



CHUGAI PHARMACEUTICAL CO., LTD.

A member of the Roche group

CONSOLIDATED FINANCIAL STATEMENTS (IFRS) (Non-Audited)

(for the first quarter of fiscal year 2015)

Name of Company: Chugai Pharmaceutical Co., Ltd. April 22, 2015
 Stock Listing: Tokyo Stock Exchange
 Security Code No.: 4519 (URL <http://www.chugai-pharm.co.jp/english>)
 Representative: Osamu Nagayama, Representative Director, Chairman and CEO
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 Date of Submission of Quarterly Marketable Securities Filings: April 28, 2015
 Date on which Dividend Payments to Commence: —
 Supplementary Materials Prepared for the Quarterly Financial Statements: Yes
 Presentation Held to Explain the Quarterly Financial Statements: Yes (for institutional investors and securities analysts)

(Note: Amounts of less than one million yen are rounded.)

1. Consolidated results for the first quarter of FY 2015 (January 1, 2015–March 31, 2015)

(1) Consolidated results

	Revenues	% change	Operating profit	% change	Profit before taxes	% change
First three months of FY 2015	¥117,083 million	(5.6)	¥20,750 million	(33.3)	¥21,174 million	(32.3)
First three months of FY 2014	¥124,045 million	37.2	¥31,089 million	112.0	¥31,263 million	128.9

	Net income	% change	Net income attributable to Chugai shareholders	% change	Total comprehensive income	% change
First three months of FY 2015	¥14,819 million	(22.3)	¥14,582 million	(22.3)	¥11,460 million	(31.5)
First three months of FY 2014	¥19,080 million	107.6	¥18,776 million	111.0	¥16,727 million	39.8

	Net income per share (Basic)	Net income per share (Diluted)
First three months of FY 2015	¥26.73	¥26.68
First three months of FY 2014	¥34.46	¥34.41

Notes: 1. Percentages represent changes compared with the same period of the previous fiscal year.

2. The item "Attributable to Chugai shareholders" excludes the portion attributable to non-controlling interests.

(2) Consolidated results (balance sheet)

	Total assets	Total equity	Equity attributable to Chugai shareholders	Ratio of equity attributable to Chugai shareholders
As of Mar. 31, 2015	¥727,259 million	¥594,942 million	¥593,775 million	81.6%
As of Dec. 31, 2014	¥739,538 million	¥597,756 million	¥596,099 million	80.6%

Note: The item "Attributable to Chugai shareholders" excludes the portion attributable to non-controlling interests.

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
FY ended Dec. 2014	—	¥22.00	—	¥26.00	¥48.00
FY ending Dec. 2015	—				
FY ending Dec. 2015 (Forecast)		¥26.00	—	¥26.00	¥52.00

Note: Whether the most recent dividend forecast has been revised: No

3. Consolidated forecasts for the FY 2015 (January 1, 2015–December 31, 2015)

	Revenues	% change	Core operating profit	% change	Core earnings per share		Core dividend payout ratio %
First three months of FY 2015 (Results)	¥117,083 million	24.1	¥21,475 million	25.3	¥27.54	26.4	—
FY ending Dec. 2015 (Forecast)	¥486,500 million	5.5	¥85,000 million	10.0	¥104.42	9.9	49.8

Notes: 1. Percentages shown for forecasts of revenues, Core operating profit and Core EPS represent changes from the same period of the previous fiscal year. Percentages for results represent the percentage of forecast levels that have been achieved to date.

2. Whether the most recent forecasts for consolidated figures have been revised: No

3. The figures for the consolidated forecasts and actuals are calculated based on Core basis indicators established by Chugai and used on a consistent basis. Core EPS is net income per share attributable to Chugai shareholders on a core basis after full dilution for latent shares.

4. Others

(1) Changes in the state of material subsidiaries during the period (Changes in the state of specific subsidiaries attendant with change in scope of consolidation): None

(2) Changes in accounting principles and changes in accounting estimates

(a) Changes in accounting principles required by IFRS: None

(b) Changes in accounting principles other than those in (a) above: None

(c) Changes in accounting estimates: None

(3) Number of shares issued (common stock):

(a) Number of shares at the end of the period (including treasury stock)

(b) Number of treasury stock at the end of the period

(c) Average number of shares issued during the period (three months)

As of Mar. 31, 2015	559,685,889	As of Dec. 31, 2014	559,685,889
As of Mar. 31, 2015	14,063,641	As of Dec. 31, 2014	14,258,437
First three months of FY 2015	545,487,887	First three months of FY 2014	544,789,781

Notes:

Items related to the status of the implementation of quarterly reviews

At the time of disclosure of these quarterly consolidated financial statements, review procedures were in progress for the quarterly financial statements based on the Financial Instruments and Exchange Act.

