development.
- In October, 2006, Eisai Clinical Research Singapore PTe. Ltd. was established in Singapore to conduct strategic clinical research in Asian countries.
- Phase III study of the endotoxin ant

[Major alliances]

- A license agreement concerning the development, manufacture and sales for a gastrokinetic agent Gasmotin (generic name: mosapride citrate ) was concluded in April, 2006 for 10 countries, including ASEAN countries,

[Production]

- With the objective of achieving a consistent supply of Aricept and Pariet/Aciphex in order to meet increasing global demand, the Company is shoring up its production capabilities by renovating or expanding relevant facilities.
- The factory in Suzhou, China started production in June, 2006 after the completion of a 2nd production building expansion.
- At the Kashima Plant in Ibaraki Prefecture, partial reconstruction of the existing building was completed in March, 2006. Currently, preparations are being made to allow for the production of bulk drug substance.
- At the Kawashima Plant in Gifu prefecture, a new, environmentally-concerned, effluent treatment facility was constructed in July, 2006 and went into full-scale operation.
- The Company is dedicated to continually enhancing product quality and operational safety while taking environmental conservation into account and seeking reductions in production cost.

[Activities for environmental conservation]

- Keenly aware of global environmental issues, the company is promoting eco-friendly activities as evidenced by the reduction in CO<sub>2</sub> emissions and waste generation, promotion of recycling and green procurement, reduction of toxic air pollutants, etc. consistent with the targets set forth in the long-term plan.
- In July 2006, the Kashima Plant in Ibaraki prefecture received an award from the Minister of Health, Labour and Welfare for its long-term efforts to promote safety and health in the work environment.
- In April 2006, Eisai's Kawashima Industrial Complex was recognized as a SEGES (Social and Environmental Green Evaluation System) by the urban greenery foundation due to our commitment to maintain forestland at the site and in the regional ecosystem.
- The Company has published an "Environmental and Social Report 2006" describing the management system for dealing with environmental and occupational health and safety issues and related achievements.

## 5) Outlook for the fiscal year 2006

### [Consolidated financial forecast]

- We hereby provide the financial forecast on a consolidated basis for the full fiscal year ending March 2007 as follows:

Unit: Millions of yen

	New forecast		Previous forecast		Increase (Decrease)	Increase (Decrease) Ratio
	(A)	(%)	(B)	(%)	(A-B)	
Net Sales	¥653,000	8.6%	¥640,000	6.4%	¥13,000	2.0%
Operating income	¥105,000	9.7%	¥101,000	5.5%	¥ 4,000	4.0%
Ordinary income	¥108,500	8.5%	¥104,000	4.0%	¥ 4,500	4.3%
Net income	¥ 68,500	8.0%	¥ 67,000	5.7%	¥ 1,500	2.2%

Notes: Forecasted Annual Earnings per Share (full fiscal period) ¥241.20

### <Sales>

- An increment increase in revenue of 13 billion yen is anticipated yielding sales of 653 billion yen. Core products Aricept and Aciphex/Pariet are expected to yield revenue of 237 billion yen and 165 billion yen, respectively, which exceeds the previous prediction.

### <Profit>

- Operating income of 105 billion yen is anticipated, which is an increase of 4 billion yen versus the last forecast.
- Ordinary income and net income during this period are anticipated to be 108.5 billion yen and 68.5 billion yen, which represent respective increases of 4.5 billion yen and 1.5 billion yen since the last forecast.
- We will continue to invest proactively in R&D activities, improve the ratio of COGS to sales, and promote efficient and effective management.

### [Outlook of Dividends at the end of the period]

- The forecast of the year-end dividend for the fiscal year ending March 2007 has not been changed as it was announced in July 2007.
- We expect a fiscal year-end dividend of ¥55 per share, an increase of ¥5 year-on-year, and expect the annual total dividend will be ¥110 per share, including this interim dividend of ¥55 per share, which will represent an increase of ¥20 year-on-year.

[Non-consolidated financial forecast]

- There is no change in the financial forecast on a non-consolidated basis for the full fiscal year ending March 2007 as announced in July 2006 as follows:

Unit: Millions of yen

Net Sales		Operating Income		Ordinary Income		Net income	
Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
¥346,000	4.2	¥ 64,000	(2.1)	¥ 65,000	(3.5)	¥ 41,000	(6.6)

Notes: Forecasted Annual Earnings Per Share (full fiscal year) ¥144.37

#### 6) Forward-looking Statements and Business Risk

- Materials and information provided in this financial disclosure may contain “forward-looking statements” based on current expectations, business goals, estimates, forecasts, and assumptions that are subject to change due 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.
- Potential risks which fluctuate the consolidated result substantially or impact significantly on an investment decisions are as follows:  
challenges arising out of global expansion, uncertainties in new pharmaceutical product development, risks related to strategic alliances with partners, healthcare cost-containment measures, intensified competition and litigation with generic drugs, possible incidence of adverse events, compliance with laws and regulations, risks related to intellectual property rights, litigations, closure or shutdown of factories, safety issues of raw materials used, information management and outsourcing, environmental issues, risks related to IT security and conditions of financial markets and foreign exchange fluctuations.

In addition, further details about risks stated above are described in the report for securities.

## 4-1) CONSOLIDATED SEMIANNUAL BALANCE SHEET (ASSETS)

	Note	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	Increase (Decrease) (Millions of Yen)
<b>ASSETS</b>								
<b>Current assets:</b>								
Cash and cash in bank		¥70,419		¥74,426		¥74,163		
Accounts and notes receivable-trade	4	140,957		154,125		148,720		
Short-term investments		96,490		107,868		120,021		
Inventories		43,377		48,606		44,949		
Deferred tax assets		30,990		30,453		29,272		
Other current assets		10,887		11,527		15,806		
Allowance for doubtful receivables		(358)		(331)		(333)		
<b>Total current assets</b>		<b>392,764</b>	<b>56.6</b>	<b>426,676</b>	<b>56.8</b>	<b>432,601</b>	<b>57.9</b>	<b>(5,924)</b>
<b>Fixed assets:</b>								
<b>Property, plant and equipment</b>								
Buildings and structures	1,3	65,248		65,543		66,715		
Machinery, equipment and vehicle	1,3	23,685		23,780		25,464		
Land		17,034		17,052		17,052		
Construction in progress		9,338		11,904		9,300		
Others	1,3	9,533		10,292		10,149		
<b>Total property, plant and equipment</b>		<b>124,840</b>	<b>18.0</b>	<b>128,573</b>	<b>17.1</b>	<b>128,682</b>	<b>17.2</b>	<b>(109)</b>
<b>Intangible assets</b>		<b>38,488</b>	<b>5.6</b>	<b>41,629</b>	<b>5.5</b>	<b>43,206</b>	<b>5.8</b>	<b>(1,577)</b>
<b>Investments and other assets</b>								
Investment securities		89,658		112,104		105,452		
Long-term loans receivable		64		14		61		
Deferred tax assets		20,124		32,402		27,612		
Other assets		28,669		10,934		10,393		
Allowance for doubtful accounts		(972)		(737)		(779)		
<b>Total investments and other assets</b>		<b>137,544</b>	<b>19.8</b>	<b>154,718</b>	<b>20.6</b>	<b>142,741</b>	<b>19.1</b>	<b>11,977</b>
<b>Total fixed assets</b>		<b>300,873</b>	<b>43.4</b>	<b>324,921</b>	<b>43.2</b>	<b>314,630</b>	<b>42.1</b>	<b>10,290</b>
<b>Total Assets</b>								







## 6. CONSOLIDATED SEMIANNUAL EARNED SURPLUS STATEMENTS

					Total	Net unrealized gains on available- for-sale securities	Foreign currency translation adjustments	Total	Stock acquisition rights	Minority Interests	Equity (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			32,509		32,509						32,509
Acquisition of treasury stock				(11,119)	(11,119)						(11,119)

## 7. CONSOLIDATED SEMIANNUAL STATEMENTS OF CASH FLOWS

	Note	Apr. 1, 2005-Sep. 30, 2005	Apr. 1, 2006-Sep. 30, 2006	Increase (Decrease)	Apr. 1, 2005-Mar. 31, 2006
Account Title		(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
<b>I. Operating activities:</b>					
Income before income taxes and minority interests		¥46,642	¥51,305		¥96,082
Depreciation and amortization		12,025	12,278		25,041
Loss on impairment of fixed assets		210	45		245
Increase (decrease) in allowance for doubtful accounts		16	(11)		(96)
Interest and dividend income		(1,818)	(2,903)		(3,935)
Interest expense		20	32		79
Equity in (earnings) loss of associated companies		7	8		(25)
(Gain) Loss on sales and disposal of fixed assets		241	580		735
Provision for liability for retirement benefits		2,997	-		5,774
Gain on sales of short-term investments and investment securities		(0)	(184)		(6)
Loss on impairment of securities		3	12		5
Decrease (increase) in accounts receivable		2,632	(4,600)		(3,135)
Increase in inventories		(2,893)	(3,228)		(3,423)
Increase (decrease) in accounts payable		1,731	(3,758)		7,349
Increase in other current liabilities		5,847	5,376		13,866
Increase (decrease) in reserve for sales rebates		(2,669)	2,338		(3,117)
Decrease in liabilities for rf7148 513TT2 in I446t155868e622					
Change	36,615	(3,288)	87,053		
Sub-total					
Interest and dividend received			(98)		
Interest paid	5,532		2,907		
(Income) taxes paid	(1,635)		(22,043)		
Net cash provided by operating activities			350		
<b>II. Investing activities:</b>					
Purchases of short-term investments			(21,794)		
Proceeds from sales and redemptions of short-term investments			(23,156)		
Purchases of property, plant and equipment			34		
Proceeds from sales of property, plant and equipment			7,862		
Purchases of intangible assets		(7,069)	(29,513)		
Purchases of investment securities					
Proceeds from sales and redemptions of investment securities			(50)		
Net (Increase) decrease in time deposits (exceeding 3 months)		(14,293)	(21,435)		
Net cash used in investing activities			(60)		
<b>III. Financing activities:</b>					
Net increase (decrease) in short-term bank borrowings			163		
Purchase of treasury stock			(2,343)		
Dividends paid					
Dividends paid to affiliates	(26,008)		40,849		
Change	183,278	40,849	142,429		
Net cash used in financing activities					
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>					
		2,067	1,406	(661)	5,153
<b>V. Net increase (decrease) in cash and cash equivalents</b>					
<b>VI. Cash and cash equivalents at beginning of period</b>					
<b>VII. Cash and cash equivalents at end of period</b>					
		¥160,137	¥174,979	¥14,841	¥183,278

## BASIS OF PRESENTING SEMIANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Item	April 1, 2005- September 30, 2005	April 1, 2006- September 30, 2006	April 1, 2005- March 31, 2006
<b>1. Scope of Consolidation</b>	<p>Consolidated subsidiaries: 39 Companies Major subsidiaries: Sanko Junyaku Co., Ltd. Sannova Co., Ltd. Eisai Research Institute of Boston Inc. Eisai Inc.</p> <p>Eisai Pharma AG and Eisai AB were newly established and consolidated during the interim period. Wei-zai Co., Ltd. was merged with Eisai Taiwan Inc. (surviving company) and disappeared in April 2005.</p>	<p>Consolidated subsidiaries: 41 Companies Major subsidiaries: Sanko Junyaku Co., Ltd. Sannova Co., Ltd. Eisai Research Institute of Boston Inc. Eisai Inc.</p> <p>Eisai R&amp;D Management Co., Ltd. and Eisai (Singapore) Pte. Ltd. were newly established and consolidated during the interim period. Eisai Pharma-Chem Europe Ltd. was liquidated and excluded from the consolidated subsidiaries during the interim period.</p>	<p>Consolidated subsidiaries: 40 Companies Major subsidiaries: Sanko Junyaku Co., Ltd. Sannova Co., Ltd. Eisai Research Institute of Boston Inc. Eisai Inc.</p> <p>Eisai Pharma AG, Eisai AB and Eisai Australia Pty. Ltd. were newly established and consolidated during the period. Wei-zai Co., Ltd. was merged with</p>
<b>3. Items Related to the Closing Date of Consolidated Subsidiaries</b>	<p>(Bracco-Eisai Co., Ltd., and another company)</p> <p>The closing date of Eisai China Inc. is June 30. In preparing the interim consolidated financial statements, the interim financial statements as of June 30 are used for Eisai China Inc., and necessary adjustments are made in consolidation for significant transactions occurring between</p>	<p>Associated companies: 1 Companies (Bracco-Eisai Co., Ltd) Eisai-Novartis Verwaltungs GmbH was merged into Eisai GmbH, one of the consolidated subsidiaries, during the interim period and excluded from the associated companies accounted for by the equity method.</p>	<p>Associated companies: 2 Companies (Bracco-Eisai Co., Ltd., and another company)</p>

