

Supplementary Materials for
Consolidated Financial Results for
the 1st Quarter of Fiscal Year 2014. 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.

QTR

(Yen)

			Actual FY2013				Actual FY2014			
			1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
Average			QTR	QTR	QTR	QTR	QTR	QTR	QTR	QTR
CHF			99.19	104.66	106.15	111.15	115.17			
EUR			121.80	128.82	131.03	136.64	140.90			
USD			92.25	98.61	98.90	100.40	102.81			

YTD

	Actual FY2011	Actual FY2012	Actual FY2013				Actual FY2014				Forecast FY2014
	1-12	1-12	1-3	1-6	1-9	1-12	1-3	1-6	1-9	1-12	1-12
Average	Full-year	Full-year	YTD	YTD	YTD	Full-year	YTD	YTD	YTD	Full-year	Full-year
CHF	89.86	85.12	99.19	101.94	103.34	105.24	115.17				116.00
EUR	110.92	102.59	121.80	125.33	127.21	129.51	140.90				142.00
USD	79.75	79.81	92.25	95.43	96.59	97.54	102.81				104.00

Period-end

	Actual FY2011	Actual FY2012	Actual FY2013				Actual FY2014			
	31 Dec.	31 Dec.	31 Mar.	30 Jun.	30 Sep.	31 Dec.	31 Mar.	30 Jun.	30 Sep.	31 Dec.
CHF	82.59	94.16	99.11	104.05	108.46	118.42	115.93			
EUR	100.62	113.68	120.64	128.23	132.87	145.16	141.40			
USD	77.63	86.02	94.14	98.36	98.26	105.16	102.82			

Financial highlights (YTD)

(Billions of yen)

	Actual	Actual				Actual							
	FY2012	FY2013				FY2014							
	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	386.6	90.4	201.0	306.5	423.7	124.0	+37.2						
Sales	375.2	87.0	188.8	288.8	401.3	114.2	+31.3						
excl. Tamiflu	363.2	78.7	179.8	279.7	390.2	107.3	+36.3						
Domestic	320.9	68.8	152.0	234.4	329.2	85.2	+23.8						
Sales to Roche	25.6	5.1	18.4	31.3	42.9	16.9	+231.4						
Overseas	16.7	4.8	9.4	14.0	18.1	5.2	+8.3						
Tamiflu sales	12.0	8.3	9.0	9.0	11.0	6.9	(16.9)						
Ordinary use	10.2	7.5	8.2	8.2	10.1	6.8	(9.3)						
Govt. stockpiles etc.	1.9	0.8	0.8	0.8	0.9	0.1	(87.5)						
Royalties and other operating income	11.3	3.4	12.2	17.8	22.4	9.8	+188.2						
Cost of sales	(168.2)	(40.8)	(88.3)	(133.2)	(187.0)	(55.5)	+36.0						
(% of Sales)	44.8	46.9	46.8	46.1	46.6	48.6	-						
Gross profit	218.4	49.6	112.7	173.3	236.7	68.5	+38.1						
(% of Revenues)	56.5	54.9	56.1	56.5	55.9	55.2	-						
Operating expenses	(143.7)	(35.0)	(74.6)	(115.2)	(157.9)	(37.5)	+7.1						
(% of Revenues)	37.2	38.7	37.1	37.6	37.3	30.2	-						
Marketing and distribution	(67.9)	(16.1)	(34.1)	(52.0)	(71.6)	(16.6)	+3.1						
(% of Revenues)	17.6	17.8	17.0	17.0	16.9	13.4	-						
Research and development	(66.6)	(16.5)	(34.9)	(54.4)	(74.3)	(18.3)	+10.9						
(% of Revenues)	17.2	18.3	17.4	17.7	17.5	14.8	-						
General and administration	(9.2)	(2.3)	(5.6)	(8.8)	(12.1)	(2.6)	+13.0						
(% of Revenues)	2.4	2.5	2.8	2.9	2.9	2.1	-						
Operating profit	74.7	14.7	38.1	58.2	78.7	31.1	+111.6						
(% of Revenues)	19.3	16.3	19.0	19.0	18.6	25.1	-						
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0						
Other financial income (expense)	(1.9)	(1.0)	(1.2)	(1.4)	(1.8)	0.2	-						
Profit before taxes	72.7	13.7	36.9	56.7	76.9	31.3	+128.5						
(% of Revenues)	18.8	15.2	18.4	18.5	18.1	25.2	-						
Income taxes	(25.8)	(4.5)	(11.7)	(17.7)	(25.1)	(12.2)	+171.1						
Net income	46.8	9.2	25.3	39.0	51.9	19.1	+107.6						
(% of Revenues)	12.1	10.2	12.6	12.7	12.2	15.4	-						
Attributable to													
Chugai shareholders	46.1	8.9	24.7	38.2	50.9	18.8	+111.2						
Non-controlling interests	0.8	0.3	0.5	0.8	1.0	0.3	0.0						
Earnings per share													
Basic (yen)	84.62	16.35	45.46	70.09	93.47	34.46	+110.8						
Diluted (yen)	84.58	16.33	45.41	70.01	93.35	34.41	+110.7						

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

Financial highlights (QTR)

(Billions of yen)

