

**CONSOLIDATED FINANCIAL REPORT [IFRS]  
for Fiscal 2014 (Year Ended March 31, 2015)**

May 14, 2015  
Eisai Co., Ltd.

Stock exchange listings: Tokyo  
TSE Code: 4523 URL: <http://www.eisai.com>

Representative: Haruo Naito, Representative Corporate Officer & CEO  
Contact: Sayoko Sasaki, Vice President, Corporate Affairs  
Telephone: +81-3-3817-5120

Expected date of ordinary general meeting of shareholders: June 19, 2015  
Expected date of annual report submission: June 19, 2015  
Expected date of dividend payment commencement: May 22, 2015  
Preparation of annual supplementary explanatory material: Yes  
Annual results briefing: Yes

(Figures are rounded to the nearest million yen.)

**1. Consolidated Annual Financial Results (April 1, 2014-March 31, 2015)**

(1) Consolidated Operating Results

(Percentage figures show year-on-year change.)

	Revenue	Operating Profit	Profit before income taxes	Profit for the year	Profit for the year attributable to owners of the parent	Comprehensive income for the year
--	---------	------------------	-------------------------------	---------------------	---	---

## 2. Dividends

	Annual dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity attributable to owners of the parent ratio (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	(%)	(%)
FY 2013		70.00		80.00	150.00	42,799	111.8	8.5
FY 2014		70.00						

(Note) F

## Supplemental Materials: Table of Contents

	(Page)
1. Operating Results	
1) Qualitative Information Concerning Operating Results.....	2
(1) Outline of Operating Results.....	2
(2) Research & Development Pipeline, Alliances and Other Events .....	5
(3) Consolidated Financial Results Forecasts for Fiscal 2015.....	10
2) Qualitative Information Concerning Financial Position.....	12
3) Basic Policy on Profit Appropriation and Dividend for Fiscal 2014 and 2015.....	14
4) Forecasts and Risk Factors.....	14
2. Overview of the Eisai Group.....	18
3. Management Policy	
1) Corporate Mission.....	21
2) Issues that Need to be Addressed.....	21
3) Corporate Governance.....	25
4) Compliance and Risk Management.....	28
5) Crisis Management.....	30
6) Consideration for the Environment .....	30
7) Social Contribution.....	30
4. Basic Approach to the Selection of Accounting Standards.....	31
5. Consolidated Financial Statements	
1) Consolidated Statement of Income.....	32
2) Consolidated Statement of Comprehensive Income.....	33
3) Consolidated Statement of Financial Position.....	34
4) Consolidated Statement of Changes in Equity.....	36
5) Consolidated Statement of Cash Flows.....	38
6) Notes to Consolidated Financial Statements.....	39
(Going Concern).....	39
(Basis of Preparing Consolidated Financial Statements).....	39
(Significant Accounting Policies).....	40
(Significant Accounting Estimates and Judgments).....	48
(Segment Information).....	49
(Consolidated Statement of Income).....	52
(Consolidated Statement of Cash Flows).....	56
(Per Share Information).....	56
(Significant Subsequent Events).....	57
6. Other	
1) Proposed Changes in Directors and Corporate Officers.....	58

## 1. Operating Results

### 1) Qualitative Information Concerning Operating Results

#### (1) Outline 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 fiscal year from April 1, 2014 to March 31, 2015.

Revenue:	¥548,465	Million	(8.5% decrease year-on-year)
Operating profit:	¥28,338	Million	(57.3% decrease year-on-year)
Profit before income			





launched in Thailand and India, in April and December 2014, respectively.

Fycompa was launched in Hong Kong in November 2014, marking the first launch of Fycompa in the Asia region.

Livamin, a branched-chain amino acid formula, was launched in the Philippines in December 2014.

#### EMEA pharmaceutical business

Revenue totaled ¥38,516 million (up 20.5% year-on-year), with segment profit growing significantly to



Japan, the U.S. and Europe are scheduled for submission during the first half of fiscal 2015. Meanwhile, a Phase III study in non-small cell lung cancer conducted in the U.S., Europe, and Asia including Japan did not meet its primary endpoint and further development strategy regarding this indication is currently under consideration.

The antiepileptic agent Fycompa (perampanel) was approved in Europe in July 2012 as an adjunctive therapy for the treatment of partial-onset seizures in patients with epilepsy aged 12 years and older. The agent obtained approval for the same indication in the U.S. in July 2013. The agent is currently under development in Japan, the U.S. and Europe.

, S J u

hydrochloride) was approved as a treatment for dementia with Lewy bodies (DLB) in Japan. Aricept is the first medicine in the world to be approved for the treatment of DLB.

In December 2014, the proton-pump inhibitor Pariet Tablets 10 mg (rabeprazole) was approved for a new indication covering the prevention of recurrent gastric or duodenal ulcer caused by low-dose aspirin therapy in Japan. An additional 5 mg formulation was also approved with the same indication as Pariet Tablets 10 mg.

In February 2015, the gastroprokinetic agent Cidine (cinitapride) was approved for the treatment of functional dyspepsia in China.

In February 2015, the antiepileptic agent Banzel (rufinamide) was approved for an additional pediatric indication in the U.S.

In February 2015, the anti-tachyarrhythmia agent Tambocor (flecainide acetate) was approved for an additional formulation known as Tambocor Fine Granules 10%, which is a new formulation suitable for pediatric patients.

In September 2014, an application was submitted in Japan for seeking an indication expansion for vascular embolization device DC Bead to include treatment of hypervascularized tumors and arteriovenous malformations.

In February 2015, an application was submitted in China for seeking an indication expansion for Alzheimer's disease treatment Aricept to include the treatment of severe Alzheimer's disease.

A Phase II/III study of compound AS-3201 (ranirestat) as a potential treatment for diabetic neuropathy in Europe and the U.S. met its primary endpoint. However, no statistically significant improvement in the secondary endpoints of the study was observed. The Group considered the further development strategy in light of the product portfolio, an913(onde)]TJ 0.913(ona)-11(nt)-67.987 TD [(obs())TJ 0.094 Tw -10.337(J

Regarding the anticancer agent MORAb-003 (farletuzumab), a humanized anti-folate receptor alpha monoclonal antibody, after consideration of further development strategy for the indication of platinum-sensitive ovarian cancer, a new Phase II study was initiated in Japan, the U.S. and Europe.

[Major Alliances and Agreements and Other Events]

In April 2014, the Company entered into a joint industry–academia collaboration to develop a new inflammatory bowel disease treatment utilizing the Company's activated integrin inhibitor E6007 and biomarkers developed by the University of Tsukuba's Life Science Center of Tsukuba Advanced Research Alliance. This project has been adopted by the Japan Science and Technology Agency (JST) for its Newly extended Technology transfer Program (NexTEP).

In May 2014, the Company exercised its option in its agreement to jointly develop and commercialize its next generation Alzheimer's disease treatment candidates E2609, a BACE inhibitor, and BAN2401, an anti-amyloid beta (A $\beta$ ) protofibril antibody, with Biogen Inc. (U.S.) to also include Japan.

