

Supplementary Materials for
Consolidated Financial Results for
the 1st Quarter of Fiscal Year 2013. 12 (IFRS)



CHUGAI PHARMACEUTICAL CO., LTD.



A member of the Roche group

- Notes: 1. Portions of this report that refer to performance forecasts or any other future events are believed to be reasonable under information available at the time of the forecasts. Actual results may materially differ from these forecasts due to potential risks and uncertainties.
2. Amounts shown in this report are rounded to the nearest 0.1 billion yen. Variance and % are calculated based on the amounts shown.
3. Exchange rates used for each period are as follows.

(Yen)

	Actual	Actual	Actual				Actual				Forecast
	FY2010	FY2011	FY2012				FY2013				FY2013
Average	1-12	1-12	1-3	1-6	1-9	1-12	1-3	1-6	1-9	1-12	1-12
	(Full-year)	(Full-year)	(YTD)	(YTD)	(YTD)	(Full-year)	(YTD)	(YTD)	(YTD)	(Full-year)	(Full-year)
CHF	84.17	89.86	86.01	85.82	84.43	85.12	99.19				95.00
EUR	116.32	110.92	103.91	103.39	101.69	102.59	121.80				115.00
USD	87.81	79.75	79.26	79.71	79.35	79.81	92.25				88.00
Actual	31 Dec.	31 Dec.	31 Mar.	30 Jun.	30 Sep.	31 Dec.	31 Mar.	30 Jun.	30 Sep.	31 Dec.	
CHF	87.17	82.59	90.95	82.30	82.79	94.16	99.11				
EUR	108.32	100.62	109.63	98.84	100.22	113.68	120.64				
USD	81.55	77.63	82.42	79.46	77.61	86.02	94.14				

Financial highlights (YTD)

(Billions of Yen)

		Pro forma	Actual				Actual							
		FY2011	FY2012				FY2013							
		1-12	1-3	1-6	1-9	1-12	1-3	Change (%)	1-6	Change (%)	1-9	Change (%)	1-12	Change (%)
		YTD	YTD	YTD	YTD	YTD	YTD		YTD		YTD		YTD	
Revenues		372.1	90.3	185.5	275.6	386.6	90.4	+0.1						
Sales		363.5	86.8	180.1	268.6	375.2	87.0	+0.2						
excl. Tamiflu		354.7	79.0	171.9	260.4	363.2	78.7	(0.4)						
Domestic		315.1	68.1	150.5	229.9	320.9	68.8	+1.0						
Sales to Roche		20.5	6.8	13.4	18.2	25.6	5.1	(25.0)						
Overseas		19.2	4.1	8.1	12.3	16.7	4.8	+17.1						
Tamiflu sales		8.7	7.8	8.1	8.2	12.0	8.3	+6.4						
Ordinary use		5.4	7.5	7.8	7.9	10.2	7.5	0.0						
Govt. stockpiles		3.3	0.4	0.4	0.4	1.9	0.8	+100.0						
Royalties and other operating income		8.6	3.5	5.4	7.0	11.3	3.4	(2.9)						
Cost of sales		(161.9)	(39.6)	(81.7)	(121.3)	(168.2)	(40.8)	+3.0						
(% of Sales)		44.5	45.6	45.4	45.2	44.8	46.9	—						
Gross profit		210.2	50.7	103.7	154.3	218.4	49.6	(2.2)						
(% of Revenues)		56.5	56.1	55.9	56.0	56.5	54.9	—						
Operating expenses		(150.7)	(32.9)	(67.3)	(103.5)	(143.7)	(35.0)	+6.4						
(% of Revenues)		40.5	36.4	36.3	37.6	37.2	38.7	—						
Marketing and distribution		(69.0)	(15.4)	(32.2)	(48.7)	(67.9)	(16.1)	+4.5						
(% of Revenues)		18.5	17.1	17.4	17.7	17.6	17.8	—						
Research and development		(70.5)	(15.8)	(31.1)	(48.3)	(66.6)	(16.5)	+4.4						
(% of Revenues)		18.9	17.5	16.8	17.5	17.2	18.3	—						
General and administration		(11.2)	(1.7)	(4.0)	(6.4)	(9.2)	(2.3)	+35.3						
(% of Revenues)		3.0	1.9	2.2	2.3	2.4	2.5	—						
Operating profit		59.4	17.9	36.4	50.8	74.7	14.7	(17.9)						
(% of Revenues)		16.0	19.8	19.6	18.4	19.3	16.3	—						
Financing costs		(1.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0						
Other financial income (expense)		2.2	(0.4)	(1.2)	(1.3)	(1.9)	(1.0)	+150.0						
Profit before taxes		60.6	17.5	35.2	49.5	72.7	13.7	(21.7)						
(% of Revenues)		16.3	19.4	19.0	18.0	18.8	15.2	—						
Income taxes		(18.0)	(6.6)	(13.1)	(18.1)	(25.8)	(4.5)	(31.8)						
Net income		42.6	10.9	22.0	31.4	46.8	9.2	(15.6)						
(% of Revenues)		11.4	12.1	11.9	11.4	12.1	10.2	—						
Attributable to														
Chugai shareholders		41.6	10.7	21.6	30.7	46.1	8.9	(16.8)						
Non-controlling interests		1.0	0.2	0.4	0.6	0.8	0.3	+50.0						
Earnings per share														
Basic (Yen)		76.37	19.68	39.75	56.48	84.62	16.35	(16.9)						
Diluted (Yen)		76.34	19.67	39.73	56.46	84.58	16.33	(17.0)						

Other financial income (expense) includes net amount of FX related gains/losses.

