CONSOLIDATED FINANCIAL REPORT [IFRS]
for the Three-Month Period Ended June 30, 2017

August 2, 2017
Eisai Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange (TSE)
TSE Code: 4523
URL: http://www.eisai.com

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Expected date of quarterly report submission: August 10, 2017
Expected date of dividend payment commencement: —
Preparation of quarterly supplementary explanatory material: Yes
Quarterly results briefing held: Yes

(Figures are rounded to the nearest million yen.)

1. Consolidated Financial Results for the Three-Month Period Ended June 30, 2017

(1) Consolidated Operating Results

(Percentage figures show year on year change.)

	Revenue		Operating profit		Profit before income taxes		Profit for the period		Profit for the period attributable to owners of the parent		Comprehensive income for the period	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Three-month period ended June 30, 2017	141,859	3.6	15,134	-41.4	15,124	-41.4	10,576	-49.4	9,806	-50.3	15,223	—
Three-month period ended June 30, 2016	136,929	-1.7	25,814	239.1	25,795	246.8	20,913	278.9	19,739	262.5	-22,992	—

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	(¥)	(¥)
Three-month period ended June 30, 2017	34.28	34.24
Three-month period ended June 30, 2016	69.03	68.92

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	(¥ million)	(¥ million)	(¥ million)	(%)	(¥)
As of June 30, 2017	1,020,445	595,013	576,290	56.5	2,014.24
As of March 31, 2017	1,030,764	602,591	584,630	56.7	2,043.55

2. Dividends

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY2016	—	70.00	—	80.00	150.00
FY2017	—				
FY2017 (Forecast)		70.00	—	80.00	150.00

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Financial Forecast for Fiscal 2017 (April 1, 2017 – March 31, 2018)

(Percentage figures show year on year change.)

	Revenue		Operating profit		Profit before income taxes		Profit for the period		Profit for the period attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Q2 (cumulative)	285,500	5.8	22,000	-43.0	21,100	-44.6	14,400	-51.3	13,600	-51.3	47.54
Fiscal Year	575,500	6.8	60,000	1.6	58,300	1.1	41,300	-2.2	39,800	1.1	139.17

(Note) Revisions to the latest financial forecast: None

* Explanatory Notes

(1) Changes in number of significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates:
1) Changes in accounting policies required by IFRS: Yes
2) Changes in accounting policies other than 1): None
3) Changes in accounting estimates: None

(3) Number of shares issued (common shares):

1) Number of shares issued (including treasury shares)	As of June 30, 2017	296,566,949	As of March 31, 2017	296,566,949
2) Number of treasury shares	As of June 30, 2017	10,377,211	As of March 31, 2017	10,399,676
3) Weighted average number of shares outstanding	For the three-month period ended June 30, 2017	286,093,047	For the three-month period ended June 30, 2016	285,929,095

The Company's shares held through a trust (81,407 shares) are not included in the number of treasury shares as of the end of the period, but are included in the average number of shares outstanding as treasury shares that are deducted from the basis of the calculation of earnings per share.

* This financial report is exempt from quarterly review procedures.

* Explanation concerning the appropriate use of results forecast and other special instructions:

(Caution concerning forward-looking statements)
Materials and information provided in this financial disclosure may contain "forward-looking statements" based on expectations, forecasts, estimates, business goals, and assumptions that are subject to risks and uncertainties as of the publication date of these materials. Accordingly, actual outcomes and results may differ materially from these statements depending on a number of important factors. Please refer to page 7 for details with regard to the assumptions and other related matters concerning consolidated financial results forecasts.

(Methods for obtaining supplementary materials and content of financial results disclosure meeting)
Supplementary materials are attached to this financial report. The Company plans to hold a financial results disclosure meeting for institutional investors and securities analysts on Wednesday, August 2, 2017. The handouts from the disclosure meeting will be made available on the Company's website after the event.

Supplemental Materials: Table of Contents

1. Overview of Operating Results and Other Information

1) Overview of Operating Results and Financial Position for the Period

(1) Overview of Operating Results

[Revenue and Profit]

○ Eisai Co., Ltd. ("the Company") and its affiliates (collectively referred to as "the Group") recorded the following consolidated financial results for the three-month period ended June 30, 2017.

Revenue:	¥141,859 million	(up 3.6% year on year)
Operating profit:	¥15,134 million	(down 41.4% year on year)
Profit before income taxes:	¥15,124 million	(down 41.4% year on year)
Profit for the period:	¥10,576 million	(down 49.4% year on year)
Profit for the period attributable to owners of the parent:	¥9,806 million	(down 50.3% year on year)

○ The Group's revenue finished overall at ¥141,859 million (up 3.6% year on year) due to the growth of the anticancer agents Halaven and Lenvima (product name for renal cell carcinoma indication in Europe: Kisplyx), fully human anti-TNF-α monoclonal antibody Humira, and antiepileptic agent Fycompa.