In May 2014, the Company's research and development subsidiary KAN Research Institute, Inc. (Hyogo Prefecture) held a dedication ceremony for its new research facility located within the Kobe Biomedical Innovation Cluster, marking the official commencement of its research and development activities at this facility.

In May 2014, Helsinn Healthcare S.A. (Switzerland) announced that the U.S. Food and Drug Administration (FDA) has approved an additional indication of the antiemetic agent Aloxi (palonosetron) which is marketed by the Group in the U.S. The new indication covers the prevention of acute nausea and vomiting associated with initial and repeat courses of emetogenic cancer chemotherapy, including highly emetogenic cancer chemotherapy, in children aged 1 month to up to 17 years. Accordingly, the FDA granted additional market exclusivity for six months until October 13, 2015, as the clinical trial data used for this application met the FDA's Written Request requirements for pediatric exclusivity.

In August 2014, the Company entered into an agreement to grant a marketing license to exclusively develop, co-promote and non-exclusively manufacture its in-house developed proton pump inhibitor E3710 to Zeria Pharmaceutical Co., Ltd. (Tokyo) in Japan.

Medicines for Malaria Venture (Switzerland) in August 2014, and a joint research agreement with the Broad Institute (U.S.) in September 2014. These two joint development programs were awarded grants from the Global Health Innovative Technology Fund (GHIT Fund), an international non-profit organization.

In October 2014, Helsinn Healthcare S.A. received approval from the U.S. FDA for

multi-phenotype genetic association data to inform the Company's drug discovery process, including target selection, target validation, indication selection and repositioning.

In April 2015, the Company entered into a collaboration agreement with Nihon Medi-Physics Co.,Ltd (Tokyo) to contribute to the diagnosis and treatment of dementia with Lewy bodies (DLB) in Japan. The two companies will share with each other information on the disease, and work to generate new evidence as well as hold study meetings in order to improve the diagnosis and treatment of DLB.

**(3) Consolidated Financial Results Forecasts for Fiscal 2015  
(April 1, 2015 to March 31, 2016)**

[Consolidated Forecast]

(Percentage figures for show year-on-year changes)

2nd Quart-0.01Et

8535 T 1Mt44.9y8535 T



## 2) Qualitative Information Concerning Financial Position

### Assets, Liabilities and Equity

Total assets as of the end of the period amounted to ¥1,053,818 million (up ¥79,995 million from the end of the previous fiscal year), in part due to increased overseas subsidiary assets resulting from the impact of the depreciation of yen, an increase in deferred tax assets produced in Japan as well as an increase in intangible assets accompanying the acquisition of sales rights.

Total liabilities as of the end of the period amounted to ¥451,757 million (up ¥7,338 million from the end of the previous fiscal year).

Total equity as of the end of the period amounted to ¥602,061 million (up ¥72,657 million from the end of the previous fiscal year) after recording an increase due to exchange differences on translation of foreign operations resulting from depreciation of the yen, from the previous fiscal year-end date. Meanwhile, the ratio of equity attributable to owners of the parent was 56.8% (up 2.8 percentage points from the end of the previous fiscal year) and the net debt equity ratio (Net DER) as of the end of this period was 0.06 (down 0.08 points from the end of the

wwTJ004S180.565 0 Td ( ).009(xP(p)-11(i)ul)3ppo083iy,t T4 p09[7w(.00921o( p)(.083iy(axP(p)-

[Trends in Financial Indicators]

	FY 2012	FY 2013	FY 2014
Ratio of equity attributable to owners of the parent (%)	48.0	54.0	56.8
Ratio of equity attributable to owners of the parent on market basis (%)	118.7	117.7	231.3
Debt to cash flow ratio	4.3	2.8	3.2
Interest coverage ratio	11.2	15.6	17.3

Ratio of equity attributable to owners of the parent:  $\text{Equity attributable to owners of the parent} / \text{total assets}$

Ratio of equity attributable to owners of the parent on market basis:  $\text{Market capitalization} / \text{total assets}$

Debt to cash flow ratio:  $\text{Interest-bearing debts} / \text{cash flow}$

Interest coverage ratio:  $\text{Cash flow} / \text{interest payments}$

(Notes)

1. Figures are calculated based on consolidated financial results.
2. Market capitalization is calculated based on the number of outstanding shares excluding treasury stock.
3. Cash flow represents operating cash flow.
4. Interest-bearing debts include all debts subject to interest payment among the debt amounts stated in the BDC 0.862Dz6(n



### 3) Basic Policy on Profit Appropriation and Dividend for Fiscal 2014 and 2015

At Eisai Co., Ltd., the dividend payments are to be determined by a resolution of the Board of Directors as specified in the Company's Articles of Incorporation. Regarding profit appropriation policy, the Board of Directors has determined "Eisai's Policy on Shareholder Returns" as follows.

#### <Eisai's Policy on Shareholder Returns>

The Company is devoted to providing sustainable and stable dividends based on a healthy balance sheet while giving consideration to various factors such as consolidated financial performance, the dividend on equity ratio (DOE)\*<sup>1</sup> and free cash flow. Acquisition of treasury stock will be carried out appropriately after factors such as the market environment and capital efficiency are taken into account.

DOE is an index contributing to shareholder value which encompasses both the dividend payout ratio, which measures the extent to which profits are distributed to shareholders in the form of dividends, and return on equity (ROE)\*<sup>2</sup>, which measures capital efficiency. Also, DOE shows the ratio of dividend to shareholders' equity and thus serves as an index for balance sheet management.

The Company has set the year-end dividend for fiscal 2014 at 54 (na[ci]3(t78 tc)-2(ho6( )eEMC(c)(DT

risks, however, have been evaluated and forecasted as of the disclosure date of the Financial Report.

#### Risks related to overseas operations

The Group conducts production/sales activities for products in countries and regions such as the Americas, Europe, and Asia. However, there is no guarantee that the Group can entirely avoid risks such as legal restrictions and socio-political uncertainty in its global business activities. In the event the Group faces such risks, there is a possibility that original projected earnings may not be achieved.

#### Uncertainties in new drug development

Development of a drug candidate substance may be discontinued due to shortcomings in its effectiveness or safety profile. Even if clinical trials yield favorable results, approval may not be granted due to changes in pharmaceutical regulations implemented during the development of the product. As a result of the delay or discontinuation of development of a new drug arising from the inherent uncertainties of drug development, future expected profits may not be achieved.

earlier than expected, which could potentially lead to a decrease in revenues.  
Additionally, if the business

Since the Group makes full use of various IT systems for business, its operations may be disrupted due to external factors such as inadequate system infrastructure and computer viruses. In addition, the Group faces the risk of technical accidents

## 2. Overview of the Eisai Group

The diagram below shows the principal operations and business flows within the Group.