Financial highlights (QTR)

(Billions of Yen)

	Actual FY2012				Actual FY2013							
	1-3	4-6	7-9	10-12	1-3	Change (%)	4-6	Change (%)	7-9	Change (%)	10-12	Change (%)
	QTR	QTR	QTR	QTR	QTR		QTR		QTR		QTR	
Revenues	90.3	95.2	90.1	111.0	90.4	+0.1						
Sales	86.8	93.3	88.5	106.6	87.0	+0.2						
excl. Tamiflu	79.0	93.0	88.4	102.8	78.7	(0.4)						
Domestic	68.1	82.4	79.4	91.0	68.8	+1.0						
Sales to Roche	6.8	6.6	4.8	7.4	5.1	(25.0)						
Overseas	4.1	4.1	4.2	4.4	4.8	+17.1						
Tamiflu sales	7.8	0.3	0.1	3.8	8.3	+6.4						
Ordinary use	7.5	0.3	0.1	2.3	7.5	0.0						
Govt. stockpiles	0.4	–	–	1.5	0.8	+100.0						
Royalties and other operating income	3.5	1.9	1.6	4.3	3.4	(2.9)						
Cost of sales	(39.6)	(42.1)	(39.5)	(46.9)	(40.8)	+3.0						
(% of Sales)	45.6	45.1	44.6	44.0	46.9	–						
Gross profit	50.7	53.0	50.6	64.1	49.6	(2.2)						
(% of Revenues)	56.1	55.7	56.2	57.7	54.9	–						
Operating expenses	(32.9)	(34.5)	(36.2)	(40.3)	(35.0)	+6.4						
(% of Revenues)	36.4	36.2	40.2	36.3	38.7	–						
Marketing and distribution	(15.4)	(16.8)	(16.6)	(19.1)	(16.1)	+4.5						
(% of Revenues)	17.1	17.6	18.4	17.2	17.8	–						
Research and development	(15.8)	(15.4)	(17.1)	(18.3)	(16.5)	+4.4						
(% of Revenues)	17.5	16.2	19.0	16.5	18.3	–						
General and administration	(1.7)	(2.3)	(2.4)	(2.8)	(2.3)	+35.3						
(% of Revenues)	1.9	2.4	2.7	2.5	2.5	–						
Operating profit	17.9	18.6	14.4	23.8	14.7	(17.9)						
(% of Revenues)	19.8	19.5	16.0	21.4	16.3	–						
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0						
Other financial income (expense)	(0.4)	(0.9)	(0.1)	(0.6)	(1.0)	+150.0						
Profit before taxes	17.5	17.7	14.4	23.2	13.7	(21.7)						
(% of Revenues)	19.4	18.6	16.0	20.9	15.2	–						
Income taxes	(6.6)	(6.6)	(5.0)	(7.7)	(4.5)	(31.8)						
Net income	10.9	11.1	9.4	15.5	9.2	(15.6)						
(% of Revenues)	12.1	11.7	10.4	14.0	10.2	–						
Attributable to												
Chugai shareholders	10.7	10.9	9.1	15.3	8.9	(16.8)						
Non-controlling interests	0.2	0.2	0.3	0.1	0.3	+50.0						
Earnings per share												
Basic (Yen)	19.68	20.07	16.74	28.14	16.35	(16.9)						
Diluted (Yen)	19.67	20.06	16.73	28.12	16.33	(17.0)						

Other financial income (expense) includes net amount of FX related gains/losses.

Financial highlights (Core results YTD)

(Billions of Yen)

	Pro forma	Actual				Actual								Core Forecast (Jan 30th Announced)	
	FY2011	FY2012				FY2013								FY2013	
	1-12	1-3	1-6	1-9	1-12	1-3	Change (%)	1-6	Change (%)	1-9	Change (%)	1-12	Change (%)	1-12	Change (%)
	YTD	YTD	YTD	YTD	YTD	YTD		YTD		YTD		YTD		YTD	
Revenues	372.1	90.3	185.5	275.6	386.6	90.4	+0.1							416.0	+7.6
Sales	363.5	86.8	180.1	268.6	375.2	87.0	+0.2							394.3	+5.1
excl. Tamiflu	354.7	79.0	171.9	260.4	363.2	78.7	(0.4)							385.5	+6.1
Domestic	315.1	68.1	150.5	229.9	320.9	68.8	+1.0							329.3	+2.6
Sales to Roche	20.5	6.8	13.4	18.2	25.6	5.1	(25.0)							40.6	+58.6
Overseas	19.2	4.1	8.1	12.3	16.7	4.8	+17.1							15.6	(6.6)
Tamiflu sales	8.7	7.8	8.1	8.2	12.0	8.3	+6.4							8.8	(26.7)
Ordinary use	5.4	7.5	7.8	7.9	10.2	7.5	0.0							8.1	(20.6)
Govt. stockpiles	3.3	0.4	0.4	0.4	1.9	0.8	+100.0							0.8	(57.9)
Royalties and other operating income	8.6	3.5	5.4	7.0	11.3	3.4	(2.9)							21.7	+92.0
Cost of sales	(156.8)	(39.4)	(81.3)	(120.6)	(167.3)	(40.6)	+3.0							(183.2)	+9.5
(% of Sales)	43.1	45.4	45.1	44.9	44.6	46.7	-							46.5	-
Gross profit	215.3	50.9	104.2	155.0	219.3	49.9	(2.0)							232.8	+6.2
(% of Revenues)	57.9	56.4	56.2	56.2	56.7	55.2	-							56.0	-
Operating expenses	(149.5)	(32.8)	(67.3)	(103.5)	(143.7)	(34.8)	+6.1							(155.3)	+8.1
(% of Revenues)	40.2	36.3	36.3	37.6	37.2	38.5	-							37.3	-
Marketing and distribution	(68.4)	(15.4)	(32.2)	(48.7)	(67.9)	(16.1)	+4.5								
(% of Revenues)	18.4	17.1	17.4	17.7	17.6	17.8	-								
Research and development	(70.5)	(15.8)	(31.1)	(48.3)	(66.6)	(16.4)	+3.8								
(% of Revenues)	18.9	17.5	16.8	17.5	17.2	18.1	-								
General and administration	(10.6)	(1.7)	(4.0)	(6.4)	(9.2)	(2.3)	+35.3								
(% of Revenues)	2.8	1.9	2.2	2.3	2.4	2.5	-								
Operating profit	65.8	18.1	36.9	51.5	75.6	15.1	(16.6)							77.5	+2.5
(% of Revenues)	17.7	20.0	19.9	18.7	19.6	16.7	-							18.6	-
Financing costs	(1.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0								
Other financial income (expense)	2.2	(0.4)	(1.2)	(1.3)	(1.9)	(1.0)	+150.0								
Profit before taxes	66.9	17.7	35.6	50.2	73.6	14.1	(20.3)								
(% of Revenues)	18.0	19.6	19.2	18.2	19.0	15.6	-								
Income taxes	(20.6)	(6.6)	(13.3)	(18.4)	(26.2)	(4.6)	(30.3)								
Net income	46.4	11.1	22.3	31.8	47.4	9.5	(14.4)								
(% of Revenues)	12.5	12.3	12.0	11.5	12.3	10.5	-								
Attributable to															
Chugai shareholders	45.3	10.9	21.9	31.2	46.6	9.2	(15.6)								
Non-controlling interests	1.0	0.2	0.4	0.6	0.8	0.3	+50.0								
Weighted average number of shares and equity securities	544	544	544	544	544	545	-								
Core earnings per share (diluted) (Yen)	83.27	19.93	40.25	57.24	85.64	16.83	(15.6)							92.57	+8.1
Core payout ratio (%)	48.0				46.7									48.6	-
Dividend per share (Full year) (Yen)	40				40									45	-
Dividend per share (Half year) (Yen)	20				20									22	-