By segment, revenue from the Group's Japan pharmaceutical business increased and China, EMEA, and Asia pharmaceutical businesses each achieved double-digit growth.

By product, combined revenue from all four global brands soared by 23.1% year on year to ¥21,146 million. This included ¥9,704 million from Halaven, ¥7,264 million from Lenvima, ¥3,218 million from Fycompa, and ¥960 million from antiobesity agent BELVIQ.

○ Operating profit totaled ¥15,134 million (down 41.4% year on year) despite increased gross profit from the increase in revenue, owing to aggressive R&D investment in Alzheimer's disease projects, such as the beta secretase cleaving enzyme (BACE) inhibitor E2609, and oncology projects, as well as to reflect one-off income following the acquisition of EA Pharma shares (gain from a bargain purchase) in the same period of the previous fiscal year.

○ Profit for the period came to ¥10,576 million (down 49.4% year on year), while profit for the period attributable to owners of the parent came to ¥9,806 million (down 50.3% year on year).

○ Basic earnings per share for the period attributable to owners of the parent amounted to ¥34.28 (down ¥34.76 year on year).

○ Comprehensive income for the period after adding (deducting) other comprehensive income to (from) profit for the period was ¥15,223 million.

[Performance by Segment]

(Revenue for each segment indicates revenue from external customers)

The Group's business is comprised of pharmaceutical business and other business. The pharmaceutical business is organized into the following five reporting segments in this report: Japan (primarily Prescription Medicines, Generics, and OTC), Americas (North, Central, and

South America), China, EMEA (Europe, the Middle East, Africa, and Oceania), and Asia (primarily South Korea, Taiwan, Hong Kong, India, and ASEAN).

<Japan pharmaceutical business>

○ Total revenue came to ¥77,964 million (up 1.1% year on year) and segment profit was ¥30,516 million (up 5.1% year on year). Of this amount, Prescription Medicines, Generics, and OTC recorded ¥65,249 million (down 0.1% year on year), ¥7,146 million (up 1.0% year on year), and ¥5,564 million (up 18.3% year on year), respectively.

○ Regarding revenue from neurology products, co-promotion revenue from Lyrica, a pain treatment being co-promoted with Pfizer Japan Inc., totaled ¥6,709 million (up 10.4% year on year) and revenue for insomnia treatment Lunesta totaled ¥2,499 million (up 31.5% year on year), both showing steady growth. Fycompa, which was launched in the same period of the previous fiscal year, grew to ¥328 million (up 181.4% year on year). Aricept, a treatment for Alzheimer's disease and dementia with Lewy bodies, recorded revenue of ¥6,997 million (down 21.7% year on year). Among oncology products, Halaven and Lenvima continued to achieve high growth, earning revenue of ¥2,318 million (up 17.4% year on year) and ¥768 million (up 8.4% year on year), respectively. Furthermore, Humira also showed significant growth, earning revenue of ¥11,151 million (up 19.0% year on year).

○ Chocola BB Gold Rich was launched in April 2017.

○ Lyrica OD Tablets (OD tablet: orally disintegrating tablet) was launched in June 2017.

<Americas pharmaceutical business>

○ Total revenue came to ¥28,848 million (down 1.2% year on year), while segment profit recorded ¥9,752 million (up 13.8% year on year).

○ Regarding revenue from neurology products, antiepileptic agents Banzel and Fycompa both showed significant growth, recording ¥4,065 million (up 31.9% year on year) and ¥1,589 million (up 32.3% year on year), respectively. BELVIQ earned ¥960 million (down 1.4% year on year). Among oncology products, Lenvima similarly maintained significant growth, recording ¥4,889 million (up 52.4% year on year), while Halaven and antiemetic agent Aloxi earned ¥4,195 million (down 0.1% year on year) and ¥10,601 million (down 11.6% year on year), respectively.

○ Lenvima was launched in Brazil in June 2017.

<China pharmaceutical business>

○ Revenue totaled ¥13,104 million (up 17.2% year on year), while segment profit was ¥3,987 million (up 9.3% year on year).

○ By product, revenue for peripheral neuropathy treatment Methycobal was ¥4,917 million (up 24.1% year on year), liver disease and anti-allergy agents Stronger Neo-Minophagen C and Glycyron Tablets together recorded ¥2,224 million (up 7.1% year on year), and Aricept earned ¥1,638 million (up 18.7% year on year), all achieving high growth.

<EMEA pharmaceutical business>

○ Revenue totaled ¥10,056 million (up 11.2% year on year), with segment profit of ¥3,589 million (down 6.7% year on year).