(As of March 31, 2015)

List of Group Companies

(As of March 31, 2015)

Company Name	Location	Description of Operations (*1)		Voting Rights (%) (*2)	Relationship	Note	
Japan							
EIDIA Co., Ltd.	Tokyo	5,262	JPY	Diagnostic product production / sales	100.00%	-	*3
Sannova Co., Ltd.	Gunma Pref.	927	JPY	Pharmaceutical production / sales	80.01%	The Company purchases pharmaceutical products	

Location	Description of Operations (*1)	Voting Rights (%) (*2)
----------	-----------------------------------	------------------------------

### **3. Management Policy**

#### **1) Corporate Mission**

The Eisai Group defines its corporate mission as “Giving first thought to patients and their families, and to increasing the benefits that health care provides.” Guided by this mission, all corporate officers and employees aspire to meet the various needs of global health care as representatives of a “*h*



restrictions and generic substitution in an effort to control rising medical expenditures. Among these countries, policies to promote the usage of generic pharmaceuticals in Japan had a big impact in causing a rapid advancement in the market penetration of generics in fiscal 2014.

Meanwhile, the Group's new thyroid cancer treatment Lenvima has been launched in the United States and approved in Japan. In Europe, the Committee for Medicinal Products for Human Use (CHMP) has issued a positive opinion regarding the agent for

facility at the site of its new plant.

#### 4) Achieve Profitability Early in Strategic Markets

The Group has positioned five countries consisting of Canada, Mexico, Brazil, Russia and Australia as strategic markets that will drive future growth, and has been working steadily toward the submission and launch of Fycompa, Halaven and Lenvima in these markets. In order to profitably contribute at an early stage after business has commenced in each of these countries, the Group implements business models optimized for each country that take into account various perspectives including alliances with other companies.

#### 5) Balance between Growth and Investment

The Group remains committed to proactive expenditure on investment in innovation and the nurture of growth drivers in fiscal 2015 and beyond, especially with an expected increase in middle- and late-



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.

(3) Corporate Governance System

The Company is a “Company with a Nomination Committee, etc.” as defined in Japan's Companies Act.

The Board of Directors (“the Board”) shall delegate to the Corporate Officers broad powers of decision-making over 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 a Corporate Officer concurrently.

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 controls system shall operate properly to ensure the credibility of financial reports.

(4) Features of Eisai's Corporate Governance

- (i) Clear Separation of the Functions of the Supervision of Management and the Execution of Business









**5) Crisis Management**

The Eisai Group has established a Crisis Management Committee and summarized the basic approach to crisis management and preparations that should be made in the ENW Crisis Management Policy. The ENW Business Continuity Plan has been established and shared globally to ensure contributions to patients are not interrupted even in the event of an emergency. Based on these initiatives, each function and responsible region has developed a crisis management organization according to the content of business and regional characteristics, and is creating regulations and manuals concerning initial responses that place priority on ensuring the safety of employees in the event of an emergency.

In cases of emergency, a response framework has been established to ensure continued business operations which involves setting up a crisis response division at global headquarters to coordinate with each function and responsible region. Actual cases of crisis management during fiscal 2014 include a political crisis in Thailand and the damage caused to the Vizag Plant by a cyclone in India.

In order to ensure that these structures and policies function effectively, each type of disaster prevention training and emergency drill is conducted twice a year or more, and all regulations and manuals are updated as necessary.

**6) Consideration for the Environment**

In adherence to a system for environmental management, all officers and employees in the Group share the principles for environmental protection that are set forth in the

