CONSOLIDATED FINANCIAL REPORT [IFRS]
for the Six-Month Period Ended September 30, 2017

November 1, 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: November 10, 2017
Expected date of dividend payment commencement: November 17, 2017
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 Six-Month Period Ended September 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)	(%)
Six-month period ended September 30, 2017	285,073	5.6	27,733	-28.1	27,444	-28.0	20,358	-31.2	18,820	-32.6	32,149	—
Six-month period ended September 30, 2016	269,894	-2.0	38,590	113.5	38,107	119.8	29,577	165.6	27,909	153.0	-20,970	—

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	(¥)	(¥)
Six-month period ended September 30, 2017	65.78	65.70
Six-month period ended September 30, 2016	97.60	97.45

(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 September 30, 2017	1,034,582	612,099	592,642	57.3	2,071.03
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	—	70.00			
FY2017 (Forecast)			—	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)	(%)	(¥)
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 September 30, 2017	296,566,949	As of March 31, 2017	296,566,949
2) Number of treasury shares	As of September 30, 2017	10,340,962	As of March 31, 2017	10,399,676
3) Weighted average number of shares outstanding	For the six-month period ended September 30, 2017	286,115,292	For the six-month period ended September 30, 2016	285,946,392

The Company's shares held through a trust (67,291 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 8 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, November 1, 2017. The handouts from the disclosure meeting will be made available on the Company's website.

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 six-month period ended September 30, 2017.

Revenue:	¥285,073 million	(up 5.6% year on year)
Operating profit:	¥27,733 million	(down 28.1% year on year)
Profit before income taxes:	¥27,444 million	(down 28.0% year on year)
Profit for the period:	¥20,358 million	(down 31.2% year on year)
Profit for the period attributable to owners of the parent:	¥18,820 million	(down 32.6% year on year)

○ The Group’s revenue finished overall at ¥285,073 million (up 5.6% 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 all segments, including Japan pharmaceutical business, increased. China, EMEA and Asia pharmaceutical businesses all achieved double-digit growth.

By product, combined revenue from all four global brands soared by 25.9% year on year to ¥43,534 million. This included ¥20,197 million from Halaven, ¥14,730 million from Lenvima, ¥6,636 million from Fycompa, and ¥1,971 million from antiobesity agent BELVIQ.

○ Operating profit totaled ¥27,733 million (down 28.1% 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 ¥20,358 million (down 31.2% year on year), while profit for the period attributable to owners of the parent came to ¥18,820 million (down 32.6% year on year).

○ Basic earnings per share for the period attributable to owners of the parent amounted to ¥65.78 (down ¥31.82 year on year).

○ Comprehensive income for the period after adding (deducting) other comprehensive income to (from) profit for the period was ¥32,149 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 ¥150,878 million (up 0.8% year on year) and segment profit was ¥55,648 million (up 0.5% year on year). Of this amount, Prescription Medicines, Generics, and OTC recorded ¥126,266 million (down 0.3% year on year), ¥13,615 million (up 0.7% year on year), and ¥10,986 million (up 15.1% 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 ¥13,172 million (up 10.8% year on year) and revenue for insomnia treatment Lunesta totaled ¥5,006 million (up 32.2% year on year), both showing steady growth. Fycompa, which was launched in the same period of the previous fiscal year, showed significant growth recording ¥739 million (up 283.5% year on year). Aricept, a treatment for Alzheimer's disease, recorded revenue of ¥13,255 million (down 19.2% year on year). Among oncology products, Halaven and Lenvima continued to achieve high growth, earning revenue of ¥4,703 million (up 18.2% year on year) and ¥1,519 million (up 10.5% year on year), respectively. Furthermore, Humira also showed significant growth, earning revenue of ¥21,813 million (up 15.1% 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.

○ Etak Antimicrobial Spray α was launched in September 2017.

<Americas pharmaceutical business>

○ Total revenue came to ¥57,960 million (up 1.9% year on year), while segment profit recorded ¥19,734 million (up 13.9% year on year).

○ Regarding revenue from neurology products, antiepileptic agent Banzel, Fycompa, and BELVIQ all showed significant growth, recording ¥7,967 million (up 25.3% year on year), ¥3,175 million (up 39.2% year on year), and ¥1,971 million (up 20.1% year on year), respectively. Among oncology products, Lenvima similarly maintained significant growth, recording ¥10,082 million (up 45.6% year on year), while antiemetic agent Aloxi and Halaven earned ¥21,450 million (down 11.1% year on year) and ¥8,377 million (up 0.6% year on year), respectively.