Explanation of the appropriate use of performance forecasts and other related items

(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) The forecast which is published for shareholders and investors is based on the internal management indicator Core basis. The difference between International Financial Reporting Standards (“IFRS”) results and Core results will be explained at each event and presentation.

(3) For the specifics of the forecasts, please refer to “Forecast for consolidated performance” on page 5.

(4) Chugai Pharmaceutical Co., Ltd. (“Chugai”) is scheduled to hold a conference call for investors as noted below. The contents of the call will be posted on the Company’s website immediately following the conclusion of the conference call.

Teleconference for institutional investors and securities analysts (Japanese only): April 22, 2015, Wednesday (Japan time). The English translation of the conference call will be posted on the website on the next business day.

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1. Qualitative Information

(1) Consolidated operating results in billions of yen

	First three months of FY 2015.12 (Jan. 1, 2015–Mar. 31, 2015)	First three months of FY 2014.12 (Jan. 1, 2014–Mar. 31, 2014)	% change
Core results			
Revenues	117.1	124.0	(5.6)
Sales (excluding Tamiflu)	106.7	107.3	(0.6)
Tamiflu sales	6.7	6.9	(2.9)
Royalties and other operating income	3.7	9.8	(62.2)
Cost of sales	(57.4)	(55.3)	+3.8
Gross profit	59.7	68.8	(13.2)
Marketing and distribution	(16.6)	(16.6)	+0.0
Research and development	(18.6)	(18.2)	+2.2
General and administration	(3.0)	(2.6)	+15.4
Operating profit	21.5	31.4	(31.5)
Net income	15.3	19.3	(20.7)
IFRS results			
Revenues	117.1	124.0	(5.6)
Operating profit	20.7	31.1	(33.4)
Net income	14.8	19.1	(22.5)

Consolidated financial highlights (IFRS results)

Revenues for the first quarter under review were ¥117.1 billion (a decrease of 5.6% year on year), operating profit for the first quarter under review was ¥20.7 billion (a decrease of 33.4% year on year), and net income for the first quarter under review was ¥14.8 billion (a decrease of 22.5% year on year). These results include non-Core items, such as amortization of intangible assets of ¥0.4 billion, impairment of intangible assets of ¥0.3 billion, environmental expenses of ¥0.1 billion, and other items, which are excluded from the Core results that Chugai adopts to manage recurring business activities.

Consolidated financial highlights (Core results)

Revenues for the first quarter under review were ¥117.1 billion (a decrease of 5.6% year on year) due to a substantial decline in royalties and other operating income.

Of revenues, sales excluding Tamiflu were ¥106.7 billion (a decrease of 0.6% year on year). Chugai reported sales that were more or less comparable with the levels of the same period of the previous fiscal year, due to the steady growth of new products and major products, despite a temporary rise in demand for some products in view of the increase in consumption tax in the same period of the previous fiscal year. Meanwhile, royalties and other operating income declined to ¥3.7 billion (a decrease of 62.2% year on year), due to the year-on-year decrease in milestone income.

Gross profit amounted to ¥59.7 billion (a decrease of 13.2% year on year) due mainly to the decline in royalties and other operating income.

Marketing and distribution expenses were comparable to the levels of the same period of the previous fiscal year at ¥16.6 billion (an increase of 0.0% year on year) and research and development expenses were ¥18.6 billion (an increase of 2.2% year on year), due mainly to the depreciation of the yen. In addition, general and administration expenses were ¥3.0 billion (an increase of 15.4% year on year) due to the increase in expenditures including those associated with PR activities for the purpose of enhancing corporate brand recognition.

As a result, Core operating profit was ¥21.5 billion (a decrease of 31.5% year on year). Core net income was ¥15.3 billion (a decrease of 20.7% year on year), due to the improvements in other financial income (expense) and the reduction of the tax burden ratio due mainly to the changes in the taxation system.

Note: 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 status of recurring profits both internally and externally, and as the basis for payment-by-results.

For further details regarding the adjustment to IFRS results, please refer to the Supplementary Materials on page 5, entitled “Reconciliation of IFRS results to Core results”.

