CONSOLIDATED FINANCIAL REPORT [IFRS]
for Fiscal 2015 (Year Ended March 31, 2016)

May 13, 2016
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 ordinary general meeting of shareholders: June 17, 2016
Expected date of annual report submission: June 17, 2016
Expected date of dividend payment commencement: May 23, 2016
Preparation of annual supplementary explanatory material: Yes
Annual results briefing held: Yes

(Figures are rounded to the nearest million yen

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)	(%)	(%)
FY2014	—	70.00	—	80.00	150.00	42,837	99.0	7.6
FY2015	—	70.00	—	80.00	150.00	42,890	78.0	7.3
FY2016 (Forecast)	—	70.00	—	80.00	150.00		146.9	

3. Consolidated Financial Results Forecast for

	Basic earnings per share	Diluted earnings per share
	(¥)	(¥)
FY 2015	235.26	234.69
FY 2014	74.04	73.94

(2) Nonconsolidated Financial Positions

	Total assets	Equity

1 Analysis Concerning Operating Results and Financial Position

1) Analysis 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, 2015 to March 31, 2016.

Revenue:	¥547,922 million	(0.1% decrease year-on-year)
Operating profit:	¥51,935 million	(83.3% increase year-on-year)
Profit before income taxes:	¥50,473 million	(95.1% increase year-on-year)
Profit for the period:	¥55,045 million	(26.7% increase year-on-year)

Revenue for the Group increased due to the growth of anticancer agents Halaven and Lenvima and antiepileptic agent Fycompa, as well as the high growth recorded by the Group’s pharmaceutical businesses in China and Asia, but decreased overall owing to factors such as competition between long-listed products and generic products in the Japan, finishing at ¥547,922 million (down 0.1% year-on-year).

By therapeutic area, total revenue from oncology-related products increased to ¥118,501 million (up 20.1% year-on-year), reflecting the growth of Halaven and smooth launches of Lenvima in the U.S., Europe, Japan, and Asia. Meanwhile, overall revenue from epilepsy products reached ¥37,694 million (up 19.0% year-on-year), reflecting Fycompa’s expansion in the U.S., Europe, and Asia.

By product, combined revenue from all four global brands totaled ¥63,621 million yen (up 40.1% year-on-year); this included ¥40,168 million from Halaven and ¥11,477 million from Lenvima in addition to the revenue from Fycompa and antiobesity agent BELVIQ. Aricept, a treatment for Alzheimer’s disease and dementia with Lewy bodies, recorded revenue of ¥63,349 million (down 3.6% year-on-year). Pariet (U.S. brand name: AcipHex), a proton pump inhibitor, recorded ¥46,053 million (down 17.7% year-on-year).

By segment, growth was achieved in all overseas segments, highlighted by sustained growth in the China pharmaceutical business (up 20.2% year-on-year) as well as business expansion in South Korea, Taiwan, and other key markets for the Asia pharmaceutical business.

* Revenue for Pariet includes sales in Japan of Rabecure Packs 400/800 and Rabefine Pack, all of which are triple-formulation combination packs indicated for use in *Helicobacter pylori* eradication.

Operating profit totaled ¥51,935 million (up 83.3% year-on-year) due to an expansion in revenue and profit for the pharmaceutical business mainly from high growth in global brands as well as the China and Asia pharmaceutical businesses. In addition, improved cost efficiency, sales of non-current assets and investments in subsidiaries and the receipt of upfront payments under joint development and promotion agreements have also contributed to the increase in operating profit. Profit for the period increased to ¥55,045

million (up 26.7% year-on-year) due to the decreased tax expenses resulted from share transfer of an U.S. subsidiary and an increase in operating profit.

Basic earnings per share for the period attributable to owners of the parent came to ¥192.23 (up ¥40.66 year-on-year).

Comprehensive income for the period, after adding/deducting other comprehensive income to/from profit for the period, was ¥16,452 million (down 85.6% year-on-year), following a reduction in foreign exchange differences due to continuing appreciation of the yen since the previous fiscal year.

[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 six reporting segments: Japan (Prescription medicines, Generics and Diagnostics), Americas (North America, Central, and South America), China, Asia (primarily South Korea, Taiwan, Hong Kong, India, and ASEAN), EMEA (Europe, the Middle East, Africa, and Oceania), and Consumer Healthcare Business—Japan.

<Japan pharmaceutical business>

Revenue totaled ¥266,810 million (down 4.2% year-on-year), with segment profit at ¥111,642 million (down 8.8% year-on-year). Of this amount, revenue totals for Prescription medicines and Generics were ¥233,921 million (down 4.7% year-on-year) and ¥28,494 (up 6.0% year-on-year) respectively, while revenue for Diagnostics was ¥4,394 million (down 26.5% year-on-year). The Group's diagnostics subsidiary EIDIA Co., Ltd. was transferred to Sekisui Chemical Co., Ltd. as of December 28, 2015.