○ Lenvima was launched in Brazil in June 2017.

<China pharmaceutical business>

○ Revenue totaled ¥27,955 million (up 19.7% year on year), while segment profit was ¥8,408 million (up 14.0% year on year).

○ By product, revenue for peripheral neuropathy treatment Methycobal was ¥10,197 million (up 16.3% year on year), liver disease and anti-allergy agents Stronger Neo-Minophagen C and Glycyron Tablets together recorded ¥4,777 million (up 18.9% year on year), and Aricept earned ¥3,529 million (up 20.5% year on year), all showing significant growth.

<EMEA pharmaceutical business>

○ Revenue totaled ¥21,155 million (up 16.4% year on year), with segment profit of ¥7,292 million (down 3.7% year on year).

○ Revenue from neurology products saw significant sustained growth for antiepileptic agent Zebinix at ¥2,614 million (up 53.7% year on year) and Fycompa at ¥2,442 million (up 16.3% year on year), while antiepileptic agent Zonegran earned revenue of ¥2,168 million (down 22.9% year on year). Among oncology products, Lenvima/Kisplyx achieved significant growth, recording revenue of ¥2,605 million (up 118.2% year on year). Halaven also achieved high growth, recording revenue of ¥5,828 million (up 9.6% year on year).

<Asia pharmaceutical business>

○ Revenue totaled ¥21,202 million (up 24.3% year on year), with segment profit of ¥6,599 million (up 39.1% year on year).

○ By product, revenue from Humira, Aricept, and proton pump inhibitor Pariet came to ¥6,007 million (up 26.7% year on year), ¥5,827 million (up 22.0% year on year), and ¥2,140 million (up 24.5% 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.

○ Fycompa was launched in India in September 2017.

○ Chocola BB Plus was launched in Taiwan in September 2017.

(2) Overview of Financial Position

[Assets, Liabilities, and Equity]

○ Total assets as of the end of the period amounted to ¥1,034,582 million (up ¥3,818 million from the end of the previous fiscal year), in part due to an increase in trade and other receivables as a result of increase in the revenue.

○ Total liabilities as of the end of the period amounted to ¥422,483 million (down ¥5,690 million from the end of the previous fiscal year), in part due to a decrease in trade and other payables.

○ Total equity as of the end of the period amounted to ¥612,099 million (up ¥9,508 million from the end of the previous fiscal year), in part due to an increase in exchange differences due to depreciation of the yen.

○ As a result of the above, the ratio of equity attributable to owners of the parent was 57.3% (up 0.6 percentage points from the end of the previous fiscal year).

[Cash Flows] (April 1, 2017 – September 30, 2017)

○ Net cash provided by operating activities amounted to ¥12,592 million (down ¥14,208 million from the same period of the previous fiscal year). Profit before income taxes was ¥27,444 million, and depreciation and amortization amounted to ¥12,833 million.

○ Net cash used in investing activities amounted to ¥9,590 million (inflow in the same period of the previous fiscal year was ¥13,016 million). Capital expenditures (See Note) totaled ¥8,756 million.

○ Net cash used in financing activities amounted to ¥16,675 million (up ¥1,846 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 ¥176,481 million (down ¥10,295 million from the end of the previous fiscal year).

○ Free cash flows (cash flow from operating activities less capital expenditures) for the period was ¥3,836 million.

(Note) Expenditure from purchases of financial assets and proceeds from sale and redemption of financial assets are included in the formula used to calculate capital expenditures.

(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 U.S., and other countries in Europe and Asia.

✧ Approved for the treatment of liposarcoma (soft tissue sarcoma in Japan) in over 45 countries, including Japan, the U.S., and other countries 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, NJ, USA in metastatic triple-negative breast cancer is underway in the U.S.

✧ 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 U.S.

○ 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 U.S., and other countries in Europe and Asia.

✧ Approved in combination with everolimus for the treatment of renal cell carcinoma (second-line) in over 40 countries, including the U.S. and in Europe.

✧ Applications for the treatment of hepatocellular carcinoma have been submitted in Japan in June 2017, in the U.S. and Europe in July, and in China in October of the same year.