○ Revenue from neurology products saw sustained high growth for Fycompa at ¥1,178 million (up 9.4% year on year) and antiepileptic agent Zebinix at ¥1,014 million (up 46.6% year on year), while antiepileptic agent Zonegran earned revenue of ¥1,085 million (down 27.8% year on year). Among oncology products, Lenvima/Kisplyx achieved significant growth, recording revenue of ¥1,292 million (up 192.9% year on year). Halaven also achieved growth, recording revenue of ¥2,798 million (up 3.1% year on year).

<Asia pharmaceutical business>

○ Revenue totaled ¥9,873 million (up 15.3% year on year), with segment profit of ¥2,919 million (up 14.0% year on year).
○ By product, revenue from Humira, Aricept, and proton pump inhibitor Pariet came to ¥2,853 million (up 20.0% year on year), ¥2,738 million (up 13.6% year on year), and ¥977 million (up 11.5% year on year), respectively, each showing significant growth.
○ Lenvima was launched in Malaysia in April 2017 and in the Philippines and India in May of the same year.

(2) Overview of Financial Position

[Assets, Liabilities, and Equity]

○ Total assets as of the end of the period amounted to ¥1,020,445 million (down ¥10,319 million from the end of the previous fiscal year), in part due to a decrease in cash and cash equivalents following payment of dividends.
○ Total liabilities as of the end of the period amounted to ¥425,432 million (down ¥2,741 million from the end of the previous fiscal year) despite an increase in short-term borrowings, in part due to a decrease in trade and other payables.
○ Total equity as of the end of the period amounted to ¥595,013 million (down ¥7,578 million from the end of the previous fiscal year), in part due to a decrease in retained earnings following payment of dividends.
○ As a result of the above, the ratio of equity attributable to owners of the parent was 56.5% (down 0.2 percentage points from the end of the previous fiscal year).

[Cash Flows]

○ Net cash used in operating activities amounted to ¥3,698 million (down ¥1,078 million from the same period of the previous fiscal year), mainly in part due to fluctuations in working capital. Profit before income taxes was ¥15,124 million, and depreciation and amortization amounted to ¥6,432 million.
○ Net cash used in investing activities amounted to ¥10,443 million (inflow in the same period of the previous fiscal year was ¥23,362 million). Capital expenditures totaled ¥9,595 million.
○ Net cash used in financing activities amounted to ¥11,676 million (down ¥3,057 million from the same period of the previous fiscal year). The amount of dividends paid was ¥22,893 million.
○ As a result, cash and cash equivalents as of the end of the period stood at ¥162,170 million (down ¥24,606 million from the end of the previous fiscal year).
○ Free cash flows (cash flow from operating activities less capital expenditures) for the period was negative and ¥13,293 million.

(3) Research & Development Pipeline, Alliances, and Other Events

[Status of Ongoing Research & Development Pipelines]

○ The anticancer agent Halaven (eribulin)

- ✧ Approved for the treatment of breast cancer in over 60 countries including Japan, the United States, in Europe and Asia.
- ✧ Approved for the treatment of liposarcoma (soft tissue sarcoma in Japan) in over 40 countries, including Japan, the United States, in Europe and Asia.
- ✧ In June 2017, a new drug application for the treatment of breast cancer was temporarily withdrawn in China, in alignment with Chinese regulations. No additional clinical trials have been scheduled, and resubmission will take place as soon as additional documentation is prepared.
- ✧ A Phase I/II study of the agent in combination with the anti-PD-1 antibody pembrolizumab from Merck & Co., Inc. (Kenilworth, New Jersey, U.S.) in metastatic triple-negative breast cancer is underway in the United States.
- ✧ A Phase I/II study of the agent in combination with PEGPH20 (a PEGylated recombinant human hyaluronidase being developed by Halozyme Therapeutics, Inc., U.S.) in HER2-negative breast cancer is underway in the United States.

○ The anticancer agent Lenvima (lenvatinib, product name for renal cell carcinoma indication in Europe: Kisplyx)

- ✧ Approved for the treatment of thyroid cancer in over 50 countries including Japan, the United States, in Europe and Asia.
- ✧ Approved in combination with everolimus for the treatment of renal cell carcinoma (second-line) in over 35 countries, including the United States and in Europe.
- ✧ Applications for the treatment of hepatocellular carcinoma have been submitted in Japan in June 2017, and in the United States and Europe in July 2017.
- ✧ A Phase III study for the treatment of thyroid cancer is underway in China.
- ✧ A Phase III study of the agent in separate combinations with everolimus and pembrolizumab in renal cell carcinoma (first-line) is underway in the United States and Europe.
- ✧ A Phase II study for biliary tract cancer is underway in Japan.
- ✧ A Phase II study for non-small cell lung cancer with RET translocations is underway in Japan, the United States, Europe, and Asia.
- ✧ A Phase I/II study of the agent in combination with pembrolizumab in select solid tumors (primarily endometrial cancer, renal cell carcinoma, head and neck cancer, and urothelial cancer) is underway in the United States.

