

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

**FOR IMMEDIATE RELEASE
November 5, 2003**

On November 5, 2003, Eisai Co., Ltd. announced semiannual consolidated financial results for the fiscal year ending March 31, 2004.

- Date of the Board of Directors' Meeting for presentation of semiannual consolidated financial results: November 5, 2003

- These financial presentations do not conform to U.S. financial presentation standards.

- Eisai Co., Ltd. is listed on the First Section of both the Tokyo Stock Exchange and the Osaka Securities Exchange.

- Securities Code Number: 4523

- Representative of corporation: Haruo Naito
President and Chief Executive Officer

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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. CONSOLIDATED SEMIANNUAL FINANCIAL RESULTS (APRIL 1, 2003 – SEPTEMBER 30, 2003)

(1) RESULTS OF SEMIANNUAL OPERATIONS

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 2003- September 30, 2003	¥ 247,768 mil.	5.7%	¥40,973 mil.	1.3%	¥40,659 mil.	1.4%
April 1, 2002- September 30, 2002	¥234,435 mil.	11.1%	¥40,438 mil.	3.7 %	¥40,085 mil.	(0.3 %)
April 1, 2002- March 31, 2003	¥466,613 mil.		¥75,863 mil.		¥76,137mil.	

Period	Net Income	Percent Change	Earnings	Per Share
April 1, 2003- September 30, 2003	¥24,858 mil.	11.7%	¥85.20	¥85.19
April 1, 2002- September 30, 2002	¥22,248 mil.	11.5%	¥76.53	¥75.74
April 1, 2002- March 31, 2003	¥41,027 mil.		¥141.16	¥139.85

Notes: 1. Investment loss and profit accounted for by the equity method:

- Interim period ended September 30, 2003: (¥3 mil.)
- Interim period ended September 30, 2002: ¥10 mil.
- Fiscal year ended March 31, 2003: ¥47 mil.

2. Average Common Stock issued and outstanding:

- Interim period ended September 30, 2003: 291,788,071
- Interim period ended September 30, 2002: 290,713,144
- Fiscal year ended March 31, 2003: 290,163,720

3. There have been no changes in accounting methods used by the Company during the periods ended September 30, 2003, and 2002.

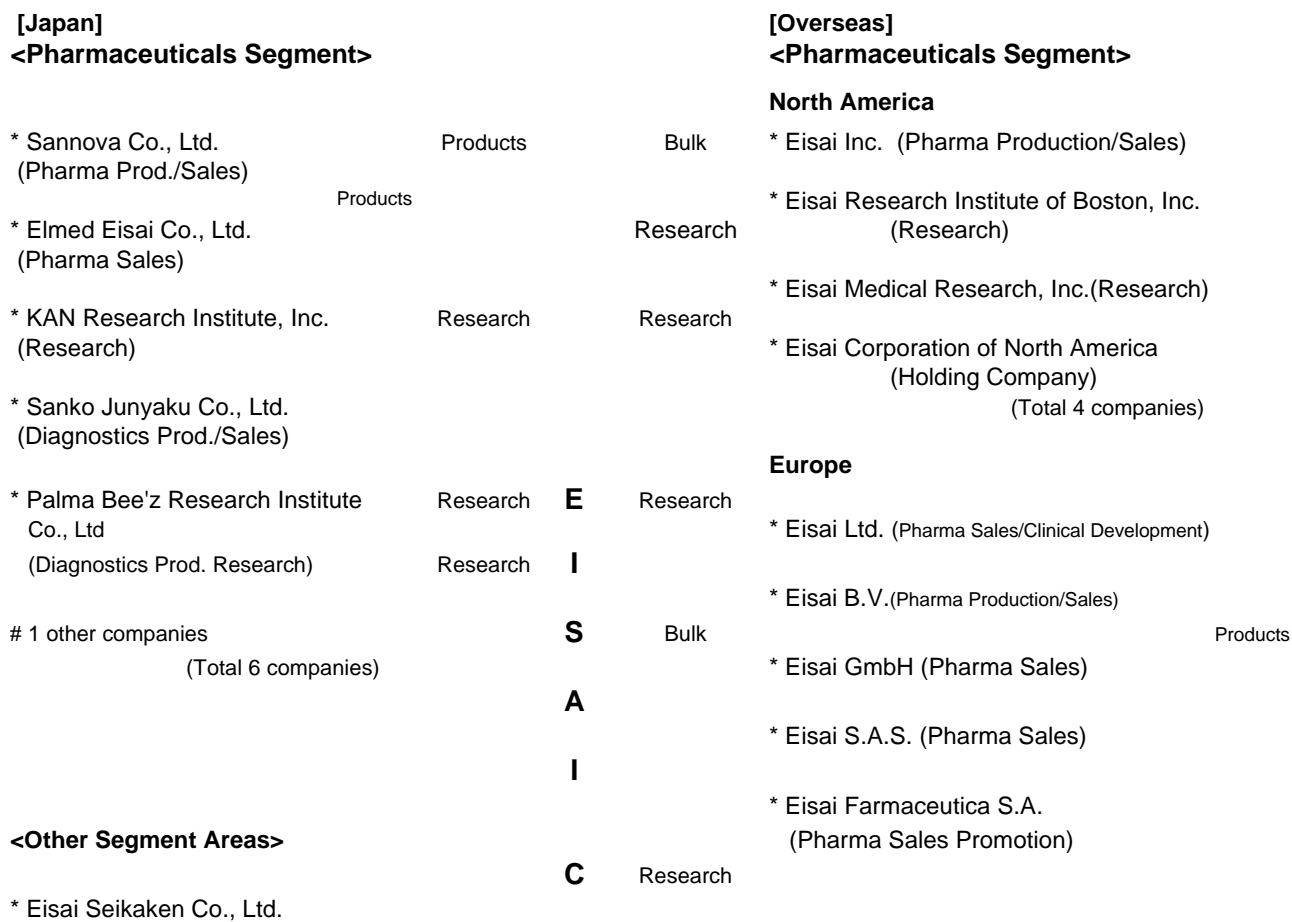
4. Percentage increase (decrease) compares periods ended September 30, 2002 and 2001.

(2) FINANCIAL POSITION

Period End	Total Assets	Shareholders' Equity	Shareholders' Equity to Total Assets	Shareholders' Equity per Share
September 30, 2003	¥616,102mil.	¥409,296mil.	66.4%	¥1,402.73
September 30, 2002	¥556,593 mil.	¥369,790 mil.	66.4 %	¥1,280.47
March 31, 2003	¥591,721 mil.	¥388,247 mil.	65.6%	¥1,330.34¥¥

I. Business Flows Within the Group

The Group consists of Eisai Co., Ltd. (the Company), 34 consolidated subsidiaries and 3 associated companies accounted for by Equity Method. The diagram below shows the principal operations and flows within the Group.



Affiliated Companies

(Consolidated Subsidiaries)

Company Name	Location	Voting rights	Description of Operations
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Eisai Hong Kong Co., Ltd.	Hong Kong, China	500	HK\$	100.00% (10.00%)	Pharmaceutical production/sales	(E) Pharmaceutical sales	* 1
Eisai Korea Inc.	Seoul, Korea	3,512,000	Won	100.00%	Pharmaceutical sales	-	

Company Name	Location			Voting rights	Description of Operations	Relationship/Operations	Note
Bracco-Eisai Co., Ltd.	Tokyo	340,000	Yen	49.00%	Contrast media import/ production/sales	(E) Contrast media purchase	
Eisai-Novartis Verwaltungs GmbH	Nuremberg, FRG	25	Euro	50.00% (50.00%)	Prescription pharmaceuticals	-	* 1,6
Hi-Eisai Pharmaceutical Inc.	Manila, Philippines	31,250	Peso	49.90% (1.45%)	Pharmaceutical prod./sales	(E) Pharmaceutical sales	* 1

Notes: *1. Voting rights (%) ownership: Figures in parenthesis represent percentage indirectly owned by Eisai.

clinical research, the Company will promote global clinical development in

a reduction in waste, and recycling. Likewise, the Company will provide environment-friendly products by focusing on the development of production technology and product design that can reduce environmental burden. In this context, the Company is implementing environmental control in accordance with the environmental management system (ISO14001) on a continuous basis.

3) Basic policy on profit distribution

With respect to profit distribution, the Company will strive to reward shareholders by way of the stable dividends in consideration of the consolidated financial performance and dividends on shareholders' equity ratio (DOE). At the same time, the funds will be allocated to enrich R&D activities, strengthen competitive advantage in business, and for other purposes.

4) Enhancement of corporate governance

Starting this fiscal year, the Company has segregated the respective functions of Chairman of the Board of Directors and Chief Executive Officer (CEO) in order to reinforce the supervisory function of the Board of Directors and instituted a system whereby prompt decision-making is facilitated with respect to critical issues in operating business by significantly delegating responsibilities and authority to operating officers. Moreover, for the purpose of further enhancing management transparency, the composition of Corporate Governance Committee, where nomination and remuneration of directors and officers are deliberated on, has been transformed to what is fully comprised of non-executive directors. We will continue to improve our corporate governance.

5) Promotion of compliance

It is our philosophy that compliance with laws and ethical standards is the Company's top priority and foundation for a going concern. To that end, a Charter for Business Compliance Behavior has been established, and all the officers and employees strive to comply and conduct daily activities accordingly. The Company seeks to ensure compliance in the entire Eisai Group on a continuous basis through implementing ongoing training sessions for officers and employees and completing revisions of compliance programs including the Code of Conduct based on new guidance in addition to soliciting utilization of the standing consultation contacts inside and outside the Company.

3. Performance Review and Financial Position

1) Operating results for the interim period under review

[Sales and income]

Despite the fact that the healthcare cost-containment measures were implemented in each country, the U.S. and European pharmaceutical markets continued growing. On the other hand, the Japanese pharmaceutical market became increasingly harsh due to an economic slowdown, an increase in co-payments for employee's health insurance, and fierce competition.

Under such circumstances, the Company achieved the following consolidated results for the interim period under review:

Net sales: ¥247,768 million (5.7% increase year-on-year)

Operating income: ¥40,973 million (1.3% increase year-on-year)

Ordinary income: ¥40,659 million (1.4% increase year-on-year)

Net income: ¥24,858 million (11.7% increase year-on-year)

Sales of *Aricept* expanded to ¥68,577 million, up 26.5% year-on-year and sales of *Pariet* (US brand name: *Aciphex*) increased to ¥63,929 million, up 11.7% year-on-year respectively. Net sales gained ground in the United States and Europe while those in Japan and Asia remained steady.

Although the cost ratio declined due to anAlthon

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upturn in the Japan, the United States and Europe. As for consumer healthcare products, expansion was registered in sales of the *Nabolin* group of activated vitamin B12, to which a new product was added.

Consequently pharmaceutical sales came to ¥236,225 million, up 7.1% year-on-year while operating income amounted to ¥41,496 million, an increase of 0.9% year-on-year.

Other segments

Asia and other regions:

Sales in Asia and other regions inched up 5.4% to ¥4,750 million while operating income fell 3.7% to ¥902 million. Sales of *Aricept* amounted to ¥1,202 million, down 6.2%, and sales of *Pariet* were bolstered to ¥727 million, up 12.6%.

Total overseas sales excluding Japan grew to ¥118,707 million, an increase of 14.9%, thereby representing 47.9% of the Company's total net sales.