✧ 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 U.S. 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 U.S., and other countries in 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 U.S.

○ Antiepileptic agent Fycompa (perampanel)
- ✧ Approved in over 55 countries including Japan, the U.S., and other countries 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 U.S., and other countries 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 used for the treatment of partial-onset seizures in the U.S.
- ✧ A Phase III study for pediatric epilepsy is underway in Japan, the U.S., and Europe.
- ✧ A Phase III study for Lennox-Gastaut syndrome is underway in Japan, the U.S., and Europe.
- ✧ A Phase III study as monotherapy for the treatment of partial-onset seizures is underway in Japan.

○ In September 2017, an additional dosage and administration of the proton pump inhibitor Pariet (rabeprazole sodium) was approved in Japan to administer 10 mg per dose twice-daily for the maintenance therapy of proton pump inhibitor-resistant reflux esophagitis.

○ In September 2017, the locally active steroid AJG511 (budesonide) was approved in Japan for use in ulcerative colitis treatment.

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

○ Regarding Aricept, development for regression symptoms in patients with Down syndrome has been discontinued at the Phase II stage in Japan.

[Major Alliances, Agreements and Other Events]

○ In April 2017, the 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 U.S., the panel of the U.S. 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 publication date of this financial report, 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 continue to explore appropriate strategy.

○ In May 2017, a new joint research agreement was concluded with the Broad Institute, a collaborative research institute that 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), 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.

○ In September 2017, Eisai signed an agreement with Merck & Co., Inc., Kenilworth, NJ, USA to increase the number of enrolled patients in a Phase Ib/II clinical study of Halaven in combination with anti-PD-1 antibody pembrolizumab for the treatment of triple-negative breast cancer.

○ In September 2017, Eisai signed an agreement with Merck & Co., Inc., Kenilworth, NJ, USA to increase the target number of endometrial carcinoma patients to be enrolled in a Phase Ib/II clinical study of Lenvima in combination with anti-PD-1 antibody pembrolizumab.

○ In September 2017, Eisai entered into a collaboration agreement with Ono Pharmaceutical Co., Ltd. (Osaka, “Ono”) to jointly develop the combination therapy of Lenvima and Ono’s anti-PD-1 antibody nivolumab for the treatment of hepatocellular carcinoma.

○ In September 2017, Eisai jointly launched the Me-MAMORIO tracking tool with Mamorio, Inc. (Tokyo) to support people with dementia and seniors going out.

○ In September 2017, EA Pharma Co., Ltd. signed a joint development and marketing agreement with Mochida Pharmaceutical Co., Ltd. (Tokyo) for chronic constipation treatment AJG555, which EA Pharma Co., Ltd. has been developing in Japan.

○ In September 2017, Eisai entered into an agreement in Japan to co-promote BFE1224 (fosravuconazole), which Sato Pharmaceutical Co., Ltd. (Tokyo) has submitted for regulatory review for the treatment of onychomycosis.

○ In October 2017, Eisai’s U.S. subsidiary, Eisai Inc., signed an exclusive licensing agreement with Grupo Biotoscana (Uruguay) for the anticancer agents Halaven and Lenvima as well as antiepileptic agents Fycompa and Inovelon in Latin America. In Mexico, however, Eisai will retain the rights to and conduct all activities for Halaven and Lenvima.

○ In October 2017, Eisai entered into a transfer of rights agreement for anti-rheumatic agent Kolbet Tablets 25mg in Japan, acquiring the marketing authorization from Toyama Chemical Co., Ltd. (Tokyo) and taking over the marketing activities from Taisho Pharmaceutical Co., Ltd. (Tokyo) and Taisho Toyama Pharmaceutical Co., Ltd. (Tokyo).

○ In October 2017, Eisai and Biogen Inc. (U.S., “Biogen”) expanded the existing agreement to jointly develop and commercialize investigational Alzheimer's disease treatments. Eisai has exercised its option to co-develop and co-promote aducanumab, Biogen's investigational anti-amyloid beta (Aβ) antibody. The expanded collaboration agreement leverages each company's respective geographic strengths for commercialization and adjusts the respective share of profits from potential sales of aducanumab. Additionally, two companies will co-promote Biogen's multiple sclerosis treatments, AVONEX, TYSABRI and TECFIDERA in Japan to accounts that Biogen currently does not call upon. Eisai will distribute and book sales for the above these three products as well as PLEGRIDY in Asia (excluding China).