Item

April 1, 2005-  
September 30, 2005

**April 1, 2006-  
September 30, 2006**

April 1, 2005-  
March 31, 2006

Item	April 1, 2005- September 30, 2005	<b>April 1, 2006- September 30, 2006</b>	April 1, 2005- March 31, 2006
	(3) Other reserves: The Parent Company and its Japanese consolidated		

Item	April 1, 2005- September 30, 2005	<b>April 1, 2006- September 30, 2006</b>	April 1, 2005- March 31, 2006
	<p>(5) Retirement allowances for directors: The Parent Company and certain consolidated subsidiaries provide a reserve for retirement allowances for directors in required amounts based on the bylaw.</p> <p>4. Methods for translation of significant assets and liabilities denominated in foreign currencies: Monetary receivables and payables denominated in foreign currencies are translated into Yen at the current exchange rates at</p>		



Item	April 1, 2005- September 30, 2005	<b>April 1, 2006- September 30, 2006</b>	April 1, 2005- March 31, 2006
	(2) Hedging instruments and hedged items: (a) Hedging instruments: Foreign currency forward contracts (b) Hedged items: Trade receivables and payables including committed transactions denominated in foreign currencies (3) Hedging policy: The Parent Company and certain subsidiaries use hedged transactions, in the ordinary course of including committed transactions denominated in	(2) Hedging instruments and hedged items:  Same as the left	(2) Hedging instruments and hedged items:  Same as the left

## ACCOUNTING CHANGES

April 1, 2005- September 30, 2005	April 1, 2006- September 30, 2006	April 1, 2005- March 31, 2006
<p>(Accounting Standard for impairment of long-lived assets )</p> <p>The Accounting Standard for Impairment of Long-Lived Assets (Statement of Opinion, Accounting for Impairment of Long-Lived Assets [the Business Accounting Council issued on August 9, 2002]) and Guidance for Accounting Standard for Impairment of Long-Lived Assets (the Accounting Standards Board of Japan Guidance No.6 issued on October 31, 2003), are applied from April 1, 2005. The effect of the adoption of these standards was to decrease the income before income taxes and minority interests by ¥184 million.</p> <p>In accordance with the modification of the Regulations Concerning Interim Consolidated Financial Statements, the amount of the accumulated impairment losses are directly deducted from the balances of related fixed assets.</p>		<p>(Standard for asset impairment accounting)</p> <p>The Accounting Standard for Impairment of Long-Lived Assets (Statement of Opinion, Accounting for Impairment of Long-Lived Assets [the Business Accounting Council issued on August 9, 2002]) and Guidance for Accounting Standard for Impairment of Long-Lived Assets (the Accounting Standards Board of Japan Guidance No.6 issued on October 31, 2003).0009 0034 Tw -uq</p>

## CHANGES IN CLASSIFICATION

April 1, 2005-  
September 30, 2005

**April 1, 2006-  
September 30, 2006**

## NOTES TO THE CONSOLIDATED SEMIANNUAL BALANCE SHEET

September 30, 2005

**September 30, 2006**

March 31, 2006

\*

## NOTES TO THE CONSOLIDATED SEMIANNUAL STATEMENTS OF INCOME

April 1, 2005- September 30, 2005	April 1, 2006- September 30, 2006	April 1, 2005- March 31, 2006																								
<p>*1. The main content of gain on sales of fixed assets is as follows: Land ¥22 mil.</p> <p>*2. The main content of loss on disposal of fixed assets is as follows: Buildings and structures ¥153 mil.</p> <p>*3. _____</p>	<p>*1. The main content of gain on sales of fixed assets is as follows: Land ¥56mil.</p> <p>*2. The main contents of loss on disposal of Intangible assets (Software and others) ¥389 mil. Buildings and structures ¥164 mil.</p> <p>*3. Loss on impairment of long-lived assets The Parent Company and the subsidiaries classify their business property to be held and used for business operations into asset groups on the basis of business segments whose profitability the Parent Company and the subsidiaries are consistently monitoring. In addition, lease assets, idle assets and sales rights are grouped individually. For the interim period, the Parent Company and the subsidiaries booked an impairment loss on the following asset groups:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Function</th> <th>Asset Type</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Business proper-Ties</td> <td>Intangible assets (Software)</td> <td>Toshima-ku, Tokyo</td> </tr> <tr> <td>Leased assets</td> <td>Property, plant and equipment (Others)</td> <td>Chiyoda-ku, Tokyo</td> </tr> <tr> <td>Idle assets</td> <td>Machinery, Equipment and vehicles</td> <td>Misatomachi, Saitama and others</td> </tr> </tbody> </table> <p>As the business properties and the lease assets decreased in profitability and the future cash flow was less than the carrying amounts, loss on impairment of long-lived assets has been recognized by write-down of their carrying amount to a recoverable amount. As the Idle assets significantly decreased in market value, loss on impairment has been recognized by write-down of the book value to a recoverable amount as well. The total loss on impairment of long-lived assets for the interim period amounted to ¥ 45 million. The contents of impairment are those of machinery, equipment and vehicles of ¥31 millions and others. The recoverable amounts of asset groups are measured by value in use (discount rate: 5.0 - 6.0%) or net realizable value. Net realizable value is based on reasonable estimates, either real estates appraised value by a third-party or the assessed value of property tax purposes.</p>	Function	Asset Type	Status	Business proper-Ties	Intangible assets (Software)	Toshima-ku, Tokyo	Leased assets	Property, plant and equipment (Others)	Chiyoda-ku, Tokyo	Idle assets	Machinery, Equipment and vehicles	Misatomachi, Saitama and others	<p>*1. The main content of gain on sales of fixed assets is as follows: Land ¥64 mil.</p> <p>*2. The main contents of loss on disposal of fixed assets are as follows: Buildings and structures ¥435 mil. Machinery, equipment and vehicle ¥210 mil. Others (Tools, furniture and fixtures) ¥110 mil.</p> <p>*3. Loss on impairment of long-lived assets The Parent Company and the subsidiaries classify their business property to be held and used for business operations into asset groups on the basis of business segments whose profitability the Parent Company and the subsidiaries are consistently monitoring. In addition, lease assets, idle assets and sales rights are grouped individually. For the period, the Parent Company and the subsidiaries booked an impairment loss on the following asset groups:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Function</th> <th>Asset Type</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Business proper-ties</td> <td>Machinery, Equipment and vehicles, Intangible assets (Software), and others</td> <td>Toshima-ku, Tokyo</td> </tr> <tr> <td>Leased assets</td> <td>Property, plant and equipment (Others)</td> <td>Chiyoda-ku, Tokyo</td> </tr> <tr> <td>Idle assets</td> <td>Land</td> <td>Kamiishizu-cho (Ogaki-shi), Gifu and others</td> </tr> </tbody> </table> <p>As the business properties and the lease assets decreased in profitability and the future cash flow was less than the carrying amount, a loss on impairment of long-lived assets has been recognized by write-down of their carrying amount to a recoverable amount. As the Idle assets significantly decreased in market value, a loss on impairment has been recognized by write-down of the book value to a recoverable amount as well. The total loss on impairment of long-lived assets for the period amounted to ¥ 245 million. The contents of impairment are software of ¥ 85 millions, land of ¥ 64 millions and others. The recoverable amount of asset groups is measured by value in use (discount rate: 5.0%) or net realizable value. Net realizable value is based on reasonable estimates, either real estates appraised value by a third-party or the assessed value of property tax purposes.</p>	Function	Asset Type	Status	Business proper-ties	Machinery, Equipment and vehicles, Intangible assets (Software), and others	Toshima-ku, Tokyo	Leased assets	Property, plant and equipment (Others)	Chiyoda-ku, Tokyo	Idle assets	Land	Kamiishizu-cho (Ogaki-shi), Gifu and others
Function	Asset Type	Status																								
Business proper-Ties	Intangible assets (Software)	Toshima-ku, Tokyo																								
Leased assets	Property, plant and equipment (Others)	Chiyoda-ku, Tokyo																								
Idle assets	Machinery, Equipment and vehicles	Misatomachi, Saitama and others																								
Function	Asset Type	Status																								
Business proper-ties	Machinery, Equipment and vehicles, Intangible assets (Software), and others	Toshima-ku, Tokyo																								
Leased assets	Property, plant and equipment (Others)	Chiyoda-ku, Tokyo																								
Idle assets	Land	Kamiishizu-cho (Ogaki-shi), Gifu and others																								

## NOTES TO THE STATEMENTS OF CHANGES IN EQUITY

April 1, 2005- September 30, 2005	April 1, 2006- September 30, 2006	April 1, 2005- March 31, 2006
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## NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

	April 1, 2005- September 30, 2005	April 1, 2006- September 30, 2006	April 1, 2005- March 31, 2006
(1) Reconciliation between the amount of cash and cash equivalents and that of the related accounts shown in the interim consolidated balance sheet at the interim balance sheet date.			
Cash and cash in bank		¥70,419 mil.	
Short-term investments		¥96,490 mil.	
Other current assets		<u>¥10,887 mil.</u>	
Total		177,797 mil.	
Time deposits whose maturities exceed three months		(¥1,488)	

## 8. SEGMENT INFORMATION

### 1. Business Segment Information

1) For the period ended September 30, 2005

Sales					
(1) Sales to customers	¥308,866	¥10,523	¥319,389	–	¥319,389
(2) Intersegment sales	118	8,673	8,792	(¥8,792)	–
Total sales	308,984	19,196	328,181	(8,792)	319,389
Operating expenses	258,269	18,256	276,526	(6,780)	269,746
Operating income	¥50,714	¥940	¥51,655	(¥2,011)	¥49,643

3) For the fiscal year ended March 31, 2006 (Millions of Yen)

	Pharma- ceuticals	Others	Total	Eliminations and Corporate	Consolidated
Sales					
(1) Sales to customers					
Total sales	579,998	38,899	618,897	(¥17,645)	601,252
Operating expenses	481,621	36,533	518,155	(12,607)	505,547
Operating income	¥98,376	¥2,365	¥100,742	(¥5,037)	¥95,704

Notes:

(1) The Company classifies consolidated operations into two segments: “Pharmaceuticals”, including prescription pharmaceuticals, and “Others”, which encompasses all operations other than pharmaceuticals.

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

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

(3) Operating expenses, which are not allocated to each segment and are included in Eliminations and Corporate, consist mainly of administrative expenses incurred at headquarters.