	Actual FY2013				Actual FY2014							
	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	90.4	110.6	105.5	117.1	124.0	+37.2						
Sales	87.0	101.8	99.9	112.5	114.2	+31.3						
excl. Tamiflu	78.7	101.1	99.9	110.5	107.3	+36.3						
Domestic	68.8	83.2	82.4	94.8	85.2	+23.8						
Sales to Roche	5.1	13.3	12.9	11.6	16.9	+231.4						
Overseas	4.8	4.6	4.6	4.1	5.2	+8.3						
Tamiflu sales	8.3	0.7	0.0	2.0	6.9	(16.9)						
Ordinary use	7.5	0.7	0.0	1.9	6.8	(9.3)						
Govt. stockpiles etc.	0.8	–	–	0.1	0.1	(87.5)						
Royalties and other operating income	3.4	8.8	5.6	4.6	9.8	+188.2						
Cost of sales	(40.8)	(47.6)	(44.9)	(53.8)	(55.5)	+36.0						
(% of Sales)	46.9	46.8	44.9	47.8	48.6	–						
Gross profit	49.6	63.0	60.7	63.3	68.5	+38.1						
(% of Revenues)	54.9	57.0	57.5	54.1	55.2	–						
Operating expenses	(35.0)	(39.6)	(40.6)	(42.8)	(37.5)	+7.1						
(% of Revenues)	38.7	35.8	38.5	36.5	30.2	–						
Marketing and distribution	(16.1)	(18.0)	(17.9)	(19.6)	(16.6)	+3.1						
(% of Revenues)	17.8	16.3	17.0	16.7	13.4	–						
Research and development	(16.5)	(18.4)	(19.5)	(19.9)	(18.3)	+10.9						
(% of Revenues)	18.3	16.6	18.5	17.0	14.8	–						
General and administration	(2.3)	(3.3)	(3.2)	(3.3)	(2.6)	+13.0						
(% of Revenues)	2.5	3.0	3.0	2.8	2.1	–						
Operating profit	14.7	23.5	20.0	20.6	31.1	+111.6						
(% of Revenues)	16.3	21.2	19.0	17.6	25.1	–						
Financing costs	(0.0)	0.0	0.0	0.0	(0.0)	0.0						
Other financial income (expense)	(1.0)	(0.2)	(0.3)	(0.4)	0.2	–						
Profit before taxes	13.7	23.3	19.8	20.2	31.3	+128.5						
(% of Revenues)	15.2	21.1	18.8	17.3	25.2	–						
Income taxes	(4.5)	(7.2)	(6.1)	(7.3)	(12.2)	+171.1						
Net income	9.2	16.1	13.7	12.9	19.1	+107.6						
(% of Revenues)	10.2	14.6	13.0	11.0	15.4	–						
Attributable to												
Chugai shareholders	8.9	15.9	13.4	12.7	18.8	+111.2						
Non-controlling interests	0.3	0.2	0.3	0.2	0.3	0.0						
Earnings per share												
Basic (yen)	16.35	29.11	24.64	23.37	34.46	+110.8						
Diluted (yen)	16.33	29.07	24.61	23.34	34.41	+110.7						

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

Financial highlights (Core results YTD)

(Billions of yen)