Sales by product domain in billions of yen

	First three months of FY 2015.12 (Jan. 1, 2015–Mar. 31, 2015)	First three months of FY 2014.12 (Jan. 1, 2014–Mar. 31, 2014)	% change
Sales	113.4	114.2	(0.7)
Domestic sales (excluding Tamiflu)	83.9	85.2	(1.5)
Oncology	47.7	45.4	+5.1
Bone and joint diseases	17.6	17.6	+0.0
Renal diseases	9.9	11.7	(15.4)
Transplant, immunology, and infectious diseases	3.4	4.7	(27.7)
Others	5.3	5.9	(10.2)
Tamiflu sales	6.7	6.9	(2.9)
Ordinary use	6.7	6.8	(1.5)
Government stockpiles	0.0	0.1	(100.0)
Overseas sales	22.8	22.1	+3.2

Domestic sales (excluding Tamiflu)

Domestic sales excluding Tamiflu were ¥83.9 billion (a decrease of 1.5% year on year). Chugai reported sales that were more or less comparable with the levels of the same period of the previous fiscal year, due to the steady growth of new products and major products, despite a temporary rise in demand for some products in view of the increase in consumption tax in the same period of the previous fiscal year.

Oncology products sales were ¥47.7 billion (an increase of 5.1% year on year). This increase was due to the steady expansion in sales of major oncology drugs such as Perjeta (an anti-HER2 humanized monoclonal antibody, anti-cancer agent) and Avastin (an anti-VEGF humanized monoclonal antibody, anti-cancer agent). In addition, there was a contribution by the two new products launched in 2014, which are Kadcyla (an anti-HER2 antibody - tubulin polymerization inhibitor conjugate) launched in April 2014 and Alecensa (an ALK inhibitor, anti-cancer agent) launched in September 2014. Sales of Zelboraf (a BRAF inhibitor, anti-cancer agent) launched in February 2015 were ¥0.1 billion.

Bone and joint diseases products sales were ¥17.6 billion (an increase of 0.0% year on year). Sales were comparable to the levels of the same period of the previous fiscal year, which witnessed a temporary rise in demand in view of the increase in consumption tax, as a result of the strong sales of major bone and joint diseases products such as Edirof, a top brand in the domestic market of oral therapeutic agents for osteoporosis and Actemra (a humanized anti-IL-6 receptor monoclonal antibody).

Renal diseases product sales amounted to ¥9.9 billion (a decrease of 15.4% year on year). This was due to a decline in sales of Mircera (a long-lasting erythropoiesis-stimulating agent) as a result of a temporary rise in demand in view of the increase in consumption tax in the same period of the previous fiscal year, as well as a decline in sales of Epogin (a recombinant human erythropoietin agent) resulting from the effects of the NHI drug price revisions in April 2014.

In the area of transplant, immunology, and infectious diseases products (excluding Tamiflu), sales were ¥3.4 billion (a decrease of 27.7% year on year) due to a substantial decline in sales of Pegasys (a peginterferon- α -2a agent) and Copegus (an anti-viral agent), as a result of the new triple combination therapy for chronic hepatitis C having run its course and a newly launched 3rd party product.

Tamiflu sales

Sales of Tamiflu (an anti-influenza agent) for ordinary use were ¥6.7 billion (a decrease of 1.5% year on year), while sales to government stockpiles etc. were less than ¥0.1 billion.

Overseas sales

Overseas sales were ¥22.8 billion (an increase of 3.2% year on year), due to the depreciation of the yen and an increase of Actemra exports to Roche in volume.

(2) Consolidated financial position**Assets, liabilities, and net assets** in billions of yen

	March 31, 2015	December 31, 2014	% change
Movements of assets and liabilities			
Net working capital	189.0	209.4	(9.7)
Long-term net operating assets	149.4	148.4	+0.7
Net operating assets (NOA)	338.4	357.7	(5.4)
Net cash	237.8	229.9	+3.4
Other non-operating assets - net	18.8	10.2	+84.3
Total net assets	594.9	597.8	(0.5)
Consolidated balance sheet (IFRS basis)			
Total assets	727.3	739.5	(1.6)
Total liabilities	(132.3)	(141.8)	(6.7)
Total net assets	594.9	597.8	(0.5)

Net working capital at March 31, 2015 was ¥189.0 billion (a decrease of ¥20.4 billion since December 31, 2014). This was due to the accelerated collection of accounts receivable-trade of domestic sales and the increase of accounts payable-trade in conjunction with the increase in raw materials purchased from Roche. Long-term net operating assets remained mostly the same from the end of the previous fiscal year at ¥149.4 billion. As a result, net operating assets (NOA) were ¥338.4 billion, ¥19.3 billion lower than at the end of the previous fiscal year.