By product, revenue from Humira, a fully human anti-TNF-alpha monoclonal antibody, came to ¥32,628 million (up 9.3% year-on-year). Co-promotion revenue for Lyrica, a pain treatment being co-promoted with Pfizer oted

Regarding revenue from oncology-related products, the antiemetic agent Aloxi and Halaven showed positive growth, recording ¥

generalized tonic-clonic seizures was submitted in Japan in July 2015, and subsequently approved in March 2016. In addition, an application for a new suspension formulation was approved in the U.S. in April 2016 while in Europe the application is currently undergoing regulatory review. Furthermore, a Phase II study of the agent as a potential therapy for partial-onset seizures in pediatric patients is being conducted in the U.S. and Europe.

Regarding the fully human anti-TNF-alpha monoclonal antibody Humira (adalimumab), in May 2015, the Japanese Ministry of Health, Labour and Welfare (MHLW) lifted the “all-case surveillance” special drug use-results survey condition for use in patients with ankylosing spondylitis in Japan.
In August 2015y ients wi

Development has been discontinued for the melanoma indication for the anticancer agent E7272 (denileukin diftitox) at the Phase II clinical study stage in the U.S.

A Phase II study of the anticancer agent E7777 in peripheral T-cell lymphoma and cutaneous T-cell lymphoma has been initiated in Japan.

Development has been discontinued for the functional dyspepsia indication for the proton pump inhibitor Pariet (rabeprazole) at the Phase II clinical study stage in Japan.

[Major Alliances, Agreements and Other Events]

In April 2015, the Company entered into a collaborative agreement with Genomics plc (U.K.) to use Genomics' sophisticated statistical analyses of large-scale multi-phenotype genetic association data to inform the Company's drug discovery process, including 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 information on dementia, including DLB, and work to generate new evidence with each other as well as hold study meetings in order to improve the diagnosis and treatment of DLB.

In July 2015, the Group's U.S. subsidiary Eisai Inc. entered into a definitive agreement to transfer ownership of its manufacturing facility based in Research Triangle Park in North Carolina to Biogen Inc. (U.S.). The transfer was completed in August 2015.

In July 2015, JCR Pharmaceuticals Co., Ltd. (Hyogo) and the Company concluded a feasibility study agreement on the application of JCR Pharmaceuticals' blood-brain-barrier penetration technology "J-Brain Cargo" to the discovery of new treatments.

In July 2015, the Company and Halozyme Therapeutics, Inc. (U.S.) signed a clinical collaboration agreement to evaluate Eisai's anticancer agent Halaven in combination with Halozyme Therapeutics' investigational drug PEGPH20 (PEGylated recombinant human hyaluronidase) in first-line HER2-negative advanced breast cancer.

In August 2015, the Company and Purdue Pharma L.P. (U.S.) entered into a worldwide collaboration agreement for the development and commercialization of the Company's clinical candidate lemborexant (development code: E2006), a dual orexin receptor antagonist entering Phase III clinical development for the treatment of insomnia.

In September 2015, the Drugs for Neglected Diseases *initiative* (Switzerland) and the Company signed an agreement to proceed with the clinical development of the Company's

In November 2015, the Company entered into an agreement to grant Roivant Sciences Ltd. an exclusive worldwide license concerning the research, development, manufacture and marketing of its in-house discovered selective phosphodiesterase 4 inhibitor E6005. The development of E6005 is at the Phase II clinical study stage in Japan for the indication of atopic dermatitis.

In November 2015, the Company entered into a share transfer agreement with Sekisui Chemical Co., Ltd. (Osaka) concerning the transfer of all shares held by the Company in its wholly-owned subsidiary EIDIA Co., Ltd. to Sekisui Chemical. All transfer processes were completed on December 28, 2015.

In November 2015, the Company entered into a share transfer agreement with Mitsubishi-Kagaku Foods Corporation (Tokyo), a subsidiary of Mitsubishi Chemical Corporation, concerning the transfer of all shares held by the Company in its wholly owned subsidiary Eisai Food & Chemical Co., Ltd. to Mitsubishi-Kagaku Foods. The share transfer was completed on February 1, 2016.

In March 2016, the Group's U.S. subsidiary Eisai Inc. entered into a share purchase agreement concerning the transfer of all the shares of AkaRx, Inc. held by Eisai Inc. to PBM Capital Group, LLC. (U.S., "PBM"). In accordance with the agreement, Eisai Inc. has transferred to PBM ownership of AkaRx and the worldwide rights to develop, market and manufacture the investigational thrombocytopenia treatment avatrombopag (generic name, development code: E5501).

In March 2016, the Company entered into an agreement to transfer the exclusive worldwide development and marketing rights (excluding Japan and Asia) for its investigational anticancer agent E7777 to Dr. Reddy's Laboratories Ltd.