Please see page 5 "Reconciliation of IFRS results to Core results" for the detail of the adjustments.

Core earnings per share (diluted) (Yen) : Net income attributable to Chugai shareholders / Weighted average number of shares and equity securities in issue used to calculate diluted earnings per share.

Other financial income (expense) includes net amount of FX related gains/losses.

Financial highlights (Core results QTR)

(Billions of Yen)

	Actual				Actual							
	FY2012				FY2013							
	1-3	4-6	7-9	10-12	1-3	Change (%)	4-6	Change (%)	7-9	Change (%)	10-12	Change (%)
	QTR	QTR	QTR	QTR	QTR		QTR		QTR		QTR	
Revenues	90.3	95.2	90.1	111.0	90.4	+0.1						
Sales	86.8	93.3	88.5	106.6	87.0	+0.2						
excl. Tamiflu	79.0	93.0	88.4	102.8	78.7	(0.4)						
Domestic	68.1	82.4	79.4	91.0	68.8	+1.0						
Sales to Roche	6.8	6.6	4.8	7.4	5.1	(25.0)						
Overseas	4.1	4.1	4.2	4.4	4.8	+17.1						
Tamiflu sales	7.8	0.3	0.1	3.8	8.3	+6.4						
Ordinary use	7.5	0.3	0.1	2.3	7.5	0.0						
Govt. stockpiles	0.4	–	–	1.5	0.8	+100.0						
Royalties and other operating income	3.5	1.9	1.6	4.3	3.4	(2.9)						
Cost of sales	(39.4)	(41.9)	(39.3)	(46.7)	(40.6)	+3.0						
(% of Sales)	45.4	44.9	44.4	43.8	46.7	–						
Gross profit	50.9	53.2	50.8	64.3	49.9	(2.0)						
(% of Revenues)	56.4	55.9	56.4	57.9	55.2	–						
Operating expenses	(32.8)	(34.5)	(36.2)	(40.2)	(34.8)	+6.1						
(% of Revenues)	36.3	36.2	40.2	36.2	38.5	–						
Marketing and distribution	(15.4)	(16.8)	(16.6)	(19.1)	(16.1)	+4.5						
(% of Revenues)	17.1	17.6	18.4	17.2	17.8	–						
Research and development	(15.8)	(15.4)	(17.1)	(18.3)	(16.4)	+3.8						
(% of Revenues)	17.5	16.2	19.0	16.5	18.1	–						
General and administration	(1.7)	(2.3)	(2.4)	(2.8)	(2.3)	+35.3						
(% of Revenues)	1.9	2.4	2.7	2.5	2.5	–						
Operating profit	18.1	18.8	14.7	24.0	15.1	(16.6)						
(% of Revenues)	20.0	19.7	16.3	21.6	16.7	–						
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0						
Other financial income (expense)	(0.4)	(0.9)	(0.1)	(0.6)	(1.0)	+150.0						
Profit before taxes	17.7	17.9	14.6	23.4	14.1	(20.3)						
(% of Revenues)	19.6	18.8	16.2	21.1	15.6	–						
Income taxes	(6.6)	(6.6)	(5.1)	(7.8)	(4.6)	(30.3)						
Net income	11.1	11.3	9.5	15.6	9.5	(14.4)						
(% of Revenues)	12.3	11.9	10.5	14.1	10.5	–						
Attributable to												
Chugai shareholders	10.9	11.1	9.3	15.5	9.2	(15.6)						
Non-controlling interests	0.2	0.2	0.3	0.1	0.3	+50.0						
Core earnings per share (diluted) (Yen)	19.93	20.32	16.99	28.39	16.83	(15.6)						

Other financial income (expense) includes net amount of FX related gains/losses.