[Profit distribution]

The Company has decided to set the interim dividend at ¥18 per share, an

amounted to ¥45,843 million, up ¥26,277 million from the corresponding period of the previous year. Income before income taxes rose ¥6,717 million from the previous period to ¥43,928 million. Meanwhile, depreciation and amortization expenses stayed at ¥8,798 million, nearly the same as the previous period. The gain from the corresponding period of the previous year was primarily attributed to a decline in trade receivables and a rise in other current liabilities. Income taxes paid stood at ¥24,194 million.

reference purposes.

3) Progress in Research and Development

[Products under development]

In Japan, we obtained an approval of additional indication of maintenance therapy for gastro-esophageal reflux disease (GERD) for *Pariet*

errors.

[Activities for environmental conservation and occupational health and safety]

As part of business activities that take the global environment into consideration, we are actively engaged in the utilization of the Green Power System aimed at energy conservation and reduction of CO₂, and the high-efficiency operation of the ice and water thermal storage system at the Tsukuba Research Laboratories. With respect to safety and sanitation, we obtained 'OHSAS18001', a certification standard for the Occupational Health and Safety Management System, at the Kawashima plant in October 2003.

In September we published 'Environmental and Social Report 2003' wherein environmental management and specific activities for environmental conservation are summarized.

4) Outlook for the fiscal year 2003

We hereby revise the financial forecast on a consolidated basis for the full fiscal year which was announced in our financial disclosure in May as follows:

(in million yen, %)

Updated forecast	Previous
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projected to be ¥ 136,000 million, bolstered by ¥ 8,000 million from the previous forecast while the forecast for *Pariet/Aciphex* stays at the same level of the former figures in the amount of ¥ 149,000 million.

[Income]

Operating income is estimated to come to ¥ 83,000 million, up ¥ 3,000 from the former forecast owing to the reduction in personnel cost arising out of exemption from the future benefit obligation as to substitutional retirement portion of employees Welfare Pension Fund which was approved in this period while ordinary income is projected to be ¥ 82,500 million, up ¥ 2,000 million from the previous forecast. In connection with net income, affected by the extraordinary income from gain on exempted obligation of substitutional portion of employees Welfare Pension Fund incurred in the interim period, forecast thereof is updated to ¥ 50,000 million, an increase of ¥ 2,000 million from previous one.

On balance, sales and income is expected to increase in our consolidated performance for full fiscal year respectively. Meanwhile we will proactively implement R&D investments while at the same time continuing our endeavor to improve the cost ratio and enhance the efficiency of managerial resources.

In conjunction with dividends, we expect to repatriate a fiscal year-end dividend of ¥18 per share, making an annual total dividend of ¥36 per share, an increase of ¥4 per share over the previous year.

On the other hand, the financial forecast on a non-consolidated basis for the full fiscal year is also revised as presented below:

(in million yen, %)

	Updated forecast		Previous forecast	Difference	Revision (%)
	(A)	Changes YoY (%)	(B)	(A-B)	
Net sales	300,000	+3.6	296,000	4,000	1.4
Operating income	66,000	+1.1	63,000	3,000	4.8
Ordinary income	65,000	+0.3	63,000	2,000	3.2

Net income	40,000	+17.0	38,000	2,000	5.3
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Note: The forward-looking statements contained in this report are based on information available to the Company at the time they were issued, and therefore actual results could differ materially from these statements due to changes in economic conditions, foreign exchange rates, and conditions affecting the pharmaceutical industry including but not limited to revisions of the pharmaceutical- affairs laws and regulations and other factors.

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

Account Title	Note	September 30 2002		September 30 2003		March 31 2003		Increase (Decrease) (Millions of Yen)
		(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	
LIABILITIES								
Current liabilities:								
Accounts and notes payable-trade		¥16,864		¥15,983		¥16,134		
Short-term borrowings		435		213		35		
Current portion of straight bonds	2	—		100		100		
Current portion of convertible bonds		5,290		—		—		
Accounts payable-other		42,378		44,308		41,145		
Accrued expenses		22,783		25,286		22,595		
Accrued income taxes		18,260		20,055		23,026		
Reserve for sales rebates		21,680		36,627		37,574		
Other reserves		776		993		796		
Other current liabilities		4,691		4,320		4,584		
Total current liabilities		133,160	23.9	147,888	24.0	145,992	24.7	1,896
Long-term liabilities:								
Straight bonds	2	100		—		—		
Deferred tax liabilities		507		714		344		
Liability for retirement benefits		41,344		46,422		45,417		
Retirement allowances for Directors		1,701		1,765		1,764		
Other long-term liabilities		660		581		622		
Total long-term liabilities		44,313	8.0	49,484	8.1	48,148	8.1	1,335
Total liabilities		177,473	31.9	197,373	32.1	194,140	32.8	3,232
Minority Interests		9,329	1.7	9,433	1.5	9,332	1.6	100
Shareholders' equity:								
Common stock		44,984	8.1	44,985	7.3	44,985	7.6	—
Capital surplus		55,221	9.9	55,222	9.0	55,222	9.3	—
Retained earnings		292,534	52.6	322,792	52.4	302,669	51.2	20,123
Net unrealized gain (loss) on available-for-sale securities		1,911	0.3	5,032	0.8	1,424	0.2	3,607
Foreign currency translation adjustment		(1,155)	(0.2)	(4,171)	(0.7)	(1,502)	(0.2)	(2,668)
Treasury stock		(23,706)	(4.3)	(14,566)	(2.4)	(14,551)	(2.5)	(14)
Total shareholders' equity		369,790	66.4	409,296	66.4	388,247	65.6	21,048
Total		¥556,593	100.0	¥616,102	100.0	¥591,721	100.0	¥24,380

EISAI CO., LTD.

5. CONSOLIDATED SEMIANNUAL STATEMENTS OF INCOME

Note	(Millions	(%)	(Millions	(%)	Increase	(Millions	(Millions	(%)
	of Yen)		of Yen)		(Decrease)	of Yen)	of Yen)	
	\234,435	100.0	\247,768	100.0	\13,332	\466,613	100.0	\466,

EISAI CO., LTD.

6. CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS /RETAINED EARNINGS

Account Title	Note	April 1, 2002 - September 30, 2002		April 1, 2003 - September 30, 2003		April 1, 2002 - March 31, 2003	
		(Millions of Yen)		(Millions of Yen)		(Millions of Yen)	
Capital surplus					¥55,222		
Capital surplus reserve, beginning balance			¥55,125				¥55,125
Increase in capital surplus							
-Conversion of convertible bonds		96	96	-	-	97	97
Capital surplus ending balance			55,221		55,222		55,222
Retained earnings, beginning balance					302,669		
Consolidated earned surplus, beginning balance			275,051				275,051
Increase in retained earnings							
Net income		22,248	22,248	24,858	24,858	41,027	41,027
Decrease in retained earnings							
- Loss on treasury stock		-		-		4,023	
- Dividends		4,667		4,668		9,288	
- Bonuses to directors		98	4,765	66	4,735	98	13,410
Retained earnings, ending balance			¥292,534		¥322,792		¥302,669

EISAI CO., LTD.

7. CONSOLIDATED STATEMENTS OF CASH FLOWS

	September 30, 2002	September 30, 2003	Increase (Decrease)	March 31, 2003
Note	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
	¥37,210	¥43,928		69,825
	8,506	8,798		17,965
	14	104		264

Eisai Machinery U.S.A Inc. is
treated as a consolidated

subsidiary because this was

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BASIS OF PRESENTING SEMIANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
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1.

Scope of

Consolidation
Ludj Seianha Co., Ltd., and
Gakuen Shoji Co., Ltd. were
merged into Sunplanet Co.,
Ltd. (surviving company) in
April 2002.

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
4. Significant Accounting Policies	<p data-bbox="357 230 686 443">1. Accounting Policies for Certain Assets (1) Short-term and Investment Securities Held-to-maturity Securities: Stated at amortized cost. (Straight Line Method)</p> <p data-bbox="357 477 715 813">Available-for-sale Securities: Marketable securities: Stated at fair market value on the closing date of the interim period with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined by the moving average method.</p> <p data-bbox="357 846 683 902">Non-marketable securities: Stated at cost determined</p> <p data-bbox="603 909 962 938">8 48.6 0u026t77 Tw 51 3 Tjs:</p>		

Item

April 1, 2002 April 1, 200 2 April 1, 200

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
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Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
	<p>transitional obligation in the amount of 32,357 million yen determined as of April 1, 2000, was offset by the contribution of certain available-for-sale securities, with the fair value of 15,128 million yen, to the employee's retirement benefit trusts for the Parent Company's pension plans. The remaining unfunded balance of 17,229 million yen (as well as 771 million yen for retirement benefits in consolidated subsidiaries in Japan) is being amortized over five years and charged to income and presented as operating expenses in the statements of income.</p> <p>The unrecognized prior service cost is being amortized over five years and charged to income as a reduction of operating expense in the statements of income.</p> <p>The unrecognized actuarial loss by the Company is being amortized over five years by the straight-line method from the next fiscal year.</p>	<p>transitional obligation in the amount of 32,357 million yen determined as of April 1, 2000, was offset by the contribution of certain available-for-sale securities, with the fair value of 15,128 million yen, to the employee's retirement benefit trusts for the Parent Company's pension plans. The remaining unfunded balance of 17,229 million yen (as well as 771 million yen for retirement benefits in consolidated subsidiaries in Japan) is being amortized over five years and charged to income and presented as operating expenses in the statements of income.</p> <p>The unrecognized prior service cost is being amortized over five years and charged to income as a reduction of operating expense in the statements of income.</p> <p>The unrecognized actuarial loss by the Company and certain consolidated subsidiaries is being amortized over five years by the straight-line method from the next fiscal year.</p> <p>(Additional Information) The Company, on enactment of defined benefit corporate pension act, has obtained approval from Japan's Ministry of Health, Labour and Welfare for exemption from the benefit obligation of the substitutional retirement portion of the Eisai Welfare Pension Fund on August 29, 2003. Accordingly, the Company adopted a transitional measure provided in the paragraph 47-2 of the "Practical</p>	<p>transitional obligation in the amount of 32,357 million yen determined as of April 1, 2000, was offset by the contribution of certain available-for-sale securities, with the fair value of 15,128 million yen, to the employee's retirement benefit trusts for the Parent Company's pension plans. The remaining unfunded balance of 17,229 million yen (as well as 771 million yen for retirement benefits in consolidated subsidiaries in Japan) is being amortized over five years and charged to income and presented as operating expenses in the statements of income.</p> <p>The unrecognized prior service cost is being amortized over five years and charged to income as a reduction of operating expense in the statements of income.</p> <p>The unrecognized actuarial loss by the Company and certain consolidated subsidiaries in Japan is being amortized over five years by the straight-line method from the next fiscal year.</p>

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003 Guidance for Employee	April 1, 2002- March 31, 2003
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(5) Retirement allowances for
Directors and Corporate
Auditors

The Company and certain consolidated subsidiaries in Japan provide a reserve for retirement allowances for Directors and Corporate Auditors in the amount required in accordance with internal regulations as if all Directors and Corporate Auditors were to retire at the end of the interim period.

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
5. Cash and Cash Equivalents	Cash and cash equivalents in the interim consolidated statements of cash flows are comprised of, cash on hand, demand deposits, and short-term investments that are readily convertible into cash, and that are exposed to insignificant risk of changes in value, all of which mature or become due within three months of the date of acquisition.	Same as at the left	Cash and cash equivalents in the consolidated statements of cash flows are comprised of, cash on hand, demand deposits, and short-term investments that are readily convertible into cash, and that are exposed to insignificant risk of changes in value, all of which mature or become due within three months of the date of acquisition.