○ Antiepileptic agent Fycompa (perampanel)

- ✧ Approved in over 55 countries including Japan, the United States, in Europe and Asia, as an adjunctive therapy for use in the treatment of partial-onset seizures in adult and adolescent patients from 12 years of age with epilepsy.
- ✧ Approved in over 45 countries including Japan, the United States, in Europe and Asia, as an adjunctive therapy for use in the treatment of primary generalized tonic-clonic seizures in adult and adolescent patients from 12 years of age with epilepsy.

- ✧ In July 2017, approved as monotherapy use for the treatment of partial-onset seizures in the United States.
- ✧ A Phase III study for pediatric epilepsy is underway in Japan, the United States and Europe.
- ✧ A Phase III study for Lennox-Gastaut syndrome is underway in Japan, the United States and Europe.
- ✧ A Phase III study as monotherapy for the treatment of partial-onset seizures is underway in Japan.

○ Eisai received a recommendation from an independent Data Monitoring Committee to continue the Cardiovascular Outcomes Trial of BELVIQ (lorcaserin hydrochloride), based on the results of a pre-specified interim safety analysis.

[Major Alliances, Agreements and Other Events]

○ In April 2017, Smell Identification Test UPSIT Series was launched in Japan.

○ On May 1, 2017, in the patent infringement lawsuit for antiemetic agent Aloxi (palonosetron hydrochloride) brought by Helsinn Healthcare S.A. (Switzerland) against Teva Pharmaceuticals USA, Inc. and Teva Pharmaceutical Industries Ltd. (Israel) in the United States, the panel of the United States Court of Appeals for the Federal Circuit reversed the opinion of the District Court for the District of New Jersey and held that the asserted claims for Aloxi formulation patents are not valid and are not infringed by Teva's generic version of Aloxi. The Helsinn Group has filed a petition for rehearing en banc, and as of the date of preparing this document, the Federal Circuit's decision has not become final. Teva may not launch a generic version of Aloxi until additional steps are taken as necessary by the Federal Circuit, the New Jersey District Court and the Food & Drug Administration (FDA). The Eisai Group and the Helsinn Group are planning to take further appropriate legal actions.

○ In May 2017, a new joint research agreement was concluded with the Broad Institute, a collaborative research institute which includes researchers from the Massachusetts Institute of Technology and Harvard University, to develop a new antimalarial medicine based on antimalarial drug targets identified by the research team of the Eisai Group and Broad Institute last year.

○ In May 2017, Zebinix (eslicarbazepine acetate), an antiepileptic agent being marketed under a license agreement with Bial-Portela & Ca. S.A. (Portugal), was approved for an additional indication as monotherapy for partial-onset epilepsy in Europe.

○ In June 2017, a license agreement with Zeria Pharmaceutical Co., Ltd. (Tokyo) regarding proton pump inhibitor E3710 was terminated.

2) Outlook for the Future (April 1, 2017 – March 31, 2018)

[Consolidated Forecasts]

There are no changes to the consolidated forecasts announced on May 10, 2017.

(Percentage figures show year on year changes.)

	2nd quarter (cumulative)		Fiscal year	
Revenue	¥285,500 million	up 5.8%	¥575,500 million	up 6.8%
Operating profit	¥22,000 million	down 43.0%	¥60,000 million	up 1.6%
Profit before income taxes	¥21,100 million	down 44.6%	¥58,300 million	up 1.1%
Profit for the period	¥14,400 million	down 51.3%	¥41,300 million	down 2.2%
Profit for the period attributable to owners of the parent	¥13,600 million	down 51.3%	¥39,800 million	up 1.1%

* Forecasted earnings per share attributable to owners of the parent (basic): 2nd quarter (cumulative) ¥47.54; fiscal year ¥139.17

* Assumptions: 1 USD = ¥113, 1 EUR = ¥120, 1 GBP = ¥141, 1 RMB = ¥16.30

* The influence of risks relating to the patent infringement litigation for antiemetic agent Aloxi in the United States announced on May 3, 2017 has not been included in the consolidated forecasts.

[Forecasts and Risk Factors]

○ Materials and information provided in this financial disclosure may contain “forward-looking statements” based on current expectations, forecasts, estimates, business goals and assumptions that are subject to risks and uncertainties. Accordingly, actual outcomes and results could differ materially from these statements depending on a number of important factors. Risks and uncertainties include general industry and market conditions, as well as general domestic and international economic conditions such as interest rate and currency exchange fluctuations.