Reconciliation of IFRS results to Core results

(Billions of Yen)

	FY2012				FY2013			
	1-3				1-3			
	IFRS results	Intangible assets and Business combinations	Other eliminated items	Core results	IFRS results	Intangible assets and Business combinations	Other eliminated items	Core results
Revenues	90.3	–	–	90.3	90.4	–	–	90.4
Sales	86.8	–	–	86.8	87.0	–	–	87.0
Royalties and other operating income	3.5	–	–	3.5	3.4	–	–	3.4
Cost of sales	(39.6)	0.2	–	(39.4)	(40.8)	0.2	–	(40.6)
Gross profit	50.7	0.2	–	50.9	49.6	0.2	–	49.9
Operating expenses	(32.9)	–	0.0	(32.8)	(35.0)	0.0	0.2	(34.8)
Marketing and distribution	(15.4)	–	–	(15.4)	(16.1)	0.0	0.1	(16.1)
Research and development	(15.8)	–	–	(15.8)	(16.5)	0.0	0.1	(16.4)
General and administration	(1.7)	–	0.0	(1.7)	(2.3)	–	0.0	(2.3)
Operating profit	17.9	0.2	0.0	18.1	14.7	0.2	0.2	15.1
Financing costs	(0.0)	–	–	(0.0)	(0.0)	–	–	(0.0)
Other financial income (expense)	(0.4)	–	–	(0.4)	(1.0)	–	–	(1.0)
Profit before taxes	17.5	0.2	0.0	17.7	13.7	0.2	0.2	14.1
Income taxes	(6.6)	(0.1)	(0.0)	(6.6)	(4.5)	(0.1)	(0.0)	(4.6)
Net income	10.9	0.1	0.0	11.1	9.2	0.1	0.1	9.5
Attributable to								
Chugai shareholders	10.7	0.1	0.0	10.9	8.9	0.1	0.1	9.2
Non-controlling interests	0.2	–	–	0.2	0.3	–	–	0.3

Core results

Chugai discloses its results on a Core basis, in addition to IFRS results, from 2013 in conjunction with its decision to apply International Financial Reporting Standards (IFRS). Core results are the results after adjusting non-Core items of the Company to IFRS results, as well as realignment with the Core concept disclosed by Roche Holding Ltd. (“Roche”). Core results are used by the Company as an internal performance indicator, to help explain underlying business performance both internally and externally, and as the basis for performance evaluation and the payout ratio.

The table above shows the reconciliation of IFRS results into Core results. The detail is as below.

Intangible assets and Business combinations

Amortization of intangible assets (0.2 billion yen in 2012, 0.2 billion yen in 2013)

Impairment of intangible assets (none in 2012 and 2013)

Business combinations (none in 2012 and 2013)

Other eliminated items

Restructuring expenses, legal costs and environmental costs (Immaterial for FY2012, restructuring cost for FY2013 is 0.2 billion the others are immaterial)

Discontinued operations (none in FY2012 and FY2013)

Other profit or losses occurred from non-pharma business (none in FY2012 and FY2013)

Statements of revenues (YTD)

(Billions of Yen)

		Pro forma	Actual				Actual								Forecast (Jan 30th announced)	
		FY2011	FY2012				FY2013								FY2013	
		1-12	1-3	1-6	1-9	1-12	1-3	Change (%)	1-6	Change (%)	1-9	Change (%)	1-12	Change (%)	1-12	Change (%)
		YTD	YTD	YTD	YTD	YTD	YTD		YTD		YTD		YTD		Full-year	
Sales		363.5	86.8	180.1	268.6	375.2	87.0	+0.2							394.3	+5.1
Excl. Tamiflu		354.7	79.0	171.9	260.4	363.2	78.7	(0.4)							385.5	+6.1
Domestic		315.1	68.1	150.5	229.9	320.9	68.8	+1.0							329.3	+2.6
Oncology		141.8	32.7	72.4	111.3	156.1	35.5	+8.6							175.4	+12.4
Avastin		56.3	13.4	29.6	46.0	65.5	15.8	+17.9							76.6	+16.9
Herceptin		25.9	6.1	13.5	20.6	28.7	6.5	+6.6							30.4	+5.9
Rituxan		22.9	5.3	11.7	17.8	24.7	5.3	0.0							26.3	+6.5
Xeloda		10.0	2.4	5.2	7.9	10.9	2.6	+8.3							13.9	+27.5
Tarceva		8.3	1.9	4.5	6.9	9.5	2.0	+5.3							11.0	+15.8
Neutrogin		9.4	1.8	4.0	6.2	8.8	1.6	(11.1)							9.4	+6.8
Other products		9.1	1.8	4.0	5.9	8.2	1.7	(5.6)							7.8	(4.9)
Bone and joint diseases		66.1	13.6	30.3	46.9	66.3	12.2	(10.3)							54.3	(18.1)
Actemra		17.5	3.8	7.9	12.1	17.1	4.0	+5.3							19.1	+11.7
Suvenyl		12.9	2.7	5.9	9.0	12.3	2.5	(7.4)							13.2	+7.3
Edirol		1.3	0.6	2.6	4.8	7.9	2.8	+366.7							11.0	+39.2
Alfarol		11.2	2.2	4.4	6.2	8.1	1.5	(31.8)							6.7	(17.3)
Evista		18.5	3.4	7.7	11.6	16.1	(0.0)	(100.0)							—	(100.0)
Other products		4.6	0.9	1.9	3.2	4.7	1.4	+55.6							4.3	(8.5)
Renal diseases		50.6	10.3	22.9	34.8	48.1	10.2	(1.0)							52.0	+8.1
Mircera		5.9	3.0	7.5	12.2	17.8	4.3	+43.3							28.2	+58.4
Oxarol		12.2	2.7	5.9	8.9	12.3	2.6	(3.7)							12.7	+3.3
Epogin		28.8	3.9	7.7	11.1	14.5	2.5	(35.9)							8.6	(40.7)
Other products		3.8	0.8	1.7	2.6	3.6	0.8	0.0							2.5	(30.6)
Transplant, Immunology, and Infectious diseases		22.8	4.5	9.8	14.8	20.3	4.2	(6.7)							18.1	(10.8)
CellCept		5.7	1.4	3.1	4.7	6.5	1.5	+7.1							6.7	+3.1
Pegasys		8.3	1.6	3.4	5.1	6.9	1.3	(18.8)							5.7	(17.4)
Copegus		3.3	0.5	1.0	1.5	2.0	0.3	(40.0)							1.2	(40.0)
Other products		5.5	1.1	2.3	3.5	4.9	1.0	(9.1)							4.5	(8.2)
Others		33.7	6.9	15.0	22.2	30.1	6.8	(1.4)							29.6	(1.7)
Sigmart		11.1	2.2	4.7	6.9	9.5	1.9	(13.6)							8.9	(6.3)
Other products		22.6	4.8	10.3	15.3	20.5	4.8	0.0							20.6	+0.5
Overseas		39.7	10.9	21.5	30.5	42.3	9.9	(9.2)							56.1	+32.6
Actemra		20.5	6.8	13.4	18.2	25.6	5.1	(25.0)							40.8	+59.4
To Roche		20.5	6.8	13.4	18.2	25.6	5.1	(25.0)							40.6	+58.6
Neutrogin		15.6	3.4	6.7	10.3	13.9	3.9	+14.7							13.2	(5.0)
Other products		3.5	0.7	1.4	2.0	2.8	0.9	+28.6							2.2	(21.4)
Tamiflu		8.7	7.8	8.1	8.2	12.0	8.3	+6.4							8.8	(26.7)
Ordinary use		5.4	7.5	7.8	7.9	10.2	7.5	0.0							8.1	(20.6)
Govt. stockpiles		3.3	0.4	0.4	0.4	1.9	0.8	+100.0							0.8	(57.9)
Royalties and other operating income		8.6	3.5	5.4	7.0	11.3	3.4	(2.9)							21.7	+92.0
Revenues (total)		372.1	90.3	185.5	275.6	386.6	90.4	+0.1							416.0	+7.6
Domestic		327.8	78.1	161.2	240.9	338.0	78.1	0.0							349.0	+3.3
Overseas		44.3	12.2	24.2	34.7	48.6	12.3	+0.8							67.0	+37.9