Changes in Accounting Policy

April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
		<p>1. Application of the Accounting Standard on the Legal Surplus and the Reversal of Legal Surplus etc. The Company applied the Accounting Standard on the Legal Surplus and the Reversal of Legal Surplus etc. (Corporate Accounting Standard, Sub-paragraph 1) to the statement from this period. The effect of this application to profits and losses for this period is insignificant. Consequently, loss on treasury stock 4,023 million yen in the statements of income was deducted from unappropriated retained earnings. In accordance with the revision of the Regulations of Consolidated Financial Statements, shareholders' equity section in the consolidated balance sheet and the consolidated statement of retained earning for the period were provided under the revised regulations.</p> <p>2. Earnings per share The Company applied the Accounting Standard on the Net Income per Share (Corporate Accounting Standard, Sub-paragraph 2) and the</p>

		Application Guidance of Accounting Standard on Net Income per Share (Application Guidance of Corporate Accounting Standard, Sub-paragraph 4) to the statement from this period. Effects of this application is presented in 12. ASSETS, EARNINGS PER SHARE.
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Changes in Presentation Methods

April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
<p>(Consolidated Semiannual Income Statement)</p> <p>As the amount of Lent, included in <i>Others</i> of Non-operating income in the prior period, exceeded 10% of non-operating income, it was separately presented in the statement of income from this period. Reported amount as Lent in the prior period was 107 million yen.</p> <p>(Consolidated Semiannual Statements of Cash Flows)</p> <p>As the amount of Decrease in other current liabilities, included in <i>Others</i> of Operating activities in the prior period, increased than ever before, it was separately treated and presented in an independent account title from this period. Reported amount as Decrease in other current liabilities included in the cash flows by operating activities in the prior period was 3,671 million yen.</p>	<p>(Consolidated Semiannual Income Statement)</p> <p>As the amount of Lent, separately presented in Non-operating income of the statement in the prior period, decreased the percentage, it was included in <i>Others</i> from this period. Reported amount as Lent in this period was 44 million yen.</p>	<p>(Consolidated Statements of Cash Flows)</p> <p>As the amount of Decrease in other current liabilities, included in <i>Others</i> of Operating activities in the prior period, increased than ever before, it was separately treated and presented in an independent account title from this period. Reported amount as Increase in other current liabilities included in the cash flows by operating activities in the prior period was 4,270 million yen.</p>

Additional Information

April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
<p>Accounting standard for treasury stock and the reversal of legal reserve etc.</p> <p>The Company applied the Accounting Standard on Treasury Stock and the Reversal of Legal Reserve etc. (Corporate Accounting Standard, sub-paragraph 1) from this period. The effect of this application to profits and losses for this period is insignificant.</p> <p>In accordance with the revision of the Regulations of Interim Consolidated Financial Statements, shareholders' equity section in the interim consolidated balance sheet and the interim consolidated statement of retained earning for the period were provided under the revised regulations.</p>	<p>_____</p>	<p>_____</p>

(Notes to the Interim Consolidated Profit and Loss Accounts)

April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
<p>1. _____</p> <p>2. _____</p> <p>3. Loss on vitamin E litigation settlement</p> <p>Extra-ordinary loss recorded in the period as "Loss on vitamin E litigation settlement" amounted to 643 million yen including additional expenses associated with civil settlements reached with direct and indirect purchasers of synthetic vitamin E in the U.S.</p>	<p>1. The principal gain on Sales of property, plant, and equipment is as follows:</p> <p>Land ¥462 million</p> <p>2. The principal loss on Disposal of fixed assets is as follows:</p> <p>Land ¥267 million</p> <p>3. _____</p>	<p>1. The principal gain on Sales of property, plant, and equipment is as follows:</p> <p>Machinery and vehicles ¥13 million</p> <p>2. The principal loss on Disposal of fixed assets is as follows:</p> <p>Buildings ¥414 million Machinery and vehicles ¥216 million</p> <p>3. Loss on vitamin E litigation settlement</p> <p>Extra-ordinary loss recorded in the period as "Loss on vitamin E litigation settlement" includes additional expenses associated with civil settlements reached with direct and indirect purchasers of synthetic vitamin E in the U.S.</p>

(Notes to the Statements of Cash Flows)

April 1, 2002-
September 30, 2002

April 1, 2003-
September 30, 2003

April 1, 2002-
March 31, 2003

8. SEGMENT INFORMATION

1. Industry Segment Information

1) For the interim period ended September 30, 2002 (Millions of Yen)

	Pharma- ceuticals	Others	Total	Eliminations and Corporate	Consolidated
I. Sales and operating income/loss					
(1) Sales to customers	¥220,653	¥13,782	¥234,435	–	¥234,435
(2) Intersegment sales	123	7,140	7,264	(¥7,264)	–
Total sales	220,776	20,923	241,699	(7,264)	234,435
Operating expenses	179,631	20,070	199,702	(5,705)	193,996
Operating income (loss)	¥41,145	¥852	¥41,997	(¥1,559)	¥40,438

2) For the interim period ended September 30, 2003

(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, 2002:

- Europe: The United Kingdom, Germany, France, etc.
- Asia and Others: East Asia, Southeast-Asia, etc.

9. LEASE TRANSACTIONS

1. Finance leases other than those that deem to be

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(3) Actual lease payments, Depreciation expense, Interest expense (Millions of Yen)

Period Ended	September 30 2002	September 30 2003	March 31 2003
Actual lease payments	¥567	¥584	¥1,144
Depreciation expense	532	551	1,073
Interest expense	¥41	¥32	¥80

(4) Deprecm
2003

Due within one year	¥774	¥1,115	¥1,084
Due over one year	1,052	3,602	2,557
Total	¥1,826	¥4,718	¥3,642

10. SECURITIES

1. MARKET VALUE OF HELD-TO-MATURITY MARKETABLE BONDS

(Millions of Yen)

	September 30, 2002			September 30, 2003			March 31, 2003		
	Carrying amount	Aggregated fair value	Unrealized Gain (Loss)	Carrying amount	Aggregated fair value	Unrealized Gain (Loss)	Carrying amount	Aggregated fair value	Unrealized Gain (Loss)
1. National & Local bonds	–	–	–	–	–	–	–	–	–
2. Corporate bonds	¥41,147	¥38,215	(¥2,931)	¥45,171	¥44,563	(¥608)	¥38,552	¥36,792	(¥1,759)
3. Other	7,498	7,506	7	12,498	12,502	4	6,398	6,404	6
Total:	¥48,646	¥45,722	(¥2,923)	¥57,670	¥57,066	(¥603)	¥44,950	¥43,197	(¥1,753)

2. MARKET VALUE OF AVAILABLE-FOR-SALE SECURITIES

(Millions of Yen)

	September 30, 2002			September 30, 2003			March 31, 2003		
	Cost	Carrying amount	Unrealized Gain (Loss)	Cost	Carrying amount	Unrealized Gain (Loss)	Cost	Carrying amount	Unrealized Gain (Loss)
1. Equity securities	¥16,693	¥19,591	¥2,898	¥14,004	¥22,539	¥8,534	¥14,028	¥16,464	¥2,435
2. Debt securities									
National & Local bonds	1	1	(0)	1,086	1,086	–	1,841	1,841	–
Corporate bonds	–	–	–	–	–	–	1,365	1,365	–
Other	1	1	(0)	1,086	1,086	–	475	475	–
3. Other	8,934	9,001	67	8,111	8,180	69	8,812	8,817	4
Total:	¥25,629	¥28,594	¥2,965	¥23,202	¥31,805	¥8,603	¥24,682	¥27,122	¥2,439

Notes:

In the interim period ended September 30, 2003, the impairment loss associated with the fair market value determination of available-for-sale securities was ¥13 million.

(Interim period ended September 30, 2002: ¥1,854 million, Fiscal year period ended March, 31, 2003: ¥4,194 million)

The impairment loss associated with available-for-sale securities is recognized when the market value at the period end becomes less than half of the carrying cost, except when it is anticipated that the market value is recoverable. The loss is also recognized when the decline in the value at the interim period end is between 30 % and 50 % of the carrying cost, judging from the transition of market price and the fair value at the period ends of its preceding consolidated fiscal year and interim period, except when it is anticipated that the market value is recoverable.

**3. HELD-TO-MATURITY SECURITIES AND AVAILABLE-FOR-SALE
SECURITIES OF WHICH FAIR VALUE IS NOT READILY DETERMINABLE**

(Millions of Yen)

	September 30 2002	September 30 2003	March 31 2003
1. Held-to-Maturity	5,962,701.4	5,962,701.4	5,962,701.4
2. Available-for-sale	439.2	439.2	439.2
3. Tw	1.2	1.2	1.2
4. Mae f	2362.4	2362.4	2362.4
5. re	725.4	725.4	725.4

11. DERIVATIVE FINANCIAL INSTRUMENTS
FOREIGN CURRENCY RELATED DERIVATIVES

(Millions of Yen)

September 30, 2002

12. ASSETS, EARNINGS PER SHARE

April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
Equity value per share: 1,280.47 yen	Equity value per share: 1,402.73 yen	
Earnings per share: 76.53 yen	Earnings per share: -4.0 yen -4.0 yen	
Fully diluted earnings per share: 75.74 yen		

The Company applied the Accounting Standard on the Net Income per Share (Corporate Accounting Standard, Sub-paragraph 2) and the Application Guidance of Accounting Standard on Net Income per Share (Application Guidance of Corporate Accounting Standard, Sub-paragraph 4) to the statement from this period.

Assets and earnings per share for this period based on the traditional method are the same as the above.

	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
Fully diluted earnings per share			
Adjusted net income (mil. yen)	10	-	11
(Interest expenses (after tax)) (mil. yen)	(9)	(-)	(9)
(Others (after tax))(mil. yen)	(1)	(-)	(2)
Increased number of common shares (thousand shares)	3,174	0	2,819
(Convertible bond (thousand shares))	(3,150)	(-)	(2,805)
(Pre-emptive rights (thousand shares))	(24)	(-)	(14)
(New share subscription rights (thousand shares))	(-)	(0)	(-)
Diluted securities with no dilutive effects, which were not included in the fully diluted EPS.	Two types of new share subscription rights (pre-emptive right under Commercial Code of Japan before revision: 142 thousand shares) (new share subscription rights: 1,750 units)	Two types of pre-emptive rights (Total number of shares to which the new share subscription rights to be applied: 322 thousand shares) Another type of new share subscription rights (Number: 1,750 units)	Type of dilutive securities (new share subscription rights) Number of dilutive securities: 175 thousand shares

13. PRODUCTION, PRODUCTION BY ORDER AND SALES INFORMATION

1. Production Results

(1) Production results

(Unit: Millions of Yen)

	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
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	¥220,653	94.1	¥236,225	95.3	¥441,663	94.7
Pharmaceuticals						
Europe	13,373	5.7	16,478	6.7	26,132	5.6
Asia and Others	4,506	1.9	4,750	1.9	9,138	2.0
Others	13,782	5.9	11,542	4.7	24,949	5.3
Japan	12,645	5.4	10,314	4.2	22,606	4.8
Overseas						

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

**FOR IMMEDIATE RELEASE
November 5, 2003**

On November 5, 2003, Eisai Co., Ltd. announced non-consolidated semiannual financial results for the fiscal year ending March 31, 2004.

for the fiscal year ending March 31, 2004

1. NON-CONSOLIDATED SEMIANNUAL FINANCIAL RESULTS (April 1, 2003 – September 30, 2003)

(1) RESULTS OF SEMIANNUAL OPERATIONS

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 2003- September 30, 2003	¥153,816 mil.	2.4%	¥36,417 mil.	(2.8)%	¥36,023 mil.	(1.6)%
April 1, 2002- September 30, 2002	¥150,241 mil.	9.1%	¥37,448 mil.	7.9%	¥36,615 mil.	3.9%
April 1, 2002- March 31, 2003	¥289,603 mil.		¥65,273 mil.		¥64,805 mil.	