For the period ended September 30, 2005:	¥2,599 million
For the period ended September 30, 2006:	¥2,011 million
For the year ended March 31, 2006:	¥5,052 million



## 2. Geographic Segment Information

1) For the period ended September 30, 2005

(Millions of Yen)

	Japan	North America	Europe	Asia and Others	Total	Eliminations and Corporate	Consolidated
Sales							
(1) Sales to customers	¥139,576	¥113,958	¥21,198	¥7,897	¥282,629	–	¥282,629
(2) Intersegment sales	34,537	13,552	3,962	1	52,053	(¥52,053)	–



## 9. LEASE TRANSACTIONS

April 1, 2005- September 30, 2005					April 1, 2006- September 30, 2006					April 1, 2005- March 31, 2006				
(Lessee) 1. Finance leases other than those that deem to transfer ownership of the leased property to the lessee:										(Lessee) 1. Finance leases other than those that deem to transfer ownership of the leased property to the lessee				
1) Acquisition cost, Accumulated depreciation, Accumulated Impairment loss, Net leased property:					1) Acquisition cost, Accumulated depreciation, Net leased property					1) Acquisition cost, Accumulated depreciation, Net leased property				
(Millions of Yen)					(Millions of Yen)					(Millions of Yen)				
	Acquisition cost	Accumulated depreciation	Accumulated loss on Impairment	Net leased property		Acquisition cost	Accumulated depreciation	Accumulated loss on Impairment	Net leased property		Acquisition cost	Accumulated depreciation	Accumulated loss on Impairment	Net leased property
Machinery & Vehicles	¥452	¥312	¥ -	¥140	Machinery & Vehicles	¥225	¥83	¥ -	¥141	Machinery & Vehicles	¥512	¥351	¥ -	¥160
Others	3,255	1,058	10	2,186	Others	3,509	1,434	16	2,058	Others				
Total	¥3,707	¥1,370	¥10	¥2,327	Total	¥3,734	¥1,518	¥16	¥2,200	Total				
2) Obligation under finance leases: Due within one year                      ¥931 mil. Due over one year                          ¥1,424 mil. Total    ¥2,355 mil.					2) Obligation under finance leases: Due within one year                      ¥982 mil. Due over one year                          ¥1,266 mil. Total    ¥2,248 mil.									
The balance of the impaired portion of leased obligation                      ¥8 mil.					The balance of the impaired portion of leased obligation                      ¥9 mil.									
3) Actual lease payments                      ¥465 mil. Reversal of the impairment of lease Property                      ¥1 mil. Depreciation expense                      ¥440 mil.					3) Actual lease payments                      ¥594 mil. Reversal of the impairment of lease property                      ¥2 mil. Depreciation expense                      ¥562 mil. Interest expense                      ¥38 mil. Loss on impairment of long-lived assets                      ¥- mil.					Depreciation expense                      ¥994 mil. Interest expense                      ¥67 mil. Loss on impairment of long-lived assets                      ¥16 mil.				
4) Calculation method for depreciation expense for leased assets:  Same as the left					4) Calculation method for depreciation expense for leased assets:  Same as the left					4) Calculation method for depreciation expense for leased assets:  Same as the left				
5) Calculation method for interest expense for leased assets:  Same as the left					5) Calculation method for interest expense for leased assets:  Same as the left					5) Calculation method for interest expense for leased assets:  Same as the left				

2. Minimum lease payments under non-cancelable operating leases:

Due within one year	¥997 mil.
Due over one year	¥3,219 mil.
<b>Total</b>	<b>¥4,216 mil.</b>

2. Minimum lease payments under non-cancelable operating leases:

Due within one year	¥1,417 mil.
Due over one year	¥12,572 mil.
<b>Total</b>	<b>¥13,989 mil.</b>

2. Minimum lease payments under non-cancelable operating leases:

Due within one year	¥1,239 mil.
Due over one year	¥3,149 mil.
<b>Total</b>	<b>¥4,388 mil.</b>

(Lessor)

1. Finance leases other than those under which ownership is transferred to the lessee:

- 1) Acquisition cost, Accumulated depreciation, Accumulated loss on impairment of long-lived assets, and Net leased property:

(Millions of Yen)

	Acquisition cost	Accumulated Depreciation	Net Leased Property
Others (Tools, furniture, and fixtures)	¥34	¥13	¥21
<b>Total:</b>	<b>¥34</b>	<b>¥13</b>	<b>¥21</b>

2) Unearned lease income under financial leases:

Due within one year	¥5 mil.
Due over one year	¥20 mil.
<b>Total</b>	<b>¥26 mil.</b>

As the proportion of total balance of unearned lease income and estimated residual value of leased property to the balance of the trade receivables at the balance sheet date is immaterial, the amount of unearned lease income is calculated without excluding interest income.

- 3) Actual lease income: ¥2 mil.  
Depreciation expense equivalent ¥3 mil.

(Loss on impairment of long-lived assets)  
None

(Lessor)

1. Finance leases other than those under which ownership is transferred to the lessee:

- 1) Acquisition cost, Accumulated depreciation, Accumulated loss on impairment of long-lived assets, and Net leased property:

(Millions of Yen)

	Acquisition cost	Accumulated Depreciation	Net Leased Property
Others (Tools, furniture, and fixtures)	¥18	¥9	¥9
<b>Total:</b>	<b>¥18</b>	<b>¥9</b>	<b>¥9</b>

2) Unearned lease income under financial leases:

Due within one year	¥2 mil.
Due over one year	¥9 mil.
<b>Total</b>	<b>¥11 mil.</b>

As the proportion of total balance of unearned lease income and estimated residual value of leased property to the balance of the trade receivables at the balance sheet date is immaterial, the amount of unearned lease income is calculated without excluding interest income.

- 3) Actual lease income: ¥0 mil.  
Depreciation expense equivalent ¥0 mil.

(Loss on impairment of long-lived assets)  
None







Date of Decision	June 24, 2004	June 24, 2005	June 23, 2006
After the right is ascertained			
End of the fiscal year of pre-consolidated account	238,000	262,000	-
Right ascertained	-	-	254,000
Exercise of right	23,200	-	-
Invalidation	-	-	-
Unexercised stock options at the end of this semiannual financial period	214,800	262,000	254,000

## (2) Unit Information

(Unit: yen)

Date of Decision	June 29, 2000	June 28, 2001		
Price at Execution of right	3,090	2,668	3,165	2,520
Market average at Execution of right	5,382	5,367	5,401	5,407
Fair assessed unit price (Date of grant)	-	-	-	-

Date of Decision	June 24, 2004	June 24, 2005	June 23, 2006
Date of grant	July 1, 2004	July 1, 2005	July 10, 2006
Price at Execution of right	3,170	3,820	5,300
Market average at Execution of right	5,391	-	-
Fair assessed unit price (Date of grant)	-	-	1,161

## 14. BUSINESS COMBINATION

There is no relevant matters.





## **17. PRODUCTION, RECEIVED ORDER AND SALES INFORMATION**

18. QUARTERLY CONSOLIDATED INFORMATION  
 1)CONSOLIDATED STATEMENTS OF INCOME  
 The Second Quarter of FY2005 and FY2006

	FY2005		FY2006		Increase (Decrease)		
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)		
	¥146,849	100.0	¥165,445	100.0	¥18,596		
	24,668	16.8	26,415	16.0	1,747		
	122,181	83.2	139,029	84.0	16,848		
	(62)	(0.0)	(10)	(0.0)	51		
<b>Gross profit</b>	122,243	83.2	139,040	84.0	16,797		
	24,486	16.7	27,892	16.9			
	74,938	67.7	85,615	68.6	14,083		
	22,818	15.5	25,532	15.4	2,713		
	1,010	0.7	1,429	0.9	419		
	117	0.1	327	0.2	210		
	23,711	16.1	26,634	16.1	2,923		
	17	0.0	192	0.1	174		
	268	0.1	229	0.1	(39)		
	23,459	16.0	26,597	16.1	3,137		
	9,411		11,389				
	(1,334)	8,077	5.5	(1,620)	9,768	5.9	1,691
	140	0.1	161	0.1	21		

## 2) CONSOLIDATED STATEMENTS OF CASH FLOWS

### The Second Quarter of FY2005 and FY2006

	July 1, 2005- September 30, 2005	July 1, 2006- September 30, 2006	Increase (Decrease)
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
	¥23,459	¥26,597	
	6,131	6,357	
	40	40	
	86	0	
	(851)	(1,328)	
	12	18	
	13	8	
	207	181	
	1,482	-	
investment securities			
	4,488	(9,285)	
	(2,455)	(2,550)	
	1,615	569	
	3,366	8,814	
	(2,886)	2,739	
	-	(1,482)	
	(1,745)	4,051	
	32,967	34,547	1,580
	691	1,133	
	(7)	(17)	
	(5,845)	(7,123)	

### 3) SEGMENT INFORMATION

#### The Second Quarter of FY2006 (July 1- September 30, 2006)

##### 1. Business Segment Information

1) For the second quarter period ended September 30, 2005

(Millions of Yen)

	Pharmaceuticals	Others	Total	Eliminations and Corporate	Consolidated
Sales					
(1) Sales to customers	¥141,623	¥5,225	¥146,849	–	¥146,849
(2) Intersegment sales	32	4,432	4,465	(¥4,465)	–
Total sales	141,656	9,657	151,314	(4,465)	146,849

Operating income for the second quarter ended September 30, 2005: ¥20,479 (September 2004: ¥20,479)

(Millions of Yen)

	Pharmaceuticals	Others	Total	Eliminations and Corporate	Consolidated
Sales					
(1) Sales to customers	¥160,292	¥5,153	¥165,445	–	¥165,445
(2) Intersegment sales	62	4,999	5,062	(¥5,062)	–
Total sales	160,354	10,153	170,508	(5,062)	165,445
Operating expenses	134,276	9,669	143,946	(4,033)	139,913
Operating income	¥26,078	¥483	¥26,561	(¥1,029)	¥25,532

##### Notes:

- (1) The Company classifies consolidated operations into two segments: "Pharmaceuticals" including prescription pharmaceuticals, and "Others" which encompasses all operations other than pharmaceuticals.

## 2. Geographic Segment Information

1) For the second quarter period ended September 30, 2005 (Millions of Yen)

	Japan	North America	Europe	Asia and Others	Total	Eliminations and Corporate	Consolidated
Sales							
(1) Sales to customers	¥70,459	¥61,349	¥10,801	¥4,239	¥146,849	–	¥146,849
(2) Intersegment sales	18,164	7,134	1,824	0	27,124	(¥27,124)	–
Total sales	88,624	68,483	12,626	4,239	173,974	(27,124)	146,849
Operating expenses	71,225	63,309	11,275	3,530	149,341	(25,310)	124,030
Operating income	¥17,399	¥5,174	¥1,350	¥709	¥24,633	(¥1,814)	¥22,818

2) For the second quarter period ended September 30, 2006 (Millions of Yen)

	Japan	North America	Europe	Asia and Others	Total	Eliminations and Corporate	Consolidated
Sales							
(1) Sales to customers							
(2) Intersegment sales	¥72,553	¥73,416	¥14,093	¥5,382	¥165,445	–	¥165,445
	21,357	8,986	5,616	0	35,962	(¥35,962)	–
Total sales	93,910	82,403	19,710	5,383	201,407	(35,962)	165,445
Operating expenses	76,823	75,146	18,430	4,470	174,871	(34,958)	139,913
Operating income	¥17,087	7,256	¥1,279	¥912	¥26,536	(¥1,003)	¥25,532

Notes:

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

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

-North America: The United States of America and Canada

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

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

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

### 3. Overseas Sales

1) For the second quarter period ended September 30, 2005 (Millions of Yen)

	North America	Europe	Asia and Others	Total
1. Overseas sales	¥63,220	¥15,115	¥4,795	¥83,131
2. Consolidated sales				¥146,849
3. Share of overseas sales (%)	43.0%	10.3%	3.3%	56.6%

2) For second quarter period ended Sept

## EISAI CO., LTD. NON-CONSOLIDATED SEMIANNUAL FINANCIAL REPORT RELEASE

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### FOR IMMEDIATE RELEASE

October 31, 2006

On October 31, 2006, Eisai Co., Ltd. announced non-consolidated semiannual financial results for the fiscal year ending March 31, 2007

- Date of the Board of Directors' Meeting for presentation of non-consolidated semiannual financial results: October 31, 2006
- Date for commencement of payment of interim dividends: November 22, 2006
- Eisai Co., Ltd. is listed on the First Sections of both the Tokyo Stock Exchange and the Osaka Securities Exchange.
- Interim dividend distributed, and 1 unit represents 100 shares.
- Securities code number: 4523
- Representative of corporation: Haruo Naito  
Director, President and CEO
- Inquiries should be directed to: Akira Fujiyoshi  
Vice President  
Corporate Communications, Investor Relations

Eisai Co., Ltd.  
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Phone: +81-3-3817-5120  
URL: <http://www.eisai.co.jp/index-e.html>

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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 SEMIANNUAL FINANCIAL RESULTS (April 1, 2006 – September 30, 2006)

## (1) RESULTS OF SEMIANNUAL OPERATIONS

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 2006- September 30, 2006	¥170,113 mil.	5.7%	¥30,351 mil.	(7.4)%	¥30,742 mil.	