In April 2016, the gastrointestinal specialty pharma EA Pharma Co., Ltd. (EA Pharma) was established through the splitting off of a portion of the Company's gastrointestinal disease treatment business and its subsequent succession by AJINOMOTO PHARMACEUTICALS CO., LTD. (Tokyo), a wholly-owned subsidiary of Ajinomoto Co. Inc. (Tokyo), via absorption-type split. EA Pharma is a consolidated subsidiary of the Company, with the Company and Ajinomoto holding 60% and 40% of the shares in EA Pharma, respectively.

(3) Consolidated Financial Results Forecasts for Fiscal 2016
(April 1, 2016, to March 31, 2017)

revisions in Japan. As such, consolidated revenue is expected to increase to ¥580,000 million (up 5.9% year-on-year).

Revenue is expected to increase for Halaven and Lenvima to ¥49,000 million (up 22.0% year-on-year) and ¥28,000 million (up 144.0% year-on-year), while revenue for Fycompa is also expected to increase to ¥13,500 million (up 78.7% year-on-year).

<Profit>

In addition to the anticipated increase in revenue due to the expansion of global brands, through the Group's initiatives to improve productivity, operating profit is expected to come to ¥53,700 million (up 3.4% year-on-year). Together with carrying out focused investment on R&D projects for flagship candidates in the strategically important areas of neurology and oncology, the Group is striving to further enhance its revenue structure through various initiatives including thorough investment of resources optimized for revenue expansion and promoting a reduction in cost of sales by leveraging local advantages and technology at each production site.

Due to the effect of temporary reductions in tax expenses in the United States that occurred in the previous period, profit for the year is expected to come to ¥32,400 million (down 41.1% year-on-year), while profit attributable to owners of the parent is expected to be ¥29,200 million (down 46.8% year-on-year).

2) Analysis Concerning Consolidated Financial Position

[Assets, Liabilities and Equity]

2. Management Policy

1) Corporate Mission

The Eisai Group defines its corporate mission as “Giving first thought to patients and their

(1) Reflecting on the HAYABUSA Plan

According to the Group's strategic plan "HAYABUSA" (FY2011-FY2015), results were attained to a certain extent in qualitative areas such as strengthening the Asia Region, expanding into developing countries, creating a global business organization, installing the oncology business as part of the foundation of the Group, as well as enhancing product creation capability. Although profit and loss related targets for revenue and profit were not met due to an inadequate response

maximizing value for patients through additional indications and formulations for the antiepileptic drug Fycompa and the antiobesity agent BELVIQ, both global brands.

The OBG will continue to make full use of its technological strength in synthetic chemistry and drug discovery targeting (for molecular targets) that fostered Lenvima and Halaven to advance new drug development toward a cure for cancer. While advancing development on novel compounds such as the Group's first in-house discovered cancer immunotherapy candidate E7046 and novel antibody therapies from U.S. research subsidiary Morphotek, Inc., another U.S. research subsidiary, H3 Biomedicine Inc., is aiming to shorten development time for its FGFR4 inhibitor (for hepatocellular carcinoma, etc.) and SF3B1 modulator (for myelodysplastic syndromes, etc.) by taking a drug discovery approach based on cancer genome information. Additionally, by steadily expanding the indications for global brands Lenvima and Halaven, the OBG strives to increase patient value through both products.

Additionally, to address the rapid accelerating advances in digital technology, the Group plans to establish an *hhc* data creation center that will centrally manage the collection and access to various kinds of data represented by big data and other data accumulated within the Group. By analyzing these data with the free use of sophisticated parsing techniques such as artificial intelligence, the Group may be able to identify new potential drug targets and biomarkers, provide solutions that match the individual needs of patients, and create evidence for outcome-based assessment.

Striving to respond to forecasted reforms to the medical system including the specialization and coordination of medical functions as well as the enhancement of home care, the Group is implementing a change to the business mix with medical, outcomes and access at the core to focus on regional care. Especially in Japan, the Group plans to create evidence to show how a mix of products from EA Pharma (gastrointestinal disease) and Elmed Eisai (generics) in addition to Eisai can bring about the best outcomes for diseases with high incidence that require home care such as dementia, insomnia, osteoporosis, and constipation, as well as increase access for patients. Furthermore, based on knowledge and experience in the field of dementia built up since the launch of Aricept, the Group aims to roll out a dementia solutions business that features tools to support early diagnosis, a multidisciplinary cooperation system, and tools to encourage adherence, in order to contribute to patients by providing an environment under which they can live safely with peace of mind in their local community.

The Group's business portfolio is now concentrated into six areas consisting of Neurology Business, Oncology Business, EA Pharma, Generics Business, Consumer Business, and Dementia Solutions Business, where Ricchi can be found out and the Group can innovate constantly in. In the global production system as well, the Group intends to establish innovation based "Ricchi" that utilize the strengths of each factory, and expand demand innovation activities on a global scale.