Period	Net Income	Percent Change	Earnings per Share(EPS)
April 1, 2003- September 30, 2003	¥22,872		
April 1, 2002- September 30, 2002	¥19,743 mil.	14.7%	¥67.92
April 1, 2002- March 31, 2003	¥34,174 mil.		¥117.57

Note 1: Average number of shares outstanding:

- Interim period ended September 30, 2003: 291,788,071
- Interim period ended September 30, 2002: 290,713,144
- Fiscal year ended March 31, 2003: 290,163,720

Note 2: There have been no changes in accounting methods used by the Company during the period ended September 30, 2003 and 2002.

Note 3: Percentage increase (decrease) compares periods ended September 30, 2002 and 2001.

(2) DIVIDENDS

Dividends per Share

EISAI CO., LTD.

1-1) NON-CONSOLIDATED BALANCE SHEET

Note	(Millions Yen)	of	(%)	(Millions of Yen)	(%)	(Millions	Increase (Decrease)
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EISAI CO., LTD.

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

	Note	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	Increase (Decrease) (Millions of Yen)
Current liabilities:								
Notes payable-trade		¥671		¥809		¥820		
		8,041		6,505		7,197		
		5,290		—		—		
Accounts payable-other		16,278		19,498		17,001		
Accrued expenses		11,903		12,852		11,093		
Accrued income taxes		16,047		17,153		18,168		
Accrued consumption taxes	4	1,222		560		919		
Reserve for sales rebates		832		905		793		
Other reserves		755		980		782		
Other current liabilities		4,067		6,051		5,145		
Total current liabilities		65,111	13.9	65,316	12.8	61,923	12.8	3,392
Long-term liabilities:								
Liability for retirement benefits		38,076		42,829		41,894		
Retirement allowances for Directors		1,575		1,642		1,620		
Total long-term liabilities		39,651	8.5	44,471	8.8	43,514	9.0	956
Total liabilities		104,762	22.4	109,787	21.6	105,438	21.8	4,349
Shareholders' equity:								
Common stock		44,984	9.6	44,985	8.8	44,985	9.3	—
Additional paid-in capital		55,221		55,222		55,222		
Total capital surplus		55,221	11.8	55,222	10.9	55,222	11.4	—
		7,899		7,899		7,899		

2. NON-CONSOLIDATED SEMI-ANNUAL STATEMENTS OF INCOME

Account Titles	Note	Apr 1, 2002 - Sep 30, 2002		Apr 1, 2003 - Sep 30, 2003		Increase (Decrease)		
		(Millions of Yen)	(%)	(Millions of Yen)	(%)		(Millions of Yen)	(Millions of Yen)
Net sales		¥150,241	100.0	¥153,816	100.0	¥3,575	¥289,603	100.0
Income taxes-current		44,594	29.7	41,957	27.3	(2,636)	85,530	29.5
Income taxes-deferred		105,646	70.3	111,858	72.7	6,212	204,072	70.5
Net income		88	0.02	225	0.04	137	0	0
1	1,382	0.9	916	0.6	(466)	2,150	0.8	
Gross profit	2	2,214	1.4	1,310	0.9	(904)	2,518	0.9
	36,615	24.4	36,023	23.4	(592)	64,805	22.4	
3	37	0.0	3,748	2.5	3,711	553	0.2	
4	2,939	2.0	895	0.6	(2,044)	6,511	2.3	
Operating income		33,713	22.4	38,876	25.3	5,163	58,347	20.3
Non-operating income		17,491	11.6	18,203	11.8	712	29,708	10.2
Non-operating expenses		(3,521)	(2.3)	(2,199)	(1.4)	1,322	(5,034)	(1.7)
Ordinary income		19,743	13.1	22,872	14.9	3,129	34,174	11.8
Extra-ordinary income		6,135	4.1	6,935	4.5	799	6,135	2.1
Extra-ordinary loss		-	-	-	-	-	4,520	1.6
Income before income taxes								
							4,023	
period		¥25,879		¥29,808		¥3,928	¥31,665	

BASIS OF PRESENTING SEMIANNUAL NON-CONSOLIDATED FINANCIAL STATEMENTS

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
1. Standards and Methods for Evaluating Assets	<p>(1) Securities Held-to-Maturity Securities: Stated at amortized cost (straight line method) Investment in Subsidiaries and Associated Companies: Stated at cost determined by the moving average method.</p> <p>Available-for-Sale Securities Marketable securities: Stated at fair market value on the closing date of the interim period with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined by the moving average method.</p> <p>Non-marketable securities: Stated at cost determined by the moving average method.</p> <p>(2) Derivatives Derivatives are stated at fair market value.</p> <p>(3) Inventories Merchandise and finished products, work-in-process products, raw materials, and supplies are stated at cost determined by the average method.</p>	<p>(1) Securities Held-to-Maturity Securities: Same as at the left</p> <p>Common stock of Subsidiaries and Associated Companies: Same as at the left</p> <p>Available-for-Sale Securities Marketable securities: Same as at the left</p> <p>Non-marketable securities: Same as at the left</p> <p>(2) Derivatives Same as at the left</p> <p>(3) Inventories Same as at the left</p>	<p>1) Securities Held-to-Maturity Securities: Same as in the semiannual report for 2002 Common stock of Subsidiaries and Associated Companies: Same as in the semiannual report for 2002</p> <p>Available-for-Sale Securities Marketable securities: Stated at fair market value on the closing date of the period with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined by the moving average method.</p> <p>Non-marketable securities: Same as in the semiannual report for 2002</p> <p>(2) Derivatives Same as in the semiannual report for 2002</p> <p>(3) Inventories Same as in the semiannual report for 2002</p>
2. Depreciation of Fixed Assets	<p>(1) Property, plant and equipment Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the assets. The ranges of useful lives of assets are as follows:</p>	<p>(1) Property, plant and equipment Same as at the left</p>	<p>(1) Property, plant and equipment Same as in the semiannual report for 2002</p>

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
	<p>Buildings 15 to 65 years Machinery and equipment 6 to 7 years</p> <p>(2) Intangible assets Intangible assets are carried at cost less accumulated amortization which is computed by the straight-line method. Amortization for software utilized internally is computed by the straight-line method over useful lives of five years.</p>	<p>(2) Intangible assets Same as at the left</p>	<p>(2) Intangible assets Same as in the semiannual report for 2002</p>
<p>3. Accounting Standards for Reserves</p>	<p>(1) Allowance for doubtful accounts receivable The allowance for doubtful accounts receivable is stated at amounts considered to be appropriate based on the Company's past credit loss experience and on evaluation of potential losses in accounts receivable outstanding.</p> <p>(2) Reserve for sales rebates Reserve is stated at an amount determined by multiplying the inventories of distributors at the end of the interim period by the last rebate ratio, in order to provide for expenditure of sales rebates which are expected to be incurred after the end of the interim period.</p>	<p>(1) Allowance for doubtful accounts receivable Same as at the left</p> <p>(2) Reserve for sales rebates Same as at the left</p>	<p>(1) Allowance for doubtful accounts receivable</p>

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
	(3) Other reserves (a) Reserve for returns of goods sold A reserve for possible losses		

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
	<p>The unrecognized prior service cost is being amortized over five years and charged to income as a reduction of operating expense in the statements of income</p> <p>The unrecognized actuarial loss is being amortized over five years by the straight -line method and charged to operating expenses from the next fiscal year.</p>	<p>The unrecognized prior service cost is being amortized over five years and charged to income as a reduction of operating expense in the statements of income</p> <p>The unrecognized actuarial loss is being amortized over five years by the straight -line method and charged to operating expenses from the next period of the incurred fiscal year.</p>	
		<p>(Additional Information) The Company, on enactment of defined benefit corporate pension act, has obtained approval from Japan's Ministry of Health, Labour and Welfare for exemption from the benefit obligation of the substitutional retirement portion of the Eisai Welfare Pension Fund on August 29, 2003. Accordingly, the Company adopted a transitional measure provided in the paragraph 47-2 of the "Guidance for Employee</p>	

Item

April 1, 2002-
September 30, 2002

**April 1, 2003-
September 30, 2003**

April 1, 2002-
March 31, 2003

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
6. Hedge Accounting	(1) Methods of hedge accounting Gains or losses on or the changes in the measurement of the hedging instruments that are measured at fair value are deferred as an asset or liability until the gains and losses on the hedged items are 6.		

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
7. Consumption Taxes	Income and expenses are recorded net of consumption taxes.	Same as at the left	Same as in the semiannual report for 2002

Changes in Accounting Policies

April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
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Additional information

April 1, 2002-
September 30, 2002

**April 1, 2003-
September 30, 2003**

April 1, 2002-
March 31, 2003

Notes to the Semiannual Balance Sheets

Item	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
1. Accumulated Depreciation of Property Plant, & Equipment Equipment			

tem

April 1, 2002-
September 30, 2002

**April 1, 2003-
September 30, 2003**

April 1, 2002-
March 31, 2003

Notes to the Semiannual Financial Statements of Income

(Millions of Yen)

Items	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
1. Non-Operating income			
Interest income	43		
Interest from short-term investments			
Dividends income			
Rental income			
2. Non-Operating expense			
Interest expense			
Interest from bonds			
Foreign exchange losses			
3. Extraordinary income			
Gain on exempted obligation of the substitutional portion of employees' Welfare Pension Fund			
4. Extraordinary losses			
Provision for doubtful accounts receivable			
Loss on impairment of investment Securities			
Loss on vitamin E litigation settlement			
5. Depreciation expense			
Property, plant and equipment			
Intangible assets			

3. LEASE TRANSACTIONS

1 “As if capitalized” information of Finance leases other than those that deem to transfer ownership of the leased property to the lessee.

(1) Acquisition cost, Accumulated depreciation, Net leased property (Millions of Yen)

Period Ended	September 30 2002	September 30 2003	March 31 2003
Vehicles:			
Acquisition cost	¥43	¥39	¥22
Accumulated depreciation	29	12	16
Net leased property	¥14	¥27	¥6

Tools, furniture and fixtures:			
Acquisition cost	¥2,448	¥2,723	¥2,630
Accumulated depreciation			

- (4) Depreciation expense for leased property is computed using the straight-line method over the lease terms with no residual values.
- (5) Interest expense for leased assets is computed using the interest method based on the differences between the total lease payments and the respective acquisition cost of the assets which are considered to be interest bearing.