Statements of revenues (QTR)

(Billions of Yen)

	Actual				Actual							
	FY2012				FY2013							
	1-3	4-6	7-9	10-12	1-3	Change (%)	4-6	Change (%)	7-9	Change (%)	10-12	Change (%)
	QTR	QTR	QTR	QTR	QTR		QTR		QTR		QTR	
Sales	86.8	93.3	88.5	106.6	87.0	+0.2						
Excl. Tamiflu	79.0	93.0	88.4	102.8	78.7	(0.4)						
Domestic	68.1	82.4	79.4	91.0	68.8	+1.0						
Oncology	32.7	39.7	38.8	44.9	35.5	+8.6						
Avastin	13.4	16.2	16.4	19.4	15.8	+17.9						
Herceptin	6.1	7.3	7.1	8.1	6.5	+6.6						
Rituxan	5.3	6.3	6.1	7.0	5.3	0.0						
Xeloda	2.4	2.8	2.7	3.0	2.6	+8.3						
Tarceva	1.9	2.6	2.4	2.6	2.0	+5.3						
Neutrogin	1.8	2.3	2.2	2.6	1.6	(11.1)						
Other products	1.8	2.2	2.0	2.2	1.7	(5.6)						
Bone and joint diseases	13.6	16.7	16.5	19.4	12.2	(10.3)						
Actemra	3.8	4.2	4.2	5.0	4.0	+5.3						
Suvenyl	2.7	3.2	3.0	3.3	2.5	(7.4)						
Edirol	0.6	1.9	2.3	3.1	2.8	+366.7						
Alfarol	2.2	2.2	1.8	2.0	1.5	(31.8)						
Evista	3.4	4.2	3.9	4.6	(0.0)	(100.0)						
Other products	0.9	1.0	1.4	1.5	1.4	+55.6						
Renal diseases	10.3	12.5	11.9	13.3	10.2	(1.0)						
Mircera	3.0	4.5	4.6	5.6	4.3	+43.3						
Oxarol	2.7	3.2	3.0	3.4	2.6	(3.7)						
Epogin	3.9	3.9	3.4	3.4	2.5	(35.9)						
Other products	0.8	1.0	0.9	0.9	0.8	0.0						
Transplant, Immunology, and Infectious diseases	4.5	5.3	5.0	5.6	4.2	(6.7)						
CellCept	1.4	1.6	1.6	1.9	1.5	+7.1						
Pegasys	1.6	1.8	1.7	1.8	1.3	(18.8)						
Copegus	0.5	0.6	0.4	0.5	0.3	(40.0)						
Other products	1.1	1.2	1.2	1.4	1.0	(9.1)						
Others	6.9	8.1	7.2	7.8	6.8	(1.4)						
Sigmart	2.2	2.5	2.2	2.6	1.9	(13.6)						
Other products	4.8	5.6	4.9	5.3	4.8	0.0						
Overseas	10.9	10.6	9.0	11.8	9.9	(9.2)						
Actemra	6.8	6.6	4.8	7.4	5.1	(25.0)						
To Roche	6.8	6.6	4.8	7.4	5.1	(25.0)						
Neutrogin	3.4	3.3	3.6	3.7	3.9	+14.7						
Other products	0.7	0.7	0.6	0.7	0.9	+28.6						
Tamiflu	7.8	0.3	0.1	3.8	8.3	+6.4						
Ordinary use	7.5	0.3	0.1	2.3	7.5	0.0						
Govt. stockpiles	0.4	-	-	1.5	0.8	+100.0						
Royalties and other operating income	3.5	1.9	1.6	4.3	3.4	(2.9)						
Revenues (total)	90.3	95.2	90.1	111.0	90.4	+0.1						
Domestic	78.1	83.1	79.6	97.1	78.1	0.0						
Overseas	12.2	12.1	10.5	13.8	12.3	+0.8						

Movements of assets and liabilities

(Billions of Yen)