Looking toward 2025, the Group's ideal form is to become a "medico societal innovator" which will fulfil *hhc* needs in the two most important domains of "Prevention, Cure and Care", and "Regional care that ensures safety and peace of mind". Moving forward, the Group will work to

(3) Value-Creative Investment Criteria

To ensure that strategic investments create shareholder value, the Company invests selectively using its Value-Creative Investment Criteria based on Net Present Value and the

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)

6) Compliance and Risk Management

The Group defines compliance as "the observance of the highest legal and ethical standards" and positions it at the core of management activities. In addition, the Group defines internal control as "the systems and processes established and managed internally to ensure proper and efficient operations," and shares the Policy for Internal Control with all officers and employees. The Group has appointed a Chief Compliance Officer and Corporate Officer responsible for internal control, who works to enhance compliance and internal control on a global scale in hope of raising awareness of compliance and risks and strengthening the Group's ability to respond to such issues.

3. Basic Approach to the Selection of Accounting Standards

In order to make it more convenient for various stakeholders including shareholders and investors in Japan and overseas by improving disclosure and comparability of financial information on an international basis, the Company voluntarily adopted IFRS from the fiscal year

4. Consolidated Financial Statements

2) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Profit for the year	55,045	43,453
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,609	3,365
Remeasurements of defined benefit plans	(6,816)	4,965
Subtotal	(5,207)	8,330
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(32,660)	61,927
Cash flow hedges	(725)	520
Subtotal	(33,386)	62,447
Total other comprehensive income (loss), net of tax	(38,593)	70,776
Comprehensive income for the year	16,452	114,230
Attributable to		
Owners of the parent	16,483	113,949
Non-controlling interests	(31)	280

3) Consolidated Statement of Financial Position

(Millions of yen)

	Note	As of March 31, 2016	As of March 31, 2015
Assets			

(Millions of yen)

	Note	As of March 31, 2016	As of March 31, 2015
Equity			
Equity attributable to owners of the parent			

Fiscal year ended March 31, 2015

(Millions of yen)

6) Notes to Consolidated Financial Statements

(Going Concern)

Not applicable

(Basis of Preparing Consolidated Financial Statements)

(1) Compliance

As the Company meets the requirements of a “Specified Company,” pursuant to Article 1-2 of the Consolidated Financial Statement Ordinance, the consolidated financial statements of the Group have been prepared in accordance with IFRS subject to the provisions of Article 93 of said Ordinance.

(2) Basis of measurement

The consolidated financial statements are prepared on an acquisition cost basis except for the financial instruments that are measured at fair value and assets (liabilities) of retirement benefit plans.

(3) Presentation currency and unit

The consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency, and figures less than 1 million yen are rounded to the nearest million yen.

(4) Changes in accounting policies

The Group has adopted the following main accounting standards and interpretations from the fiscal year ended March 31, 2016.

Accounting standards and interpretations	Mandatory application (Date of commencement)	To be applied by the Group

(Significant Accounting Policies)

The Group's significant accounting policies described below are applied to the consolidated financial statements throughout the period.

(3) Foreign currency translation

Each company in the Group determines its own functional currency for its separate financial statements, and transactions of these companies are presented in their functional currency. On the other hand, the consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using exchange rates at the dates of transactions or approximations of rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the spot exchange rates at the consolidated fiscal year-end date. Exchange differences arising from translation or settlement are recognized in profit or loss.

For the purpose of recording operating results and financial positions of foreign operations in the consolidated

as there are risks that developing products may not get marketing authorization and developing activities may be delayed or ceased. Therefore, these are recognized as R&D expenses.

Acquired in-process research and development investments from external entities are recognized as intangible assets.

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

The Group has adopted defined benefit plans and defined contribution plans.

Regarding defined benefit plans, current service costs are recognized as expenses using the projected unit credit method in actuarial calculations made at the consolidated fiscal year-end date. All of the actuarial gains/losses incurred in the period are recognized as other comprehensive income, while the cumulative amount is reclassified to retained earnings after it is recognized as other components of equity. Retirement benefit liabilities are the present value of defined benefit obligations less fair value of plan assets.

Regarding defined contribution plans, contributions of the Group are recognized as expenses at the time employees render services that give pension rights to them.

b) Termination benefits

Termination benefits are provided in the case that the Group decides to terminate an employee's employment before the normal retirement date, or an employee voluntarily decides to accept an offer of benefits in exchange for the termination of employment. The termination benefits are recognized as expenses upon termination of employment, if the Group has detailed official plans related to termination of an employee's employment and can no longer withdraw the offer of the benefits.

(7) Share-based payments

a) Stock option plan

The Company had granted a part of directors, corporate officers and employees equity-settled share-based payments (stock options) until the fiscal year ended March 31, 2013.