2. Minimum rental payments under non-cancelable operating leases

(Millions of Yen)

Period Ended
September 30
2002

5. ASSETS, EARNINGS PER SHARE

April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
Equity value per share: ¥1,257.02	Equity value per share: ¥1,367.88	Equity value per share: ¥1,293.44
Earnings per share: ¥67.92	Earnings per share: ¥78.39	Earnings per share: ¥117.57
Fully diluted earnings per share: ¥67.22	Fully diluted earnings per share: ¥78.39	Fully diluted earnings per share: ¥116.47

The Company applied the Accounting Standard on the Net Income per Share (Corporate Accounting Standard, Sub-paragraph 2) and the Application Guidance of Accounting Standard on Net Income per Share (Application Guidance of Corporate Accounting Standard, Sub-paragraph 4) to the statement from this interim period.

Assets and earning per share for this interim period based on the traditional method are the same as the above.

The Company applied the Accounting Standard on the Net Income per Share (Corporate Accounting Standard, Sub-paragraph 2) and the Application Guidance of Accounting Standard on Net Income per Share (Application Guidance of Corporate Accounting Standard, Sub-paragraph 4) to the statement from this period.

Assets and earning per share for this period based on the traditional method are as follows;

Equity value per share:	¥1,293,65
Earnings per share:	¥117.78
Fully diluted earnings per share:	

April 1, 2002
March 31, 2003

			34,174 61
			(61)
			34,113
		291,788	290,163

	April 1, 2002- September 30, 2002	April 1, 2003- September 30, 2003	April 1, 2002- March 31, 2003
Fully diluted earnings per share			
Adjusted net income (mil. yen)	10		
(Interest expenses (after tax)) (mil. yen)	(9)		
(Others (after tax))(mil. yen)	(1)		
Increased number of common shares (thousand shares)	3,174		
(Convertible bond (thousand shares))			
(Pre-emptive rights (thousand shares))			
(New share subscription rights (thousand shares))			



Securities Code: 4523

2003

Reference Data

Interim Period Ended
September 30, 2003

Eisai Co., Ltd.
November 5, 2003

For Inquiry:

Public Relations Department

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

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

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

Currency Exchange Rates

	US	EU	UK
	(¥/US\$)	(¥/EURO)	(¥/£)
(Apr. 2002 - Sept. 2002) Interim Period Average Rate	123.14	116.94	185.14
(Sept. 30, 2002) Interim Period End Rate	122.60	120.37	191.50
(Apr. 2002 - Mar. 2003) Fiscal Year Average Rate	121.95	121.04	188.41
(Mar. 31, 2003) Fiscal Year End Rate	120.20	129.83	189.45
(Apr. 2003 - Sept. 2003) Interim Period Average Rate	118.04	133.46	190.57
(Mar. 31, 2004) Fiscal Year End Rate	111.25	129.19	185.34
Fiscal Year Ending March 31, 2004 Forecast Rate	115.00	130.00	190.00

*Quarterly financial results for the previous fiscal year ended on March 31, 2003 stated in this material are for reference use only because the company has initiated disclosure of its quarterly results from the current fiscal year.

*The Company's performance and financial results could differ materially from those reflected in these forward-looking statements due to general, financial, economic, and political conditions affecting the pharmaceutical industry.

I. Consolidated Financial Highlights

1. Statement of Income Data

(billions of yen)

Years Ended/Ending March 31								
Interim Apr-Sept	2003	2004	Change %	2003	2004	Change %	2003	2004 (e)
Net Sales	119.2	131.1	110.0	234.4	247.8	105.7	466.6	508.0
Cost of Sales	24.9	24.6	99.0	52.9	47.6	90.0	102.6	100.0
Research and Development Expenses	14.4	16.6	116.0	27.9	33.5	120.4	59.7	68.5
Selling, General and Administrative Expenses	58.6	67.9	115.9	113.3	125.7	110.9	228.4	256.5
Operating Income	21.4	21.9	102.2	40.4	41.0	101.3	75.9	83.0
Ordinary Income	21.7	21.1	97.0	40.1	40.7	101.4	76.1	82.5
Net Income	11.1	12.5	113.1	22.2	24.9	111.7	41.0	50.0
Earnings per Share (yen)	38.2	42.9	112.4	76.5	85.2	111.3	141.2	171.4
Dividends per Share (yen)	-	-	-	16.0	18.0	-	32.0	36.0

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

*Forecast for the fiscal year ending March 31, 2004 is revised from the annual financial disclosure in May, 2003.

2. Balance Sheet Data

(billions of yen)

March 31			Inc./
Interim September 30	31-Mar	30-Sep	Dec.
Total Assets	591.7	616.1	24.4
Shareholders' Equity	388.2	409.3	21.0

3. Capital Expenditures and Depreciation/Amortization

(billions of yen)

Years Ended/Ending March 31								
Interim Apr-Sept	2003	2004	Inc./ Dec.	2003	2004	Inc./ Dec.	2003	2004 (e)
Capital Expenditures	6.0	7.4	1.4	9.2	12.6	3.4	21.9	28.5
Property, plant and equipment	4.6	6.8	2.2	7.4	11.3	3.9	17.4	24.5
Intangible Assets	1.4	0.6	(0.8)	1.8	1.3	(0.5)	4.5	4.5
Depreciation/Amortization	4.4	4.5	0.1	8.5	8.8	0.3	18.0	20.0

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

4. Cash Flow Data

(billions of yen)

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II. Consolidated Statements of Income

1. Consolidated Statement of Income & Explanation

(billions of yen)

Years Ended/Ending March 31 Interim Apr-Sept	2003		2004		Change %	Inc./ Dec.	<Explanation>
		Sales %		Sales %			
Net sales	234.4	100.0	247.8	100.0	105.7	13.3	
Cost of sales	52.7	22.5	47.5	19.2	90.0	(5.3)	Cost of sales <Decrease Factor(s)> Business mix and sales product mix change
Reversal of reserve for sales returns	0.1	0.0	0.1	0.0	96.8	(0.0)	
Gross profit	181.6	77.5	200.2	80.8	110.2	18.6	
Research and development expenses	27.9	11.9	33.5	13.6	120.4	5.7	Research and development expenses <Increase Factor(s)> Alliance fee International development
Selling, general and administrative expenses	113.3	48.4	125.7	50.7	110.9	12.4	
Operating income	40.4	17.2	41.0	16.5	101.3	0.5	
Non-operating income	1.8	0.8	1.1	0.5	61.3	(0.7)	
Non-operating expenses	2.2	0.9	1.4	0.6	65.8	(0.7)	
Ordinary income	40.1	17.1	40.7	16.4	101.4	0.6	Extraordinary income <Increase Factor(s)> Extraordinary gain of 3.7 billion yen by the exemption from the substitutional portion of Eisai's welfare pension fund
Extraordinary income	0.1	0.0	4.2	1.7		4.2	
Extraordinary loss	2.9	1.2	1.0	0.4	32.9	(2.0)	
Income before taxes & interests	37.2	15.9	43.9	17.7	118.1	6.7	
Income taxes-current	19.5	8.3	21.4	8.7	109.8	1.9	
Income taxes-deferred	(4.7)	(2.0)	(2.5)	(1.0)		2.3	Income taxes-deferred <Increase Factor(s)> Revaluation of deferred tax asset

2. Financial Results by Industry Segment

2-1. Consolidated Net Sales by Industry Segment

(billions of yen)

Years Ended/Ending March 31	2003	2004	2003
Interim Apr-Sept			
Net sales to customers	234.4	247.8	

3. Financial Results by Geographical Area

3-1. Consolidated Net Sales by Geographical Segment

(billions of yen)

Years Ended/Ending March 31

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5. Global Product Sales

5-1. ARICEPT Sales by Area

Years Ended/Ending March 31		2003	2004	2003
Interim Apr-Sept				
Area				
Japan	¥ Billions	10.9	13.7	21.9
U.S.	¥ Billions	33.4	42.3	74.5
	US \$ Millions	(272)		

<Reference> [Non-consolidated]

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

Years Ended/Ending March 31		2003	2004	2003
Interim Apr-Sept				
Net sales	¥ Billions	86.2	97.7	181.7
	US \$ Millions	(700)	(828)	(1,490)
Operating income	¥ Billions	2.3	5.0	6.3
	US \$ Millions	(19)	(42)	(52)
Net income	¥ Billions	1.6	3.0	3.9
	US \$ Millions	(13)	(25)	(32)
Operating income before Royalty deduction	¥ Billions	11.7	16.6	27.0
	US \$ Millions	(95)	(141)	(222)

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

Years Ended/Ending March 31		2003	2004	2003
Interim Jan to Jun				
Net sales	¥ Billions	1.6	1.8	3.3
	Chinese RMB Millions	(101)	(122)	(221)
Operating income	¥ Billions	0.5	0.5	0.9
	Chinese RMB Millions	(31)	(35)	(61)
Net income	¥ Billions	0.4	0.5	0.8
	Chinese RMB Millions	(26)	(33)	(56)

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

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

(billions of yen)

Years Ended/Ending March 31 Interim Apr-Sept	Interim			
	2003	2004	2003	2004 (e)
Net sales	234.4	247.8	466.6	508.0
Research and development expenses	27.9	33.5	59.7	68.5
Percentage of sales (%)	11.9%	13.6%	12.8%	13.5%

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

(billions of yen)

Years Ended/Ending March 31 Interim Apr-Sept	Interim			
	2003	2004	2003	2004 (e)
Net sales	234.4	247.8	466.6	508.0
Selling, general and administrative expenses	113.3	125.7	228.4	256.5
Personnel expenses	26.2	28.4	55.7	-
Marketing expenses	74.5	82.8	147.4	-
Administrative expenses and others	12.5	14.5	25.4	-
Percentage of sales (%)	48.4%	50.7%	48.9%	50.5%

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

(billions of yen)

Years Ended/Ending March 31 Interim Apr-Sept	Interim			
	2003	2004	2003	2004 (e)
Net sales	234.4	247.8	466.6	508.0
Selling, general and administrative expenses (including R&D expenses)	141.1	159.2	288.1	325.0
Percentage of sales (%)	60.3%	64.3%	61.8%	64.0%

7. Personnel Information

(persons)

March 31	2002	2003	2004
Interim September 30	Interim		
Japan	5,175	5,162	5,176
U.S.	875	1,002	1,194
Europe	399	416	454
Asia	811	853	941
Total	7,260	7,433	7,765

III. Consolidated Balance Sheet

1. Consolidated Balance Sheet & Explanation

<Assets>

(billions of yen)

March 31 Interim September 30	2003		2004 Interim		Change	Inc./ Dec.	<Explanation>
		%		%	%		
Current assets:							
Cash and time deposits	101.3		84.1			(17.1)	Accounts receivable-trade <Decrease Factor(s)> Increase in collection of accounts receivable-trade
Accounts receivable-trade	149.0		137.8			(11.2)	
Short-term investments	35.3		72.2			36.8	
Inventories	35.1		34.1			(1.0)	
Deferred tax assets	19.3		20.5			1.2	
Other current assets	9.2		9.2			(0.0)	
Allowance for doubtful receivables	(0.2)		(0.2)			(0.0)	
Total current assets	349.0	59.0	357.7	58.1	102.5	8.7	
Fixed assets:							
Property, plant and equipment:							
Buildings and structures	57.2		58.8			1.7	Short-term investment
Machinery and vehicles	22.5		21.7			(0.8)	
Land	19.1		19.0			(0.1)	
Construction in progress	4.5		6.3			1.8	
Others	8.5		8.5			0.1	
Total property, plant and equipment	111.7	18.9	114.3	18.5	102.4	2.6	
Intangible assets	16.0	2.7	15.2	2.5	94.7	(0.8)	
Investments and other assets:							
Investments in securities	67.0		81.4			14.4	
Long-term loans receivable	0.1		0.1			(0.0)	
Deferred tax assets	18.8		17.7			(1.1)	
Other investments	30.1		30.7			0.7	
Allowance for doubtful receivables	(0.9)		(1.0)			(0.1)	
Total investments and other assets	115.0	19.4	128.9	20.9	112.1	13.9	
Total fixed assets	242.7	41.0	258.4	41.9	106.5	15.7	
Total assets	591.7	100.0	616.1	100.0	104.1	24.4	