○ Risks that could cause significant fluctuations in the consolidated results of the Group or have a material effect on investment decisions include: risks related to product safety and quality, possible occurrence of side effects, lawsuits, changes in laws and regulations, intellectual property, uncertainties in new drug development, impact of medical cost containment measures, generic products, challenges arising in overseas operations, alliances with other companies, acquisitions of companies and product lines, outsourcing, IT security and information management, internal control systems for financial reporting, financial market conditions and currency movement, plant closure or shutdown, environmental issues, and disasters. These risks, however, have been evaluated and forecasted as of the publication date of this financial report.

○ For further details on the above-mentioned risks, please refer to the “Risk Factors” section of the Annual Securities Report.

3) Corporate Governance

(1) Appointment of Directors

Eleven Directors, including seven Outside Directors, were elected and assumed their respective offices effective from June 21, 2017, the date of the 105th Ordinary General Meeting of Shareholders.

All seven Outside Directors meet the requirements for Outside Directors set forth in Article 2-3-7 of the Ordinance for Enforcement of the Companies Act of Japan, as well as satisfy the Requirements for the Independence and Neutrality of Outside Directors established by the Company's Nomination Committee. Additionally, these Outside Directors have been registered with the Tokyo Stock Exchange (TSE) as Independent Directors.

(2) Structure of the Board of Directors

At the Board of Directors meeting held following the closing of the 105th Ordinary General Meeting of Shareholders, the Chair of the Board of Directors, as well as Chairs and members of the Nomination Committee, Audit Committee and Compensation Committee were appointed and assumed their respective offices as follows.

Haruo Naito	Director	Representative Corporate Officer and CEO
Toru Yamashita	Outside Director	Chair of the Board of Directors
Ikuo Nishikawa	Outside Director	Chair of the Audit Committee
Noboru Naoe	Director	Member of the Audit Committee
Eiichiro Suhara	Outside Director	Chair of the Nomination Committee Member of the Compensation Committee
Yasuhiko Katoh	Outside Director	Chair of the Compensation Committee Member of the Nomination Committee
Hirokazu Kanai	Director	Member of the Audit Committee
Tamaki Kakizaki	Outside Director	Member of the Audit Committee
Daiken Tsunoda	Outside Director	Member of the Audit Committee
Bruce Aronson	Outside Director	Member of the Nomination Committee Member of the Compensation Committee
Yutaka Tsuchiya	Director	

The Independent Committee of Outside Directors is comprised of all the Outside Directors. At the Independent Committee of Outside Directors meeting held on June 21, 2017, Daiken Tsunoda was appointed as Committee Chair and subsequently assumed the position.

(3) Corporate Governance Initiatives

1) Outside Directors Meeting

To allow Outside Directors to function more effectively in their role, the Company holds meetings of Outside Directors (with only Outside Directors in attendance) on a regular basis. At meetings of Outside Directors, participants freely discuss corporate governance- and business-related matters. If necessary, the Chair of the Board of Directors (who presides over

meetings of Outside Directors) liaisons with corporate officers and the secretariat of the Board of Directors by making proposals on various issues or requesting information in light of the discussions at meetings of Outside Directors. In addition, the effectiveness of the Board of Directors' management oversight function is evaluated each year at meetings of Outside Directors. If any issues related to the operation of the Board of Directors are identified, a proposal for improvement is submitted to the Board of Directors.

2) FY 2016 Corporate Governance Evaluation

On April 26, 2017, the Board of Directors deliberated on the results of the Evaluation of the Effectiveness of the Board of Directors, which was compiled in meetings of Outside Directors based on self-evaluations submitted by each Director, as well as the results of the self-review of the Corporate Governance Guidelines and the self-review of Internal Control Regulations. With regard to the Corporate Governance Guidelines and Internal Control Regulations, no evidence was found of any operations that deviate from the rules, and it was confirmed that the Board of Directors and Corporate Officers are executing their duties appropriately to improve corporate governance. The FY2016 Corporate Governance Evaluation results are published in the Corporate Governance Annual Report.
http://www.eisai.com/company/cgregulations.html

(4) Implementation Status of the Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders

At the Board of Directors meeting held on August 2, 2017, the continuation of the "Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders" (the "Policy"), which was proposed by the Independent Committee of Outside Directors (Chair: Daiken Tsunoda), was resolved by the members of the Board during the meeting.