Services received as considerations of stock options are recognized as expenses, while corresponding amounts are recognized as an increase in equity. These expenses are the fair value of stock options that are evaluated by using appropriate price models at the grant date, and recognized as expenses using the straight-line method over the vesting period. Expired rates at the time of final vesting are considered when the Company makes estimations for evaluation. In case that the estimation is revised, adjustments are made over the remaining vesting period.

b) Performance-related share-based compensation system

(8) Income taxes

Income taxes are presented as the sum of current income taxes and deferred income taxes.

a) Current income taxes

Current income taxes are calculated based on current taxable income. Tax rates that have been enacted or substantively enacted at the consolidated fiscal year-end date are used for tax calculation. Income tax 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.

(i) Temporary differences arising from goodwill

(ii) Temporary differences arising from the initial recognition of assets or liabilities in transactions which affect neither accounting profit nor taxable income (except for a business combination).

Regarding taxable temporary differences arising from investments in subsidiaries and associates, deferred tax liabilities are not recognized if the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

Furthermore, regarding deductible temporary differences arising from investments in subsidiaries and associates, deferred tax assets are recognized only when sufficient taxable income in order to realize benefits from the temporary differences will be available, and it is probable that the temporary differences will reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated using tax rates that will be expected to be applied when the deferred tax assets will be recovered or the deferred tax liabilities will be settled based on acts that have been enacted or substantively enacted by the consolidated fiscal year-end date.

Deferred tax assets and liabilities are offset when the Company or its subsidiaries have legally enforceable rights to offset income tax receivables and payables, and they intend to settle them as offset amounts.

(9) Property, plant and equipment

Property, plant and equipment is measured using the cost model and is presented at acquisition cost less accumulated depreciation and accumulated impairment loss.

Gains/losses aris

(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 identifiable assets and liabilities. On the other hand, if the sum of the acquisition costs is lower than the net amount of identifiable assets and liabilities, the difference is directly recognized as income.

Goodwill is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination. Goodwill is not amortized; however, a test of impairment is performed for groups of cash-generating units to which goodwill is allocated at the same time every year or when there is an indication that the assets might be impaired. In the case that a recoverable amount of groups of cash-generating units is lower than the carrying amount, the reduction is recognized as an impairment loss.

(13) Inventories

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

measured at estimated cash flows that are discounted to be the present value where the effect of the time value of money is material. Where discounting is used, the increase in carrying amount of a provision in each period to reflect the passage of time is recognized as a financial cost.

a) Provision for sales rebates

To account for possible sales rebates for finished goods and merchandise sold that may be incurred after the consolidated fiscal year-end date, provision for sales rebates is provided by multiplying the amount of revenue by the estimated sales rebate ratio. It is expected to be mainly settled within one year from the fiscal year-end date.

b) Provision for asset retirement obligation

(Significant Accounting Estimates and Judgments)

Preparation of the consolidated financial statements of the Group requires management estimates and judgments. Underlying assumptions for estimation are continuously reviewed. Effects of changes in estimations are recognized in the period and future periods. Furthermore, significant revisions of asset and/or liability carrying amounts may be required in the future as a result of uncertainties related to these estimates and assumptions.

Significant items that require management estimates and judgments are as follows.

a) Impairment test of goodwill and intangible assets

In order to perform impairment tests of goodwill and intangible assets, estimates of value in use of 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-

(Segment Information)

(1) General information

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 business is comprised of pharmaceutical business and other business. The pharmaceutical business is organized into the following six reporting segments in this report: Japan (Prescription Medicines, Generics and Diagnostics), Americas (North America, Central and South America), China, Asia (primarily South Korea, Taiwan, Hong Kong, India and ASEAN), EMEA (Europe, the Middle East, Africa and Oceania) and C( )-121(a) ASEANion

(3) Information on major products

Revenue from external customers

(Millions of yen)

	Aricept	Pariet/ AcipHex

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.

(Note 2) The carrying amount of non-current assets as of March 31, 2016, in the United States, which is included in Americas, is ¥267,279 million (¥311,756 million as of March 31, 2015).

(Consolidated Statement of Income)

(1) Revenue

The breakdown of revenue for the fiscal years ended March 31, 2016 and March 31, 2015 is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Pharmaceutical goods sales	505,705	489,012
License revenue	3,045	21,034
Other	39,173	38,419
Total	547,922	548,465

(2) Cost of sales, selling, general and administrative expenses, research and development expenses

Details regarding cost of sales, selling, general and administrative expenses (SG&A expenses), and R&D expenses are as follows.