As the table entitled “Cash flows” on the next page indicates, net cash, including marketable securities and interest-bearing debt, increased by ¥7.9 billion since December 31, 2014 to ¥237.8 billion. Also, other non-operating assets - net increased by ¥8.6 billion since the end of the previous fiscal year to ¥18.8 billion mainly due to a decrease in current income tax liabilities due to tax payment, offsetting a decrease in deferred tax assets resulting from a change in the tax rate and a decrease in foreign exchange contracts assets.

As a consequence, total net assets were ¥594.9 billion (a decrease of ¥2.9 billion since December 31, 2014).

Note: Movements of assets and liabilities

The consolidated balance sheet has been prepared in accordance with the International Accounting Standards (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.

For further details, please refer to the Supplementary Materials on page 8, entitled “Movements of assets and liabilities”.

Cash flows in billions of yen

	First three months of FY 2015.12 (Jan. 1, 2015–Mar. 31, 2015)	First three months of FY 2014.12 (Jan. 1, 2014–Mar. 31, 2014)	% change
Movements of free cash flows			
Operating profit - IFRS basis	20.7	31.1	(33.4)
Operating profit, net of operating cash adjustments	25.0	36.1	(30.7)
Operating free cash flows	39.2	22.4	+75.0
Free cash flows	10.8	(3.6)	—
Net change in net cash	7.9	(4.1)	—
Consolidated statement of cash flows (IFRS basis)			
Cash flows from operating activities	33.3	15.4	+116.2
Cash flows from investing activities	(7.8)	(2.7)	+188.9
Cash flows from financing activities	(14.3)	(12.5)	+14.4
Net change in cash and cash equivalents	9.6	(0.1)	—
Cash and cash equivalents at March 31	123.6	115.0	+7.5

Operating profit, net of operating cash adjustments, are calculated by adjusting for depreciation and other items that are included in operating profit but are not accompanied by cash inflows or outflows and all inflows and outflows related to NOA that are not accompanied by profit and loss, which amounted to ¥25.0 billion. The principal items influencing this result were a total of ¥3.4 billion in depreciation of property, plant and equipment.

Operating free cash flows, which are calculated by adding a decrease in net working capital of ¥21.4 billion and subtracting expenditures of ¥7.2 billion for the purchase of property, plant and equipment and intangible assets from operating profit, net of operating cash adjustments, amounted to a net inflow of ¥39.2 billion. Factors accounting for the change in net working capital are as shown on the previous page in the table entitled “Assets, liabilities, and net assets”. Purchases of property, plant and equipment were mainly expenditures for buildings and equipment of the laboratories and plants.

Free cash flows were a net cash inflow of ¥10.8 billion. This is calculated by subtracting a total of ¥28.4 billion of non-operating cash outflows from financial asset management, income taxes paid, and dividends paid from operating free cash flows.

As a result, the net change in net cash, after foreign currency translation adjustments, was an increase of ¥7.9 billion in comparison with the end of the previous fiscal year. The net change in cash and cash equivalents, excluding changes in marketable securities and interest-bearing debt, was a net cash inflow on an IFRS basis of ¥9.6 billion. The cash and cash equivalents balance at the end of this period amounted to ¥123.6 billion.

Note: Movements of free cash flows (FCF)

The consolidated statement of cash flows has been prepared in accordance with the International Accounting Standard (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.

For further details, please refer to the Supplementary Materials on page 9, entitled “Movements of free cash flows”.

(3) Forecast for consolidated performance

Chugai has not made any changes in its forecast of consolidated results for the fiscal year ending December 31, 2015 since the announcement regarding the forecast issued on January 28, 2015.

Note: In “1. Qualitative Information”, amounts less than ¥0.1 billion have been rounded to the nearest ¥0.1 billion. Figures for changes in amounts and percentages have been calculated using data denominated in ¥0.1 billion units.