<Liabilities and Shareholders' Equity>

(billions of yen)

March 31 Interim September 30	2003		2004 Interim		Change	Inc./ Dec.	<Explanation>
	%		%	%			
Current liabilities:							
Accounts payable-trade	16.1		16.0			(0.2)	
Short-term borrowings	0.0		0.2			0.2	
Current portion of straight bonds	0.1		0.1			-	
Accounts payable-other	41.1		44.3			3.2	Accounts payable-other <Increase Factor(s)> Capital expenditures
Accrued expenses	22.6		25.3			2.7	
Accrued income taxes	23.0		20.1			(3.0)	
Reserve for sales rebates	37.6		36.6			(0.9)	
Other reserves	0.8		1.0			0.2	
Other current liabilities	4.6		4.3			(0.3)	
Total current liabilities	146.0	24.7	147.9	24.0	101.3	1.9	
Long-term liabilities:							
Deferred tax liabilities	0.3		0.7			0.4	
Liabilities for retirement benefits	45.4		46.4			1.0	
Allowance for retirement of Directors	1.8		1.8			0.0	
Other long-term liabilities	0.6		0.6			(0.0)	
Total long-term liabilities	48.1	8.1	49.5	8.1	102.8	1.3	
Total liabilities	194.1	32.8	197.4	32.1	101.7	3.2	
Minority Interests	9.3	1.6	9.4	1.5	101.1	0.1	
Shareholders' equity:							
Common stock	45.0	7.6	45.0	7.3		-	
Capital surplus	55.2	9.3	55.2	9.0		-	
Retained earnings	302.7	51.2	322.8	52.4		20.1	
Net unrealized gains on available-for-sale securities	1.4	0.2	5.0	0.8		3.6	Net unrealized gains on available-for-sales securities <Increase Factor(s)> Improved market value
Foreign currency translation adjustments	(1.5)	(0.2)	(4.2)	(0.7)		(2.7)	
Treasury stock	(14.6)	(2.5)	(14.6)	(2.4)		(0.0)	
Total shareholders' equity	388.2	65.6	409.3	66.4	105.4	21.0	
Total liabilities, minority interests and shareholders' equity	591.7	100.0	616.1	100.0	104.1	24.4	

2. Current Status of Bonds

2-1. Issued Stock and Shareholder Information

As of September 30, 2003

Total Number of Authorized Shares	Number of Shares Outstanding	(Number of Treasury Stocks)	Number of Shareholders	
700,000,000 shares	296,566,949 shares	(4,782,209 shares)	30,982	9,572 shares

Note: Number of shares of outstanding includes number of treasury stocks.

2-2. Top 10 Shareholders

As of September 30, 2003

Name		Percentage
Nihon Trustee Service Trust Bank, Ltd. (Trust Account)	14,872 Thousands	5.02%
Saitama Resona Bank, Limited	14,353 Thousands	4.84%
Mizuho Corporate Bank, Ltd.	14,203 Thousands	4.79%
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,834 Thousands	4.66%
Nippon Life Insurance Co.	13,520 Thousands	4.56%

2-3. Number of Shareholders by Category

(persons)

March 31 Interim September 30	31-Mar	%	30-Sep	%	Change
Financial Institutions	174	0.6%	161	0.5%	(13)
Securities Companies	66	0.2%	36	0.1%	(30)
Other Japanese Corporations	1,131	3.7%	1,114	3.6%	(17)
Corporations Outside Japan, etc.	487	1.6%	493	1.6%	6
Individuals and Others	28,619	93.9%	29,178	94.2%	559
Total	30,477	100.0%	30,982	100.0%	505

2-4. Number of Shares Held by Category

March 31 Interim September 30	(One unit = 1,000 shares)	31-Mar	%	30-Sep	%	Change
Financial Institutions		138,789	46.8%	132,766	44.8%	(6,022)
Securities Companies		3,967	1.3%	4,519	1.5%	552
Other Japanese Corporations		16,956	5.7%	16,921	5.7%	(35)
Corporations Outside Japan, etc.		87,606	29.6%	92,994	31.4%	5,387
Individuals and Others		49,246	16.6%	49,364	16.6%	117
Total		296,566	100.0%	296,566	100.0%	-

*Stock numbers less than one thousand have been omitted.

2-5. Breakdown of Shareholders Holding Size / Number of Shareholders

March 31 Interim September 30	31-Mar	%	30-Sep	%	Change
1 million shares and over	49	0.2%	48	0.1%	(1)
from 0.1 million to less than 1 million shares	161	0.5%	164	0.5%	3
from 10 thousands to less than 0.1 million shares	787	2.6%	793	2.6%	6
from 1 thousands to less than 10 thousand shares	11,644	38.2%	11,564	37.3%	(80)
from 1 hundred to less than 1 thousand shares	15,690	51.5%	16,186	52.2%	496
less than 100 shares	2,146	7.0%	2,227	7.3%	81
Total	30,477	100.0%	30,982	100.0%	505

2-6. Breakdown by Shareholder Holding Size / Number of Shares Held

March 31 Interim September 30	(One unit = 1,000 shares)	31-Mar	%	30-Sep	%	Change
1 million shares and over		194,690	65.7%	195,501	65.9%	810
from 0.1 million to less than 1 million shares		51,953	17.0%	51,953	17.0%	0

IV. Consolidated Statements of Cash Flows

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**Operating assets.liability
increase/decrease**

<Increase factor(s)>

Trade receivables increase

Capital expenditures

Payment of investment in property, plant and equipment comes to 9.1 billion yen

Effect of exchange rate changes on cash and cash equivalents	(4.1)	(3.3)	0.8
Net increase/decrease in cash and cash equivalents	(17.2)	22.7	39.8
Cash and cash equivalents at beginning of year	121.8	127.3	5.5
Cash and cash equivalents at end of year	104.6	150.0	45.3

(billions of yen)

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Free Cash Flow	5.3	36.0	30.7
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Note: Free Cash Flow = "Net cash provided by operating activities" + "Capital expenditures" + "Other revenue/payment for continuous activities"

V. Consolidated Subsidiaries - Associated Companies

1. Consolidated Subsidiaries (34 companies)

1-1. Subsidiaries in Japan (11 companies)

As of September 30, 2003

Company Name	Location	Common Stock	Equity(%) Ownership ¹	Description of Operations
Sanko Junyaku Co., Ltd.	Tokyo	5,262 million	50.90%	Diagnostic product prod./sales
Sannova Co., Ltd.	Gunma Pref.	926 million	79.97%	Pharmaceutical prod./sales
Elmed Eisai Co., Ltd.	Tokyo	450 million	100.00%	Pharmaceutical sales
KAN Research Institute, Inc.	Kyoto	70 million	100.00%	Basic research
Eisai Distribution Co., Ltd.	Kanagawa Pref.	60 million	100.00%	Pharmaceutical distribution
Clinical Supply Co., Ltd.	Gifu Pref.	80 million	84.80%	Medical instruments prod./sales
Sunplanet Co., Ltd.	Tokyo	455 million	85.12%	Real estate mgt., catering/administrative
Herusu Co., Ltd.	Tokyo	64 million	75.00%	Pharma. machinery, etc. sales
Eisai Seikaken Co., Ltd.	Tokyo	50 million	70.00%	Agro-chemical prod./sales
Dymec Co., Ltd. ³	Chiba Pref.	30 million	84.80%	-
Palma Bee'Z Research Institute Co., Ltd.	Tokyo	50 million	75.45%	Diagnostic product and genetic technology research

- Notes:
1. Equity direct/indirect ownership percentage.
 2. Common stock numbers less than one million have been omitted.
 3. Dymec Co., Ltd. is in the process of liquidation.

1-2. Subsidiaries Outside Japan (23 companies)

As of September 30, 2003

Company Name	Location	Common Stock	Description of Operations
		Unit: thousand	
Eisai Corporation of North America	New Jersey, USA	179,100 US\$	100.00% U.S. subsidiaries holding company
Eisai Inc.	New Jersey, USA	83,600 US\$	100.00% Pharma. prod./sales
Eisai Research Institute of Boston, Inc.	Massachusetts, USA	65,300 US\$	100.00% Basic research/clinical trial process research
Eisai U.S.A., Inc.	New Jersey, USA	29,500 US\$	100.00% Pharm. machinery sales
Eisai Medical Research Inc.	New Jersey, USA	1,000 US\$	100.00% Pharma. clinical research
Eisai Machinery U.S.A.Inc. ²	New Jersey, USA	1,000 US\$	100.00% -
Eisai Ltd.	London, U.K.	15,548	100.00% 83,600 US\$

VI. Financial Trend

(billions of yen)

Years Ended/Ending March 31 Interim Apr-Sept	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	
<Statements of Income Data>											
Net Sales	Interim	258.3	273.4	281.6	301.8	284.9	148.1 302.5	174.9 361.7	211.0 431.7	234.4 466.6	247.8
Cost of Sales	Interim	91.9	94.2	95.0	93.8	87.1	44.7 91.6	49.0 98.5	52.2 101.5	52.9 102.6	47.6
Research and Development Expenses	Interim	35.1	37.6	38.3	45.1	43.7	23.7 46.7	22.6 49.6	24.7 55.0	27.9 59.7	33.5
Selling, General and Administrative Expenses	Interim	92.2	98.8	104.4	121.2	115.4	60.3 127.1	72.3 154.7	95.1 202.5	113.3 228.4	125.7
Operating Income	Interim	39.2	49.1	50.4	47.5	38.6	19.5 37.1	31.1 59.0	39.0 72.7	40.4 75.9	41.0
Ordinary Income	Interim	38.9	48.7	50.3	47.2	39.8	19.4 36.9	31.9 63.2	40.2 76.1	40.1 76.1	40.7
Net Income	Interim	17.4	19.1	19.4	19.8	15.9	2.7 11.3	8.9 23.3	20.0 36.5	22.2 41.0	24.9
Earnings per Share (yen)	Interim	67.6	74.1	71.0	70.0	53.6	38.0	78.7	123.5	141.2	
Fully Diluted Earnings per Share (yen)		-	69.8	66.9	67.1	53.1	37.7	77.9	122.3	139.9	
<Cash Flow Sheet Data>											
Net cash provided by operating activities	Interim					35.9	22.0 27.2	43.2 85.0	33.1 56.9	19.6 57.6	45.8
Net cash used in investing activities	Interim					(33.9)	(0.7) (4.0)	(28.8) (19.6)	(1.2) (7.2)	(18.0) (27.7)	(15.3)
Net cash used in financing activities	Interim					(10.0)	(3.4) (15.4)	(3.5) (17.7)	(5.7) (39.1)	(14.6) (19.8)	(4.5)
Free Cash Flow	Interim					21.1	13.6 12.6	36.8 71.8	22.8 32.1	5.3 31.1	36.0
<Balance Sheet Data>											
Common Stock		23.5	23.5	29.6	44.9	44.9	44.9	44.9	44.9	45.0	
Total Assets		389.2	442.9	456.6	453.1	463.4	485.7	549.4	557.6	591.7	
Shareholders' Equity		211.9	227.4	254.4	299.2	308.6	329.4	345.9	362.1	388.2	
Shareholders' Equity Ratio (%)		54.5	51.3	55.7	66.0	66.6	67.8	63.0	64.9	65.6	
Capital Expenditures						14.2	16.3	15.0	27.2	21.9	
Depreciation/Amortization						13.0	15.1	15.0	15.3	18.0	
<Others>											
Return on Equity (%)		8.5	8.7	8.1	7.2	5.2	3.5	6.9	10.3	10.9	
Payout Ratio (%)		19.2	20.2	25.5	31.4	40.1	56.5	29.2	23.3	22.7	
Dividends (yen)		13.0	15.0	18.0	21.5	21.5	21.5	23.0	29.0	32.0	
Consolidated Subsidiaries		28	32	34	35	34	35	34	36	33	

Notes: 1. Consolidated financial results from the year ended March 1996 have been reclassified for comparative purposes.