Fiscal year ended March 31, 2016

(Millions of yen)

	Cost of sales	SG&A expenses	R&D expenses	Total
Depreciation and amortization	19,711	4,590	9,763	

(3) Other income

The breakdown of other income for the fiscal years ended March 31, 2016 and March 31, 2015 is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Gain on sales of investments in subsidiaries (Note 1)	15,035	
Gain on sales of non-current assets (Note 2)	1,673	372
Subsidy income	349	97
Equity in earnings of affiliates	70	75
Other	534	437
Total	17,661	981

(Note 1)

(6) Financial costs

The breakdown of financial costs for the fiscal years ended March 31, 2016, and March 31, 2015, respectively, is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Interest costs		
Financial liabilities measured at amortized cost	3,392	4,678
Retirement benefit liabilities	28	147
Other	65	67
Total	3,485	4,892

(7) Income taxes

The breakdown of income taxes for the fiscal years ended March 31, 2016, and March 31, 2015, respectively, is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Income taxes—current (Note 1, 2)	2,858	3,606
Income taxes—deferred (Note 1, 2, 3)	(7,429)	(21,184)
Total	(4,571)	(17,578)

(Note 1)

The changes in effective statutory tax rates resulted in a ¥6,402 million decrease in deferred tax assets (after deducting deferred tax liabilities), a ¥846 million increase in other components of equity and a ¥7,248 million increase in income taxes.

(Per Share Information)

(1) Earnings per share attributable to owners of the parent (basic)

The basis for calculating earnings per share attributable to owners of the parent (basic) for the fiscal years ended March 31, 2016 and March 31, 2015 is as follows.

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Profit for the year attributable to owners of the parent (Millions of yen)	54,933	43,254
Weighted average number of common shares during the year (Thousands of shares)	285,764	285,371
Earnings per share attributable to owners of the parent (basic) (Yen)	192.23	151.57

(2) Earnings per share attributable to owners of the parent (diluted)

The basis for calculating earnings per share attributable to owners of the parent (diluted) for the fiscal years ended March 31, 2016 and March 31, 2015 is as follows.

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Profit for the year attributable to owners of the parent (Millions of yen)	54,933	43,254
Adjustment of profit for the year attributable to owners of the parent (Millions of yen)		
Profit for the year used for calcula		

(Consolidated Statement of Financial Position)

(1) Assets held for sale and liabilities directly associated with assets held for sale

During the fiscal year ended March 31, 2016, the Company entered into a business acquisition agreement concerning the succession of the Company's consolidated pharmaceutical manufacturing and marketing subsidiary Sannova Co., Ltd. (Gunma) via an absorption-type split, to a newly established company by Sannova Co., Ltd., and the subsequent transfer of all shares issued in this newly established company to Alfresa Holdings

(Consolidated Statement of Cash Flows)

(1) The breakdown of the increase (decrease) in working capital for the fiscal years ended March 31, 2016 and March 31, 2015

Pharmaceutical Co., Ltd.'s GMP compliant facility under the Group's strict quality management and quality assurance system to meet the extensive needs of the China pharmaceutical market.

(5) Fair value of consideration transferred, assets acquired and liabilities assumed, and goodwill

(Millions of yen)

	As of acquisition date (December 28, 2015)

(Sales of Subsidiaries)

In the fiscal year ended March 31, 2016, the Company transferred all shares of EIDIA Co., Ltd. (Tokyo) held by the Company to Sekisui Chemical Co., Ltd. (Osaka). Furthermore, the Company transferred all shares of Eisai Food & Chemical Co., Ltd. (Tokyo) held by the Company to Mitsubishi-Kagaku Foods Corporation (Tokyo).

(1) Consideration received, assets and liabilities over which control was lost

(Millions of yen)

	Fiscal year ended March 31, 2016
Consideration received	32,016
Assets and liabilities over which control was lost	
Property, plant and equipment	2
Other non-current assets	
Current assets	
Non-current liabilities	
Current liabilities	

gastrointestinal disease business and AJINOMOTO PHARMACEUTICALS CO., LTD., this new integrated company will become one of Japan's largest gastrointestinal specialty pharmas with a product lineup that will comprehensively cover the upper and lower digestive tract as well as the liver and pancreas, enabling the provision of an even wider range of solutions in the field of gastrointestinal disease as well as specialized information for healthcare professionals. In addition, consolidating both companies' in-development products will serve to enhance the pipeline toward the consistent launch of new treatments, and the companies aim to discover innovative new medicines by exchanging expertise and know-how. The new integrated company will seek greater profitability through marketing synergies from integration and the pursuit of efficiency through the review of overlapping functions, as well as to secure necessary resources for new drug development and sustained growth.

(5) Non-consolidated performance of acquired company over last three fiscal years (Japan GAAP)

(Millions of yen)

Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 201

5) Other

1) Forecasts and Risk Factors

(1) 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, and actual outcomes and results could differ materially from these statements depending on changes in 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 related to generic products

Pharmaceutical patents have a limited term. It is common for generic makers to launch generic products upon the expiration of a patent for the original drug. Additionally, in countries such as the United States, an application for a generic product is accepted even during the patent term. Generic products may have a significant impact on market share because of their low price.