	Pro forma	Actual				Actual											
	FY2011	FY2012				FY2013											
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31	vs. Mar. 31, 2012	vs. Dec. 31, 2012	Jun. 30	vs. Jun. 31, 2012	vs. Dec. 31, 2012	Sep. 30	vs. Sep. 30, 2012	vs. Dec. 31, 2012	Dec. 31	vs. Dec. 31, 2012	
Trade accounts receivable	110.2	92.6	97.4	97.6	115.7	97.5	4.9	(18.2)									
Inventories	102.8	99.8	98.8	100.6	108.4	116.2	16.4	7.8									
Trade accounts payable	(17.4)	(23.9)	(26.7)	(29.2)	(41.8)	(35.0)	(11.1)	6.8									
Other net working capital	(27.2)	(24.8)	(19.5)	(25.4)	(24.4)	(21.9)	2.9	2.5									
Net working capital	168.5	143.7	149.9	143.6	157.9	156.8	13.1	(1.1)									
Property, plant and equipment	143.4	141.5	141.5	142.6	143.1	141.3	(0.2)	(1.8)									
Intangible assets	6.5	6.3	6.5	6.4	6.5	6.6	0.3	0.1									
Other long-term assets –net	4.7	5.1	5.0	5.0	0.4	(2.8)	(7.9)	(3.2)									
Long-term net operating assets	154.6	152.9	153.1	154.0	150.0	145.2	(7.7)	(4.8)									
Net operating assets	323.1	296.6	303.0	297.6	307.9	301.9	5.3	(6.0)									
Debt	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	0.0	0.0									
Marketable securities	75.2	81.2	83.5	115.4	116.5	111.3	30.1	(5.2)									
Cash and cash equivalents	94.5	109.4	117.5	82.7	95.4	100.6	(8.8)	5.2									
Net cash	169.5	190.3	200.7	197.8	211.7	211.6	21.3	(0.1)									
Other non-operating assets – net	6.4	14.8	6.6	13.1	9.6	16.6	1.8	7.0									
Net non-operating assets	175.9	205.1	207.3	211.0	221.3	228.2	23.1	6.9									
Total net assets	499.0	501.7	510.3	508.6	529.2	530.1	28.4	0.9									
Total net assets																	
Total assets	587.3	587.2	596.9	598.7	645.3	632.2	45.0	(13.1)									
Total liabilities	(88.3)	(85.5)	(86.6)	(90.1)	(116.2)	(102.1)	(16.6)	14.1									
Attributable to																	
Chugai shareholders	497.8	500.6	509.1	507.6	528.0	529.1	28.5	1.1									
Non-controlling interests	1.2	1.1	1.2	0.9	1.2	1.1	0.0	(0.1)									

Other net working capital: accrued payable, accrued expenses etc

Other long-term assets: long term prepaid expenses, deferred income etc.

Other long-term non-operating assets: deferred income tax assets, accrued corporate tax.

Movements of assets and liabilities

The consolidated balance sheet has been prepared in accordance with IAS 1, “Presentation of Financial Statements”. On the other hand, “Movement of assets and liabilities” including net operating assets (NOA) are an independent reconfiguration of the consolidated balance sheet and are consistent with the NOA concepts disclosed by Roche. Furthermore, no items from the assets and liabilities of IFRS have been excluded, as the Core results concept only applies to the income statement.

The above table and the page that follows present details of trends in cash flows including FCF, as well as trends in assets and liabilities including NOA. The features of FCF and NOA are outlined as FCF reflects the ability to generate net cash from a management perspective after meeting the Company’s obligations to interest-bearing debt providers and shareholders.

Operating FCF includes adjustments for changes in working capital and cash flows before tax after deducting operating investments for tangible and intangible assets after recording the ability to generate cash by operating activities as operating cash flow after adjustment.

The concepts of operating profit, operating FCF and NOA are mutually consistent.

Movements of free cash flows

(Billions of Yen)

	Pro forma	Actual				Actual			
	FY2011	FY2012				FY2013			
	1-12	1-3	1-6	1-9	1-12	1-3	1-6	1-9	1-12
	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
Operating profit – IFRS basis	59.4	17.9	36.4	50.8	74.7	14.7			
Depreciation and impairment of PPE	14.3	3.2	6.4	9.9	13.6	3.5			
Amortization and impairment of intangible assets	0.8	0.2	0.4	0.7	0.9	0.2			
Other cash adjustment on operating profit	4.3	(1.9)	(1.7)	(1.8)	(0.9)	0.5			
Operating cash flow after adjustments	78.8	19.4	41.5	59.6	88.2	18.9			
(Increase) decrease in trade accounts receivable	3.0	16.6	11.7	11.5	(6.4)	18.4			
(Increase) decrease in inventories	0.9	3.1	4.7	2.8	(5.4)	(7.8)			
Increase (decrease) in trade accounts payable	(2.3)	6.5	9.4	11.8	24.3	(6.9)			
Other change in net working capitals	3.8	3.2	(3.0)	2.5	5.9	3.2			
Total (increase) decrease in net working capital	5.4	29.4	22.8	28.7	18.4	6.9			
Investment in PPE	(14.6)	(3.8)	(7.1)	(10.9)	(14.8)	(4.6)			
Investment in intangible assets	(0.6)	–	(0.3)	(0.5)	(0.8)	(0.2)			
Operating free cash flow	69.0	45.0	56.9	76.9	91.0	21.0			
as % of revenues	18.5%	49.8%	30.7%	27.9%	23.5%	23.2%			
Treasury activities (interest income/expenses, foreign exchange gains/losses etc.)	2.2	(1.3)	(0.1)	(0.9)	(3.5)	(0.0)			
Tax paid	(11.8)	(13.5)	(13.9)	(25.1)	(25.5)	(11.7)			
Dividends paid	(24.5)	(11.1)	(11.3)	(22.5)	(22.7)	(11.2)			
Free cash flow	34.9	19.1	31.5	28.4	39.3	(1.9)			
Transaction in own equity instruments	(0.0)	(0.0)	(0.0)	0.0	0.0	0.3			
Net effect of currency translationactions on net cash	(2.7)	1.8	(0.3)	(0.0)	2.8	1.5			
Net change in net cash	32.2	20.9	31.2	28.4	42.2	(0.1)			

Other adjustments to operating profit: adjustments for all non-cash income and expense items other than amortization expenses and impairment included in operating profit (such as loss on inventory differences, reserve for doubtful accounts, stock option expenses, loss on asset retirement, and increase/decrease in reserves) as well as all non-operating income and expense cash flows relating to net operating assets (NOA) (including proceeds from the sales of assets and reserve payments).

Increases and decreases in marketable securities and interest-bearing debt are included in net increases and decreases in net cash.