2. Earnings per Share and Fully Diluted Earnings per Share for the year ended March 2003 have been calculated based on a new accounting system.

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

4. Financial figures in the interim period for the year ended March 31, 2000 are provided for reference purposes only.

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

VII. Non-Consolidated Financial Highlights

1. Statements of Income Data

(billions of yen)

Years Ended/Ending March 31	2003	2004	Change %	Inc./Dec.	2003	2004
Interim Apr-Sept						(e)
Net Sales	150.2	153.8	102.4	3.6	289.6	300.0
Cost of Sales	44.7	42.1	94.2	(2.6)	85.6	81.0
Research and Development Expenses	26.9	32.4	120.3	5.5	57.6	66.0
Selling, General and Administrative Expenses	41.2	42.9	104.3	1.8	81.1	87.0
Operating Income	37.4	36.4				

Net Sales

Pharmaceuticals

Prescription Pharmaceuticals

(Ratio of in-house developed products to Prescription Pharmaceutical

Consumer Health Care Products

Animal Health, Food Additives/Chemicals,

Industrial Property Rights, etc. Income

*Animal Health business was transferred market

3. Exports by Geographic

Years Ended/Ending March 31

Interim Apr-Sept

Net Sales

Export

North America

Europe

Asia and others

Ratio of Exports to Sales (%)

4. Prescription Pharmaceuticals

(billions of yen)

Years Ended/Ending March 31	2003	2004	Change %	2003	2004
Interim Apr-Sept					(e)
Peripheral neuropathy treatment METHYCOBAL	16.5	16.1	97.8	31.1	32.0
Alzheimer's disease treatment ARICEPT	10.9	13.7	125.6	21.9	30.0
Gastritis/gastric ulcer medication SELBEX	13.9	12.6	90.4	26.8	26.0
Proton pump inhibitor PARIET	3.0	5.9	194.7	5.8	18.0
Osteoporosis treatment GLAKAY	6.2	5.3	86.4	11.4	11.0
Non-ionic contrast medium IOMERON	5.0	4.8	97.5	9.5	9.0
Muscle relaxant MYONAL	4.8	4.5	94.2	8.8	9.0
Long-acting isosorbide dinitrate NITOROL-R	3.2	2.7	83.0	6.1	6.0
Endoscopic examination/hypoglycemia treatment GLUCAGON G NOVO	2.3	2.3	99.0	4.4	4.5
Anti-allergy agent AZEPTIN	2.1	1.6	75.8	4.8	5.0
Long-acting macrolide antibiotic RULID	1.6	1.5	90.1	3.5	3.0
Long-acting ACE inhibitor INHIBACE	1.7	1.4	80.1	3.1	3.0
Prescription Pharmaceuticals Total	96.0	95.5	99.5	185.7	197.0

*Statistical segmentation of "Prescription Pharmaceutical Total" have been modified as of the interim period ended September 30, 2003.

5. ACIPHEX/PARIET, ARICEPT Drug Substance / Bulk Tablets Sales

(billions of yen)

Years Ended/Ending March 31	2003	2004	Change %	2003	2004
Interim Apr-Sept					(e)
ACIPHEX/PARIET bulk tablets/drug substance (export)	16.0	19.2	120.1	28.9	30.0
ARICEPT drug substance (export)	7.5	8.4	111.9	14.8	14.0
Bulk Substance / Tablets Total	23.5	27.7	117.5	43.7	44.0

6. Consumer Health Care Products

7. GROSS PROFIT/MANUFACTURING COST

7-1 Breakdown of Cost of Sales

(billions of yen)

Years Ended/Ending March 31			
Interim Apr-Sept	2003	2004	2003
Net sales	150.2	153.8	289.6
Cost of sales	44.6	42.0	85.5
Beginning inventory (+)	12.6	14.2	12.6
Manufacturing cost (+)	23.3	23.1	47.2
Product purchase (+)	15.7	13.9	31.3
Account transfer (+)	4.2	3.5	8.7
Ending inventory (-)	11.2	12.7	14.2
Cost of sales (%)	29.7%	27.3%	29.5%
Reversal of reserve for sales returns	0.1	0.1	0.1
Gross profit	105.6	111.7	204.0

7-2 Breakdown of Manufacturing Costs

(billions of yen)

Years Ended/Ending March 31			
Interim Apr-Sept	2003	2004	2003
Total manufacturing cost	24.9	23.5	50.0
Raw materials	9.7	8.3	19.5
Labor cost	7.5	7.5	14.9
Expenses	7.6	7.7	15.6
Beginning inventory of semi-finished goods and work-in-process (+)	7.7	6.9	7.7
Ending inventory of semi-finished goods and work-in-process (-)	7.3	7.4	6.9
Account transfer (+)	(0.9)	(0.6)	(2.7)
Cost variances (+)	(1.1)	0.6	(0.8)
Manufacturing cost	23.3	23.1	47.2

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

8-1 Research and Development Expenses

(billions of yen)

Years Ended/Ending March 31				
Interim Apr-Sept	2003	2004	2003	2004
Net sales	150.2	153.8		300.0
Research and Development Expenses	26.9	32.4		66.0
(Ratio of Overseas R&D Expenses to Total R&D Expenses) (%)	(30.6%)	(35.5%)		-

8-2 Selling, General and Administrative Expenses

(billions of yen)

Years Ended/Ending March 31 Interim Apr-Sept	Interim			
	2003	2004	2003	2004 (e)
Net sales	150.2	153.8	289.6	300.0
Selling, General and Administrative expenses	41.2	42.9	81.1	87.0
Personnel expenses	18.9	19.4	37.6	-
Marketing expenses	14.0	15.4	26.8	-
Administrative expenses	8.3	8.1	16.7	-
Percentage of sales (%)	27.4%	27.9%	28.0%	29.0%

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

(billions of yen)

Years Ended/Ending March 31 Interim Apr-Sept	Interim			
	2003	2004	2003	2004 (e)
Net sales	150.2	153.8	289.6	300.0
Selling, General and Administrative expenses (including R&D expenses)	68.1	75.3	138.7	153.0
Percentage of sales (%)	45.4%	48.9%	47.9%	51.0%

9. Capital Expenditures and Depreciation/Amortization

(billions of yen)

Years Ended/Ending March 31 Interim Apr-Sept	Interim			
	2003	2004	2003	2004 (e)
Capital Expenditures	6.3	8.7	15.9	20.5
Property, plant and equipment	4.5	7.6	11.6	17.0
Intangible Assets	1.7	1.1	4.4	3.5
Depreciation/Amortization	6.2	6.5	13.0	13.0

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

10. Personnel Information

(persons)

March 31 Interim September 30	2002	2003	2004
			Interim
Total Employees	3,911	3,894	3,921
Research and development	937	948	957
Production	856	839	837
Sales, marketing and administration	2,118	2,107	2,127
Total Personnel cost (billions of yen)	653	697	360

Note: Employee numbers are expected to be 3,900 at the end of March 2004.

VIII. Changes in Quarterly Results (Consolidated)

1. Statement of Income Data

(billions of yen)

Years Ended/Ending March 31

Net sales	115.2	119.2	117.7	114.4	116.6	131.1
Cost of sales	28.0	24.9	26.5	23.3	23.0	24.6
Research and development expenses						

3. Capital Expenditures and Depreciation/Amortization

(billions of yen)

Years Ended/Ending March 31

Capital Expenditures	3.2	6.0	4.4	8.3	5.2	7.4
Property, plant and equipment	2.8	4.6	3.6	6.4	4.5	6.8
Intangible Assets	0.4	1.4	0.8	1.9	0.7	0.6
Depreciation/Amortization	4.1	4.4	4.5	4.9	4.3	4.5

5. ARICEPT Sales by Area

Years Ended/Ending March 31

Area

Japan	¥ Billions	5.4	5.5	6.1	4.8	7.0	6.7
U.S.	¥ Billions	14.8	18.7	21.2	19.9	19.1	23.1
	US \$ Millions	(116)	(155)	(173)	(166)	(162)	(197)
(T2ions		19.1					

IX. Changes in Quarterly Results (Non-Consolidated)

1. Statement of Income Data

(billions of yen)

Years Ended/Ending March 31

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3. ACIPHEX/PARIET, ARICEPT Drug Substance / Bulk Tablets Sales (billions of yen)

Years Ended/Ending March 31	2003				2004	
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter
ACIPHEX/PARIET bulk tablets/drug substance (export)	8.1	7.9	7.6	5.3	9.4	9.8
ARICEPT drug substance (export)	4.4	3.1	3.6	3.7	4.6	3.8
Bulk Substance / Tablets Total	12.5	11.1	11.1	9.1	14.0	13.7

4. Consumer Health Care Products (billions of yen)

Years Ended/Ending March 31	2003				2004	
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter
CHOCOLA BB Group	2.4	2.6	2.3	1.8	2.5	2.2
Vitamin-E Group	0.6	1.0	0.9	0.6	0.6	0.8
SACLON Group	0.6	0.7	0.8	0.5	0.5	0.6
NABOLIN Group	0.5	0.2	0.3	0.3	0.2	0.7
Consumer Health Care Total	5.1	5.7	5.7	4.3	4.3	5.5

X. Major R&D Pipeline Candidates

1. International Development

1-1. Filed for Approval

(Product) Name (Research Code)	Area	Date	Description	Form.	Origin
ARICEPT	U.S.	Sep-02	Vascular Dementia	Tab.	In-house
E2020 (Additional indication)	E.U.	Oct-02	Currently used for the treatment of mild to moderate dementia of the Alzheimer's type. Non-approvable letter was received from FDA for vascular dementia (VaD) indication on July 3, 2003. Discussion with FDA regarding this indication will continue.		
PARIET E3810 (Additional indication)	E.U.	Sep-03	On-demand therapy for symptomatic GORD Currently used for the treatment of symptomatic GORD in the EU. An application for on-demand therapy of symptomatic GORD was submitted.	Tab.	In-house

1-2. Phase III

(Product) Name (Research Code)	Area	Expected Application	Description	Form.	Origin
ARICEPT	U.S.	2005	Severe Dementia due to Alzheimer's disease	Tab.	In-house
E2020	E.U.		Currently used for the treatment of mild to moderate dementia of the		