(b) (1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19) (20) (21) (22) (23) (24) (25) (26) (27) (28) (29) (30) (31) (32) (33) (34) (35) (36) (37) (38) (39) (40) (41) (42) (43) (44) (45) (46) (47) (48) (49) (50) (51) (52) (53) (54) (55) (56) (57) (58) (59) (60) (61) (62) (63) (64) (65) (66) (67) (68) (69) (70) (71) (72) (73) (74) (75) (76) (77) (78) (79) (80) (81) (82) (83) (84) (85) (86) (87) (88) (89) (90) (91) (92) (93) (94) (95) (96) (97) (98) (99) (100) (101) (102) (103) (104) (105) (106) (107) (108) (109) (110) (111) (112) (113) (114) (115) (116) (117) (118) (119) (120) (121) (122) (123) (124) (125) (126) (127) (128) (129) (130) (131) (132) (133) (134) (135) (136) (137) (138) (139) (140) (141) (142) (143) (144) (145) (146) (147) (148) (149) (150) (151) (152) (153) (154) (155) (156) (157) (158) (159) (160) (161) (162) (163) (164) (165) (166) (167) (168) (169) (170) (171) (172) (173) (174) (175) (176) (177) (178) (179) (180) (181) (182) (183) (184) (185) (186) (187) (188) (189) (190) (191) (192) (193) (194) (195) (196) (197) (198) (199) (200) (201) (202) (203) (204) (205) (206) (207) (208) (209) (210) (211) (212) (213) (214) (215) (216) (217) (218) (219) (220) (221) (222) (223) (224) (225) (226) (227) (228) (229) (230) (231) (232) (233) (234) (235) (236) (237) (238) (239) (240) (241) (242) (243) (244) (245) (246) (247) (248) (249) (250) (251) (252) (253) (254) (255) (256) (257) (258) (259) (260) (261) (262) (263) (264) (265) (266) (267) (268) (269) (270) (271) (272) (273) (274) (275) (276) (277) (278) (279) (280) (281) (282) (283) (284) (285) (286) (287) (288) (289) (290) (291) (292) (293) (294) (295) (296) (297) (298) (299) (300) (301) (302) (303) (304) (305) (306) (307) (308) (309) (310) (311) (312) (313) (314) (315) (316) (317) (318) (319) (320) (321) (322) (323) (324) (325) (326) (327) (328) (329) (330) (331) (332) (333) (334) (335) (336) (337) (338) (339) (340) (341) (342) (343) (344) (345) (346) (347) (348) (349) (350) (351) (352) (353) (354) (355) (356) (357) (358) (359) (360) (361) (362) (363) (364) (365) (366) (367) (368) (369) (370) (371) (372) (373) (374) (375) (376) (377) (378) (379) (380) (381) (382) (383) (384) (385) (386) (387) (388) (389) (390) (391) (392) (393) (394) (395) (396) (397) (398) (399) (400) (401) (402) (403) (404) (405) (406) (407) (408) (409) (410) (411) (412) (413) (414) (415) (416) (417) (418) (419) (420) (421) (422) (423) (424) (425) (426) (427) (428) (429) (430) (431) (432) (433) (434) (435) (436) (437) (438) (439) (440) (441) (442) (443) (444) (445) (446) (447) (448) (449) (450) (451) (452) (453) (454) (455) (456) (457) (458) (459) (460) (461) (462) (463) (464) (465) (466) (467) (468) (469) (470) (471) (472) (473) (474) (475) (476) (477) (478) (479) (480) (481) (482) (483) (484) (485) (486) (487) (488) (489) (490) (491) (492) (493) (494) (495) (496) (497) (498) (499) (500) (501) (502) (503) (504) (505) (506) (507) (508) (509) (510) (511) (512) (513) (514) (515) (516) (517) (518) (519) (520) (521) (522) (523) (524) (525) (526) (527) (528) (529) (530) (531) (532) (533) (534) (535) (536) (537) (538) (539) (540) (541) (542) (543) (544) (545) (546) (547) (548) (549) (550) (551) (552) (553) (554) (555) (556) (557) (558) (559) (560) (561) (562) (563) (564) (565) (566) (567) (568) (569) (570) (571) (572) (573) (574) (575) (576) (577) (578) (579) (580) (581) (582) (583) (584) (585) (586) (587) (588) (589) (590) (591) (592) (593) (594) (595) (596) (597) (598) (599) (600) (601) (602) (603) (604) (605) (606) (607) (608) (609) (610) (611) (612) (613) (614) (615) (616) (617) (618) (619) (620) (621) (622) (623) (624) (625) (626) (627) (628) (629) (630) (631) (632) (633) (634) (635) (636) (637) (638) (639) (640) (641) (642) (643) (644) (645) (646) (647) (648) (649) (650) (651) (652) (653) (654) (655) (656) (657) (658) (659) (660) (661) (662) (663) (664) (665) (666) (667) (668) (669) (670) (671) (672) (673) (674) (675) (676) (677) (678) (679) (680) (681) (682) (683) (684) (685) (686) (687) (688) (689) (690) (691) (692) (693) (694) (695) (696) (697) (698) (699) (700) (701) (702) (703) (704) (705) (706) (707) (708) (709) (710) (711) (712) (713) (714) (715) (716) (717) (718) (719) (720) (721) (722) (723) (724) (725) (726) (727) (728) (729) (730) (731) (732) (733) (734) (735) (736) (737) (738) (739) (740) (741) (742) (743) (744) (745) (746) (747) (748) (749) (750) (751) (752) (753) (754) (755) (756) (757) (758) (759) (760) (761) (762) (763) (764) (765) (766) (767) (768) (769) (770) (771) (772) (773) (774) (775) (776) (777) (778) (779) (780) (781) (782) (783) (784) (785) (786) (787) (788) (789) (790) (791) (792) (793) (794) (795) (796) (797) (798) (799) (800) (801) (802) (803) (804) (805) (806) (807) (808) (809) (810) (811) (812) (813) (814) (815) (816) (817) (818) (819) (820) (821) (822) (823) (824) (825) (826) (827) (828) (829) (830) (831) (832) (833) (834) (835) (836) (837) (838) (839) (840) (841) (842) (843) (844) (845) (846) (847) (848) (849) (850) (851) (852) (853) (854) (855) (856) (857) (858) (859) (860) (861) (862) (863) (864) (865) (866) (867) (868) (869) (870) (871) (872) (873) (874) (875) (876) (877) (878) (879) (880) (881) (882) (883) (884) (885) (886) (887) (888) (889) (890) (891) (892) (893) (894) (895) (896) (897) (898) (899) (900) (901) (902) (903) (904) (905) (906) (907) (908) (909) (910) (911) (912) (913) (914) (915) (916) (917) (918) (919) (920) (921) (922) (923) (924) (925) (926) (927) (928) (929) (930) (931) (932) (933) (934) (935) (936) (937) (938) (939) (940) (941) (942) (943) (944) (945) (946) (947) (948) (949) (950) (951) (952) (953) (954) (955) (956) (957) (958) (959) (960) (961) (962) (963) (964) (965) (966) (967) (968) (969) (970) (971) (972) (973) (974) (975) (976) (977) (978) (979) (980) (981) (982) (983) (984) (985) (986) (987) (988) (989) (990) (991) (992) (993) (994) (995) (996) (997) (998) (999) (1000) (1001) (1002) (1003) (1004) (1005) (1006) (1007) (1008) (1009) (1010) (1011) (1012) (1013) (1014) (1015) (1016) (1017) (1018) (1019) (1020) (1021) (1022) (1023) (1024) (1025) (1026) (1027) (1028) (1029) (1030) (1031) (1032) (1033) (1034) (1035) (1036) (1037) (1038) (1039) (1040) (1041) (1042) (1043) (1044) (1045) (1046) (1047) (1048) (1049) (1050) (1051) (1052) (1053) (1054) (1055) (1056) (1057) (1058) (1059) (1060) (1061) (1062) (1063) (1064) (1065) (1066) (1067) (1068) (1069) (1070) (1071) (1072) (1073) (1074) (1075) (1076) (1077) (1078) (1079) (1080) (1081) (1082) (1083) (1084) (1085) (1086) (1087) (1088) (1089) (1090) (1091) (1092) (1093) (1094) (1095) (1096) (1097) (1098) (1099) (1100) (1101) (1102) (1103) (1104) (1105) (1106) (1107) (1108) (1109) (1110) (1111) (1112) (1113) (1114) (1115) (1116) (1117) (1118) (1119) (1120) (1121) (1122) (1123) (1124) (1125) (1126) (1127) (1128) (1129) (1130) (1131) (1132) (1133) (1134) (1135) (1136) (1137) (1138) (1139) (1140) (1141) (1142) (1143) (1144) (1145) (1146) (1147) (1148) (1149) (1150) (1151) (1152) (1153) (1154) (1155) (1156) (1157) (1158) (1159) (1160) (1161) (1162) (1163) (1