	Actual	Actual				Actual								Forecast (Jan 30th Announced)	
	FY2012	FY2013				FY2014								FY2014	
	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	386.6	90.4	201.0	306.5	423.7	124.0	+37.2							451.0	+6.4
Sales	375.2	87.0	188.8	288.8	401.3	114.2	+31.3							427.0	+6.4
excl. Tamiflu	363.2	78.7	179.8	279.7	390.2	107.3	+36.3							418.2	+7.2
Domestic	320.9	68.8	152.0	234.4	329.2	85.2	+23.8							335.7	+2.0
Sales to Roche	25.6	5.1	18.4	31.3	42.9	16.9	+231.4							64.6	+50.6
Overseas	16.7	4.8	9.4	14.0	18.1	5.2	+8.3							17.9	(1.1)
Tamiflu sales	12.0	8.3	9.0	9.0	11.0	6.9	(16.9)							8.8	(20.0)
Ordinary use	10.2	7.5	8.2	8.2	10.1	6.8	(9.3)							8.8	(12.9)
Govt. stockpiles etc.	1.9	0.8	0.8	0.8	0.9	0.1	(87.5)							0.1	(88.9)
Royalties and other operating income	11.3	3.4	12.2	17.8	22.4	9.8	+188.2							24.0	+7.1
Cost of sales	(167.3)	(40.6)	(87.9)	(132.5)	(186.1)	(55.3)	+36.2							(213.0)	+14.5
(% of Sales)	44.6	46.7	46.6	45.9	46.4	48.4	-							49.9	-
Gross profit	219.3	49.9	113.1	174.0	237.6	68.8	+37.9							238.0	+0.2
(% of Revenues)	56.7	55.2	56.3	56.8	56.1	55.5	-							52.8	-
Operating expenses	(143.7)	(34.8)	(74.4)	(115.0)	(157.7)	(37.3)	+7.2							(167.0)	+5.9
(% of Revenues)	37.2	38.5	37.0	37.5	37.2	30.1	-							37.0	-
Marketing and distribution	(67.9)	(16.1)	(34.0)	(51.9)	(71.5)	(16.6)	+3.1								
(% of Revenues)	17.6	17.8	16.9	16.9	16.9	13.4	-								
Research and development	(66.6)	(16.4)	(34.8)	(54.3)	(74.1)	(18.2)	+11.0								
(% of Revenues)	17.2	18.1	17.3	17.7	17.5	14.7	-								
General and administration	(9.2)	(2.3)	(5.7)	(8.9)	(12.1)	(2.6)	+13.0								
(% of Revenues)	2.4	2.5	2.8	2.9	2.9	2.1	-								
Operating profit	75.6	15.1	38.7	59.0	79.9	31.4	+107.9							71.0	(11.1)
(% of Revenues)	19.6	16.7	19.3	19.2	18.9	25.3	-							15.7	-
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0								
Other financial income (expense)	(1.9)	(1.0)	(1.2)	(1.4)	(1.8)	0.2	-								
Profit before taxes	73.6	14.1	37.5	57.6	78.1	31.6	+124.1								
(% of Revenues)	19.0	15.6	18.7	18.8	18.4	25.5	-								
Income taxes	(26.2)	(4.6)	(11.9)	(18.1)	(25.5)	(12.3)	+167.4								
Net income	47.4	9.5	25.6	39.5	52.6	19.3	+103.2								
(% of Revenues)	12.3	10.5	12.7	12.9	12.4	15.6	-								
Attributable to															
Chugai shareholders	46.6	9.2	25.1	38.7	51.6	19.0	+106.5								
Non-controlling interests	0.8	0.3	0.5	0.8	1.0	0.3	0.0								
Weighted average number of shares in issue used to calculate diluted earnings per share (Millions of shares)	544	545	545	545	545	546	+0.2								
Core earnings per share (diluted) (yen)	85.64	16.83	46.06	70.99	94.69	34.82	+106.9							82.62	(12.7)
Core payout ratio (%)	46.7				47.5									54.5	-
Dividend per share (Full year) (yen)	40				45									45	-
Dividend per share (Half year) (yen)	20				22									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 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							
	FY2013				FY2014							
	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	90.4	110.6	105.5	117.1	124.0	+37.2						
Sales	87.0	101.8	99.9	112.5	114.2	+31.3						
excl. Tamiflu	78.7	101.1	99.9	110.5	107.3	+36.3						
Domestic	68.8	83.2	82.4	94.8	85.2	+23.8						
Sales to Roche	5.1	13.3	12.9	11.6	16.9	+231.4						
Overseas	4.8	4.6	4.6	4.1	5.2	+8.3						
Tamiflu sales	8.3	0.7	0.0	2.0	6.9	(16.9)						
Ordinary use	7.5	0.7	0.0	1.9	6.8	(9.3)						
Govt. stockpiles etc.	0.8	–	–	0.1	0.1	(87.5)						
Royalties and other operating income	3.4	8.8	5.6	4.6	9.8	+188.2						
Cost of sales	(40.6)	(47.3)	(44.6)	(53.6)	(55.3)	+36.2						
(% of Sales)	46.7	46.5	44.6	47.6	48.4	–						
Gross profit	49.9	63.3	60.9	63.6	68.8	+37.9						
(% of Revenues)	55.2	57.2	57.7	54.3	55.5	–						
Operating expenses	(34.8)	(39.6)	(40.6)	(42.7)	(37.3)	+7.2						
(% of Revenues)	38.5	35.8	38.5	36.5	30.1	–						
Marketing and distribution	(16.1)	(18.0)	(17.9)	(19.6)	(16.6)	+3.1						
(% of Revenues)	17.8	16.3	17.0	16.7	13.4	–						
Research and development	(16.4)	(18.4)	(19.5)	(19.8)	(18.2)	+11.0						
(% of Revenues)	18.1	16.6	18.5	16.9	14.7	–						
General and administration	(2.3)	(3.3)	(3.2)	(3.3)	(2.6)	+13.0						
(% of Revenues)	2.5	3.0	3.0	2.8	2.1	–						
Operating profit	15.1	23.6	20.3	20.9	31.4	+107.9						
(% of Revenues)	16.7	21.3	19.2	17.8	25.3	–						
Financing costs	(0.0)	0.0	0.0	0.0	(0.0)	0.0						
Other financial income (expense)	(1.0)	(0.2)	(0.3)	(0.4)	0.2	–						
Profit before taxes	14.1	23.5	20.1	20.5	31.6	+124.1						
(% of Revenues)	15.6	21.2	19.1	17.5	25.5	–						
Income taxes	(4.6)	(7.3)	(6.2)	(7.4)	(12.3)	+167.4						
Net income	9.5	16.2	13.9	13.1	19.3	+103.2						
(% of Revenues)	10.5	14.6	13.2	11.2	15.6	–						
Attributable to												
Chugai shareholders	9.2	15.9	13.6	12.9	19.0	+106.5						
Non-controlling interests	0.3	0.2	0.3	0.2	0.3	0.0						
Core earnings per share (diluted) (yen)	16.83	29.23	24.93	23.71	34.82	+106.9						

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

Reconciliation of IFRS results to Core results

(Billions of yen)

	FY2013				FY2014			
	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	90.4	–	–	90.4	124.0	–	–	124.0
Sales	87.0	–	–	87.0	114.2	–	–	114.2
Royalties and other operating income	3.4	–	–	3.4	9.8	–	–	9.8
Cost of sales	(40.8)	0.2	–	(40.6)	(55.5)	0.2	–	(55.3)
Gross profit	49.6	0.2	–	49.9	68.5	0.2	–	68.8
Operating expenses	(35.0)	0.0	0.2	(34.8)	(37.5)	0.0	0.1	(37.3)
Marketing and distribution	(16.1)	0.0	0.1	(16.1)	(16.6)	0.0	–	(16.6)
Research and development	(16.5)	0.0	0.1	(16.4)	(18.3)	0.0	0.1	(18.2)
General and administration	(2.3)	–	0.0	(2.3)	(2.6)	–	0.0	(2.6)
Operating profit	14.7	0.2	0.2	15.1	31.1	0.3	0.1	31.4
Financing costs	(0.0)	–	–	(0.0)	(0.0)	–	–	(0.0)
Other financial income (expense)	(1.0)	–	–	(1.0)	0.2	–	–	0.2
Profit before taxes	13.7	0.2	0.2	14.1	31.3	0.3	0.1	31.6
Income taxes	(4.5)	(0.1)	(0.0)	(4.6)	(12.2)	(0.1)	(0.0)	(12.3)
Net income	9.2	0.1	0.1	9.5	19.1	0.2	0.1	19.3
Attributable to								
Chugai shareholders	8.9	0.1	0.1	9.2	18.8	0.2	0.1	19.0
Non-controlling interests	0.3	–	–	0.3	0.3	–	–	0.3