2. Development in Japan

2-1. Approved

(Product) Name (Research Code)	Description	Date	Form.	Origin
PARIET E3810 (Additional indication)	Maintenance Therapy for Gastroesophageal Reflux Disease(GERD) Already used for the treatment of peptic ulcers. Received an approval letter for a maintenance therapy for GERD.	Jul-03	Tab.	In-house

2-2. Filed for Approval

(Product) Name (Research Code)	Description	Application	Form.	Origin
MYONAL E2000 (Additional form)	Muscle Relaxant Absorption via a transdermal patch form has been shown to relieve skeletal muscle spasticity and to mitigate muscle stiffness and pain from poor circulation and is expected to improve various symptoms of muscle tension.	Mar-97	Transdermal	In-house
ARICEPT E2020 (Additional form)	Rapid Disintegration Tablet Already been used in tablet and fine granule forms. Filed for rapid disintegration tablet form.	Mar-03	Rapid Disintegration Tab.	In-house
CLEACTOR E6010 (Additional indication)	Treatment of Pulmonary Embolism A novel second generation t-PA with a structure modified by utilizing recombinant DNA techniques. Designated as an orphan drug, E6010 is expected to be the first t-PA indicated for the treatment of pulmonary embolism in Japan.	May-03	Inj.	In-house
T-614	Anti-rheumatic Agent Inhibits lymphocyte proliferation and immunoglobulin production by suppressing the production of inflammatory cytokines. Expected to improve chronic rheumatoid arthritis.	Sep-03	Tab.	Toyama Chemical

2-3. Phase III

(Product) Name (Research Code)	Description	Expected Application	Form.	Origin
PARIET E3810 (Additional indication)	Eradication of <i>H. Pylori</i> in combination with antibiotics Currently used for the treatment of peptic ulcers in Japan. E3810 is now in phase III trials for the eradication of <i>H. Pylori</i> in combination with antibiotics.	2005	Tab.	In-house

2-4. Phase II

(Product) Name (Research Code)	Description	Form.	Origin
E3620	Gastroprokinetic agent/5-HT ₃ Receptor Antagonist/5-HT ₄ Receptor Agonist The compound has dual action as a serotonin type 3 receptor antagonist and a serotonin type 4 receptor agonist and is under development for gastrointestinal motility disorders. It is expected to improve the sense of fullness and anorexia associated with chronic gastritis and to improve bowel function or abdominal pain associated with irritable bowel syndrome.	Tab.	In-house
KES524	Obesity Management/Central Acting Serotonin & Noradrenaline Reuptake Inhibitor Inhibits the reuptake of the cerebral neurotransmitters, noradrenaline and serotonin, enhancing the feeling of satiety and energy consumption resulting in loss of body weight.	Cap.	Abbott
CLEACTOR E6010 (Additional indication)	Treatment of Cerebral Embolism A novel second generation t-PA with a structure modified by utilizing recombinant techniques. E6010 is under development to become the first t-PA for the treatment of cerebral embolism in Japan.	Inj.	In-house
TAMBOCOR (E0735) (Additional indication)	Sporadic Atrial Fibrillation/Flutter The compound has already been approved as a treatment for tachy-arrhythmias in Japan and is in phase II clinical trials for the treatment of sporadic atrial fibrillation/flutter.	Tab.	3M
ARICEPT E2020	Severe Dementia due to Alzheimer's disease	Tab.	In-house receptor agonist and is .

XI. Major News Releases

Date	Description
November 5, 2003	Notice concerning Food Additives and Chemicals Division to be split off into a newly incorporated subsidiary was announced
November 5, 2003	Notice concerning dissolution of subsidiary was announced
October 22, 2003	SKAINAR ANTITUSSIVE & EXPECTORANT, a consumer health care medication for cough and expectoration was voluntarily recalled
September 24, 2003	T-614, jointly developed with Toyama Chemical Co., Ltd., was submitted for NDA for the treatment of rheumatoid arthritis in Japan.
September 18, 2003	SKAINAR S TABLETS FOR RHINITIS containing pseudoephedrine hydrochloride for nasal congestion
September 16, 2003	Application for modification to the Posology and Method of Administration section of the PARIET SmPC for the on-demand therapy of symptomatic GORD was submitted to the U.K. MHRA for the EU mutual recognition procedure
September 12, 2003	MAXALT 10mg Tablet, MAXALT RPD 10mg Tablet, 5-HT _{1B/1D} receptor agonist-type migraine treatment agents was launched
September 9, 2003	Rasagiline was submitted for NDA for the treatment of Parkinson's disease by Teva Pharmaceutical Industries Ltd.
September 3, 2003	Application for the exemption from the substitutional retirement portion of Eisai Pension Fund was approved
August 19, 2003	NABOLIN S, a Mecobalamin (Activated Vitamin B ₁₂) Tablet was launched
July 30, 2003	Marketing alliance agreement for MAXALT, a migraine treatment agent is partially amended
July 30, 2003	Independent company will be established for chemicals and food additives business
July 18, 2003	PARIET 10 mg received approval for maintenance therapy for Gastroesophageal Reflux Disease(GERD)
July 4, 2003	FDA did not approve the indication of vascular dementia for ARICEPT
July 1, 2003	Notice concerning stock options including the amount to be paid for the exercise of stock options was announced
June 24, 2003	Notice of allotment of stock options was announced
June 23, 2003	Activated Vitamin B ₂ tablet, CHOCOLA BB PLUS was launched in Japan
May 26, 2003	sNDA of CLEACTOR for acute pulmonary embolism was submitted
May 15, 2003	Agreement with Teva for co-development of rasagiline for Alzheimer's disease, and co-promotion for Parkinson's disease, in the U.S. was signed
May 13, 2003	Notice on providing stock options in the form of new stock issuance was announced
May 13, 2003	Notice concerning acquisition of the company's own shares in the market was announced
April 3, 2003	CHOCOLA CC WHITE for hyperpigmentation due to sunburn or other causes was launched in Japan

Performance Report for the First Half of Fiscal Year 2003

Eisai Co., Ltd. (hereafter referred to as 'the Company') achieved consolidated sales of 247.8 billion yen (a year on year (YOY) +6%, +13.3 billion yen), operating income of 41.0 billion yen (YOY +1%, +0.5 billion yen), and net income of 24.9 billion yen (YOY +12%, +2.6 billion yen) during the first half of fiscal year 2003 (hereafter referred to as 'HY 2003'). EPS (Earning Per Share) increased to 85.20 yen (YOY +11%) and semiannual dividend per sh

(YOY +11%). This is due to a sales force expansion in the U.S., increase in promotional expenses associated with sales increase of *Aricept* and *Aciphex/Pariet*, promotional expenses generated after attainment of GERD (Gastroesophageal Reflux Disease) maintenance indication for *Pariet* and launch of *Maxsalt*, a migraine treatment agent, in Japan. Consequently, SG&A expenses accounted for 50.7% of sales in HY 2003.

6. Operating income rose to 41.0 billion yen (YOY +1%) despite proactive R&D expenses and the sales force expansion in the U.S. Net income increased 12% YOY to 24.9 billion yen due to an extraordinary gain on exempted obligation from the substitutional retirement portion of the Company's Welfare Pension Fund. Meanwhile, tax expenses increased after revaluating deferred tax assets (current) in consideration of tax deduction arising out of R&D related tax relief.
7. Cash flow from operating activities grew 26.3 billion yen YOY to 45.8 billion yen because of decreases in account receivables, etc. Capital expenditure was 9.8 billion yen.
Free cash flow increased 30.7 billion yen YOY to 36.0 billion yen in HY 2003.

[Topics in Performance and Promotion]

1. Sales increase of *Aricept* and *Aciphex/Pariet*

Global sales of *Aricept* climbed to 68.6 billion yen (YOY +27%) with a total increase of 14.4 billion yen YOY; 8.9 billion yen YOY in the U.S.; 2.8 billion yen in Japan; and 2.8 billion yen in Eisai territories in Europe respectively.

Global sales of *Aciphex/Pariet* increased to 63.9 billion yen (YOY +12%) with a total increase of 6.7 billion yen YOY; 3.1 billion yen in the U.S.; 2.8 billion yen in Japan; and 0.7 billion yen in Eisai territories in Europe respectively.

The two products accounted for 53.5% of global pharmaceutical sales, increasing from 47.5% YOY, resulting in 132.5 billion yen of sales. They contributed substantially to the increase in consolidated sales.

2. Improvement of profitability in Eisai Inc, a U.S. subsidiary

In denomination of local currency, sales of *Aricept* increased to 358 million dollars (YOY +32%) and those of *Aciphex* came to 457 million dollars (YOY +11%) in HY 2003.

Operating income before royalty deduction improved significantly by 48% YOY to 141 million dollars, accounting for 17.0% of sales (YOY +2.1 points) thereby increasing profitability. For *Aricept*, Eisai is actively providing information to patients and their families with DTC (Direct to Consumer) advertisements focusing on topics involving "Memory loss". Increase in Share of Voice (SOV) brought by sales force expansion resulted in market share increase for *Aciphex*.

3. Japanese pharmaceutical business steady growth

Growth rate of The Company outperformed that of the Japanese pharmaceutical market by 2 points while the Company's growth of pharmaceuticals including co-promoted products was 105% and that of the market was 103% (YOY) for HY 2003 on an IMS basis. The primary factor for the performance increase was the growth of *Aricept* and *Pariet*.

Pariet sales for the first quarter of FY 2003 were 1.7 billion yen and those of the second quarter jumped to 4.1 billion yen as a result of attaining approval for GERD maintenance therapy in July. The sales for HY 2003 climbed to 5.9 billion yen (YOY +95%). *Aricept* sales also increased to 13.7 billion yen (YOY +26%).

4. *Maxalt* 10mg tablet and 10mg RPD tablet in Japan launch

The Company launched *Maxalt* 10mg and 10mg RPD (Rapid Disintegration) tablet in September. The Company aims to achieve target sales of 1.0 billion yen in FY 2003 and seeks to grow the product into the most prescribed migraine treatment in the market in the future.

5. Alliance for rasagiline in the U.S.

The Company entered into a strategic alliance with Teva Pharmaceuticals Ltd. (Headquarters: Israel) for the co-promotion of rasagiline for Parkinson's disease once approved by the U.S. Food and Drug Administration (FDA) and for the co-development for Alzheimer's disease in the U.S. A New Drug Application (NDA) for rasagiline was submitted to the U.S. FDA by Teva in September.

6. Exemption from the Substitutional Portion of Employees' Welfare Pension Fund in Japan

The Company obtained approval from Japan Ministry of Health, Labour and Welfare for exemption from the future benefit obligation of the substitutional retirement portion of the employees' Welfare Pension Fund in August. As a

result, the Company recorded an extraordinary gain of approximately 3.7

4. Other achievements

- I *Pariet* received approval for the maintenance therapy for GERD in July in Japan.
- I A supplemental NDA (sNDA) for *Cleactor* was submitted for acute pulmonary embolism in May in Japan.
- I *Aricept* received a non-approvable letter from the U.S. FDA for Vascular Dementia in July.

[Perspective for FY 2003 performance result]

The Company is revising the consolidated financial forecast for FY 2003, which the Company announced in May 2003, as follows; Net sales: 508 billion yen (+8 billion yen), Operating income: 83 billion yen (+3 billion yen), and Net income: 50 billion yen (+2 billion yen). The Company expects to pay 36 yen as the annual dividend per share. (YOY +4 yen) 2003-07-16 16:27:10 (JST) 16/07/2003