164) (1165) (1166) (1167) (1168) (1169) (1170) (1171) (1172) (1173) (1174) (1175) (1176) (1177) (1178) (1179) (1180) (1181) (1182) (1183) (1184) (1185) (1186) (1187) (1188) (1189) (1190) (1191) (1192) (1193) (1194) (1195) (1196) (1197) (1198) (1199) (1200) (1201) (1202) (1203) (1204) (1205) (1206) (1207) (1208) (1209) (1210) (1211) (1212) (1213) (1214) (1215) (1216) (1217) (1218) (1219) (1220) (1221) (1222) (1223) (1224) (1225) (1226) (1227) (1228) (1229) (1230) (1231) (1232) (1233) (1234) (1235) (1236) (1237) (1238) (1239) (1240) (1241) (1242) (1243) (1244) (1245) (1246) (1247) (1248) (1249) (1250) (1251) (1252) (1253) (1254) (1255) (1256) (1257) (1258) (1259) (1260) (1261) (1262) (1263) (1264) (1265) (1266) (1267) (1268) (1269) (1270) (1271) (1272) (1273) (1274) (1275) (1276) (1277) (1278) (1279) (1280) (1281) (1282) (1283) (1284) (1285) (1286) (1287) (1288) (1289) (1290) (1291) (1292) (1293) (1294) (1295) (1296) (1297) (1298) (1299) (1300) (1301) (1302) (1303) (1304) (1305) (1306) (1307) (1308) (1309) (1310) (1311) (1312) (1313) (1314) (1315) (1316) (1317) (1318) (1319) (1320) (1321) (1322) (1323) (1324) (1325) (1326) (1327) (1328) (1329) (1330) (1331) (1332) (1333) (1334) (1335) (1336) (1337) (1338) (1339) (1340) (1341) (1342) (1343) (1344) (1345) (1346) (1347) (1348) (1349) (1350) (1351) (1352) (1353) (1354) (1355) (1356) (1357) (1358) (1359) (1360) (1361) (1362) (1363) (1364) (1365) (1366) (1367) (1368) (1369) (1370) (1371) (1372) (1373) (1374) (1375) (1376) (1377) (1378) (1379) (1380) (1381) (1382) (1383) (1384) (1385) (1386) (1387) (1388) (1389) (1390) (1391) (1392) (1393) (1394) (1395) (1396) (1397) (1398) (1399) (1400) (1401) (1402) (1403) (1404) (1405) (1406) (1407) (1408) (1409) (1410) (1411) (1412) (1413) (1414) (1415) (1416) (1417) (1418) (1419) (1420) (1421) (1422) (1423) (1424) (1425) (1426) (1427) (1428) (1429) (1430) (1431) (1432) (1433) (1434) (1435) (1436) (1437) (1438) (1439) (1440) (1441) (1442) (1443) (1444) (1445) (1446) (1447) (1448) (1449) (1450) (1451) (1452) (1453) (1454) (1455) (1456) (1457) (1458) (1459) (1460) (1461) (1462) (1463) (1464) (1465) (1466) (1467) (1468) (1469) (1470) (1471) (1472) (1473) (1474) (1475) (1476) (1477) (1478) (1479) (1480) (1481) (1482) (1483) (1484) (1485) (1486) (1487) (1488) (1489) (1490) (1491) (1492) (1493) (1494) (1495) (1496) (1497) (1498) (1499) (1500) (1501) (1502) (1503) (1504) (1505) (1506) (1507) (1508) (1509) (1510) (1511) (1512) (1513) (1514) (1515) (1516) (1517) (1518) (1519) (1520) (1521) (1522) (1523) (1524) (1525) (1526) (1527) (1528) (1529) (1530) (1531) (1532) (1533) (1534) (1535) (1536) (1537) (1538) (1539) (1540) (1541) (1542) (1543) (1544) (1545) (1546) (1547) (1548) (1549) (1550) (1551) (1552) (1553) (1554) (1555) (1556) (1557) (1558) (1559) (1560) (1561) (1562) (1563) (1564) (1565) (1566) (1567) (1568) (1569) (1570) (1571) (1572) (1573) (1574) (1575) (1576) (1577) (1578) (1579) (1580) (1581) (1582) (1583) (1584) (1585) (1586) (1587) (1588) (1589) (1590) (1591) (1592) (1593) (1594) (1595) (1596) (1597) (1598) (1599) (1600) (1601) (1602) (1603) (1604) (1605) (1606) (1607) (1608) (1609) (1610) (1611) (1612) (1613) (1614) (1615) (1616) (1617) (1618) (1619) (1620) (1621) (1622) (1623) (1624) (1625) (1626) (1627) (1628) (1629) (1630) (1631) (1632) (1633) (1634) (1635) (1636) (1637) (1638) (1639) (1640) (1641) (1642) (1643) (1644) (1645) (1646) (1647) (1648) (1649) (1650) (1651) (1652) (1653) (1654) (1655) (1656) (1657) (1658) (1659) (1660) (1661) (1662) (1663) (1664) (1665) (1666) (1667) (1668) (1669) (1670) (1671) (1672) (1673) (1674) (1675) (1676) (1677) (1678) (1679) (1680) (1681) (1682) (1683) (1684) (1685) (1686) (1687) (1688) (1689) (1690) (1691) (1692) (1693) (1694) (1695) (1696) (1697) (1698) (1699) (1700) (1701) (1702) (1703) (1704) (1705) (1706) (1707) (1708) (1709) (1710) (1711) (1712) (1713) (1714) (1715) (1716) (1717) (1718) (1719) (1720) (1721) (1722) (1723) (1724) (1725) (1726) (1727) (1728) (1729) (1730) (1731) (1732) (1733) (1734) (1735) (1736) (1737) (1738) (1739) (1740) (1741) (1742) (1743) (1744) (1745) (1746) (1747) (1748) (1749) (1750) (1751) (1752) (1753) (1754) (1755) (1756) (1757) (1758) (1759) (1760) (1761) (1762) (1763) (1764) (1765) (1766) (1767) (1768) (1769) (1770) (1771) (1772) (1773) (1774) (1775) (1776) (1777) (1778) (1779) (1780) (1781) (1782) (1783) (1784) (1785) (1786) (1787) (1788) (1789) (1790) (1791) (1792) (1793) (1794) (1795) (1796) (1797) (1798) (1799) (1800) (1801) (1802) (1803) (1804) (1805) (1806) (1807) (1808) (1809) (1810) (1811) (1812) (1813) (1814) (1815) (1816) (1817) (1818) (1819) (1820) (1821) (1822) (1823) (1824) (1825) (1826) (1827) (1828) (1829) (1830) (1831) (1832) (1833) (1834) (1835) (1836) (1837) (1838) (1839) (1840) (1841) (1842) (1843) (1844) (1845) (1846) (1847) (1848) (1849) (1850) (1851) (1852) (1853) (1854) (1855) (1856) (1857) (1858) (1859) (1860) (1861) (1862) (1863) (1864) (1865) (1866) (1867) (1868) (1869) (1870) (1871) (1872) (1873) (1874) (1875) (1876) (1877) (1878) (1879) (1880) (1881) (1882) (1883) (1884) (1885) (1886) (1887) (1888) (1889) (1890) (1891) (1892) (1893) (1894) (1895) (1896) (1897) (1898) (1899) (1900) (1901) (1902) (1903) (1904) (1905) (1906) (1907) (1908) (1909) (1910) (1911) (1912) (1913) (1914) (1915) (1916) (1917) (1918) (1919) (1920) (1921) (1922) (1923) (1924) (1925) (1926) (1927) (1928) (1929) (1930) (1931) (1932) (1933) (1934) (1935) (1936) (1937) (1938) (1939) (1940) (1941) (1942) (1943) (1944) (1945) (1946) (1947) (1948) (1949) (1950) (1951) (1952) (1953) (1954) (1955) (1956) (1957) (1958) (1959) (1960) (1961) (1962) (1963) (1964) (1965) (1966) (1967) (1968) (1969) (1970) (1971) (1972) (1973) (1974) (1975) (1976) (1977) (1978) (1979) (1980) (1981) (1982) (1983) (1984) (1985) (1986) (1987) (1988) (1989) (1990) (1991) (1992) (1993) (1994) (1995) (1996) (1997) (1998) (1999) (2000) (2001) (2002) (2003) (2004) (2005) (2006) (2007) (2008) (2009) (2010) (2011) (2012) (2013) (2014) (2015) (2016) (2017) (2018) (2019) (2020) (2021) (2022) (2023) (2024) (2025) (2026) (2027) (2028) (2029) (2030) (2031) (2032) (2033) (2034) (2035) (2036) (2037) (2038) (2039) (2040) (2041) (2042) (2043) (2044) (2045) (2046) (2047) (2048) (2049) (2050) (2051) (2052) (2053) (2054) (2055) (2056) (2057) (2058) (2059) (2060) (2061) (2062) (2063) (2064) (2065) (2066) (2067) (2068) (2069) (2070) (2071) (2072) (2073) (2074) (2075) (2076) (2077) (2078) (2079) (2080) (2081) (2082) (2083) (2084) (2085) (2086) (2087) (2088) (2089) (2090) (2091) (2092) (2093) (2094) (2095) (2096) (2097) (2098) (2099) (2100) (2101) (2102) (2103) (2104) (2105) (2106) (2107) (2108) (2109) (2110) (2111) (2112) (2113) (2114) (2115) (2116) (2117) (2118) (2119) (2120) (2121) (2122) (2123) (2124) (2125) (2126) (2127) (2128) (2129) (2130) (2131) (2132) (2133) (2134) (2135) (2136) (2137) (2138) (2139) (2140) (2141) (2142) (2143) (2144) (2145) (2146) (2147) (2148) (2149) (2150) (2151) (2152) (2153) (2154) (2155) (2156) (2157) (2158) (2159) (2160) (2161) (2162) (2163) (2164) (2165)