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.)

	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)	(%)	(¥)
Fiscal Year	575,500	6.8	60,000	1.6	58,300	1.1	41,300	-2.2	39,800	1.1	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 U.S. 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) Basic Policy Concerning Profit Appropriation and Interim Dividend for the End of the Second Quarter of Fiscal 2017

In terms of shareholder returns, the Company returns profits to all shareholders in a stable and sustainable way based on factors such as a healthy balance sheet and comprehensive consideration of the consolidated financial results, Dividends on Equity (DOE) and free cash flow, as well as taking into consideration the signaling effect. Because DOE indicates the ratio of dividends to consolidated net assets, the Company has positioned it as an indicator that reflects balance sheet management, and, consequently, capital policy. Acquisition of treasury share will be carried out appropriately after factors such as the market environment and capital efficiency are taken into account. The Company uses the ratio of equity attributable to owners of the parent and net debt ratio as indicators to measure a healthy balance sheet.

At the Company, the dividend payments are to be determined by a resolution of the Board of Directors as specified in the Company's Articles of Incorporation. The Company intends to set the interim dividend for the period (at the end of the second quarter) at ¥70 per share (same amount as the previous year) as previously forecasted.

4) Corporate Governance

The Company believes that the focus of corporate governance is to respect the rights of all its shareholders, ensure the fairness and transparency of management, and enhance corporate vitality. Always aiming for the best corporate governance, the Company strives to achieve corporate governance by stipulating the following basic points of view and codes of conduct in its "Corporate Governance Guidelines" and implementing the Guidelines accordingly.

(1) Shareholder Relations:

The Company shall:

- Respect the rights of all shareholders;
- Ensure the equality of all shareholders;
- Develop positive and smooth relations with the Company's stakeholders including all shareholders; and
- Ensure transparency by properly disclosing Company information.

(2) Corporate Governance System

- The Company has adopted a Company with a Nomination Committee, etc. System.
- The Board of Directors ("the Board") shall delegate to the Corporate Officers broad powers of decision-making for business execution, to the extent permitted by the laws and regulations, and it shall exercise the function of management oversight.
- The majority of the Board shall be independent and neutral Outside Directors.
- The Representative Corporate Officer and CEO shall be the only Director who is concurrently a Corporate Officer.
- To clarify the management oversight function, the positions of Chair of the Board and of Representative Corporate Officer and CEO shall be separated and performed by different people.

- The Nomination Committee and the Compensation Committee shall be entirely composed of Outside Directors, and the majority of the Audit Committee shall consist of Outside Directors.
- Each of the Chairs of the Nomination Committee, the Audit Committee and the Compensation Committee shall be appointed from the Outside Directors.
- The internal control system and its operation shall be implemented to ensure the credibility of financial reports.

Detailed information on the Company's corporate governance system is available on the Eisai corporate website along with the Company's Corporate Governance Guidelines, Rules of the Board of Directors, Rules of the Nomination Committee, Rules of the Audit Committee, and Rules of the Compensation Committee.
(http://www.eisai.com/company/governance/index.html)

The Corporate Governance Report submitted to the Tokyo Stock Exchange (TSE) is available on the website of the TSE as well as on the Eisai corporate website.
(http://www.eisai.com/company/cgregulations.html)

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

(Millions of yen)

	Note	Six-month period ended September 30, 2017	Six-month period ended September 30, 2016
Revenue		285,073	269,894
Cost of sales		(102,154)	(98,189)
Gross profit		182,919	171,705
Selling, general and administrative expenses	(1)	(89,461)	(84,832)
Research and development expenses	(1)	(66,118)	(57,129)
Other income	(2)	1,352	11,119
Other expenses		(960)	(2,273)
Operating profit		27,733	38,590
Financial income		1,222	911
Financial costs		(1,512)	(1,394)
Profit before income taxes		27,444	38,107
Income taxes		(7,086)	(8,530)
Profit for the period		20,358	29,577
Profit for the period attributable to			
Owners of the parent		18,820	27,909
Non-controlling interests		1,538	1,668
Earnings per share			
Basic (yen)		65.78	97.60
Diluted (yen)		65.70	97.45

2) Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six-month period ended September 30, 2017	Six-month period ended September 30, 2016
Profit for the period	20,358	29,577
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)	3,333	(1,271)
Subtotal	3,333	(1,271)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	8,388	(49,195)
Cash flow hedges	70	(80)
Subtotal	8,459	(49,275)
Total other comprehensive income (loss), net of tax	11,791	(50,546)
Comprehensive income (loss) for the period	32,149	(20,970)
Comprehensive income (loss) for the period attributable to		
Owners of the parent	30,613	(22,610)
Non-controlling interests	1,536	1,640

3) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of September 30, 2017	As of March 31, 2017
Assets		
Non-current assets		
Property, plant and equipment	104,079	103,574
Goodwill	174,890	173,965
Intangible assets	111,421	112,501
Other financial assets	58,522	54,459
Other assets	12,666	13,768
Deferred tax assets	85,923	88,342
Total non-current assets	547,501	546,609
Current assets		
Inventories	82,645	82,876
Trade and other receivables	172,834	154,502
Other financial assets	39,761	42,875
Other assets	15,361	17,126
Cash and cash equivalents	176,481	186,775
Total current assets	487,081	484,155
Total assets	1,034,582	1,030,764

(Millions of yen)

	As of September 30, 2017	As of March 31, 2017
Equity		
Equity attributable to owners of the parent		
Share capital	44,986	44,986
Capital surplus	77,557	77,652
Treasury shares	(35,646)	(35,888)
Retained earnings	394,386	394,981
Other components of equity	111,360	102,899
Total equity attributable to owners of the parent	592,642	584,630
Non-controlling interests	19,456	17,961
Total equity	612,099	602,591
Liabilities		
Non-current liabilities		
Borrowings	158,661	163,474
Other financial liabilities	2,640	2,511
Retirement benefit liabilities	14,230	13,788
Provisions	1,233	1,216
Other liabilities	21,528	23,044
Deferred tax liabilities	424	448
Total non-current liabilities	198,716	204,482
Current liabilities		
Borrowings	61,505	50,000
Trade and other payables	56,339	70,750
Other financial liabilities	4,427	3,980
Income tax payables	5,398	5,896
Provisions	13,685	14,647
Other liabilities	82,414	78,418
Total current liabilities	223,768	223,691
Total liabilities	422,483	428,173
Total equity and liabilities	1,034,582	1,030,764

4) Condensed Interim Consolidated Statement of Changes in Equity

For the six-month period ended September 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	—	—	—	18,820	—
Other comprehensive income (loss)	—	—	—	—	3,333
Comprehensive income (loss) for the period	—	—	—	18,820	3,333
Dividends	—	—	—	(22,893)	—
Share-based payments	—	(180)	—	—	—
Acquisition of treasury shares	—	—	(15)	—	—
Disposal of treasury shares	—	85	258	—	—
Reclassification	—	—	—	3,333	(3,333)
Other changes	—	—	—	146	—
Total transactions with owners	—	(95)	243	(19,415)	(3,333)
As of September 30, 2017	44,986	77,557	(35,646)	394,386	—

	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	—	—	—	18,820	1,538	20,358
Other comprehensive income (loss)	8,390	70	11,793	11,793	(2)	11,791
Comprehensive income (loss) for the period	8,390	70	11,793	30,613	1,536	32,149
Dividends	—	—	—	(22,893)	(41)	(22,934)
Share-based payments	—	—	—	(180)	—	(180)
Acquisition of treasury shares	—	—	—	(15)	—	(15)
Disposal of treasury shares	—	—	—	343	—	343
Reclassification	—	—	(3,333)	—	—	—
Other changes	—	—	—	146	—	146
Total transactions with owners	—	—	(3,333)	(22,600)	(41)	(22,641)
As of September 30, 2017	111,926	(567)	111,360	592,642	19,456	612,099

For the six-month period ended September 30, 2016

(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, 2016	44,986	58,232	(36,231)	394,974	—
Profit for the period	—	—	—	27,909	—
Other comprehensive income (loss)	—	—	—	—	(1,281)
Comprehensive income (loss) for the period	—	—	—	27,909	(1,281)
Dividends	—	—	—	(22,881)	—
Share-based payments	—	(177)	—	—	—
Acquisition of treasury shares	—	—	(276)	—	—
Disposal of treasury shares	—	123	273	—	—
Change of interests without loss of control	—	19,478	—	—	—
Acquisition of subsidiaries	—	—	—	—	—
Reclassification	—	—	—	(1,281)	1,281
Other changes	—	(41)	—	141	—
Total transactions with owners	—	19,384	(3)	(24,021)	1,281
As of September 30, 2016	44,986	77,615	(36,234)	398,862	—