2. Other Information

(1) Changes in the state of material subsidiaries during the period

None

(2) Changes in accounting principles and changes in accounting estimates

None

3. Interim Condensed Consolidated Financial Statements

(1) Interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income

1) Interim condensed consolidated income statement in millions of yen

	First three months ended March 31	
	2015	2014
Revenues	117,083	124,045
Sales	113,404	114,234
Royalties and other operating income	3,679	9,810
Cost of sales	(57,740)	(55,502)
Gross profit	59,343	68,543
Marketing and distribution	(16,629)	(16,604)
Research and development	(18,954)	(18,295)
General and administration	(3,010)	(2,556)
Operating profit	20,750	31,089
Financing costs	(30)	(15)
Other financial income (expense)	454	189
Profit before taxes	21,174	31,263
Income taxes	(6,354)	(12,183)
Net income	14,819	19,080
Attributable to:		
Chugai shareholders	14,582	18,776
Non-controlling interests	237	304
Earnings per share		
Basic (yen)	26.73	34.46
Diluted (yen)	26.68	34.41

2) Interim condensed consolidated statement of comprehensive income in millions of yen

	First three months ended March 31	
	2015	2014
Net income recognized in income statement	14,819	19,080
Other comprehensive income		
Remeasurements of defined benefit plans	(309)	-
Items that will not be reclassified to the income statement	(309)	-
Available-for-sale investments	1,039	224
Cash flow hedges	(276)	(1,612)
Currency translation of foreign operations	(3,814)	(965)
Items that may be reclassified subsequently to the income statement	(3,051)	(2,353)
Other comprehensive income, net of tax	(3,360)	(2,353)
Total comprehensive income	11,460	16,727
Attributable to:		
Chugai shareholders	11,375	16,460
Non-controlling interests	85	267

(2) Interim condensed consolidated balance sheet in millions of yen

	March 31, 2015	December 31, 2014
Assets		
Non-current assets:		
Property, plant and equipment	140,672	140,245
Intangible assets	11,815	11,286
Financial non-current assets	12,557	10,755
Deferred tax assets	23,440	25,673
Defined benefit plan assets	1,734	1,946
Other non-current assets	10,658	10,728
Total non-current assets	200,876	200,635
Current assets:		
Inventories	147,755	139,571
Accounts receivable	130,853	159,773
Current income tax assets	-	114
Marketable securities	114,344	116,030
Cash and cash equivalents	123,618	114,037
Other current assets	9,813	9,379
Total current assets	526,383	538,904
Total assets	727,259	739,538
Liabilities		
Non-current liabilities:		
Long-term debt	(183)	(185)
Deferred tax liabilities	(9,445)	(10,722)
Defined benefit plan liabilities	(2,641)	(2,616)
Long-term provisions	(2,100)	(2,110)
Other non-current liabilities	(11,652)	(11,799)
Total non-current liabilities	(26,020)	(27,432)
Current liabilities:		
Short-term debt	(22)	(29)
Current income tax liabilities	(6,470)	(16,619)
Short-term provisions	(967)	(987)
Accounts payable	(67,200)	(62,694)
Other current liabilities	(31,637)	(34,021)
Total current liabilities	(106,296)	(114,350)
Total liabilities	(132,316)	(141,782)
Total net assets	594,942	597,756
Equity:		
Capital and reserves attributable to Chugai shareholders	593,775	596,099
Equity attributable to non-controlling interests	1,167	1,657
Total equity	594,942	597,756

(3) Interim condensed consolidated statement of cash flows in millions of yen

	First three months ended March 31	
	2015	2014
Cash flows from operating activities		
Cash generated from operations	26,036	36,907
(Increase) decrease in working capital	21,397	(7,378)
Payments made for defined benefit plans	(673)	(489)
Utilization of provisions	(10)	(29)
Other operating cash flows	2,023	(710)
Cash flows from operating activities, before income taxes paid	48,773	28,301
Income taxes paid	(15,478)	(12,891)
Total cash flows from operating activities	33,295	15,410
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,096)	(5,591)
Purchase of intangible assets	(2,133)	(721)
Disposal of property, plant and equipment	(80)	(23)
Interest and dividends received	32	47
Purchases of marketable securities	(43,000)	(42,195)
Sales of marketable securities	43,085	45,715
Other investing cash flows	(606)	105
Total cash flows from investing activities	(7,798)	(2,662)
Cash flows from financing activities		
Interest paid	(1)	(1)
Dividends paid to Chugai shareholders	(14,043)	(12,370)
Dividends paid to non-controlling shareholders	(575)	(385)
Exercise of equity compensation plans	394	268
(Increase) decrease in own equity instruments	(4)	(2)
Other financing cash flows	(40)	(45)
Total cash flows from financing activities	(14,269)	(12,536)
Net effect of currency translation on cash and cash equivalents	(1,647)	(273)
Increase (decrease) in cash and cash equivalents	9,581	(61)
Cash and cash equivalents at January 1	114,037	115,070
Cash and cash equivalents at March 31	123,618	115,009