Institute (both based in Tokyo)

## 5. Consolidated Financial Statements

### 1) Consolidated Statement of Income

(Millions of yen)

	Note	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Revenue	(1)	548,465	599,490
Cost of sales	(2)	(193,595)	(194,659)
Gross profit		354,870	404,832
Selling, general and administrative expenses	(2)	(194,546)	(203,335)
Research and development expenses	(2)	(131,907)	(136,310)
Other income	(3)	981	4,051
Other expenses	(4)	(1,061)	(2,839)
Operating profit		28,338	66,398
Financial income	(5)	2,429	1,788
Financial costs	(6)	(4,892)	(5,888)
Profit before income taxes		25,875	62,298
Income taxes	(7)	17,578	(23,796)
Profit for the year		43,453	38,501
Attributable to			
Owners of the parent		43,254	38,251
Non-controlling interests		200	250
Earnings per share			
Basic (yen)		151.57	134.13
Diluted (yen)		151.37	134.01

## 2) Consolidated Statement of Comprehensive Income

(Millions of yen)

### 3) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2015	As of March 31, 2014
Assets		
Non-current assets		
Property, plant and equipment	132,999	134,083
Goodwill	183,756	157,378
Intangible assets	127,629	108,351
Other financial assets	42,343	40,814
Other assets	3,372	4,213
Deferred tax assets	88,995	69,210
Total non-current assets	579,094	514,049
Current assets		
Inventories	87,641	87,746
Trade and other receivables	174,336	186,549
Other financial assets	28,421	20,182
Other assets	10,992	11,377
Cash and cash equivalents	173,335	153,921
Total current assets	474,724	459,774
Total assets	1,053,818	973,823

(Millions of yen)

	As of March 31, 2015	As of March 31, 2014
Equity		
Equity attributable to owners of the parent		
Share capital	44,986	44,986
Capital surplus	58,040	57,949
Treasury shares	(37,308)	(38,481)
Retained earnings	387,967	379,210
Other components of equity	145,064	82,656
Total equity attributable to owners of the parent		







## 5) Consolidated Statement of Cash Flows

(Millions of yen)

	Note	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Operating activities			
Profit before income taxes		25,875	62,298
Depreciation and amortization		38,940	39,929
Impairment losses		65	6,949
(Increase) decrease in working capital	39,92939,92948DC		0.017





A subsidiary is an entity that is controlled by the Group. The Group controls an entity when the Group has

For the purpose of recording operating results and financial positions of foreign operations in the consolidated financial statements, assets and liabilities of foreign operations are presented in Japanese yen translated at spot exchange rates at the consolidated fiscal year-end date. Income and expense items of foreign operations are translated at average exchange rates. The resulting translation differences are recognized as other comprehensive income, while the cumulative amounts are recognized as other components of equity. In addition, accumulated translation differences are recognized as profit or loss when the foreign operations are disposed of.

#### (4) Revenue

Revenue is recognized only when it is probable that the economic benefits will flow to the Group and the amount can be measured reliably.

##### a) Pharmaceutical goods sales

Pharmaceutical goods sales are recognized when the significant risks and rewards of ownership of the goods are transferred to the customers (usually at the time of delivery). Sales generated from the transaction are presented as the fair value of consideration received after deducting various provisional amounts of sales deduction items. Sales deduction items include sales rebates, sales discounts and sales returns.

##### b) Co-promotion revenue

The Group recognizes the proportionate share of revenue generated from a co-promotion activity as

In case that the Group receives contributions for developments from alliance partners in accordance with collaborative research and development agreement, the contributions are deducted from R&D expenses.

(6) Employee benefits

a) Retirement benefits

receivables and payables are measured at the amount expected to be paid to or refunded from the taxation authorities.

b) Deferred income taxes

Deferred income taxes are calculated based on temporary differences between the tax base and the carrying amount for assets and liabilities using the balance sheet liability method. Deferred tax liabilities are basically recognized for all taxable temporary differences, while deferred tax assets are recognized only when it is probable that taxable income will be available against which the deductible temporary differences can be utilized. However, the following deferred tax assets and liabilities on temporary differences are not recognized.

#### (10) Intangible assets

Intangible assets are measured using the cost model and are presented at acquisition cost less accumulated amortization and accumulated impairment loss.

Intangible assets acquired separately are measured at the acquisition costs at the initial recognition. Those acquired through business combinations are measured at fair value at the acquisition date.

Amortization is recognized using the straight-line method over the estimated useful lives of the intangible assets. Estimated useful lives, residual value and amortization methods are reviewed at each fiscal year-end date, and the effects of any changes in estimation are reflected on a prospective basis.

The estimated useful lives of the main types of intangible assets are as follows:

- |                      |                |
|----------------------|----------------|
| (i) Sales rights     | 10 to 15 years |
| (ii) Core technology | 20 years       |
| (iii) Software       | 5 years        |

Accounting treatments for in-process research and development investments are as follows:

##### a) In-process research and development investments (IPR&D assets) acquired separately

Intangible assets acquired separately are recognized as assets that meet the following conditions:

- (i) It is probable that the expected future economic benefits attributable to the asset will flow to the Group
- (ii) The cost of the asset can be measured reliably

Expenditures of acquiring IPR&D investments from external entities (upfront payments and milestone payments) are recognized as IPR&D assets as they meet these conditions.

Subsequent internal development expenses on IPR&D assets are recognized as R&D expenses.

IPR&D assets are reclassified to sales rights when their products become available for sale, and are amortized using the straight-line method over their estimated useful lives. Estimated useful lives are determined by the projected cash flow period, which is based on the period of legal protection granted by patents.

##### b) IPR&D investments acquired through business combinations

IPR&D investments acquired through business combinations and recognized separately from goodwill meet the conditions listed in a) above. Therefore, these are measured at fair value at the acquisition date and recognized as IPR&D assets.