Risks related to intellectual property

If a patent application is dismissed, a patent is found to be invalid after approval, or if there is a failure to properly protect a patent, competitors may enter the market earlier than

Environmental risks

If a serious environmental pollution event is reported at any of its business offices, the Group may be required to close the office in question or be subject to other proceedings required by law. Furthermore, the costs necessary to assume liability for payment of compensation to neighboring regions and improve the environment may significantly affect business results.

Risks concerning IT security and information management

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 that involve personal information leakage outside of the Group, which may considerably damage the Group's social reputation and significantly impact business results.

Risks related to financial market conditions and currency movement

As the Group holds stocks and other marketable securities, a decline in the stock market could result in losses on sales or devaluation of stocks and other securities. In addition, an increase in projected benefit obligations due to changes in the interest rate may have an impact on business results. Furthermore, the effect of foreign exchange fluctuations on the yen conversion of sales of overseas consolidated subsidiaries as well as export and import transactions may also impact business results.

Risks concerning internal control systems

In accordance with assessment and audit standards as well as implementation standards for internal controls pertaining to financial reporting as mandated by the Financial Instruments and Exchange Law of Japan, the Group establishes effective internal control systems related to financial reporting and strives to appropriately manage those systems. However, major losses that arise due to the malfunction of internal control systems or occurrence of unexpected problems related to internal control systems may have a significant impact on business results.

Risks concerning disasters

The occurrence of disasters, including natural disasters, such as earthquakes and typhoons, as well as accidents, such as fires, could result in large-scale damage to business facilities and impact the business activities of the Group. In addition, repairs to facilities damaged by these disasters may cause the Company to incur significant expenses and have a major impact on business results.

List of Group Companies

(As of March 31, 2016)

Company Name	Location			Description of Operations (*1)	Voting Rights (*2)	Relationship	Note
Sannova Co., Ltd.	Gunma Pref.	300	JPY	Pharmaceutical production / sales	80.01% (80.01%)	The Company purchases pharmaceutical products	*6
Elmed Eisai Co., Ltd.	Tokyo	450	JPY	Pharmaceutical sales	100.00%	-	
KAN Research Institute, Inc.	Hyogo Pref.	70	JPY	Pharmaceutical R&D	100.00%	The Company commissions pharmaceutical R&D	
Eisai Distribution Co., Ltd.	Kanagawa Pref.	60	JPY	Pharmaceutical logistics	100.00%	The Company commissions pharmaceutical logistics	
Eisai R&D Management Co., Ltd.	Tokyo	14	JPY	Management and administration of pharmaceutical R&D	100.00%	The Company is entrusted with a part of management, administration and other functions related to R&D	
Sunplanet Co., Ltd.	Tokyo	455	JPY	Business support services, etc.	85.45%	The Company purchases business support services,	
Eisai Corporation of North America	New Jersey, USA	2,766,700	USD	Americas holding company	100.00%	-	*3
Morphotek, Inc.	Pennsylvania, USA	355,000	USD	Pharmaceutical R&D	100.00% (100.00%)	The Company commissions pharmaceutical R&D	*3
Eisai Inc.	New Jersey, USA	151,600	USD	Pharmaceutical R&D / production / sales	100.00% (100.00%)	The Company commissions pharmaceutical research, development and production /	

Location			Description of Operations (*1)	Voting Rights (*2)	Relationship	Note
Brussels, Belgium	2,001	EUR	Pharmaceutical sales	100.00% (100.00%)	-	
Vienna, Austria	2,000	EUR	Pharmaceutical sales	100.00% (100.00%)	-	

3) Proposed Changes in Directors and Corporate Officers (effective June 17, 2016)

(1) Changes in Representative Corporate Officers

None

(2) Changes in Directors/Corporate Officers

a) Nominees for New Director

Yasuhiko Katoh (Outside Director)	currently, Chairman and Representative Director, Mitsui Engineering & Shipbuilding Co., Ltd.
Hirokazu Kanai	currently, Group Officer, Head of Corporate Accounting & Tax Department
Tamaki Kakizaki (Outside Director)	currently, Professor, Meiji University, School of Law
Daiken Tsunoda (Outside Director)	currently, Partner, Nakamura Tsunoda & Matsumoto

b) Retiring Director

Kiyochika Ota (Outside Director)	(currently, Director)
Hideaki Matsui	(currently, Director)
Osamu Suzuki (Outside Director)	(currently, Director, and Partner, YUASA and HARA)
Patricia Robinson (Outside Director)	(currently, Director, and Associate Professor at Hitotsubashi University Graduate School of International Corporate Strategy)

c) Nominees for New Corporate Officers

None

d) Corporate Officers Scheduled for Promotion

None

e) Retiring Corporate Officers

None

(3) Nominees for Directors

Haruo Naito	currently, Director Representative Corporate Officer and CEO
Nobuo Deguchi	currently, Director
Graham Fry	currently, Outside Director
Toru Yamashita	currently, Outside Director, Chief Corporate Adviser, NTT DATA Corporation
Ikuo Nishikawa	currently, Outside Director, Certified Public Accountant and Professor, Faculty of Business and Commerce, Keio University
Noboru Naoe	currently, Director
Eiichiro Suhara	currently, Outside Director, President, Mitsubishi Pencil Co., Ltd.
Yasuhiko Katoh	currently, Chairman and Representative Director, Mitsui Engineering & Shipbuilding Co., Ltd.
Hirokazu Kanai	currently, Group Officer, Head of Corporate Accounting & Tax Department
Tamaki Kakizaki	currently, Professor, Meiji University, School of Law
Daiken Tsunoda	currently, Partner, Nakamura Tsunoda & Matsumoto