(4) Interim condensed consolidated statement of changes in equity in millions of yen**For the first three months ended March 31, 2014 (Jan. 1, 2014 – March 31, 2014)**

	Attributable to Chugai shareholders					Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other reserves	Subtotal		
At January 1, 2014	72,967	65,768	426,213	6,744	571,692	1,512	573,204
Net income	-	-	18,776	-	18,776	304	19,080
Available-for-sale investments	-	-	-	224	224	-	224
Cash flow hedges	-	-	-	(1,612)	(1,612)	-	(1,612)
Currency translation of foreign operations	-	-	-	(928)	(928)	(37)	(965)
Total comprehensive income	-	-	18,776	(2,316)	16,460	267	16,727
Dividends	-	-	(12,529)	-	(12,529)	(385)	(12,914)
Equity compensation plans	-	19	-	-	19	-	19
Own equity instruments	-	327	-	-	327	-	327
At March 31, 2014	72,967	66,114	432,460	4,428	575,968	1,394	577,363

For the first three months ended March 31, 2015 (Jan. 1, 2015 – March 31, 2015)

	Attributable to Chugai shareholders					Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other reserves	Subtotal		
At January 1, 2015	72,967	67,317	451,220	4,594	596,099	1,657	597,756
Net income	-	-	14,582	-	14,582	237	14,819
Available-for-sale investments	-	-	-	1,039	1,039	-	1,039
Cash flow hedges	-	-	-	(276)	(276)	-	(276)
Currency translation of foreign operations	-	-	-	(3,661)	(3,661)	(153)	(3,814)
Remeasurements of defined benefit plans	-	-	(309)	-	(309)	-	(309)
Total comprehensive income	-	-	14,273	(2,898)	11,375	85	11,460
Dividends	-	-	(14,181)	-	(14,181)	(575)	(14,756)
Equity compensation plans	-	(30)	-	-	(30)	-	(30)
Own equity instruments	-	512	-	-	512	-	512
At March 31, 2015	72,967	67,800	451,313	1,696	593,775	1,167	594,942

(5) Notes regarding the going concern assumption

None

(6) Notes regarding the interim condensed consolidated financial statements**General accounting principles and significant accounting policies****(a) Basis of preparation of the consolidated financial statements**

These financial statements are the interim condensed consolidated financial statements (“Interim Financial Statements”) of Chugai, a company registered in Japan, and its subsidiaries. The common stock of Chugai is publicly traded and listed on the Tokyo Stock Exchange under the stock code “TSE: 4519”. The Interim Financial Statements were approved by the Board of Directors on April 22, 2015.

Roche Holding Ltd. is a public company registered in Switzerland and the parent company of the Roche Group, which discloses its results in accordance with IFRS. The shareholding percentage of Roche Holding Ltd. in Chugai is 59.89% (61.43% of the total number of shares issued excluding treasury stock). Chugai and its subsidiaries became principal members of the Roche Group after entering into a strategic alliance in October 2002.

The Group meets all of the requirements for a “Specified Company” as stipulated under Article 1-2 of the “Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance of Japan Regulation No. 28, 1976). Hence, in accordance with Article 93 of the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Japanese Cabinet Ordinance No. 64, 2007), the Interim Financial Statements have been prepared in accordance with the International Accounting Standard (IAS) No. 34 “Interim Financial Reporting”.

The Interim Financial Statements should be used with the consolidated financial statements for the year ended December 31, 2014 as it does not include all the information as required for the consolidated financial statements for the full fiscal year.

The Interim Financial Statements are presented in Japanese yen, which is Chugai’s functional currency and amounts are rounded to the nearest ¥1 million. They have been prepared using the historical cost convention except for items that are required to be accounted for at fair value.

(b) Key accounting judgments, estimates and assumptions

The preparation of the Interim Financial Statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and contingent amounts. Actual outcomes could differ from those management estimates. The estimates and underlying assumptions are reviewed on an on-going basis and are based on historical experience and various other factors. Revisions to estimates are recognized in the period in which the estimate is revised.

The information for judgment, estimates, and assumptions that have a material impact on the amount recognized in the Interim Financial Statements of the Group is principally the same for the prior fiscal year.

(c) Significant accounting policies

The Group applies the same significant accounting policies that are used for the prior fiscal year’s consolidated financial statements to the Interim Financial Statements.