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

	Note	(Millions Yen)	of (%)	(Millions Yen)	of (%)	(Millions of Yen)	(%)	Increase (Decrease) (Millions of Yen)
<b>ASSETS</b>								
Cash and cash in bank		¥47,844		¥44,313		¥48,654		
Notes receivable-trade	6	4,008		2,776		2,879		
Accounts receivable-trade		106,387		117,495		114,443		

1-2) NON-CONSOLIDATED SEMIANNUAL BALANCE SHEET  
(LIABILITIES AND EQUITY)

Account Title	Note	September 30 2005		September 30 2006		March 31 2006		Increase (Millions of Yen)
		(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	
<b>LIABILITIES</b>								
<b>Current liabilities:</b>								
Notes payable-trade		¥63		¥67		¥128		
Accounts payable-trade		5,664		6,628		6,762		
Accounts payable-other		19,644		20,012		23,276		
Accrued expenses		14,780		16,907		16,137		
Income taxes payable		15,753		16,081		18,452		
Reserve for sales rebates		413		389		438		
Reserve for disposal of goods returned		345		262		333		
Other current liabilities	4	9,316		9,185		9,075		
<b>Total current liabilities</b>		<b>65,983</b>	<b>12.0</b>	<b>69,535</b>	<b>12.4</b>	<b>74,605</b>	<b>13.0</b>	<b>(5,069)</b>
<b>Long-term liabilities:</b>								
Liability for retirement benefits		30,482		30,058		32,005		
Retirement allowances for directors		2,169		966		1,090		
<b>Total long-term liabilities</b>		<b>32,651</b>	<b>6.0</b>	<b>31,024</b>	<b>5.6</b>	<b>33,095</b>	<b>5.8</b>	<b>(2,071)</b>
<b>Total liabilities</b>		<b>98,634</b>	<b>18.0</b>	<b>100,559</b>	<b>18.0</b>	<b>107,700</b>	<b>18.8</b>	<b>(7,141)</b>
<b>NET ASSETS</b>								
<b>Owners' Equity:</b>								
Common stock				44,985				
Capital surplus								
Additional paid-in capital				55,222				
Total Capital surplus				55,222				
Retained earnings								
Legal reserve				7,899				
Other retained earnings				375,062				
Reserve for reduction of fixed assets				121				
General reserve				337,880				
Unappropriate retained earnings				37,060				
Total retained earnings				382,962				
Treasury stock				(42,631)				
<b>Owners' Equity</b>				<b>440,540</b>	<b>78.8</b>			<b>(4,892)</b>
<b>Net unrealized gain and translation adjustments:</b>								
Net unrealized gain on available-for-sale securities								
Foreign currency translation adjustments				17,598				
<b>Total Net unrealized gain and translation adjustments</b>				<b>17,598</b>	<b>3.2</b>			<b>(2,180)</b>
<b>Stock acquisition rights</b>				<b>294</b>	<b>0.0</b>			<b>294</b>
<b>Total Equity</b>				<b>458,433</b>	<b>82.0</b>			<b>(6,778)</b>
<b>Total liabilities and equity</b>				<b>558,992</b>	<b>100.0</b>			<b>(13,919)</b>



## 2. NON-CONSOLIDATED SEMIANNUAL STATEMENTS OF INCOME

Account Title	Note	Apr 1, 2005- Sep 30, 2005		Apr 1, 2006 - Sep 30, 2006		Increase (Decrease)	Apr 1, 2005- Mar 31, 2006	
		(Millions of Yen)	(%)	(Millions of Yen)	(%)		(Millions of Yen)	(%)
<b>Net sales</b>		¥160,957	100.0	¥170,113	100.0	¥9156	¥331,959	100.0
<b>Cost of sales</b>		37,969	23.6	39,942	23.5	1,973	77,984	23.5
Gross profit on sales		122,987	76.4	130,171	76.5	7,183	253,975	76.5
Reversal of reserve for sales returns		(30)	(0.0)	(48)	(0.0)	(17)	(6)	(0.0)
<b>Gross profit</b>		123,018	76.4	130,219	76.5	7,201	253,981	76.5
<b>Selling, general and administrative expenses</b>		90,224	56.0	99,868	58.7	9,643	188,604	56.8
Research and development expenses		43,922	27.3	51,726	30.4		92,851	28.0
Selling, general and administrative expenses		46,301		48,141			95,753	
<b>Operating income</b>		32,793	20.4	30,351	17.8	(2,442)	65,376	19.7
<b>Non-operating income</b>	1	1,234	0.7	1,177	0.7	(57)	2,412	0.7
<b>Non-operating expenses</b>	2	310	0.2	786	0.4	475	450	0.1
<b>Ordinary income</b>		33,718	20.9	30,742	18.1	(2,975)	67,338	20.3
<b>Special gain</b>	3	228	0.1	800	0.5	572	365	0.1
<b>Special loss</b>	4	570	0.3	631	0.4	60	1,418	0.4
<b>Income before income taxes</b>		33,377	20.7	30,912	18.2	(2,464)	66,284	20.0
Income taxes-current		15,002	9.3	15,594	9.2	592	32,719	9.9
Income taxes-deferred		(3,246)	(2.0)	(4,819)	(2.8)	(1,572)	(10,324)	(3.1)
<b>Net income</b>		21,622	13.4	¥20,137	11.8	(1,484)	43,890	13.2
Unappropriated retained earnings from the previous year		12,805					12,805	
Loss on disposal of treasury stock		15					27	
Interim dividends							11,432	
<b>Unappropriated retained earnings for the period</b>		¥34,411					¥45,234	



### 3. NON-CONSOLIDATED SEMIANNUAL STATEMENTS OF CASH FLOWS (For Reference)

Apr 1, 2005- Sep 30, 2005	Apr 1, 2006- Sep 30, 2006	Increase (Decrease)
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## **BASIS OF PRESENTING NON-CONSOLIDATED SEMIANNUAL FINANCIAL STATEMENTS**

Item	April 1, 2005- September 30, 2005	<b>April 1, 2006- September 30, 2006</b>	April 1, 2005- March 31, 2006
<b>1. Measurement and Valuation for Assets</b>			



Item	April 1, 2005- September 30, 2005	<b>April 1, 2006- September 30, 2006</b>	April 1, 2005- March 31, 2006
<b>3. Accounting for Allowances and Reserves</b>	<p>(1) Allowance for doubtful receivables/accounts: To prepare for potential losses in trade receivable, loans receivable and others, allowance for doubtful receivables/accounts is provided at amounts determined on the basis of the Company's past credit loss experience and an evaluation of potential losses in receivables outstanding.</p> <p>(2) Reserve for sales returns: To prepare for possible losses on sales return losses incurred after the interim balance sheet date, the reserve is provided at an amount calculated by multiplying the amount of trade receivables at the interim balance sheet date by the average of return ratio over the previous 18 months and the profit ratio of the interim period.</p>	<p>(1) Allowance for doubtful receivables/accounts:  Same as the left</p> <p>(2) Reserve for sales returns:  Same as the left</p>	<p>(1) Allowance for doubtful receivables/accounts:  Same as the left</p> <p>(2) Reserve for sales returns: To prepare for possible losses on sales return losses incurred after the balance sheet date, the reserve is provided at an amount calculated by multiplying the amount of trade receivables at the balance sheet date by the average return ratio (datEMCG)-5(e)</p>

Item	April 1, 2005- September 30, 2005	April 1, 2006- September 30, 2006	April 1, 2005- March 31, 2006
<b>4.</b> <b>Methods for Translation of Assets and Liabilities denominated in Foreign Currencies</b>	Monetary receivables and payables denominated in foreign currencies are translated into yen at the current exchange rates as of the interim balance sheet date. The foreign exchange gain and losses from translation are recognized in the statements of income.	Same as the left	Monetary receivables and payables denominated in foreign currencies are translated into yen at the current exchange rates as of the balance sheet date. The foreign exchange gain and losses from translation are recognized in the statements of income.
<b>5.</b> <b>Accounting for Lease Transactions</b>			



## CHANGES IN CLASSIFICATION

April 1, 2005-  
September 30, 2005

April 1, 2006-  
September 30, 2006

(Non-Consolidated Balance Sheet)

1. The contribution to a similar partnership as investment limited partnership was presented as "Other assets", included in "Investments and other assets," in the previous interim 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," in the component of "Investments and other assets" from April 1, 2004. Total contribution to a similar partnership as an investment limited partnership as of the interim balance sheet date was ¥61 million.
2. "Software" and "Patents, telephone rights and others", which were indicated separately in the previous interim period, is included in the intangible assets in the interim period due to its less significance. For reference, the amount of the "Software" and "Patents, telephone rights and others" included in the intangible assets of the interim period amount to ¥10,258 million and 8,985 million, respectively.
3. As the amount of the initial payment for product acquisition and others, included in "Others" at the prior interim period, is included in "Intangible Assets" from the interim period after the review of its classification, which

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a6(the )-6(A6 -(others)-6C[(Tm[(3. )-808(A6(inter)-8(ly9[42.8396 473.1213 Tm[(3. )-808(A2c TDda)u in)-9l.a803 Tw 10.02 0 0 10.

**ADDITIONAL INFORMATION**

April 1, 2005-  
September 30, 2005

**April 1, 2006-  
September 30, 2006**

April 1, 2005-  
March 31, 2006



## NOTES TO NON-CONSOLIDATED SEMIANNUAL STATEMENTS OF INCOME

April 1, 2005- September 30, 2005	April 1, 2006- September 30, 2006	April 1, 2005- March 31, 2006
<b>1. Non-operating income</b> Interest income                      ¥28 mil. Interest on securities                      ¥359 mil. Dividend income                      ¥472 mil. Rent income                      ¥210 mil.	<b>*1. Non-operating income</b> Interest income                      ¥41 mil. Interest on securities                      ¥192 mil. Dividend income                      ¥714 mil.	<b>*1. Non-operating income</b> Interest income                      ¥56 mil. Interest on securities                      ¥737 mil. Dividend income                      ¥709 mil. Rent income                      ¥419 mil. Foreign exchange gain                      ¥223 mil.
<b>*2. Non-operating expense</b> Interest expenses                      ¥24 mil.	<b>*2. Non-operating expense</b> Interest expenses                      ¥27 mil. Foreign exchange losses                      ¥624 mil.	<b>*2. Non-operating expense</b> Interest expenses                      ¥48 mil.
<b>*3. Special income</b> Gain on sales of fixed assets                      ¥32 mil. Reversal of provision for doubtful accounts                      ¥195 mil.	<b>*3. Special income</b> Gain on sales of fixed assets                      ¥62 mil. Gain on sales of investment Securities                      ¥183 mil. Disposal of products                      ¥554 mil.	<b>*3. Special income</b> Gain on sales of fixed assets                      ¥64 mil. Reversal of provision for doubtful accounts                      ¥295 mil.
<b>*4. Special loss</b> Loss on disposal of fixed assets                      ¥244 mil. Provision for doubtful accounts                      ¥322 mil.	<b>*4. Special loss</b> Loss on disposal of fixed assets                      ¥543 mil. Provision for doubtful accounts                      ¥35 mil.	<b>*4. Special loss</b> Loss on disposal of fixed assets                      ¥651 mil. Loss on inventories                      ¥496 mil. Provision for doubtful accounts                      ¥265 mil.