The movement of free cash flows (FCF)

The consolidated statement of cash flows has been prepared in accordance with IAS 7, “Statement of Cash Flows”. On the other hand, the Company prepares operating Free Cash Flow (FCF) for use as an internal management metric. This metric provides a defined mechanism that is a cohesive and consistent basis across operating profit, operating FCF, and NOA. In addition, this metric is also aligned to the FCF disclosed by Roche. FCF represents the IFRS consolidated statement of cash flows that has been reconfigured on different presentation basis with no eliminations such as the Core results.

Performance indicators

	Units	Pro forma	Actual					Actual				Forecast (Jan 30th announced)
		FY2011	FY2012					FY2013				FY2013
		1-12	1-3	1-6	1-9	1-12	1-3	1-6	1-9	1-12	1-12	1-12
		As of Dec. 31	As of Mar. 31	As of Jun. 30	As of Sep. 30	As of Dec. 31	As of Mar. 31	As of Jun. 30	As of Sep. 30	As of Dec. 31	As of Dec. 31	As of Dec. 31
Return on equity (ROE)	%	8.3	2.1	4.3	6.1	9.0	1.7					
Return on assets (ROA)	%	10.3	3.0	5.9	8.3	11.8	2.2					
Net income attributable to Chugai shareholders	%	84.8	85.3	85.3	84.8	81.8	83.7					
Book-value per share (BPS)	Yen	914.72	919.96	935.56	932.80	970.08	971.73					
Dividends on equity (DOE)	%	4.4	4.2									
Core return on net operating assets (Core RONO)	%	14.4	3.7	7.4	10.7	15.4	3.1					
Cash conversion cycle (CCC)	Month	10.0	9.0	8.5	8.6	8.5	9.3					
Net cash turnover period	Month	5.5	6.3	6.5	6.5	6.6	7.0					
Number of employees		6,779	6,760	6,886	6,863	6,836	6,812					
Investment on property, plant and equipment	Billions of Yen	15.9	1.2	5.7	10.0	14.2	1.7					15.5
Depreciation	Billions of Yen	12.8	3.2	6.3	9.9	13.3	3.5					13.5
Investment on intangible assets	Billions of Yen	0.6				0.8						
Amortization	Billions of Yen	0.8				0.9						

Core RONO: Core operating profit / Net operating assets

CCC: [Account receivable/Sales + (Inventories + Account payable)/Cost of sales]* passed months

Net cash turnover period: Net cash/Revenue* passed months

Return on equity (ROE), Return on assets (ROA) and Core return on net operating assets (Core RONO) are not annualized.

Development pipeline (as of April 25, 2013)

Development code (Compound number)	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<u>Oncology</u>					
RG1273 (RO4368451)	Breast cancer	Filed (12/05)	pertuzumab	Roche Perjeta	HER2 dimerization inhibitory humanized monoclonal antibody
	Breast cancer (adjuvant)	Phase III Multinational study	Injection		
RG1415 (Ro50-8231)	Non-small cell lung cancer (1st line) #	Filed (12/06)	erlotinib HCl Tarceva Oral	Roche / OSI Tarceva	EGFR tyrosine kinase inhibitor
RG435 (RO4876646)	Recurrent glioblastoma #	Filed (12/09)	bevacizumab Avastin Injection	Roche Avastin	Anti-VEGF(Vascular Endothelial Growth Factor) humanized monoclonal antibody
	Ovarian cancer #	Filed (12/10)			
	Glioblastoma #	Phase III Multinational study			
	Breast cancer (adjuvant) #	Phase III Multinational study			
RG3502 (RO5304020)	Breast cancer	Filed (13/01)	trastuzumab emtansine	Roche Kadcyla	Anti-HER2 antibody-drug conjugate (T-DM1)
	Gastric cancer	Phase II / III Multinational study			
RG3638 (RO5490258/ PRO143966)	Non-small cell lung cancer	Phase III Multinational study	onartuzumab Injection	Roche	Anti-Met humanized monoclonal antibody (MetMAb)
GA101 / RG7159 (RO5072759)	Indolent NHL	Phase III Multinational study	obinutuzumab Injection	Roche (Nippon Shinyaku)	Glycoengineered type II anti-CD20 monoclonal antibody
	Aggressive NHL	Phase III Multinational study			
GC33 / RG7686 (GC33/RO5137382)	Liver cancer	Phase II Multinational study	Injection	In-house	Anti-Glypican-3 humanized monoclonal antibody
				(Roche)	
RG340 (Ro09-1978)	Gastric cancer (adjuvant) #	Phase II	capecitabine Xeloda Oral	Roche Xeloda (Yakult Honsha)	Antimetabolite, 5-FU derivative

Development code (Compound number)	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
AF802 / RG7853 (CH5424802)	Non-small cell lung cancer	Phase I / II	Oral	In-house (Roche)	ALK inhibitor
		Phase I / II Overseas			
RG7204 (RO5185426)	Melanoma	Phase I / II	vemurafenib Oral	Roche Zelboraf	BRAF inhibitor
WT4869 (WT4869)	Myelodysplastic syndromes	- *	Injection	In-house / Dainippon Sumitomo Pharma	WT1 peptide cancer vaccine
	Solid tumors	- *			
WT2725 (WT2725)	Advanced cancer	- *	Injection	In-house / Dainippon Sumitomo Pharma	WT1 peptide cancer vaccine
CIF / RG7167 (RO4987655)	Solid tumors	Phase I	Oral	In-house (Roche)	MEK inhibitor
		Phase I Overseas			
CKI27 / RG7304 (RO5126766)	Solid tumors	Phase I	Oral	In-house (Roche)	Raf and MEK dual inhibitor
		Phase I Overseas			
PA799 (CH5132799)	Solid tumors	Phase I Overseas	Oral	In-house	PI3K class I inhibitor
RG7414 (RO5490248)	Solid tumors	Phase I	parsatuzumab Injection	Roche	Anti-EGFL7 humanized monoclonal antibody
<u>Bone and Joint Diseases</u>					
RG484 (Ro200-5450iv) (Ro200-5450po)	Osteoporosis	Filed (12/07)	ibandronate sodium hydrate Injection	Roche Boniva (US) / Bonviva (EU) (Taisho Pharmaceutical)	Bisphosphonate
		Phase III	ibandronate sodium hydrate Oral		