Core results

Chugai discloses its results on a Core basis from 2013 in conjunction with its decision to apply IFRS. Core results are the results after adjusting non-Core items to IFRS results, and are consistent with the Core concept disclosed by Roche. Core results are used by Chugai as an internal performance indicator, for explaining the underlying business performance both internally and externally, and as the basis for payment-by-results such as a return to shareholders.

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 2013 and 0.3 billion yen in 2014)

Impairment of intangible assets (none in 2013 and 2014)

Business combinations (none in 2013 and 2014)

Other eliminated items

Restructuring expenses, (0.2 billion yen in 2013 and 0.1 billion yen in 2014)

Legal costs and environmental costs (immaterial in 2013 and 2014)

Discontinued operations (none in 2013 and 2014)

Other profit or losses occurred from non-pharma business (none in 2013 and 2014)

Statements of revenues (YTD)

(Billions of yen)

	Actual	Actual					Actual										Forecast (Jan 30th announced)	
		FY2013					FY2014										FY2014	
		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		375.2	87.0	188.8	288.8	401.3	114.2	+31.3							427.0	+6.4		
Excl. Tamiflu		363.2	78.7	179.8	279.7	390.2	107.3	+36.3							418.2	+7.2		
Domestic		320.9	68.8	152.0	234.4	329.2	85.2	+23.8							335.7	+2.0		
Oncology		156.1	35.5	78.7	121.5	172.4	45.4	+27.9							178.9	+3.8		
Avastin		65.5	15.8	34.8	53.7	75.4	20.1	+27.2							81.2	+7.7		
Herceptin		28.7	6.5	14.4	21.9	30.9	8.1	+24.6							30.0	(2.9)		
Rituxan		24.7	5.3	12.0	18.6	26.2	6.4	+20.8							26.9	+2.7		
Tarceva		9.5	2.0	4.6	7.2	10.4	2.9	+45.0							11.3	+8.7		
Xeloda		10.9	2.6	5.5	8.3	11.3	2.8	+7.7							10.8	(4.4)		
Neutrogin		8.8	1.6	3.7	5.8	8.1	1.3	(18.8)							5.8	(28.4)		
Perjeta		-	-	-	0.5	2.4	2.0	-							4.7	+95.8		
Kadcyla		-	-	-	-	-	-	-							1.9	-		
Other products		8.2	1.7	3.7	5.5	7.6	1.8	+5.9							6.3	(17.1)		
Bone and joint diseases		66.3	12.2	27.5	43.0	60.6	17.6	+44.3							67.3	+11.1		
Actemra		17.1	4.0	9.1	14.3	20.4	5.9	+47.5							22.4	+9.8		
Edirol		7.9	2.8	6.4	10.3	15.0	5.0	+78.6							17.6	+17.3		
Suvenyl		12.3	2.5	5.7	8.8	11.9	2.6	+4.0							11.8	(0.8)		
Alfarol		8.1	1.5	3.2	4.8	6.4	1.2	(20.0)							5.0	(21.9)		
Bonviva		-	-	-	0.2	0.5	0.7	-							3.9	+680.0		
Other products		20.8	1.4	3.1	4.7	6.3	2.1	+50.0							6.7	+6.3		
Renal diseases		48.1	10.2	22.5	34.9	48.9	11.7	+14.7							45.8	(6.3)		
Mircera		17.8	4.3	9.8	15.7	22.5	5.9	+37.2							24.6	+9.3		
Oxarol		12.3	2.6	5.7	8.8	12.2	3.0	+15.4							11.2	(8.2)		
Epogin		14.5	2.5	5.2	7.8	10.5	1.8	(28.0)							6.7	(36.2)		
Other products		3.6	0.8	1.7	2.6	3.7	0.9	+12.5							3.3	(10.8)		
Transplant, Immunology, and Infectious diseases		20.3	4.2	9.2	13.9	18.8	4.7	+11.9							17.3	(8.0)		
CellCept		6.5	1.5	3.4	5.2	7.2	1.6	+6.7							6.2	(13.9)		
Pegasys		6.9	1.3	2.8	4.1	5.5	1.5	+15.4							5.1	(7.3)		
Copegus		2.0	0.3	0.7	1.0	1.3	0.6	+100.0							1.8	+38.5		
Other products		4.9	1.0	2.3	3.5	4.8	1.0	0.0							4.3	(10.4)		
Others		30.1	6.8	14.2	21.2	28.6	5.9	(13.2)							26.3	(8.0)		
Sigmart		9.5	1.9	4.2	6.3	8.6	1.7	(10.5)							7.3	(15.1)		
Other products		20.5	4.8	10.0	14.9	20.0	4.2	(12.5)							19.0	(5.0)		
Overseas		42.3	9.9	27.8	45.3	61.1	22.1	+123.2							82.5	+35.0		
Actemra		25.6	5.1	18.5	31.5	43.2	17.0	+233.3							65.1	+50.7		
To Roche		25.6	5.1	18.4	31.3	42.9	16.9	+231.4							64.6	+50.6		
Neutrogin		13.9	3.9	7.6	11.4	14.7	4.2	+7.7							14.8	+0.7		
Other products		2.8	0.9	1.8	2.4	3.1	0.8	(11.1)							2.6	(16.1)		
Tamiflu		12.0	8.3	9.0	9.0	11.0	6.9	(16.9)							8.8	(20.0)		
Ordinary use		10.2	7.5	8.2	8.2	10.1	6.8	(9.3)							8.8	(12.9)		
Govt. stockpiles etc.		1.9	0.8	0.8	0.8	0.9	0.1	(87.5)							0.1	(88.9)		
Royalties and other operating income		11.3	3.4	12.2	17.8	22.4	9.8	+188.2							24.0	+7.1		
Revenues		386.6	90.4	201.0	306.5	423.7	124.0	+37.2							451.0	+6.4		
Domestic		338.0	78.1	168.3	252.1	350.8	98.7	+26.4							354.5	+1.1		
Overseas		48.6	12.3	32.7	54.4	72.9	25.3	+105.7							96.5	+32.4		