5. Depreciation expense  
 Property, plant and equipment                      ¥5,615 mil.

Intangible assets nnnnn n01 2/MC9J2ionIn6957ef Td(mil1604 Tm[5s ])TJET12ets 8B5 B(-)-TjE.0029 Tw 9 0 0 9 58.6203 450. /P uMse-

## NOTES TO THE SEMIANNUAL STATEMENT OF CHANGES IN Equity

April 1, 2005- September 30, 2005	April 1, 2006- September 30, 2006	April 1, 2005- March 31, 2006		
1. Types and numbers of stocks issued and treasury stock (thousand of stocks) (thousand of shares)				
	<table border="1"> <tr> <td data-bbox="576 405 796 472"></td> <td data-bbox="796 405 1015 472">Treasury stocks</td> </tr> </table>		Treasury stocks	
	Treasury stocks			
Type of stock				



## 5. LEASE TRANSACTIONS

April 1, 2005- September 30, 2005	<b>April 1, 2006- September 30, 2006</b>	April 1, 2005- March 31, 2006
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		

**6. INVESTMENT SECURITIES**

Market value of investment in subsidiaries:

(Millions of Yen)

Period Ended      September 30, 2005      **September 30, 2006**

9. QUARTERLY NON-CONSOLIDATED INFORMATION  
9-1) NON-CONSOLIDATED STATEMENTS OF INCOME  
The Second Quarter of FY2005 and FY2006

Account Title	July 1, 2005 - September 30, 2005		July 1, 2006 - September 30, 2006		Increase (Decrease) (Millions of Yen)
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	
<b>Net sales</b>	¥81,911	100.0	¥87,189	100.0	¥5,278
<b>Cost of sales</b>	18,978	23.2	19,964	22.9	986
Gross profit on sales	62,932	76.8	67,224	77.1	4,291
Reversal of reserve for sales returns	(59)	(0.1)	(10)	(0.0)	49
<b>Gross profit</b>	62,992	76.9	67,235	77.1	4,242
<b>Selling, general and administrative expenses</b>					
Research and development expenses	24,313	(29.7)	27,323	(31.3)	
Selling, general and administrative expenses	23,424	47,738	24,843	52,166	4,428
<b>Operating income</b>	15,254	18.6	15,068	17.3	(186)
<b>Non-operating income</b>	490	0.6	367	0.4	(122)
<b>Non-operating expenses</b>	96	0.1	332	0.4	236
<b>Ordinary income</b>	15,648	19.1	15,103	17.3	(545)
<b>Special gain</b>	212	0.3	744	0.8	532
<b>Special loss</b>	329	0.4	117	0.1	(212)
<b>Income before income taxes</b>	15,531	19.0	15,730	18.0	199
Income taxes-current	5,786		7,178		
Income taxes-deferred	(315)	5,470	(1,533)	5,644	174
<b>Net income</b>	¥10,061	12.3	¥10,086	11.6	¥25

## 9-2) NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

The Second Quarter of FY2005 and FY2006

	Jul 1, 2005- Sep 30, 2005	Jul 1, 2006- Sep 30, 2006	Increase (Decrease)
Account Title	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
<b>I. Operating activities:</b>			
Income before income taxes	¥15,531	¥15,730	
Depreciation and amortization	3,999	4,439	
Loss on impairment of long-lived assets	–	35	
Increase in allowance for doubtful accounts	3	(17)	
Interest and dividend income	(301)	(200)	
Interest expense	11	15	
Loss on sales and disposal of fixed assets	184	93	
Provision for liability for retirement benefits	1,378	–	
Gain on sales of short-term investments and investment securities	–	(183)	
Decrease (increase) in accounts receivable	6,538	(7,385)	
Increase in inventories	(489)	(1,123)	
Increase (decrease) in accounts payable	147	(96)	
(Decrease) in other current liabilities	(631)	1,194	
Decrease in reserve for sales rebates	(907)	–	
Decrease in reserve for retirement benefits	–	(1,484)	
Other	(540)	(1,437)	
Sub-total	24,924	9,581	(15,343)
Interest and dividends received	319	151	
Interest paid	(11)	(15)	
Income taxes paid	(92)	(1,691)	
Net cash provided by operating activities	25,140	8,026	(17,114)
<b>II. Investing activities:</b>			
Proceeds from sales and redemptions of short-term investments	200	1,500	
Purchases of property, plant and equipment	(2,124)	(1,714)	
Proceeds from sales of property, plant and equipment	72	13	
Purchases of intangible assets	(1,186)	(1,196)	
Purchases of investment securities	(227)	(6,712)	
Proceeds from sales and redemptions of investment securities	2,531	1,569	
Other	(230)	(144)	
Net cash used in investing activities	(964)	(6,684)	(5,719)
<b>III. Financing activities:</b>			
Purchase of treasury stock	–	(11,060)	
Others	85	314	
Net cash used in financing activities	85	(10,745)	(10,830)
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	0	0	0
<b>V. Net increase (decrease) in cash and cash equivalents</b>	24,261	(9,402)	(33,663)
<b>VI. Cash and cash equivalents at beginning of period</b>	71,738	81,884	10,145
<b>VII. Cash and cash equivalents at end of first-half period</b>	¥95,999	¥72,481	(23,518)

# Reference Data

**Semiannual Period Ended September 30, 2006**

**October 31, 2006**



**For Inquiry:**

Corporate Communications Department

Investor Relations Department

TEL 81 3 3817 5120 FAX 81 3 3811 3077

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

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\* All amounts are rounded to their nearest specified unit unless stated as "rounded down".

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

\* All amounts of overseas profit and loss are calculated into yen values based upon the average exchange rate in the account term shown in the table below.

#### Currency Exchange Rates

	US	EU	UK
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## II. Consolidated Statements of Income

### 1. Consolidated Statement of Income

(billions of yen)

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## 2. Financial Results by Business Segment

### 2-1 Consolidated Net Sales by Business Segment

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	Interim		
	2006	2007	2006
Net sales to customers	282.6	<b>319.4</b>	601.3
Pharmaceuticals	272.4	<b>308.9</b>	579.8
In-house developed products (%)	89.4%	<b>90.6%</b>	88.8%
Japan	130.1	<b>134.2</b>	265.4
North America	113.5	<b>138.4</b>	252.1
Europe	20.8	<b>26.0</b>	44.6
Asia and others	7.9	<b>10.3</b>	17.6
Others segment	10.3	<b>10.5</b>	21.4
Japan	9.5	<b>9.3</b>	19.6
Overseas	0.8	<b>1.2</b>	1.8

\* Net sales for each segment are those to external customers

\* Major areas and countries included in each category:

1. North America: The United States 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)

### 2-2 Consolidated Operating Income by Business Segment

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	Interim		
	2006	2007	2006
Operating income	45.3	<b>49.6</b>	95.7
Pharmaceuticals	46.7	<b>50.7</b>	98.4
Others	1.2	<b>0.9</b>	2.4
Eliminations and corporate	(2.6)	<b>(2.0)</b>	(5.0)

### 3. Geographical Segment Information

#### 3-1 Consolidated Net Sales by Geographical Segment

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	Interim		2006
	2006	2007	
Net sales to customers	282.6	<b>319.4</b>	601.3
Japan	139.6	<b>143.5</b>	285.1
North America	114.0	<b>139.1</b>	253.1
Europe	21.2	<b>26.5</b>	45.5
Asia and others	7.9	<b>10.3</b>	17.6
Overseas sales	143.1	<b>175.9</b>	316.2
Overseas sales (%)	50.6%	<b>55.1%</b>	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 Interim Apr. - Sept.	Interim		2006
	2006	2007	
Operating income/loss	45.3	<b>49.6</b>	95.7
Japan	37.0	<b>34.1</b>	74.2
North America	8.5	<b>13.3</b>	22.5
Europe	2.7	<b>2.0</b>	4.6
Asia and others	1.5	<b>1.8</b>	2.8
Eliminations and corporate	(4.4)	<b>(1.6)</b>	(8.4)

### 4. Overseas Sales

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	Interim		2006
	2006	2007	
Net sales	282.6	<b>319.4</b>	601.3
Overseas sales	157.0	<b>189.3</b>	343.9
North America	118.4	<b>143.4</b>	262.3
Europe	29.6	<b>34.1</b>	61.7
Asia and others	8.9	<b>11.8</b>	19.9
Overseas sales (%)	55.5%	<b>59.3%</b>	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)

## 5. Global Product Sales (Eisai Territory Sales)

### 5-1 ARICEPT Sales by Geographical Area

Years Ended/Ending March 31 Interim Apr. - Sept. Area		Interim		
		2006	2007	2006
Japan	¥ Billions	20.5	<b>23.9</b>	42.3
U.S.	¥ Billions [US \$ Millions]	52.6 [481]	<b>72.7</b> [631]	119.9 [1,058]
U.K.	¥ Billions [UK £ Millions]	0.5 [3]	<b>0.7</b> [3]	1.1 [5]
France	¥ Billions [Euro Millions]	10.2 [75]	<b>12.4</b> [85]	21.0 [153]
Germany	¥ Billions [Euro Millions]	4.0 [29]	<b>3.6</b> [25]	7.8 [57]
Europe Total	¥ Billions	14.7	<b>16.8</b>	29.9
Asia	¥ Billions	2.0	<b>2.8</b>	4.4
Total	¥ Billions	89.9	<b>116.2</b>	196.5

\* Sales forecast for Eisai sales territories for the year ending March 2007 is ¥237.0 billion.

### 5-2 ACIPHEX/PARIET Sales by Area

Years Ended/Ending March 31 Interim Apr. - Sept. Area		Interim		
		2006	2007	2006
Japan	¥ Billions	13.2	<b>14.6</b>	27.6
U.S.	¥ Billions [US \$ Millions]	53.4 [488]	<b>60.4</b> [524]	114.3 [1,009]
U.K.	¥ Billions [UK £ Millions]	2.8 [14]	<b>2.0</b> [9]	5.1 [25]
Germany	¥ Billions [Euro Millions]	0.7 [5]	<b>0.9</b> [6]	1.4 [10]
Italy	¥ Billions [Euro Millions]	- [-]	<b>3.1</b> [21]	2.5 [18]
Europe Total	¥ Billions	3.5	<b>6.0</b>	9.0
Asia	¥ Billions	1.5	<b>2.3</b>	3.5
Total	¥ Billions	71.6	<b>83.4</b>	154.5

\* Sales forecast for Eisai sales territories for the year ending March 2007 is ¥165.0 billion.

### 5-3 ZONEGRAN Sales by Area

Years Ended/Ending March 31 Interim Apr. - Sept. Area		Interim		
		2006	2007	2006
U.S.	¥ Billions [US \$ Millions]	7.5 [68]	<b>1.6</b> [14]	12.7 [112]
Europe, Asia	¥ Billions	0.1	<b>0.7</b>	0.5
Total	¥ Billions	7.6	<b>2.3</b>	13.1

\* Sales forecast for Eisai sales territories for the year ending March 2007 is ¥5.0 billion.

## <Reference> [Non-consolidated]

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

Years Ended/Ending March 31		2006	2007	2006
Interim Apr. - Sept.				
Net sales	¥ Billions	114.6	<b>139.8</b>	254.7
	[US \$ Millions]	[1,047]	<b>[1,212]</b>	[2,248]
Operating income	¥ Billions	7.9	<b>12.4</b>	18.6
	[US \$ Millions]	[72]	<b>[107]</b>	[164]
Net income	¥ Billions	5.3	<b>8.6</b>	13.0
	[US \$ Millions]	[49]	<b>[74]</b>	[115]
Operating income before royalty deduction	¥ Billions	23.8	<b>33.3</b>	54.2
	[US \$ Millions]	[218]	<b>[288]</b>	[479]

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

Years Ended/Ending March 31		2006	2007	2006
Interim Apr. - Sept.				
Net sales	¥ Billions	2.9	<b>3.1</b>	6.6
	[Chinese RMB Millions]	[223]	<b>[213]</b>	[490]
Operating income	¥ Billions	0.7	<b>0.4</b>	1.3
	[Chinese RMB Millions]	[52]	<b>[28]</b>	[97]
Net income	¥ Billions	0.6	<b>0.3</b>	1.3
	[Chinese RMB Millions]	[45]	<b>[23]</b>	[95]

\* The interim period of Eisai China Inc. ends on June 30.