*: Joint development of cancer vaccine with Dainippon Sumitomo Pharma Co., Ltd. has been terminated

Development code (Compound number)	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
NRD101 (NRD101)	Enthesopathy (Lateral epicondylitis, Patellar tendinitis, Achilles tendinopathy, Plantar fasciitis) #	Phase III	sodium hyaluronate Suvenyl Injection	In-house	Sodium hyaluronate
<u>Autoimmune Diseases</u>					
MRA (MRA-SC)	Rheumatoid arthritis (new formulation: subcutaneous injection)	Approved (13/03)	tocilizumab Actemra / RoActemra(EU) Injection	In-house (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody
		Filed (12/12) Overseas			
SA237 (SA237)	Rheumatoid arthritis	Phase I	Injection	In-house	Anti-IL-6 receptor humanized monoclonal antibody
RG7415 (PRO155767)	Systemic lupus erythematosus (SLE)	Phase I	rontalizumab Injection	Roche	Anti-interferon alpha humanized monoclonal antibody
<u>Diabetes Mellitus</u>					
CSG452 (CSG452)	Type II diabetes	Phase III	tofogliflozin Oral	In-house (Kowa, Sanofi)	SGLT2 inhibitor
<u>Central Nervous System</u>					
RG1678 (RO4917838)	Schizophrenia	Phase III Multinational study	bitopertin Oral	Roche	Glycine reuptake inhibitor
RG7090 (RO4917523)	Major depressive disorder	Phase II Multinational study	Oral	Roche	mGluR5 antagonist
RG1450 (RO4909832)	Alzheimer's disease	Phase I	gantenerumab Injection	Roche/MorphoSys	Anti-amyloid-beta human monoclonal antibody
<u>Respiratory Diseases</u>					
RG3637 (RO5490255)	Asthma	Phase I Overseas	lebrikizumab Injection	Roche	Anti-IL-13 humanized monoclonal antibody

Development code (Compound number)	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<u>Others</u>					
CIM331 (CIM331)	Atopic dermatitis	Phase I	Injection	In-house	-
ACE910 (ACE910)	Hemophilia A	Phase I	Injection	In-house	Anti-factor IXa x anti-factor X humanized bispecific antibody
RG7652	Hyperlipidemia	Phase I Overseas	Injection	Roche	Anti-PCSK9 human monoclonal antibody

Changes from the last announcement on January 30, 2013

Oncology

-RG7414

-WT4869/WT2725

Phase I (Solid tumor: Starting development)

Joint development of cancer vaccine with Dainippon Sumitomo Pharma Co., Ltd. has been terminated

Autoimmune Diseases

-MRA(MRA-SC)

Filed → Approved (Rheumatoid arthritis (New formulation: subcutaneous formulation))

R&D Activities (Jan. 1, 2013 – April. 25, 2013)

As for clinical development activities in Japan, the Company saw progress as described below:

Oncology

- In January, we filed an application for an indication of breast cancer for the anti-HER2 antibody drug conjugate, RG3502.
- In March, we started a Phase I study (expected indication: solid tumor) for the anti-EGFL7 humanized monoclonal antibody, RG7414.
- In April, we decided to terminate the joint development of cancer vaccines, WT4869 and WT2725 with Dainippon Sumitomo Pharma Co., Ltd.
The ongoing Phase 1 clinical study of "WT4869" in Japan will continue to be jointly developed until completion of the studies. Subsequent clinical development for "WT4869", and the ongoing development for "WT2725" in the U.S. will be solely conducted by DSP.

Autoimmune diseases

- In March, we obtained an approval for a new formulation (subcutaneous formulation) of a humanized anti-human IL-6 receptor monoclonal antibody, MRA (product name: Actemra), for rheumatoid arthritis.

Major clinical trials in oncology field currently running in Japan

Theme	Expected Indication	Regimen	Stage	Planned Filing Date
RG1273 (pertuzumab)	Breast cancer (1st line)	RG597 + docetaxel ± RG1273	Filed in May 2012	-
	Breast cancer (adjuvant)	RG597 + chemotherapy ± RG1273	APHINITY study Phase III multinational study	Post 2016
RG1415 (erlotinib HCL) Tarceva	Non-small cell lung cancer (1st line)	RG1415	Filed in Jun. 2012	-
RG435 (bevacizumab) Avastin	Recurrent glioblastoma	RG435	Filed in Sep. 2012	-
	Glioblastoma (1st line)	temozolomide ± RG435	AVAglio study Phase III multinational study	2014
	Breast cancer (adjuvant)	standard chemotherapy ± RG435	BEATRICE study Phase III multinational study	2015
RG3502 (trastuzumab emtansine)	Breast cancer (1st line)	RG3502 ± RG1273	MARIANNE study Phase III multinational study	-
	Breast cancer (2nd line)	RG3502	Filed in Jan. 2013	
	Gastric cancer	RG3502 vs chemotherapy	Phase II / III multinational study	2015
GA101/ RG7159 (obinutuzumab)	Indolent NHL	GA101 + chemotherapy vs rituximab + chemotherapy (G-chemo vs R-chemo)	GALLIUM study Phase III multinational study	Post 2016
	Aggressive NHL	GA101 + CHOP vs rituximab + CHOP (G-CHOP vs R-CHOP)	GOYA study Phase III multinational study	Post 2016

Theme	Expected Indication	Regimen	Stage	Planned Filing Date
RG340 (capecitabine) Xeloda	Gastric cancer (adjuvant)	RG340 + oxaliplatin	Phase II	2014
RG3638 (onartuzumab)	Non-small cell lung cancer (2nd line or later)	RG3638 ± erlotinib	MetLung study Phase III multinational study	2015