IPR&D assets are reclassified to sales rights when their products become available for sale, and are amortized using the straight-line method over the estimated useful lives. Estimated useful lives are determined by the projected cash flow period, which is based on the period of legal protection granted by patents.

#### (11) Impairment of property, plant and equipment and intangible assets

The Group assesses whether there is any indication that property, plant and equipment and intangible assets are impaired at the fiscal year end date, and if any such indication exists, an impairment test is performed. Intangible assets with indefinite useful lives or not yet available for use are tested for impairment at the same time every year or when there is an indication that the assets might be impaired.

As an impairment test, a recoverable amount is estimated and compared with a carrying amount. The recoverable amount is higher of fair value less expenses for sales or value in use. Value in use is calculated as the present value of estimated future cash flows. In case that a recoverable amount of the asset is lower



than the carrying amount, an impairment loss is recognized, and the carrying amount is reduced to the recoverable amount.

(12) Goodwill

Goodwill arising from business combinations is recognized as an asset at the date the Group obtains control of the entity (acquisition date). Goodwill is measured as the amount by which the sum of the fair value of the consideration, non-controlling interests in the acquiree and fair value of the proportionate share that the Group held at the date the Group obtains control of the acquiree exceeds the net amount of

Movement of fair value as well as gains/losses on their sale are recognized as other comprehensive income, while the cumulative amount is reclassified to retained earnings after it is recognized as other components of equity.

Dividends on FVTOCI financial assets are recognized as financial income when the vesting is settled except for the case that the dividend obviously indicates the collection of acquisition cost of investment.

b) Impairment of financial assets measured at amortized cost

The Group assesses whether there is any objective evidence that financial assets measured at amortized cost are impaired at the fiscal year-end date.

The assessment is performed separately for financial assets that are individually significant, while it is performed separately or collectively for financial assets that are not individually significant.

If there is any objective evidence of impairment, an impairment loss is recognized as the difference between the carrying amount and estimated future cash flows discounted by the effective interest rate.



allocated groups of cash-generating units are required. Value in use is measured at present value based on the assumptions of future cash flows expected to arise from groups of cash-generating units and discount rates.

b) Estimates of useful lives of property, plant and equipment and intangible assets

Useful lives of property, plant and equipment and intangible assets are reviewed at the fiscal year-end date.

c) Evaluation of fair value of financial instruments

Evaluation methods including input that are not based on observable market data are used in order to estimate the fair value of specific financial assets.

d) Retirement benefits

Defined benefit obligations are affected by assumptions used for actuarial calculation. Discount rate, future payroll level, turnover and mortality rates used for assumptions are determined based on the latest market data and statistics.

e) Income taxes

Current income taxes are recognized as the amount expected to be paid to each tax authority by reasonable estimates in accordance with tax laws and regulations.

Liabilities are recognized based on the estimates of revised current income taxes and their possibilities as a result of the tax audit. If the actual amount settled by the tax audit is different from the estimated amount, the difference is recognized in the period in which the actual amount is settled.

## **(Segment Information)**

### **(1) General information**

The Group classifies business segments which are composed of pharmaceutical business as reporting segments; any business of the Group not included in pharmaceutical business is categorized as "Other business" in this report.

Reporting segments are units for which the Group can obtain independent financial information and for which top management undertakes periodic reviews in order to determine the allocation of management resources and evaluate performance.

The Group's pharmaceutical business was previously organized into the following five reporting segments: Japan (Prescription medicines, Generics and Diagnostics), Americas (North America, Central and South America), Asia (primarily China, South Korea, Taiwan, India and ASEAN), EMEA (Europe, the Middle East, Africa and Oceania) and Consumer Healthcare Business-Japan. Recognizing the sustained growth and further strengthening of its increasingly important business operations in China, the Group has made a change to the reporting segments for its pharmaceutical business by separating its China pharmaceutical business from its pre-existing Asia pharmaceutical business from the current fiscal year. In line with this change, the Group has defined the following six segments as reporting segments for its pharmaceutical business: Japan (Prescription medicines, Generics and Diagnostics), Americas (North, Central and South America), China, Asia (mainly South Korea, Taiwan, Hong Kong, India and ASEAN), EMEA (Europe, the Middle East, Africa and Oceania), and Consumer Healthcare Business(CHB) Japan .

These changes have been reflected in the segment information for the previous fiscal year.

### **(2) Reporting segments**



(4) Information on major customers

Fiscal year ended March 31, 2015

(Millions of yen)

Name of customer	Revenue	Related segment
Alfresa Holdings Corporation	71,282	Japan Pharmaceutical Business, etc.
Suzuken CO., LTD.	62,000	Japan Pharmaceutical Business, etc.
Medipal Holdings Corporation	55,113	Japan Pharmaceutical Business, etc.

Fiscal year ended March 31, 2014

(Millions of yen)

Name of customer	Revenue	Related segment
Alfresa Holdings Corporation	78,873	Japan Pharmaceutical Business, etc.
Suzuken CO., LTD.	69,808	Japan Pharmaceutical Business, etc.
Medipal Holdings Corporation	63,701	Japan Pharmaceutical Business, etc.

(5) Information on major regions

Revenue from external customers (\*1)

(Millions of yen)

	Japan	Americas (*2)	China	Europe	Other	Total
Fiscal year ended March 31, 2015	307,805	126,380	40,533	39,765	33,982	548,465
Fiscal year ended March 31, 2014	354,780	150,548	31,697	33,899	28,566	599,490

(\*1) Revenue from external customers are categorized by country or region based on the customer location.

Major areas and countries included in this category other than Japan and China are as follows:

- 1) Americas: North America, Central and South America
- 2) Europe: United Kingdom, France, Germany
- 3) Other: Asia, Middle East, Oceania

(\*2) Revenue for the fiscal year ended March 31, 2015 in the United States which is included in Americas was ¥125,654 million (¥150,079 million for the fiscal year ended March 31, 2014).

Non-current assets (\*1)

(Millions of yen)

	Japan	Americas (*2)	Europe	China	Other	Total
As of March 31, 2015	100,519	311,990	23,519	6,125	5,536	447,690
As of March 31, 2014	110,275	260,234	24,340	4,208	4,947	404,003

(\*1) Non-current assets are categorized by country or region based on the assets location.

Major areas and countries included in this category other than Japan and China are as follows:

- 1) Americas: North America, Central and South America
- 2) Europe: United Kingdom, France, Germany
- 3) Other: Asia, Middle East, Oceania

In addition, Non-current assets are mainly composed of property, plant and equipment, goodwill and intangible assets excluding financial assets, deferred tax assets and net retirement benefit assets.

(\*2) The carrying amount of non-current assets as of March 31, 2015 in the United States which is included in Americas is ¥311,756 million (¥260,141 million as of March 31, 2014).

**(Consolidated Statement of Income)**

(1) Revenue

The breakdown of revenue for the fiscal year ended March 31, 2015 and March 31, 2014 is as follows.