	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	—	—	—	27,909	1,668	29,577
Other comprehensive income (loss)	(49,158)	(80)	(50,518)	(50,518)	(28)	(50,546)
Comprehensive income (loss) for the period	(49,158)	(80)	(50,518)	(22,610)	1,640	(20,970)
Dividends	—	—	—	(22,881)	(1,440)	(24,321)
Share-based payments	—	—	—	(177)	—	(177)
Acquisition of treasury shares	—	—	—	(276)	—	(276)
Disposal of treasury shares	—	—	—	396	—	396
Change of interests without loss of control	—	—	—	19,478	522	20,000
Acquisition of subsidiaries	—	—	—	—	13,320	13,320
Reclassification	—	—	1,281	—	—	—
Other changes	—	—	—	100	31	131
Total transactions with owners	—	—	1,281	(3,359)	12,433	9,074
As of September 30, 2016	63,679	(1,216)	62,463	547,692	17,241	564,933

5) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Note	Six-month period ended September 30, 2017	Six-month period ended September 30, 2016
Operating activities			
Profit before income taxes		27,444	38,107
Depreciation and amortization		12,833	13,845
Impairment losses		—	160
(Increase) decrease in working capital		(19,986)	(11,129)
Interest and dividends received		991	883
Interest paid		(1,346)	(1,293)
Income taxes paid		(6,839)	(7,789)
Income taxes refund		1,825	1,759
Other		(2,329)	(7,741)
Net cash from (used in) operating activities		12,592	26,799
Investing activities			
Purchases of property, plant and equipment		(5,450)	(2,462)
Proceeds from sale of property, plant and equipment		258	245
Purchases of intangible assets		(8,265)	(3,147)
Net cash inflow on acquisition of subsidiaries	(1)	—	19,346
Net cash inflow on sales of subsidiaries	(2)	—	6,459
Purchases of financial assets		(4,541)	(5,304)
Proceeds from sale and redemption of financial assets		9,242	5,245
Payments of time deposits exceeding three months		(31,587)	(17,600)
Proceeds from redemption of time deposits exceeding three months		30,758	10,104
Other		(5)	130
Net cash from (used in) investing activities		(9,590)	13,016
Financing activities			
Net increase (decrease) in short-term borrowings		6,477	—
Proceeds from long-term borrowings		—	9,981
Dividends paid		(22,893)	(22,881)
Other		(258)	(1,928)
Net cash from (used in) financing activities		(16,675)	(14,828)
Effect of exchange rate change on cash and cash equivalents		3,378	(13,529)
Net increase (decrease) in cash and cash equivalents		(10,295)	11,459
Cash and cash equivalents at beginning of period		186,775	179,326
Cash and cash equivalents at end of period		176,481	190,784

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 to be 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)

	Six-month period ended September 30, 2017		Six-month period ended September 30, 2016	
	Revenue	Segment profit (loss)	Revenue	Segment profit (loss)
Pharmaceutical business				
Japan (Note 4)	150,878	55,648	149,745	55,345
Americas	57,960	19,734	56,884	17,325
China	27,955	8,408	23,354	7,375
EMEA	21,155	7,292	18,180	7,576
Asia	21,202	6,599	17,059	4,745
Reporting segment total	279,151	97,682	265,222	92,366
Other business (Note 1) (Note 4)	5,922	2,130	4,672	1,141
Total	285,073	99,811	269,894	93,507
R&D expenses (Note 2)	—	(66,118)	—	(57,129)
Group headquarters' management costs and other expenses (Note 3)	—	(5,961)	—	(7,142)
Gain from a bargain purchase	—	—	—	9,283
Gain on sales of investments in subsidiaries	—	—	—	70
Operating profit in the condensed interim consolidated statement of income	—	27,733	—	38,590

(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, ¥2,171 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 six-month period ended September 30, 2016, 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 six-month period ended September 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 six-month period ended September 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.