At a meeting of the Independent Committee of Outside Directors comprised of all seven members elected by the Ordinary General Meeting of Shareholders held on June 21, 2017, it was determined that it would be appropriate to continue the Policy in its present form, as there have been no significant changes to Eisai's management environment or other factors relevant to the Policy. The Policy incorporates the following provisions.

a. The Policy precludes arbitrary actions on the part of the management, and is not intended to defend the management.
b. The continuation, amendment, or abandonment of the Policy can be deliberated even prior to the expiration date.
c. A system for reflecting shareholders' opinions concerning the Policy has been established through the election of directors at the Ordinary General Meeting of Shareholders.

2. Condensed Interim Consolidated Financial Statements and Major Notes
1) Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Note	Three-month period ended June 30, 2017	Three-month period ended June 30, 2016
Revenue		141,859	136,929
Cost of sales		(49,402)	(49,819)
Gross profit		92,457	87,110
Selling, general and administrative expenses	(1)	(44,297)	(42,555)
Research and development expenses	(1)	(33,195)	(27,295)
Other income	(2)	614	10,274
Other expenses		(444)	(1,719)
Operating profit		15,134	25,814
Financial income		717	688
Financial costs		(727)	(707)
Profit before income taxes		15,124	25,795
Income taxes		(4,548)	(4,883)
Profit for the period		10,576	20,913
Profit for the period attributable to			
Owners of the parent		9,806	19,739
Non-controlling interests		770	1,174
Earnings per share			
Basic (yen)		34.28	69.03
Diluted (yen)		34.24	68.92

2) Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2016
Profit for the period	10,576	20,913
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income (loss)	2,095	(2,223)
Subtotal	2,095	(2,223)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	2,547	(41,363)
Cash flow hedges	5	(319)
Subtotal	2,552	(41,682)
Total other comprehensive income (loss), net of tax	4,647	(43,905)
Comprehensive income (loss) for the period	15,223	(22,992)
Comprehensive income (loss) for the period attributable to		
Owners of the parent	14,455	(24,149)
Non-controlling interests	769	1,157

3) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of June 30, 2017	As of March 31, 2017
Assets		
Non-current assets		
Property, plant and equipment	103,842	103,574
Goodwill	173,704	173,965
Intangible assets	113,317	112,501
Other financial assets	56,861	54,459
Other assets	14,417	13,768
Deferred tax assets	85,907	88,342
Total non-current assets	548,047	546,609
Current assets		
Inventories	84,449	82,876
Trade and other receivables	163,740	154,502
Other financial assets	44,231	42,875
Other assets	17,809	17,126
Cash and cash equivalents	162,170	186,775
Total current assets	472,398	484,155
Total assets	1,020,445	1,030,764

(Millions of yen)

	As of June 30, 2017	As of March 31, 2017
Equity		
Equity attributable to owners of the parent		
Share capital	44,986	44,986
Capital surplus	77,534	77,652
Treasury shares	(35,816)	(35,888)
Retained earnings	384,134	394,981
Other components of equity	105,453	102,899
Total equity attributable to owners of the parent	576,290	584,630
Non-controlling interests	18,723	17,961
Total equity	595,013	602,591
Liabilities		
Non-current liabilities		
Borrowings	163,429	163,474
Other financial liabilities	2,724	2,511
Retirement benefit liabilities	13,490	13,788
Provisions	1,232	1,216
Other liabilities	21,566	23,044
Deferred tax liabilities	381	448
Total non-current liabilities	202,823	204,482
Current liabilities		
Borrowings	61,380	50,000
Trade and other payables	55,601	70,750
Other financial liabilities	4,859	3,980
Income tax payables	4,370	5,896
Provisions	16,613	14,647
Other liabilities	79,786	78,418
Total current liabilities	222,609	223,691
Total liabilities	425,432	428,173
Total equity and liabilities	1,020,445	1,030,764

4) Condensed Interim Consolidated Statement of Changes in Equity

For the three-month period ended June 30, 2017

(Millions of yen)

	Equity attributable to owners of the parent				
					Other components of equity
	Share Capital	Capital surplus	Treasury shares	Retained earnings	Financial assets measured at fair value through other comprehensive income
As of April 1, 2017	44,986	77,652	(35,888)	394,981	—
Profit for the period	—	—	—	9,806	—
Other comprehensive income (loss)	—	—	—	—	2,095
Comprehensive income (loss) for the period	—	—	—	9,806	2,095
Dividends	—	—	—	(22,893)	—
Share-based payments	—	(164)	—	—	—
Acquisition of treasury shares	—	—	(10)	—	—
Disposal of treasury shares	—	45	83	—	—
Reclassification	—	—	—	2,095	(2,095)
Other changes	—	—	—	146	—
Total transactions with owners	—	(118)	72	(20,653)	(2,095)
As of June 30, 2017	44,986	77,534	(35,816)	384,134	—