Career Summary:

Apr. 2002	Associate Professor, Atomi University, Faculty of Management
Apr. 2008	Professor, Toyo University, Graduate School of Law
Apr. 2012	Professor, Yokohama National University, Graduate School of International Social Sciences
Apr. 2014	Professor, Meiji University, School of Law (current)

Name: Daiken Tsunoda

Date of Birth: Jan 29, 1967

Career Summary:

Apr. 1994	Admitted to the Tokyo Bar Association Joined Mori Sogo(currently Mori Hamada & Matsumoto)
Jan. 2001	Partner, Mori Sogo
Mar. 2003	Partner, Joined Nakamura Tsunoda (currently Nakamura Tsunoda & Matsumoto) (current)
Jun. 2004	Outside Auditor, Atlus Co., Ltd.
Sep. 2004	Outside Director, Polaris Principal Finance Co., Ltd.(currently Polaris Capital Group Co., Ltd.)
Jun. 2005	Outside Auditor, INES Corporation
Jul. 2007	Outside Auditor, Sealy Japan Co., Ltd. (currently Sleep Select Co., Ltd.) (current)
Apr. 2008	Outside Auditor, Mitsui Sumitomo Insurance Group Holdings, Incorporated (currently MS&AD Insurance Group Holdings, Inc.)
Apr. 2008	Outside Auditor, Japan Stockholders Data Service Company, Limited (current)
Apr. 2010	Outside Director, MS&AD Insurance Group Holdings, Inc. (current)
Mar. 2012	Outside Auditor, BILCOM, Inc.
Apr. 2014	Outside Director, Culture Convenience Club Co., Ltd. (current)
Mar. 2015	Outside Auditor, BILCOM, Inc. (current)

(6) Nominees for Corporate Officers

Representative Corporate Officer and CEO	Haruo Naito	currently, Representative Corporate Officer and CEO
Representative Corporate Officer	Hideki Hayashi	currently, Representative Corporate Officer, Japan Business and CIO Japan Business Dementia Solutions HQs Chief Information Officer (CEO Office)
Representative Corporate Officer	Yutaka Tsuchiya	currently, Representative Corporate Officer, Healthcare Policy and China Business Healthcare Policy Global Product Emergency Management Global Value & Access

Representative Corporate Officer	Hideshi Honda	currently, Representative Corporate Officer and Asia Region President President, Asia Region CEO's special mission
Executive Vice President	Takafumi Asano	currently, Executive Vice President President, Eisai Demand Chain Systems
Executive Vice President	Yasushi Okada	currently, Executive Vice President Chief Talent Officer Head of Talent Innovation Headquarters General Affairs, Environmental and Safety Affairs
Senior Vice President	Kenta Takahashi	currently, Senior Vice President General Counsel Intellectual Property
Senior Vice President	Edward Stewart Geary	currently, Senior Vice President Chief Medical Officer Head of Corporate Medical Affairs Headquarters Global Safety Board Chair
Senior Vice President	Yuji Matsue	currently, Senior Vice President Deputy Chief Talent Officer
Senior Vice President	Gary Hendler	currently, Senior Vice President Chief Commercial Officer, Oncology Business Group President, EMEA Region Chairman & CEO, Eisai Europe Ltd.
Senior Vice President	Terushige Iike	currently, Senior Vice President President, Oncology Business Group (CEO Office)
Senior Vice President	Ryohei Yanagi	currently, Senior Vice President Chief Financial Officer Chief IR Officer
Senior Vice President	Ivan Cheung	currently, Senior Vice President President, Neurology Business Group President, Americas Region Chairman & CEO, Eisai Inc. (CEO Office)
Vice President	Takashi Owa	currently, Vice President Chief Medicine Creation Officer, Oncology Business Group Chief Discovery Officer, Oncology Business Group

		Chief Clinical Officer, Neurology Business Group Chief Medical Officer, Neurology Business Group
Vice President	Sayoko Sasaki	currently, Vice President Corporate Affairs
Vice President	Junichi Asatani	currently, Vice President Chief Compliance Officer Internal Control
Vice President	Shaji Procida	currently, Vice President President & COO, Eisai Inc.
Vice President	Teiji Kimura	currently, Vice President Chief Discovery Officer, Neurology Business Group Head of Neurology Tsukuba Laboratory,