'Other products' in Bone and joint diseases area contain 16.1billion yen 'Evista' which Chugai terminated co-marketing at the end of fiscal year 2012.

Kadcyla sales forecast has individually disclosed from consolidated financial results announcement for the 1st quarter on April 24th. Sales forecast for this fiscal year is unchanged from the announcement of January 30th.

Statements of revenues (QTR)

(Billions of yen)

	Actual				Actual							
	FY2013				FY2014							
	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	87.0	101.8	99.9	112.5	114.2	+31.3						
Excl. Tamiflu	78.7	101.1	99.9	110.5	107.3	+36.3						
Domestic	68.8	83.2	82.4	94.8	85.2	+23.8						
Oncology	35.5	43.2	42.8	50.9	45.4	+27.9						
Avastin	15.8	19.0	18.8	21.8	20.1	+27.2						
Herceptin	6.5	7.8	7.6	9.0	8.1	+24.6						
Rituxan	5.3	6.7	6.6	7.6	6.4	+20.8						
Tarceva	2.0	2.6	2.6	3.2	2.9	+45.0						
Xeloda	2.6	3.0	2.8	3.0	2.8	+7.7						
Neutrogen	1.6	2.1	2.1	2.3	1.3	(18.8)						
Perjeta	–	–	0.5	1.9	2.0	–						
Kadcyla	–	–	–	–	–	–						
Other products	1.7	2.0	1.8	2.1	1.8	+5.9						
Bone and joint diseases	12.2	15.3	15.5	17.6	17.6	+44.3						
Actemra	4.0	5.1	5.2	6.1	5.9	+47.5						
Edirol	2.8	3.6	3.9	4.7	5.0	+78.6						
Suvenyl	2.5	3.2	3.1	3.2	2.6	+4.0						
Alfarol	1.5	1.7	1.6	1.7	1.2	(20.0)						
Bonviva	–	–	0.2	0.3	0.7	–						
Other products	1.4	1.7	1.5	1.6	2.1	+50.0						
Renal diseases	10.2	12.3	12.4	14.0	11.7	+14.7						
Mircera	4.3	5.5	5.8	6.8	5.9	+37.2						
Oxarol	2.6	3.2	3.0	3.5	3.0	+15.4						
Epogin	2.5	2.7	2.6	2.7	1.8	(28.0)						
Other products	0.8	0.9	0.9	1.0	0.9	+12.5						
Transplant, Immunology, and Infectious diseases	4.2	5.0	4.7	4.9	4.7	+11.9						
CellCept	1.5	1.9	1.8	2.0	1.6	+6.7						
Pegasys	1.3	1.5	1.3	1.3	1.5	+15.4						
Copegus	0.3	0.4	0.3	0.2	0.6	+100.0						
Other products	1.0	1.3	1.2	1.3	1.0	0.0						
Others	6.8	7.4	7.0	7.4	5.9	(13.2)						
Sigmart	1.9	2.2	2.1	2.3	1.7	(10.5)						
Other products	4.8	5.1	4.9	5.1	4.2	(12.5)						
Overseas	9.9	17.9	17.5	15.7	22.1	+123.2						
Actemra	5.1	13.4	13.0	11.7	17.0	+233.3						
To Roche	5.1	13.3	12.9	11.6	16.9	+231.4						
Neutrogen	3.9	3.6	3.9	3.3	4.2	+7.7						
Other products	0.9	0.9	0.7	0.7	0.8	(11.1)						
Tamiflu	8.3	0.7	0.0	2.0	6.9	(16.9)						
Ordinary use	7.5	0.7	0.0	1.9	6.8	(9.3)						
Govt. stockpiles etc.	0.8	–	–	0.1	0.1	(87.5)						
Royalties and other operating income	3.4	8.8	5.6	4.6	9.8	+188.2						
Revenues	90.4	110.6	105.5	117.1	124.0	+37.2						
Domestic	78.1	90.2	83.8	98.6	98.7	+26.4						
Overseas	12.3	20.4	21.7	18.5	25.3	+105.7						

Movements of assets and liabilities (Assets, Liabilities, and Net Assets)