\* Average rate of Japanese yen to Chinese RMB

January 1, 2005 to June 30, 2005	12.81yen/Chinese RMB
January 1, 2006 to June 30, 2006	14.40 yen/Chinese RMB
January 1, 2005 to December 31, 2005	13.45 yen/Chinese RMB

## 6. SG&A Expenses

### 6-1 R&D Expenses

(billions of yen)

Years Ended/Ending March 31	2006	2007	2006	2007
Interim Apr. - Sept.				(e)
Net sales	282.6	<b>319.4</b>	601.3	653.0
R&D expenses	44.4	<b>52.2</b>	93.2	105.0
Percentage of sales (%)	15.7%	<b>16.4%</b>	15.5%	16.1%

### 6-2 SG&A Expenses

(billions of yen)

Years Ended/Ending March 31	2006	2007	2006	2007
Interim Apr. - Sept.				(e)
Net sales	282.6	<b>319.4</b>	601.3	653.0
SG&A expenses	144.3	<b>164.3</b>	307.8	334.0
Personnel expenses	30.7	<b>34.0</b>	64.5	-
Marketing expenses	93.0	<b>107.5</b>	198.2	-
Administrative expenses and others	20.6	<b>22.7</b>	45.1	-
Ratio of SG&A expenses to net sales (%)	51.0%	<b>51.4%</b>	51.2%	51.1%

### 6-3 SG&A Expenses (Including R&D Expenses)

(billions of yen)

Years Ended/Ending March 31	2006	2007	2006	2007
Interim Apr. - Sept.				(e)
Net sales	282.6	<b>319.4</b>	601.3	653.0
SG&A expenses (including R&D expenses)	188.7	<b>216.5</b>	401.0	439.0
Ratio of SG&A expenses including R&D expenses to net sales (%)	66.8%	<b>67.8%</b>	66.7%	67.2%

## 7. Personnel Information (Consolidated)

(persons)

	2005	2007	2005	2007
	31-Mar	31-Mar	30-Sep	31-Mar
				(e)
Total	8,295	9,081	<b>9,472</b>	9,081





### 3. Stock Information

#### 3-1 Issued Stock and Shareholder Information

As of September 30, 2006

Total Number of Authorized Shares	Number of Shares Outstanding	[Number of Treasury Stock]	Number of Shareholders	Average Number of Shares per Shareholder
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### 3-5 Breakdown of Shareholders Holding Size/Number of Shareholders

(Persons)

	2006 31-Mar	%	2006 30-Sep	%	Change
1 million shares and over	56	0.2%	<b>56</b>	0.2%	-
from 0.1 million to less than 1 million shares	169	0.6%	<b>161</b>	0.5%	(8)
from 10 thousands to less than 0.1 million shares	690	2.3%	<b>686</b>	2.3%	(4)
from 1 thousand to less than 10 thousands shares	8,999	30.0%	<b>8,766</b>	28.7%	(233)
from 1 hundred to less than 1 thousand shares	16,876	56.2%	<b>17,569</b>	57.5%	693
less than 100 shares	3,229	10.7%	<b>3,304</b>	10.8%	75
<b>Total</b>	<b>30,019</b>	<b>100.0%</b>	<b>30,542</b>	<b>100.0%</b>	<b>523</b>

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

(One unit = 1,000 shares)

	2006 31-Mar	%	2006 30-Sep	%	Change
1 million shares and over	199,592	67.3%	<b>200,062</b>	67.5%	470
from 0.1 million to less than 1 million shares	55,268	18.6%	<b>54,280</b>	18.3%	(987)
from 10 thousands to less than 0.1 million shares	17,521	5.9%	<b>18,393</b>	6.2%	871
from 1 thousand to less than 10 thousands shares	20,166	6.8%	<b>19,744</b>	6.7%	(422)
from 1 hundred to less than 1 thousand shares	3,888	1.3%	<b>3,954</b>	1.3%	65
less than 100 shares	130	0.1%	<b>131</b>	0.0%	1
<b>Total</b>	<b>296,566</b>	<b>100.0%</b>	<b>296,566</b>	<b>100.0%</b>	<b>-</b>

\* Stock numbers less than one thousand have been omitted.

## IV. Consolidated Statements of Cash Flows

Years Ended/Ending March 31 Interim Apr. - Sept.	(billions of yen)			<Explanation>
	2006	2007	Inc./ Dec.	
Operating activities				
Income before income taxes and minority interests	46.6	<b>51.3</b>	4.7	
Depreciation and amortization	12.0	<b>12.3</b>	0.3	
Other non-cash gains/losses	3.2	<b>0.1</b>	(3.1)	
Operating assets/liabilities increase/decrease	4.1	<b>(1.6)</b>	(5.7)	
Others	(3.2)	<b>(2.3)</b>	0.9	
Sub-total	62.8	<b>59.7</b>	(3.1)	
Interest paid/received	1.7	<b>2.6</b>	1.0	
Payment of income taxes	(24.6)	<b>(25.8)</b>	(1.2)	
Operating cash flows				

## V. Consolidated Subsidiaries - Associated Companies

### 1. Consolidated Subsidiaries (41 companies)

#### 1-1 Subsidiaries Outside Japan (29 companies)

As of September 30, 2006

Company Name	Location	Common Stock	Description of Operations
		Unit: thousand	
Eisai Corporation of North America	New Jersey, USA	229,100 US\$	100.00% U.S. subsidiaries holding company
Eisai Research Institute of Boston Inc.	Massachusetts, USA	115,300 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% -
Eisai Medical Research Inc.	New Jersey, USA	1,000 US\$	100.00% Pharm. clinical research
Eisai Machinery U.S.A. Inc.	New Jersey, USA	1,000 US\$	100.00% Pharm. machinery sales
Eisai Europe Ltd.	London, U.K.	50,561 UKPS	100.00% E.U. subsidiaries holding company
Eisai Ltd.	London, U.K.	15,548 UKPS	100.00% Pharma. sales/clinical research
Eisai London Research Laboratories Ltd.	London, U.K.	12,000 UKPS	100.00% Basic research
Eisai GmbH	Frankfurt, FRG	7,669 EUR	100.00% Pharmaceutical sales
Eisai Machinery GmbH	Cologne, FRG	1,278 EUR	100.00% Pharm. machinery prod./sales
Eisai S.A.S.	Paris, France	19,500 EUR	100.00% Pharmaceutical prod./sales
Eisai B.V.	Amsterdam, Netherlands	540 EUR	100.00% Pharmaceutical prod./sales
Eisai Farmaceutica S.A.	Madrid, Spain	4,000 EUR	100.00% Pharmaceutical Marketing
Eisai S.r.l.	Milan, Italy	3,500 EUR	100.00% Pharmaceutical sales
Eisai Pharma AG	Zurich, Switzerland	3,000 CHF	100.00% Pharmaceutical sales
Eisai AB	Stockholm, Sweden	10,000 SEK	100.00% Pharmaceutical sales
P.T. Eisai Indonesia	Jakarta, Indonesia	5,000 US\$	100.00% Pharmaceutical prod./sales
Eisai Asia Regional Services Pte. Ltd.	Singapore, Singapore	26,400 S\$	100.00% Asia subsidiaries holding company
Eisai (Singapore) Pte. Ltd.	Singapore, Singapore	300 S\$	100.00% Pharmaceutical sales
Eisai (Malaysia) Sdn. Bhd.	Petaling Jaya, Malaysia	470 M\$	100.00% Pharmaceutical sales
Eisai (Thailand) Marketing Co., Ltd.	Bangkok, Thailand	11,000 Baht	49.90% Pharmaceutical prod./sales
Eisai Taiwan Inc.	Taipei, Taiwan	270,000 NT\$	100.00% Pharmaceutical prod./sales
Eisai China Inc.	Suzhou, China	319,205 RMB	100.00% Pharmaceutical prod./ sales
Eisai (Hong Kong) Co., Ltd.	Hong Kong, China	500 HK\$	100.00% Pharmaceutical sales
Eisai Korea Inc.	Seoul, Korea	3,512,000 Won	100.00% Pharmaceutical sales
HI-Eisai Pharmaceutical Inc.	Manila, Philippines	45,000 Peso	50.00% Pharmaceutical prod./ sales
Eisai Pharmaceuticals India Pte. Ltd.	Mumbai, India	100,000 INR	100.00% Pharmaceutical prod./sales

## 1-2 Subsidiaries in Japan (12 companies)

As of September 30, 2006

Company Name	Location	Common Stock	Equity (%) Ownership	Description of Operations
Sanko Junyaku Co., Ltd. (listed on JASDAQ)	Tokyo	5,262 million yen	50.88%	Diagnostic product prod./sales
Sannova Co., Ltd.	Gunma Pref.	926 million yen	79.97%	Pharm. prod./sales
Elmed Eisai Co., Ltd.	Tokyo	450 million yen	100.00%	Pharm. sales
Eisai Food & Chemicals Co., Ltd.	Tokyo	101 million yen	100.00%	Food additives/chemicals sales
Eisai Machinery Inc.	Tokyo	100 million yen	100.00%	Pharm. Machinery 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%	Pharm. distribution
Eisai R&D Management Co., Ltd.	Tokyo	10 million yen	100.00%	Management of the R&D Division and intellectual properties
Sunplanet Co., Ltd.	Tokyo	455 million yen	85.11%	Administrative/Catering/Printing service, Real estate Management
Clinical Supply Co., Ltd.	Gifu Pref.	80 million yen	84.80%	Medical devices prod./sales
Palma Bee'Z Research Institute Co., Ltd.	Tokyo	50 million yen	75.44%	Diagnostic product research
Eisai Seikaken Co., Ltd.	Tokyo	50 million yen	70.00%	Agro-chemical prod./sales

\* Management function of the R&D Division and other relevant functions of Eisai Co., Ltd. were separated and newly established Eisai R&D Management Co., Ltd., a wholly-owned subsidiary of Eisai Co., Ltd., has taken over the functions in April 2006

\* Kan Research Institute, Inc. was moved to Kobe in Hyogo Prefecture in October 2006.

\* Common stock numbers less than one million have been omitted.

## 2 Equity in Earnings in Associated Companies (1 company)

As of September 30, 2006

Company Name	Location	Common Stock	Equity (%) Ownership	Description of Operations
Bracco-Eisai Co., Ltd.	Tokyo	340 million yen	49.00%	Contrast media import/prod./sales

\* Fiscal year of Bracco-Eisai Co., Ltd. ends December 31.

\* Eisai-Novartis Verwaltungs GmbH was merged to a consolidated subsidiary, Eisai GmbH (merging corporation).

\* Common Stock numbers fractions have been omitted.



## VII. Non-Consolidated Financial Highlights

### 1. Non-Consolidated Financial Highlights

#### 1-1 Statements of Income Data

(billions of yen)

Years Ended/Ending March 31	2006	2007	Change %	2006	2007
Interim Apr. - Sept.					(e)
Net sales	161.0	<b>170.1</b>	105.7	332.0	346.0
Cost of sales	37.9	<b>39.9</b>	105.2	78.0	78.0
R&D expenses	43.9	<b>51.7</b>	117.8	92.9	103.0
SG&A expenses	46.3	<b>48.1</b>	104.0	95.8	101.0
Operating income	32.8	<b>30.4</b>	92.6	65.4	64.0
Ordinary income	33.7	<b>30.7</b>	91.2	67.3	65.0
Net income	21.6	<b>20.1</b>	93.1	43.9	41.0

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

#### 1-2 Balance Sheet Data

(billions of yen)

	31-Mar	30-Sep	Inc./ Dec.
Total assets	572.9	<b>559.0</b>	(13.9)
Net assets	465.2	<b>458.4</b>	(6.8)
Owner's equity and unrealized gain and translation adjustments	465.2	<b>458.1</b>	(7.1)
Equity ratio	81.2%	<b>82.0%</b>	0.8%

\*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	2007
Interim Apr. - Sept.					(e)
Capital expenditures	7.7	<b>4.8</b>	(2.8)	24.5	21.0
Property, plant and equipment	4.1	<b>3.0</b>	(1.0)	11.2	10.0(2.8)

## 2. Net Sales by Business Segment

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	Interim				
	2006	2007	Change %	2006	2007 (e)
Net sales	161.0	<b>170.1</b>	105.7	332.0	346.0
Prescription pharmaceuticals	103.1	<b>107.5</b>	104.3	211.5	217.0
Ratio of in-house developed products to prescription pharmaceuticals (%)	83.7%	<b>82.5%</b>	-	82.3%	-
Exports	26.4	<b>26.4</b>	100.0	53.9	56.5
Consumer health care products	8.4	<b>9.4</b>	110.8	17.6	18.5
Food additives/Chemicals, etc.	0.9	<b>0.6</b>	69.0	1.8	1.5
Industrial property rights, etc. income	22.1	<b>26.2</b>	118.6	47.2	52.5

## 3. Exports by Geographical Area

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	Interim				
	2006	2007	Change %	2006	2007 (e)
Net Sales	161.0	<b>170.1</b>	105.7	332.0	346.0
Exports	47.3	<b>52.5</b>	110.9	99.7	107.5
North America	32.1	<b>36.5</b>	113.8	69.6	-
Europe	12.5	<b>12.7</b>	101.4	24.9	-
Asia and Others	2.7	<b>3.2</b>	120.3	5.2	-
Ratio of exports to sales (%)	29.4%	<b>30.8%</b>	-	30.0%	31.1%

\* Major areas and countries included in each category:

1. North America: The United States and Canada
2. Europe: The United Kingdom, France, Germany, 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 / Interim Apr. - Sept.	Interim			2006	2007 (e)
	2006	2007	Change %		
Description					
<i>Product</i>					
Alzheimer's type dementia treatment <i>ARICEPT</i>	20.5	<b>23.9</b>	116.6	42.3	48.0
Peripheral neuropathy treatment <i>METHYCOBAL</i>	16.0	<b>15.9</b>	98.9	32.1	31.5
Proton pump inhibitor <i>PARIET</i>	13.2	<b>14.6</b>	111.3	27.6	31.0
Gastritis/gastric ulcer treatment <i>SELBEX</i>	10.9	<b>9.8</b>	89.7	21.7	20.5
Non-ionic contrast medium <i>IOMERON</i>	4.4	<b>4.2</b>	95.6	8.7	8.0
Muscle relaxant <i>MYONAL</i>	4.3	<b>4.1</b>	95.9	8.5	8.0
Osteoporosis treatment <i>ACTONEL</i>	-	<b>3.9</b>	-	4.0	8.0
Osteoporosis treatment <i>GLAKAY</i>	4.3	<b>3.9</b>	89.1	8.4	8.5
Genetically engineered glucagon preparation <i>GLUCAGON G NOVO</i>	2.2	<b>2.1</b>	95.5	4.4	4.0
Long-acting isosorbide denigrate preparation <i>NITOROL-R</i>	2.3	<b>2.0</b>	88.7	4.4	4.0
Antiallergic agent <i>AZEPTIN</i>	1.3	<b>1.1</b>	87.0	2.9	3.0
Others	23.6	<b>22.0</b>	93.0	46.6	42.5
Prescription pharmaceuticals total	103.1	<b>107.5</b>	104.3	211.5	217.0

## 5. Exports by Products

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	Interim			2006	2007 (e)
	2006	2007	Change %		
<i>ARICEPT</i>	11.2	<b>11.3</b>	100.8	22.8	23.0
<i>ACIPHEX/PARIET</i>	13.0	<b>13.2</b>	100.8	26.8	27.5
Others	2.2	<b>2.0</b>	90.6	4.3	6.0
Exports total	26.4	<b>26.4</b>	100.0	53.9	56.5

## 6. Consumer Health Care Products

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	Interim			2006	2007 (e)
	2006	2007	Change %		
Vitamin B <sub>2</sub> preparation <i>CHOCOLA BB</i> Group	4.2	<b>4.5</b>	105.9	8.3	8.5
NABOLIN / Active-type Vitamin B <sub>12</sub> NABOLIN Group	0.7	<b>1.0</b>	132.2	1.4	1.5
JUVELUX / Natural Vitamin E preparation Vitamin-E Group	0.9	<b>0.9</b>	108.0	1.8	1.5
SACLON / heartburn treatment SACLON Group	0.9	<b>0.9</b>	92.3	1.9	2.0
Others	1.7	<b>2.1</b>	125.6	4.2	5.0
Consumer health care products total	8.4	<b>9.4</b>	110.8	17.6	18.5





## 8. SG&A Expenses

### 8-1 R&D Expenses

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	Interim		2006	2007 (e)
	2006	2007		
Net sales	161.0	<b>170.1</b>	332.0	346.0
R&D expenses	43.9	<b>51.7</b>	92.9	103.0
Overseas R&D expenses	20.2	<b>26.1</b>	42.7	-
[Ratio of overseas R&D expenses to R&D expenses] (%)	46.0%	<b>50.4%</b>	46.0%	-
Ratio of R&D expenses to net sales (%)	27.3%	<b>30.4%</b>	28.0%	29.8%

### 8-2 SG&A Expenses

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	Interim		2006	2007 (e)
	2006	2007		
Net sales	161.0	<b>170.1</b>	332.0	346.0
SG&A expenses	46.3	<b>48.1</b>	95.8	101.0
Personnel expenses	17.1	<b>16.1</b>	34.4	-
Marketing expenses	17.6	<b>19.9</b>	37.8	-
Administrative expenses and others	11.6	<b>12.1</b>	23.5	-
Ratio of SG&A expenses to net sales (%)	28.8%	<b>28.3%</b>	28.8%	29.2%

### 8-3 SG&A Expenses (including R&D expenses)

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	Interim		2006	2007 (e)
	2006	2007		
Net sales	161.0	<b>170.1</b>	332.0	346.0
SG&A expenses (including R&D expenses)	90.2	<b>99.9</b>	188.6	204.0
Ratio of SG&A expenses (including R&D expenses) to net sales (%)	56.0%	<b>58.7%</b>	56.8%	59.0%

## 9. Balance Sheet Data

### <Assets>

	(billions of yen)		
	31-Mar	30-Sep	Inc./Dec.
Current assets	278.2	<b>257.7</b>	(20.5)
Fixed assets	294.7	<b>301.3</b>	6.6
Property, plant and equipment	82.7	<b>79.0</b>	(3.7)
Intangible assets	26.5	<b>25.0</b>	(1.5)
Investments and other assets	185.5	<b>197.3</b>	11.8
Total assets	572.9	<b>559.0</b>	(13.9)

### <Liabilities and Net Assets>

	(billions of yen)		
	31-Mar	30-Sep	Inc./Dec.
Current liabilities	74.6	<b>69.5</b>	(5.1)
Long-term liabilities	33.1	<b>31.0</b>	(2.1)
Total liabilities	107.7	<b>100.6</b>	(7.1)
Total owners' equity	445.4	<b>440.5</b>	(4.9)
Net unrealized gain and translation adjustments	19.8	<b>17.6</b>	

## 11. Statements of Cash Flows

(billions of yen)

Years Ended/Ending March 31 Interim Apr. - Sept.	2006	2007	Inc./ Dec.
Operating activities			
Income before income taxes	33.4	<b>30.9</b>	(2.5)
Depreciation and amortization	7.8	<b>8.5</b>	0.7
Other non-cash gains/losses	2.9	<b>0.4</b>	(2.5)
Operating assets/liabilities increase/decrease	4.9	<b>(9.5)</b>	(14.4)
Others	(1.6)	<b>(0.6)</b>	1.0
Subtotal	47.4	<b>29.7</b>	(17.7)
Interest paid/received	0.8	<b>0.9</b>	0.0
Income taxes paid	(15.4)	<b>(17.9)</b>	(2.5)
Net cash provided by operating activities	32.8	<b>12.6</b>	(20.2)
Investing activities			
Capital expenditures	(10.3)	<b>(8.1)</b>	2.2
Other revenue/payment for continuous activities	0.2	<b>1.0</b>	0.9
Purchases/sales of securities	4.2	<b>(7.3)</b>	(11.5)
Others	(0.4)	<b>(1.2)</b>	(0.8)
Net cash used in investing activities	(6.4)	<b>(15.6)</b>	(9.2)
Financing activities			
Dividends paid	(10.0)	<b>(14.3)</b>	(4.3)
Treasury stock purchase	-	<b>(11.1)</b>	(11.1)
Others	0.1	<b>0.3</b>	0.2
Net cash used in financing activities	(9.9)	<b>(25.0)</b>	(15.1)
Foreign currency translation adjustments on cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents	16.5	<b>(28.0)</b>	(44.5)

## VIII. 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	<b>165.4</b>
Cost of sales	24.1	24.6	30.0	25.8	26.8	<b>26.4</b>
R&D expenses	19.9	24.5	22.6	26.2	24.4	<b>27.9</b>
SG&A expenses	69.3	74.9	81.7	81.8	78.7	<b>85.6</b>
Operating income	22.5	22.8	32.9	17.5	24.1	<b>25.5</b>
Non-operating income & expenses	0.9	0.9	1.4	1.1	1.0	<b>1.1</b>
Ordinary income	23.4	23.7	34.3	18.6	25.1	<b>26.6</b>
Special gain & loss	(0.2)	(0.3)	0.0	(3.5)	(0.4)	<b>(0.0)</b>
Income before taxes and interests	23.2	23.5	34.4	15.1	24.7	<b>26.6</b>
Net income	14.9	15.2	22.0	11.3	15.8	<b>16.7</b>

### 3. Capital Expenditures and Depreciation/Amortization [Consolidated]

(billions of yen)

Years Ended/Ending March 31

Capital expenditures	4.6	9.4	5.9	17.2	3.7	<b>7.0</b>
Property, plant and equipment	3.6	5.3	4.2	7.8	3.2	<b>4.8</b>
Intangible assets	1.0	4.0	1.7	9.4	0.6	<b>2.2</b>
Depreciation/Amortization	5.9	6.1	6.5	6.5	5.9	<b>6.4</b>

\* "Depreciation/Amortization" value represents depreciation for "Property, plant and equipment" and amortization for "Intangible assets".

### 4. Cash Flows Data [Consolidated]

(billions of yen)

Years Ended/Ending March 31

Net cash provided by operating activities	12.1	27.8	9.2	37.9	8.1	<b>28.5</b>
Net cash used in investing activities	(8.9)	(5.3)	(10.1)	(5.3)	(11.8)	<b>(9.4)</b>
Net cash used in financing activities	14i2.0.0((ization for "Intangibl)TjTf8.28 0 ies					

## 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	<b>12.4</b>
U.S.	¥ Billions	23.5	29.1	31.6	35.6	33.1	<b>39.6</b>
	[US \$ Millions]	[219]	[262]	[271]	[306]	[289]	<b>[341]</b>
U.K.	¥ Billions	0.3	0.2	0.3	0.2	0.4	<b>0.3</b>
	[UK £ Millions]	[2]	[1]	[1]	[1]	[2]	<b>[1]</b>
France	¥ Billions	5.1	5.1	5.5	5.3	5.5	<b>6.9</b>
	[Euro Millions]	[38]	[38]	[40]	[37]	[38]	<b>[47]</b>
Germany	¥ Billions	1.9	2.1	2.1	1.8	1.8	<b>1.8</b>
	[Euro Millions]	[14]	[15]	[15]	[12]	[13]	<b>[12]</b>
Europe total	¥ Billions	7.3	7.4	7.9	7.3	7.7	<b>9.0</b>
Asia	¥ Billions	0.9	1.1	1.1	1.2	1.4	<b>1.5</b>
Total							

## 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	Second Quarter
U.S	¥ Billions [US \$ Millions]	3.6 [33]	3.9 [35]	3.7 [32]	1.5 [12]	1.0 [9]	<b>0.6</b> <b>[5]</b>
Europe, ASIA	¥ Billions	0.0	0.1	0.1	0.2	0.3	<b>0.4</b>
Total	¥ Billions	3.6	4.0	3.9	1.7	1.3	<b>1.0</b>

## 8. Eisai Inc. (U.S.A.)

Years Ended/Ending March 31		2006				2007	
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter
Net sales	¥ Billions [US \$ Millions]	52.9 [491]	61.8 [556]	70.1 [601]	70.0 [600]	65.9 [576]	<b>73.9</b> <b>[636]</b>
Operating income	¥ Billions [US \$ Millions]	3.0 [28]	4.9 [44]	7.0 [61]	3.7 [31]	5.5 [48]	<b>6.9</b> <b>[59]</b>
Net income	¥ Billions [US \$ Millions]	2.0 [18]	3.4 [30]	4.8 [42]	2.9 [24]	3.9 [34]	<b>4.7</b> <b>[41]</b>
Operating income before royalty deduction	¥ Billions [US \$ Millions]	10.3 [95]	13.6 [122]	16.5 [142]	13.9 [119]	15.2 [132]	<b>18.1</b> <b>[156]</b>





## 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	Second Quarter
Product						
<i>ARICEPT</i>	6.3	4.8	6.1	5.5	5.4	<b>5.9</b>
<i>ACIPHEX/PARIET</i>	6.1	7.0	6.2	7.6	6.5	<b>6.7</b>
Others	1.2	1.0	0.9	1.2	0.6	<b>1.4</b>
Bulk Substance/Tablets Total	13.6	12.8	13.2	14.3	12.4	<b>14.0</b>

## 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	Second Quarter
Product						
<i>CHOCOLA BB</i> Group	2.0	2.2	2.5	1.6	2.1	<b>2.3</b>
<i>NABOLIN</i> Group	0.3	0.4	0.4	0.3	0.4	<b>0.6</b>
Vitamin-E Group	0.4	0.5	0.6	0.3	0.4	<b>0.5</b>
<i>SACLON</i> Group	0.4	0.5	0.6	0.4	0.4	<b>0.4</b>
Others	0.8	0.9	1.4	1.1	1.0	<b>1.2</b>
Consumer health care total	4.0	4.5	5.4	3.7	4.3	<b>5.0</b>

## IX. Major R&D Pipeline Candidates

### Ongoing and recent developments from April 2006

- # 1. Additional indication of Aricept for severe dementia due to Alzheimer's disease was approved in the U.S.
- 2. Application of Aricept for the additional indication of severe dementia due to Alzheimer's disease was submitted in the EU.
- # 3. Application of Pariet for the additional indication of Secondary Eradication of *H. pylori* was submitted in Japan.
- 4. Applications of Gasmotin are in preparation in 10 Asian countries including ASEAN members.
- # 5. Phase III study of E2007 for Parkinson's disease was initiated in the U.S.
- 6. Phase III study of E5564 for severe sepsis was initiated in the EU/U.S.
- 7. Phase III study of E7389 for breast cancer was initiated in the U.S.