	Equity attributable to owners of the parent					
	Other components of equity					
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total Equity
As of April 1, 2017	103,536	(637)	102,899	584,630	17,961	602,591
Profit for the period	—	—	—	9,806	770	10,576
Other comprehensive income (loss)	2,549	5	4,648	4,648	(1)	4,647
Comprehensive income (loss) for the period	2,549	5	4,648	14,455	769	15,223
Dividends	—	—	—	(22,893)	(7)	(22,900)
Share-based payments	—	—	—	(164)	—	(164)
Acquisition of treasury shares	—	—	—	(10)	—	(10)
Disposal of treasury shares	—	—	—	128	—	128
Reclassification	—	—	(2,095)	—	—	—
Other changes	—	—	—	146	—	146
Total transactions with owners	—	—	(2,095)	(22,794)	(7)	(22,801)
As of June 30, 2017	106,085	(632)	105,453	576,290	18,723	595,013

For the three-month period ended June 30, 2016

(Millions of yen)

	Equity attributable to owners of the parent				
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity: Financial assets measured at fair value through other comprehensive income
As of April 1, 2016	44,986	58,232	(36,231)	394,974	—
Profit for the period	—	—	—	19,739	—
Other comprehensive income (loss)	—	—	—	—	(2,233)
Comprehensive income (loss) for the period	—	—	—	19,739	(2,233)
Dividends	—	—	—	(22,881)	—
Share-based payments	—	(163)	—	—	—
Acquisition of treasury shares	—	—	(258)	—	—
Disposal of treasury shares	—	55	93	—	—
Change of interests without loss of control	—	19,478	—	—	—
Acquisition of subsidiaries	—	—	—	—	—
Reclassification	—	—	—	(2,233)	2,233
Other changes	—	(41)	—	140	—
Total transactions with owners	—	19,328	(165)	(24,975)	2,233
As of June 30, 2016	44,986	77,560	(36,397)	389,738	—

	Equity attributable to owners of the parent				Non-controlling interests	Total Equity
	Other components of equity			Equity attributable to owners of the parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity			
As of April 1, 2016	112,837	(1,136)	111,701	573,661	3,168	576,828
Profit for the period	—	—	—	19,739	1,174	20,913
Other comprehensive income (loss)	(41,336)	(319)	(43,888)	(43,888)	(17)	(43,905)
Comprehensive income (loss) for the period	(41,336)	(319)	(43,888)	(24,149)	1,157	(22,992)
Dividends	—	—	—	(22,881)	(1,440)	(24,321)
Share-based payments	—	—	—	(163)	—	(163)
Acquisition of treasury shares	—	—	—	(258)	—	(258)
Disposal of treasury shares	—	—	—	147	—	147
Change of interests without loss of control	—	—	—	19,478	522	20,000
Acquisition of subsidiaries	—	—	—	—	13,320	13,320
Reclassification	—	—	2,233	—	—	—
Other changes	—	—	—	98	31	130
Total transactions with owners	—	—	2,233	(3,578)	12,433	8,855
As of June 30, 2016	71,501	(1,455)	70,046	545,933	16,758	562,691

5) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Note	Three-month period ended June 30, 2017	Three-month period ended June 30, 2016
Operating activities			
Profit before income taxes		15,124	25,795
Depreciation and amortization		6,432	7,954
(Increase) decrease in working capital		(17,994)	(23,855)
Interest and dividends received		683	679
Interest paid		(673)	(654)
Income taxes paid		(4,958)	(5,196)
Income taxes refund		151	332
Other		(2,463)	(9,831)
Net cash from (used in) operating activities		(3,698)	(4,776)
Investing activities			
Purchases of property, plant and equipment		(3,376)	(1,387)
Proceeds from sale of property, plant and equipment		4	228
Purchases of intangible assets		(6,222)	(1,214)
Net cash inflow on acquisition of subsidiaries	(1)	―	19,346
Net cash inflow on sales of subsidiaries	(2)	―	6,459
Purchases of financial assets		(3,638)	(2,665)
Proceeds from sale and redemption of financial assets		3,184	2,435
Payments of time deposits exceeding three months		(1,315)	(1,762)
Proceeds from redemption of time deposits exceeding three months		882	1,855
Other		38	66
Net cash from (used in) investing activities		(10,443)	23,362
Financing activities			
Net increase (decrease) in short-term borrowings		11,365	―
Proceeds from long-term borrowings		―	9,981
Dividends paid		(22,893)	(22,881)
Other		(148)	(1,832)
Net cash from (used in) financing activities		(11,676)	(14,733)
Effect of exchange rate change on cash and cash equivalents		1,211	(10,430)
Net increase (decrease) in cash and cash equivalents		(24,606)	(6,577)
Cash and cash equivalents at beginning of period		186,775	179,326
Cash and cash equivalents at end of period		162,170	172,749

6) Notes to Condensed Interim Consolidated Financial Statements

(Going Concern)

Not applicable

(Changes in Accounting Policies)

With the exception of the following, all significant accounting policies that are applied to these condensed interim consolidated financial statements are the same as those that were applied to the consolidated financial statements for the previous fiscal year. None of the following accounting standards and interpretations applied by the Group has any major impact on the condensed interim consolidated financial statements for the period.