(Billions of yen)

	Actual	Actual					Actual									
	FY2012	FY2013					FY2014									
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31	vs. Mar. 31, 2013	vs. Dec. 31, 2013	Jun. 30	vs. Jun. 30, 2013	vs. Dec. 31, 2013	Sep. 30	vs. Sep. 30, 2013	vs. Dec. 31, 2013	Dec. 31	vs. Dec. 31, 2013
Trade accounts receivable	115.7	97.5	109.2	102.6	111.1	121.4	23.9	10.3								
Inventories	108.4	116.2	114.1	128.6	128.5	129.5	13.3	1.0								
Trade accounts payable	(41.8)	(35.0)	(33.6)	(42.6)	(35.9)	(43.9)	(8.9)	(8.0)								
Other net working capital	(24.4)	(21.9)	(18.6)	(20.9)	(26.6)	(19.9)	2.0	6.7								
Net working capital	157.9	156.8	171.1	167.7	177.1	187.0	30.2	9.9								
Property, plant and equipment	143.1	141.3	139.9	138.4	140.4	139.4	(1.9)	(1.0)								
Intangible assets	6.5	6.6	7.2	8.4	9.5	9.4	2.8	(0.1)								
Other long-term assets – net	0.4	(2.8)	(2.1)	(2.5)	(1.8)	(1.9)	0.9	(0.1)								
Long-term net operating assets	150.0	145.2	145.0	144.3	148.1	147.0	1.8	(1.1)								
Net operating assets	307.9	301.9	316.1	312.0	325.2	333.9	32.0	8.7								
Debt	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)	0.1	0.0								
Marketable securities	116.5	111.3	122.9	112.5	119.6	115.5	4.2	(4.1)								
Cash and cash equivalents	95.4	100.6	100.5	112.4	115.1	115.0	14.4	(0.1)								
Net cash	211.7	211.6	223.2	224.6	234.4	230.3	18.7	(4.1)								
Other non-operating assets – net	9.6	16.6	9.6	15.3	13.6	13.1	(3.5)	(0.5)								
Net non-operating assets	221.3	228.2	232.7	239.9	248.0	243.4	15.2	(4.6)								
Total net assets	529.2	530.1	548.8	551.9	573.2	577.4	47.3	4.2								
Total net assets																
Total assets	645.3	632.2	654.5	671.6	697.2	701.6	69.4	4.4								
Total liabilities	(116.2)	(102.1)	(105.7)	(119.7)	(124.0)	(124.2)	(22.1)	(0.2)								
Attributable to																
Chugai shareholders	528.0	529.1	547.4	550.7	571.7	576.0	46.9	4.3								
Non-controlling interests	1.2	1.1	1.4	1.2	1.5	1.4	0.3	(0.1)								

Trade accounts receivable: trade receivable and notes receivable

Trade accounts payable: trade payable and notes payable

Other net working capital: accrued receivable (other receivable), accrued payable (other payable), accrued expenses (other current liabilities) etc.

Other long-term assets – net: long-term prepaid expenses, long-term provisions etc.

Other non-operating assets – net: deferred income tax assets, current income tax liabilities etc.

Movements of assets and liabilities

The consolidated balance sheet has been prepared in accordance with the IAS No. 1, “Presentation of Financial Statements”. On the other hand, “Movements of assets and liabilities” including net operating assets (NOA) are a reconfiguration of the consolidated balance sheet as internal indicators and are identical to the indicators 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.

Movements of free cash flows

(Billions of yen)

	Actual	Actual					Actual			
	FY2012	FY2013					FY2014			
	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	74.7	14.7	38.1	58.2	78.7		31.1			
Depreciation and impairment of property, plant and equipment	13.6	3.5	7.2	11.8	15.2		3.4			
Amortization and impairment of intangible assets	0.9	0.2	0.5	0.7	1.1		0.3			
Other cash adjustment on operating profit	(0.9)	0.5	1.3	2.0	2.3		1.4			
Operating profit, net of operating cash adjustments	88.2	18.9	47.2	72.7	97.3		36.1			
(Increase) decrease in trade accounts receivable	(6.4)	18.4	6.8	13.4	4.9		(10.3)			
(Increase) decrease in inventories	(5.4)	(7.8)	(6.1)	(20.7)	(20.5)		(1.9)			
Increase (decrease) in trade accounts payable	24.3	(6.9)	(8.4)	0.7	(6.0)		8.0			
Other change in net working capital	5.9	3.2	(1.9)	0.1	1.9		(3.2)			
Total (increase) decrease in net working capital	18.4	6.9	(9.7)	(6.6)	(19.7)		(7.4)			
Investment in property, plant and equipment	(14.8)	(4.6)	(6.5)	(9.4)	(11.3)		(5.6)			
Investment in intangible assets	(0.8)	(0.2)	(0.4)	(1.7)	(3.4)		(0.7)			
Operating free cash flow	91.0	21.0	30.6	55.0	63.0		22.4			
as % of revenues	23.5%	23.2%	15.2%	17.9%	14.9%		18.1%			
Treasury activities (interest income/expenses, foreign exchange gains/losses etc.)	(3.5)	(0.0)	0.5	0.2	(0.2)		(0.3)			
Tax paid	(25.5)	(11.7)	(11.9)	(23.4)	(23.8)		(12.9)			
Dividends paid	(22.7)	(11.2)	(11.4)	(23.7)	(23.9)		(12.8)			
Free cash flow	39.3	(1.9)	7.8	8.2	15.0		(3.6)			
Transaction in own equity instruments	0.0	0.3	0.6	0.6	0.8		0.3			
Net effect of currency translation on net cash	2.8	1.5	3.1	4.1	6.9		(0.8)			
Net change in net cash	42.2	(0.1)	11.5	13.0	22.7		(4.1)			

Other cash adjustment on 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, 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).