## 1-4 Phase III

(Product) Name (Research Code)	Area	Expected Application	Description	Form.	Origin
ARICEPT (E2020) (Additional indication)	EU	FY2006	Dementia Associated with Parkinson's Disease Currently indicated for the treatment of mild to moderate dementia due to Alzheimer's disease. Now in Phase III for the treatment of dementia associated with Parkinson's disease.	Tab.	In-house
AS-3201	U.S. EU	FY2009	Diabetic complications/Aldose Reductase Inhibitor This compound shows strong inhibition of aldose reductase. Expected to treat diabetic complications. Now in Phase III for the treatment of diabetic neuropathy in the U.S.	Tab.	Dainippon Sumitomo Pharma
E2007	U.S. EU	FY2007	Parkinson's Disease/AMPA Receptor Antagonist Selectively antagonizes the AMPA-type glutamate receptor. Under development as a treatment for Parkinson's disease. Now in Phase III in the U.S. EU.	Tab.	In-house
clevudine (Phase III in preparation)	Asia	-	Anti-hepatitis B Agent (generic name: clevudine) Clevudine is an antiviral agent for the treatment of chronic hepatitis caused by the hepatitis B virus based on DNA polymerase inhibition. A Phase III study in China is in preparation. In some Asian countries where no additional clinical studies are required, submission is scheduled for FY2006.	Cap.	Bukwang
E5564	U.S. EU	FY2009	Severe Sepsis/Endotoxin Antagonist (generic name: eritoran) A synthetic endotoxin antagonist, E5564, showed expected safety and efficacy profile in patients with severe sepsis caused by endotoxins from various types of gram-negative bacteria. Phase III study was initiated.	Inj.	In-house
E7389	U.S.	(FY2007 Subpart H application)	Anti-cancer (breast cancer)/Microtubule Growth Suppressor E7389 is a synthetic analog of Halichondrin B from a marine sponge. The compound acts against tumor growth by inhibiting cell division through blocking microtubule growth. Currently running Subpart H application study for breast cancer and Phase III study for breast cancer was initiated.	Inj.	In-house

\* The expected filing schedule of Subpart H application of E7389 has been changed from FY2006 to FY2007.

## 1-5 Phase II

(Product) Name (Research Code)	Area	Description	Form.	Origin
ARICEPT (E2020) (Additional indication)	U.S. EU	Migraine Prophylaxis Currently indicated for the treatment of mild to moderate dementia due to Alzheimer's disease. Now in Phase II for the additional indication of migraine prophylaxis.	Tab.	In-house
E2007	U.S. EU	Epilepsy, Multiple Sclerosis and Migraine Prophylaxis/AMPA Receptor Antagonist Selectively antagonizes the AMPA-type glutamate receptor. Under development as a treatment for epilepsy, multiple sclerosis and migraine prophylaxis.	Tab.	In-house
E7389	U.S.	Anti-cancer (breast cancer, non-small cell lung cancer, prostate cancer) /Microtubule Growth Suppressor E7389 is a synthetic analog of Halichondrin B from a marine sponge. The compound acts against tumor growth by inhibiting cell division through blocking microtubule growth. POC for breast cancer and non-small cell lung cancer was achieved. Phase II study for breast cancer for Subpart H application in progress. Now in Phase II for prostate cancer.	Inj.	In-house
E5555	U.S. EU	Acute Coronary Syndrome(ACS)/Thrombin receptor antagonist Inhibits platelet aggregation and smooth-muscle proliferation based on thrombin receptor antagonism. Phase II study for the treatment of ACS was initiated.	Tab.	In-house

\* The U.S. Phase II study of ACIPHEX for intermittent therapy for symptomatic GERD was discontinued.

- POC (Proof of Concept): Proof of drug concept in clinical study
- Subpart H application: Allows for early approval in the U.S. of promising drugs for diseases that are serious or life-threatening, where the new drug appears to provide benefit over available therapy.

## 2. Development in Japan

### 2-1 Filed for Approval

(Product) Name (Research Code)	Application	Description	Form.	Origin
T-614	Sep-03	Rheumatoid Arthritis (generic name: iguratimod) Suppresses lymphocyte proliferation, immunoglobulin and inflammatory cytokines production. Expected to treat chronic rheumatoid arthritis.	Tab.	Toyama Chemical
TAMBOCOR (E0735) (Additional indication)	Dec-04	Paroxysmal Atrial Fibrillation, Flutter The compound has already been approved as the treatment for ventricular tachy-arrhythmias in Japan and is filed for the treatment of paroxysmal 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, erosive GERD, Zollinger-Ellison syndrome in Japan. Submitted for the eradication of <i>H. pylori</i> infection.	Tab.	In-house
ARICEPT (E2020) (Additional indication)	Dec-05	Severe Dementia due to Alzheimer's disease Currently indicated for the treatment of mild to moderate dementia due to Alzheimer's disease. Submitted for the treatment of severe dementia due to Alzheimer's disease.	Tab.	In-house
D2E7	Dec-05	Rheumatoid Arthritis/Human Anti TNF-alpha Monoclonal Antibody (generic name: adalimumab) By blocking the activity of Tumor Necrosis Factor-alpha (TNF-alpha) which plays a central role in inflammation in autoimmune diseases, D2E7 is expected to be effective in patients with rheumatoid arthritis(RA). Submitted for the treatment of RA.	Inj.	Abbott
PARIET (E3810) (Additional indication)	Mar-06	Symptomatic GERD Currently indicated for the treatment of peptic ulcers, erosive GERD, Zollinger-Ellison syndrome in Japan. Submitted for the treatment of symptomatic GERD.	Tab.	In-house
PARIET (E3810) (Additional indication)	Aug-06	Secondary Eradication of <i>H. pylori</i> in Combination with Antibiotics Submitted for secondary eradication of <i>H. pylori</i> (an alternative eradication for patients who do not respond to the primary eradicator).	Tab.	In-house

### 2-2 Phase III

(Product) Name (Research Code)	Expected Application	Description	Form.	Origin
KES524	FY2007	Obesity Management/Central Acting Serotonin & Noradrenaline Reuptake Inhibitor (generic name: sibutramine) Inhibits the reuptake of the cerebral neurotransmitters, noradrenaline and serotonin. By enhancing the feeling of satiety and increasing energy consumption, it is expected to result in loss of body weight.	Cap.	Abbott

### 2-3 Phase II

(Product) Name (Research Code)	Description	Form.	Origin
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- Sciences
E0167	Recurrence of Hepatocellular Carcinoma/Vitamin K <sub>2</sub> Vitamin K <sub>2</sub> (menatetrenone) currently indicated for the treatment of osteoporosis. Now in Phase II for the prevention of recurrence of hepatocellular carcinoma.	Cap.	In-house
D2E7	Psoriasis/Human Anti TNF-alpha Monoclonal Antibody (generic name: adalimumab) By blocking the activity of Tumor Necrosis Factor-alpha (TNF-alpha) which plays a central role in inflammation in autoimmune diseases, D2E7 is expected to be effective in patients with psoriasis. Currently submitted for rheumatoid arthritis. Now in Phase II for psoriasis.	Inj.	Abbott
E0302	Amyotrophic Lateral Sclerosis(ALS)/Mecobalamine Mecobalamine currently indicated for the treatment of peripheral neuropathy. Phase II study for amyotrophic lateral sclerosis(ALS) was initiated.	Inj.	In-house
IOMERON(E7337) (Additional dosage and administration)	X-ray Contrast Medium Currently indicated for CT(computerized tomography) angiography. Additional dosage and administration CT angiography is expected.	Inj.	Bracco
E7210 (Suspended)	Ultrasonic Contrast Medium Microbubbles of E7210 reflect ultrasound. Phase II study is suspended.	Inj.	Bracco

\* The Japan Phase II study for E7070 for gastric cancer was discontinued.  
(Studies for other types of cancer are ongoing in the U.S.)

## X. Major Events

Date	Description
Oct. 2006	<p>Announced completion of acquisition of four oncology-related products from Ligand &lt;Oct. 26, 2006 released&gt;</p> <p>Signed joint research agreement with Sanko Junyaku and FUJIREBIO for development of a New KL-6 Test Kit (supplementary diagnostic marker for interstitial pneumonia) compatible with <i>LUMIPULSE</i> (automatic chemiluminescent enzyme immunoassay system) &lt;Oct. 19, 2006 released&gt;</p> <p>Notice regarding revision of the semiannual business forecast by subsidiary Sanko Junyaku Co., Ltd. &lt;Oct. 19, 2006 released&gt;</p> <p>Received approval from U.S. FDA for a supplemental New Drug Application for <i>Aricept</i> in the treatment of severe Alzheimer's disease &lt;Oct. 14, 2006 released&gt;</p> <p>Received decisions of summary judgment motion in US legal action over <i>Aciphex</i> ANDA filing &lt;Oct. 9, 2006 released&gt;</p> <p>Eisai's research subsidiary "KAN Research Institute" launched research operations in the Kobe Medical Industry Development Project Site &lt;Oct. 2, 2006 released&gt;</p> <p>Established Eisai Clinical Research Singapore Pte. Ltd.</p>
Sep. 2006	<p>Eisai's lawsuit against three Japanese generic drug manufacturers/distributors regarding the sales of <i>Selbex</i> 50mg based on the Japanese Unfair Competition Prevention Law dismissed by Court &lt;Sep. 27, 2006 released&gt;</p> <p>Acquired four oncology-related products from Ligand &lt;Sep. 8, 2006 released&gt;</p>
Aug. 2006	<p>Notice concerning the result of the Company's own share acquisition through ToSTNeT-2 &lt;Aug. 30, 2006 released&gt;</p> <p>Notice concerning acquisition of the Company's own shares through ToSTNet-2 &lt;Aug. 29, 2006 released&gt;</p> <p>Commenced U.S. legal action over <i>Aricept</i> ODT ANDA filing &lt;Aug. 4, 2006 released&gt;</p>
Jul. 2006	<p>Started marketing severe chronic pain agent <i>Prialt</i> in the UK and Germany. &lt;Jul. 31, 2006 released&gt;</p> <p>Continuation of policy for protection of the company's corporate value and common interests of shareholders &lt;Jul. 31, 2006 released&gt;</p> <p>Acquisition of treasury stock &lt;Jul. 31, 2006 released&gt;</p> <p>Concluded co-development and distribution agreement with Solvay Pharmaceuticals Marketing &amp; Licensing AG on treatment for pancreatic exocrine insufficiency (SA-001) in Japan &lt;Jul. 27, 2006 released&gt;</p> <p>Mutually agreed with Teva to end collaboration agreement for rasagiline. &lt; Jul. 12, 2006 released&gt;</p> <p>Stock options (new share subscription rights) including the amount paid in upon the exercise of stock options &lt;Jul. 10, 2006 released&gt;</p> <p>Started operation of marketing subsidiary in Singapore. &lt;Jul. 4, 2006 released&gt;</p>
Jun. 2006	<p>Licensed selective estrogen receptor modulators (SERMs) to Radius. &lt;Jun. 29, 2006 released&gt;</p> <p>Allotment of stock options (new share subscription rights) &lt;Jun. 23, 2006 released&gt;</p>