Accounting standards and interpretations		Mandatory application (Date of commencement)	Date applied by the Group	Description
IAS 12	Income Taxes	January 1, 2017	Fiscal year ending March 2018	Clarification of accounting methods applicable to deferred tax assets for unrealized losses
IAS 7	Statement of Cash Flows	January 1, 2017	Fiscal year ending March 2018	Disclosure requirement for changes in liabilities arising from financing activities

(Segment Information)

The Group's business is comprised of pharmaceutical business and other business. The pharmaceutical business is organized into the following five reporting segments in this report: Japan (primarily Prescription Medicines, Generics, and OTC), Americas (North, Central and South America), China, EMEA (Europe, the Middle East, Africa, and Oceania) and Asia (primarily South Korea, Taiwan, Hong Kong, India, and ASEAN).

From this fiscal year, the Group has clarified the definition of research and development (R&D) expenses in order to more accurately reflect the condition of the business, and this has resulted in a portion of expenses relating to medical affairs activities, such as creation and provision of scientific evidence for health care providers, being apportioned to R&D expenses. Accordingly, an amount which was included in selling, general and administrative expenses for the same period of the previous fiscal year has been reclassified as R&D expenses.

(Millions of yen)

	Three-month period ended June 30, 2017		Three-month period ended June 30, 2016	
	Revenue	Segment profit (loss)	Revenue	Segment profit (loss)
Pharmaceutical business				
Japan (Note 4)	77,964	30,516	77,109	29,029
Americas	28,848	9,752	29,189	8,572
China	13,104	3,987	11,181	3,648
EMEA	10,056	3,589	9,039	3,844
Asia	9,873	2,919	8,559	2,561
Reporting segment total	139,844	50,762	135,078	47,653
Other business (Note 1) (Note 4)	2,015	631	1,851	400
Total	141,859	51,393	136,929	48,053
R&D expenses (Note 2)	—	(33,195)	—	(27,295)
Group headquarters' management costs and other expenses (Note 3)	—	(3,063)	—	(4,297)
Gain from a bargain purchase	—	—	—	9,283
Gain on sales of investments in subsidiaries	—	—	—	70
Operating profit in the condensed interim consolidated financial statements	—	15,134	—	25,814

(Note 1) "Other business" mainly includes the pharmaceutical ingredients business of the parent company.

(Note 2) "R&D expenses" are not allocated to any particular segment as the Group manages such expenses on a global basis.

(Note 3) "Group headquarters' management costs and other expenses" are the costs and expenses covering Group-wide operations.

(Note 4) The Group has revised the management system of a new business which was included in Other business during the previous fiscal year, resulting in the business being included in the Japan pharmaceutical business from this fiscal year. Following this change, revenue and segment profit (loss) related to this business for the same period of the previous fiscal year has been reclassified from Other business to Japan pharmaceutical business. This change has no significant impact.

(Consolidated Statement of Income)

(1) Selling, general and administrative expenses, R&D expenses

From this fiscal year, the Group has clarified the definition of R&D expenses in order to more accurately reflect the condition of the business, and this has resulted in a portion of expenses relating to medical affairs activities, such as creation and provision of scientific evidence for health care providers, being apportioned to R&D expenses. Accordingly, ¥1,125 million which was included in selling, general and administrative expenses for the same period of the previous fiscal year has been reclassified as R&D expenses.

(2) Other income

For the three-month period ended June 30, 2016, a gain from a bargain purchase of ¥9,283 million was recorded due to the acquisition of EA Pharma Co., Ltd. (Tokyo), while gain on sales of investment in subsidiaries of ¥70 million was recorded due to the transfer of Sannova Co., Ltd. (Gunma).

(Consolidated Statement of Cash Flows)

(1) Net cash inflow on acquisition of subsidiaries

For the three-month period ended June 30, 2016, net cash inflow on acquisition of subsidiaries of ¥19,346 million was recorded by the Company due to the acquisition of the share of AJINOMOTO PHARMACEUTICALS CO., LTD. (Current company name: EA Pharma Co., Ltd.).

(2) Net cash inflow on sales of subsidiaries

For the three-month period ended June 30, 2016, net cash inflow on sales of subsidiaries of ¥6,459 million was recorded by the Group due to the transfer of the share of Sannova Co., Ltd.

(Significant Subsequent Events)

Not applicable