(Millions of yen)

equipment, ¥1,318 million was recognized as impairment loss due to the determination of partial closure of research facilities (in the United States) in accordance with restructuring plans.

(\*2) Termination benefits consist of premium retirement payments of ¥8,903 million due to voluntary retirements in the Company, lump-sum payments of ¥2,718 million associated with employment transfers due to the transfer of the pharmaceutical manufacturing business at the Misato Plant and special retirement payments of ¥1,230 million due to structural reorganization of research and development in Europe and the United States.

(3) Other income

The breakdown of other income for the fiscal year ended March 31, 2015 and March 31, 2014 is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Gain on sales of non-current assets	372	3,068
Subsidy income	97	8
Equity in earnings of affiliates	75	93
Gain on sales of investments in subsidiaries		503
Other	437	378
Total	981	4,051

(4) Other expenses

The breakdown of other expenses for the fiscal year ended March 31, 2015 and March 31, 2014 is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Loss on sales and disposal of non-current assets	135.88	113.58

Loss on sales and disposal of non-current assets 135.88 (n) 113.58 (s)-3(ubs)-3p4n. 0 Td ( )Tj EMC /P <</p>



(5) Financial income

The breakdown of financial income for the fiscal year ended March 31, 2015 and March 31, 2014 is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Interest income	1,204	963
Dividend income (*1)		
Financial assets measured at fair value through other comprehensive income	561	549
Financial assets measured at fair value through profit or loss	1	4
Other	663	271
<b>Total</b>	<b>2,429</b>	<b>1,788</b>

(\*1) Among dividend income from financial assets measured at fair value through other comprehensive income, dividend income from financial assets that were sold in the fiscal year ended March 31, 2015 was ¥23 million and ¥44 million in the fiscal year ended March 31, 2014, respectively.

(6) Financial costs

The breakdown of financial costs for the fiscal year ended March 31, 2015 and March 31, 2014 is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Interest costs		
Financial liabilities measured at amortized cost	4,678	5,614
Retirement benefit liabilities	147	182
Other	67	93
<b>Total</b>	<b>4,892</b>	<b>5,888</b>

(7) Income taxes

The breakdown of income taxes for the fiscal year ended March 31, 2015 and March 31, 2014 is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
Income taxes current (*1)	3,606	16,885
Income taxes deferred (*1)(*2)	(21,184)	6,912
<b>Total</b>	<b>(17,578)</b>	<b>23,796</b>

(\*1) Decrease of income taxes due to a repayment of paid-in capital

Eisai Corporation of North America, the Group's consolidated subsidiary, paid ¥58,430 million to the Company for the repayment of paid-in capital in the fiscal year ended March 31, 2015. As a result, a decrease in tax expenses of ¥27,822 million was recorded due to the recognition of taxable items such as capital losses for the Company.

**(Consolidated Statement of Cash Flows)**

(1)The breakdown of increase and decrease in working capital for the fiscal year ended March 31, 2015 and March 31, 2014 is as follows.

---

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014
--	-------------------------------------	-------------------------------------

(Millions of yen)

effects, amounted to 475 thousand shares for the fiscal year ended March 31, 2014.

**(Significant Subsequent Events)**

Not applicable

## 6. Other

### 1) Proposed Changes in Directors and Corporate Officers (effective June 19, 2015)

#### (1) Changes in Representative Corporate Officers

None

#### (2) Changes in Directors/Corporate Officers

##### a) Nominees for New Director

Eiichiro Suhara                      currently, President, Mitsubishi Pencil Co., Ltd.

##### b) Retiring Director

Tokuji Izumi                              currently, Outside Director, and Advisor, TMI Associates

##### c) Nominees for New Corporate Officers

Vice President      Teiji Kimura                      currently, Senior Group Officer  
Deputy President, Neuroscience and General  
Medicine PCU, Eisai Product Creation Systems  
Executive Director, Global Discovery  
Research, Neuroscience and General Medicine  
PCU, Eisai Product Creation Systems

Vice President      Satoru Yasuda                      currently, Officer  
Vice President (East Japan and Chubu),  
Oncology hhc Unit, Eisai Japan

Vice President      Hidenori Yabune                      currently, Officer  
Executive Director, Integrated Marketing  
Department, Eisai Japan

##### d) Corporate Officers Scheduled for Promotion

Senior                      Terushige Iike                      currently, Vice President  
Vice President                      Chief Product Creation Officer, Eisai Product  
Creation Systems  
President, Japan/Asia Clinical Research PCU,  
Eisai Product Creation Systems

>>BDC

Senior /1  
Vice President

Ryohei Yamamoto (Eisai)                      currently, Vice President  
Chief Product Creation Officer, Eisai Product  
Creation Systems  
President, Japan/Asia Clinical Research PCU,  
Eisai Product Creation Systems

>>BDC 0.60089a72

Nobuo Deguchi	currently, Director
Graham Fry	currently, Outside Director, and Member of the Board of Governors, School of Oriental and African Studies, University of London
Osamu Suzuki	currently, Outside Director, and Partner, YUASA and HARA
Patricia Robinson	currently, Outside Director, and Associate Professor at



Senior Vice President	Yuji Matsue	currently, Senior Vice President President, Americas Region Chairman & CEO, Eisai Inc.
Senior Vice President	Gary Hendler	currently, Senior Vice President President, EMEA Region President & CEO, Eisai Europe Ltd President, Eisai Global Oncology Business Unit
Senior Vice President	Terushige Iike	currently, Vice President Chief Product Creation Officer, Eisai Product Creation Systems President, Japan/Asia Clinical Research PCU, Eisai Product Creation Systems
Senior Vice President	Ryohei Yanagi	currently, Vice President Deputy Chief Financial Officer Chief IR Officer
Vice President	Ivan Cheung	currently, Vice President Deputy President, Head of Asia Oncology Business and Lenvatinib Global Lead, Eisai Global Oncology Business Unit
Vice President	Takashi Owa	currently, Vice President Chief Innovation Officer, Eisai Product Creation Systems
Vice President	Yasunobu Kai	currently, Vice President President, Oncology hhc Unit, Eisai Japan
Vice President	Kenji Matsumae	currently, Vice President President, Eisai Japan President, Integrated Community hhc Unit, Eisai Japan
Vice President	Lynn Kramer	currently, Vice President Chief Clinical Officer, Eisai Product Creation Systems President, Neuroscience and General Medicine PCU, Eisai Product Creation Systems
Vice President	Sayoko Sasaki	currently, Vice President Corporate Affairs
Vice President	Junichi Asatani	currently, Vice President Chief Compliance Officer Internal Control
Vice President	Frank Ciriello	currently, Vice President President, Eisai Global Neurology Business Unit
Vice President	Shaji Procida	currently, Vice President President & COO, Eisai Inc.
Vice President	Teiji Kimura	currently, Senior Group Officer Deputy President, Neuroscience and General Medicine PCU, Eisai Product Creation Systems Executive Director, Global Discovery Research, Neuroscience and General Medicine PCU, Eisai Product Creation Systems