Operating free cash flow (FCF): 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 activities as operating profit, net of operating cash adjustments.

Free cash flow: the ability to generate net cash from a management perspective after deducting tax, dividends, and other payments from operating FCF.

Net change in net cash: increases and decreases in marketable securities and interest-bearing debt are included.

The concepts of operating profit, operating FCF and movements of assets and liabilities including NOA presented in the previous page are mutually consistent.

Movements of free cash flows

The consolidated statement of cash flows has been prepared in accordance with the IAS No. 7, "Statement of Cash Flows". The FCF is a reconfiguration of the consolidated statement of cash flows as internal indicators and is identical to the indicators disclosed by Roche. Furthermore, no items from the FCF have been excluded, as the Core results concept only applies to the income statement.

Performance indicators

	Units	Actual	Actual					Actual				Forecast (Jan 30th announced)
		FY2012	FY2013					FY2014				FY2014
		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
Ratio of net income to equity attributable to Chugai shareholders (ROE)	%	9.0	1.7	4.6	7.1	9.3	3.3					
Ratio of profit before taxes to total assets (ROA)	%	11.8	2.2	5.7	8.6	11.5	4.5					
Ratio of equity attributable to Chugai shareholders	%	81.8	83.7	83.6	82.0	82.0	82.1					
Equity per share attributable to Chugai shareholders (BPS)	Yen	970.08	971.73	1,005.19	1,011.10	1,049.47	1,057.03					
Ratio of dividends to equity attributable to Chugai shareholders (DOE)	%	4.2	4.5									
Core return on net operating assets (Core RONO)	%	15.4	3.1	8.1	12.7	16.2	5.8					
Cash conversion cycle (CCC)	Months	8.5	9.3	8.9	9.0	9.3	7.8					
Net cash turnover period	Months	6.6	7.0	6.7	6.6	6.6	5.6					
Number of employees		6,836	6,812	6,898	6,881	6,872	6,904					
Investment on property, plant and equipment	Billions of yen	14.2	1.7	4.1	7.5	13.0	2.5					18.0
Depreciation	Billions of yen	13.3	3.5	6.9	10.3	13.5	3.4					14.0
Investment on intangible assets	Billions of yen	0.8				4.0						
Amortization	Billions of yen	0.9				1.0						

Core RONO: Core operating profit / Net operating assets

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

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

Ratio of net income to equity attributable to Chugai shareholders (ROE), Ratio of profit before taxes to total assets (ROA), and Core return on net operating assets (Core RONO) are not annualized.

Development pipeline (as of April 24, 2014)

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>					
RG435 (RO4876646)	Ovarian cancer #	Approved (13/11)	bevacizumab Avastin Injection	Roche Avastin	Anti-VEGF(Vascular Endothelial Growth Factor) humanized monoclonal antibody
	Breast cancer (adjuvant) #	Phase III Multinational study			
RG3502 (RO5304020)	Breast cancer	Launched (14/04)	trastuzumab emtansine Kadcyla Injection	Roche Kadcyla	Anti-HER2 antibody-tubulin polymerization inhibitor conjugate
	Breast cancer (adjuvant) #	Phase III Multinational study			
	Gastric cancer #	Phase II / III Multinational study			
AF802 / RG7853 (CH5424802/RO5424802)	Non-small cell lung cancer	Filed (13/10)	alectinib	In-house	ALK inhibitor
		Phase I / II Overseas	Oral	(Roche)	
RG7204 (RO5185426)	Melanoma	Filed (14/04)	vemurafenib Oral	Roche Zelboraf	BRAF inhibitor
RG1273 (RO4368451)	Breast cancer (adjuvant) #	Phase III Multinational study	pertuzumab Perjeta Injection	Roche Perjeta	HER2 dimerization inhibitory humanized monoclonal antibody
	Gastric cancer #	Phase III Multinational study			
GA101 / RG7159 (RO5072759)	Indolent NHL	Phase III Multinational study	obinutuzumab Injection	Roche Gazyva (Nippon Shinyaku)	Glycoengineered type II anti-CD20 monoclonal antibody
	Aggressive NHL	Phase III Multinational study			
RG7446 (MPDL3280A)	Non-small cell lung cancer	Phase III Multinational study	Injection	Roche	Engineered anti-PDL1 monoclonal antibody

Development code (Compound number)	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
GC33 / RG7686 (GC33/RO5137382)	Liver cancer	Phase II Multinational study	Injection	In-house (Roche)	Anti-Glypican-3 humanized monoclonal antibody
RG340 (Ro09-1978)	Gastric cancer (adjuvant) #	Phase II	capecitabine Xeloda Oral	Roche Xeloda (Yakult Honsha)	Antimetabolite, 5-FU derivative
CKI27 / RG7304 (RO5126766)	Solid tumors	Phase I	Oral	In-house	Raf and MEK dual inhibitor
		Phase I Overseas		(Roche)	
RG7321 (GDC-0941)	Solid tumors	Phase I	pictilisib Oral	Roche	PI3K inhibitor
RG3638 (RO5490258/ PRO143966)	Non-small cell lung cancer	Development Discontinued	onartuzumab Injection	Roche	Anti-Met humanized monoclonal antibody (MetMAB)
RG7414 (RO5490248)	Solid tumors	Development Discontinued	parsatuzumab Injection	Roche	Anti-EGFL7 humanized monoclonal antibody
<u>Bone and Joint Diseases</u>					
RG484 (Ro200-5450po)	Osteoporosis	Phase III	Ibandronic acid Bonviva Oral	Roche Boniva (US) / Bonviva (EU) (Taisho Pharmaceutical)	Bisphosphonate
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)	Filed (12/12) EU	tocilizumab Actemra / RoActemra(EU) Injection	In-house (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody

Development code (Compound number)	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
MRA (RO4877533)	Giant cell arteritis #	Phase III Overseas	tocilizumab Actemra / RoActemra(EU) Injection	In-house (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody
	Systemic sclerosis #	Phase II Overseas			
SA237 (SA237)	Neuromyelitis optica (NMO)	Phase III Multinational study*	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>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
RG1577 (RO4602522)	Alzheimer's disease	Phase I	Oral	Roche	MAO-B inhibitor
<u>Respiratory Diseases</u>					
RG3637 (RO5490255)	Asthma	Phase III Multinational study	lebrikizumab Injection	Roche	Anti-IL-13 humanized monoclonal antibody
<u>Others</u>					
CIM331 (CIM331)	Atopic dermatitis	Phase II Multinational study*	Injection	In-house	Anti-IL-31 receptor 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
ACE910 (ACE910)	Hemophilia A	Phase I / II	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
URC102 (URC102)	Gout	Phase I Overseas	Oral	In-house (JW Pharmaceutical)	URAT1 inhibitor

* Multinational study managed by Chugai

Changes from the last announcement on January 30, 2014

Oncology

-RG3502

Approved → Launched (Breast cancer)

Phase III multinational study (Breast cancer adjuvant: development started)

-RG7204

Phase I/II → Filed (Melanoma)

-RG7446(MPDL3280A)

Phase I (Solid tumors) → Phase III multinational study (Non-small cell lung cancer)

-RG3638

Phase III multinational study (Non-small cell lung cancer) → Development discontinued

-RG7414

Phase I (Solid tumors)→ Development discontinued

Autoimmune Diseases

-SA237

Phase I (Rheumatoid arthritis) → Phase III multinational study (Neuromyelitis optica)

R&D Activities (Jan. 30, 2014 – Apr. 24, 2014)

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

Oncology

- We launched the anti-HER2 antibody-tubulin polymerization inhibitor conjugate RG3502 (product name: Kadcyla) for the indication of HER2-positive inoperable or recurrent breast cancer on April 18. In January, we started a Phase III multinational study (expected indication: breast cancer (adjuvant)).
- We filed an application for the BRAF inhibitor RG7204 in April for the indication of melanoma with BRAF^{V600} mutation.
- We started a Phase III multinational study (expected indication: non-small cell lung cancer) for the engineered anti-PDL1 monoclonal antibody, RG7446 in February.
- An independent data monitoring committee recommended to stop a Phase III multinational study (the METLung study) for the humanized anti-Met monoclonal antibody RG3638 in March. Accordingly, we decided to discontinue development of RG3638 for non-small cell lung cancer in April.
- We decided to discontinue development of the anti-EGFL7 humanized monoclonal antibody RG7414 in February since predetermined efficacy criteria were not satisfied in overseas clinical trials. A Phase I study has been in progress for solid tumors.
- We deleted the MEK inhibitor CIF and the PI3K inhibitor PA799 from our development pipeline with due consideration for priorities.

Autoimmune diseases

- We started a Phase III multinational study (expected indication: Neuromyelitis optica) for the humanized anti-human IL-6 receptor monoclonal antibody SA237 in February.

Major clinical trials in oncology field currently running in Japan

Theme	Expected Indication	Regimen	Stage	Planned Filing Date
RG435 (bevacizumab) Avastin	Breast cancer (adjuvant)	standard chemotherapy ± RG435	BEATRICE study Phase III multinational study	2015
RG3502 (trastuzumab emtansine) Kadcyla	Breast cancer (1st line)	trastuzumab + chemotherapy vs RG3502 ± RG1273	MARIANNE study Phase III multinational study	-
	Breast cancer (adjuvant)	RG3502 + RG1273 vs. trastuzumab + RG1273 + chemotherapy	KAITLIN study Phase III multinational study	Post 2017
	Gastric cancer	RG3502 vs chemotherapy	GATSBY study Phase II / III multinational study	2015
RG1273 (pertuzumab) Perjeta	Breast cancer (adjuvant)	trastuzumab + chemotherapy ± RG1273	APHINITY study Phase III multinational study	Post 2017
	Gastric cancer	trastuzumab + chemotherapy ± RG1273	JACOB study Phase III multinational study	Post 2017
GA101/ RG7159 (obinutuzumab)	Indolent NHL	GA101 + chemotherapy vs rituximab + chemotherapy (G-chemo vs R-chemo)	GALLIUM study Phase III multinational study	Post 2017
	Aggressive NHL	GA101 + CHOP vs rituximab + CHOP (G-CHOP vs R-CHOP)	GOYA study Phase III multinational study	2016
RG7446 (MPDL3280A)	Non-small cell lung cancer	RG7446 vs. docetaxel	OAK study Phase III multinational study	2016
RG340 (capecitabine) Xeloda	Gastric cancer (adjuvant)	RG340 + oxaliplatin	Phase II	2014