

Supplementary Materials for Consolidated Financial Results for the 3rd Quarter of Fiscal Year 2016. 12 (IFRS)

Innovation all for the patients



CHUGAI

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
3. Exchange rates used for each period are as follows.

QTR

(Yen)

Average		Actual				Actual			
		FY2015				FY2016			
		1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
		QTR	QTR	QTR	QTR	QTR	QTR	QTR	QTR
CHF		124.98	128.80	126.71	122.62	116.14	111.43	104.97	
EUR		134.38	134.16	135.94	132.99	127.29	122.18	114.31	
USD		119.15	121.32	122.20	121.47	115.43	108.16	102.44	
SGD		87.88	90.33	87.89	86.29	82.22	79.66	75.75	

YTD

Average	Actual	Actual				Actual				Forecast
	FY2014	FY2015				FY2016				FY2016
	1-12	1-3	1-6	1-9	1-12	1-3	1-6	1-9	1-12	1-12
	Full-year	YTD	YTD	YTD	Full-year	YTD	YTD	YTD	Full-year	Full-year
CHF	115.69	124.98	126.88	126.82	125.74	116.14	113.81	110.88		127.00
EUR	140.49	134.38	134.27	134.83	134.36	127.29	124.77	121.28		134.00
USD	105.84	119.15	120.24	120.89	121.03	115.43	111.79	108.68		120.00
SGD	83.54	87.88	89.10	88.69	88.07	82.22	80.96	79.25		87.00

Period-end

As of	Actual	Actual				Actual			
	FY2014	FY2015				FY2016			
	31 Dec.	31 Mar.	30 Jun.	30 Sep.	31 Dec.	31 Mar.	30 Jun.	30 Sep.	31 Dec.
CHF	120.81	124.13	132.49	123.25	121.89	116.50	104.96	104.56	
EUR	145.26	130.09	137.69	134.69	131.75	127.47	114.39	113.38	
USD	119.48	120.08	122.54	119.74	120.52	112.43	102.83	101.03	
SGD	90.41	87.24	91.03	83.85	85.20	83.26	76.27	74.05	

Financial highlights (YTD)

(Billions of yen)

	Actual	Actual				Actual							
	FY2014	FY2015				FY2016							
	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	461.1	117.1	240.2	367.8	498.8	119.9	+2.4	247.5	+3.0	361.5	(1.7)		
Sales	436.9	113.4	232.6	353.3	468.4	115.6	+1.9	237.2	+2.0	347.5	(1.6)		
excl. Tamiflu	423.8	106.7	225.9	346.5	460.2	108.6	+1.8	230.0	+1.8	339.1	(2.1)		
Domestic	349.5	83.9	179.1	275.4	378.0	87.8	+4.6	184.2	+2.8	277.2	+0.7		
Sales to Roche	55.1	18.0	37.2	56.3	63.1	16.5	(8.3)	37.4	+0.5	49.2	(12.6)		
Overseas	19.3	4.8	9.6	14.7	19.1	4.3	(10.4)	8.4	(12.5)	12.6	(14.3)		
Tamiflu sales	13.0	6.7	6.7	6.7	8.2	7.0	+4.5	7.3	+9.0	8.4	+25.4		
Ordinary use	12.9	6.7	6.7	6.7	8.2	7.0	+4.5	7.3	+9.0	7.3	+9.0		
Govt. stockpiles etc.	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	–		
Royalties and other operating income	24.2	3.7	7.5	14.5	30.4	4.3	+16.2	10.3	+37.3	14.0	(3.4)		
Cost of sales	(218.1)	(57.7)	(117.2)	(178.7)	(240.2)	(61.2)	+6.1	(125.0)	+6.7	(183.9)	+2.9		
(% of Sales)	49.9	50.9	50.4	50.6	51.3	52.9	–	52.7	–	52.9	–		
Gross profit	243.0	59.3	122.9	189.0	258.6	58.7	(1.0)	122.5	(0.3)	177.7	(6.0)		
(% of Revenues)	52.7	50.6	51.2	51.4	51.8	49.0	–	49.5	–	49.2	–		
Operating expenses	(167.2)	(38.6)	(79.7)	(122.0)	(171.8)	(38.7)	+0.3	(79.0)	(0.9)	(119.0)	(2.5)		
(% of Revenues)	36.3	33.0	33.2	33.2	34.4	32.3	–	31.9	–	32.9	–		
Marketing and distribution	(71.7)	(16.6)	(34.7)	(52.1)	(74.8)	(16.6)	0.0	(33.1)	(4.6)	(49.9)	(4.2)		
(% of Revenues)	15.5	14.2	14.4	14.2	15.0	13.8	–	13.4	–	13.8	–		
Research and development	(80.8)	(19.0)	(39.2)	(60.7)	(83.8)	(19.3)	+1.6	(40.1)	+2.3	(60.3)	(0.7)		
(% of Revenues)	17.5	16.2	16.3	16.5	16.8	16.1	–	16.2	–	16.7	–		
General and administration	(14.6)	(3.0)	(5.9)	(9.1)	(13.2)	(2.8)	(6.7)	(5.8)	(1.7)	(8.9)	(2.2)		
(% of Revenues)	3.2	2.6	2.5	2.5	2.6	2.3	–	2.3	–	2.5	–		
Operating profit	75.9	20.7	43.2	67.1	86.8	20.1	(2.9)	43.5	+0.7	58.6	(12.7)		
(% of Revenues)	16.5	17.7	18.0	18.2	17.4	16.8	–	17.6	–	16.2	–		
Financing costs	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	0.0	(0.1)	–	(0.1)	0.0		
Other financial income (expense)	0.3	0.5	0.7	0.4	0.6	0.1	(80.0)	0.3	(57.1)	0.5	+25.0		
Profit before taxes	76.2	21.2	43.9	67.4	87.3	20.1	(5.2)	43.8	(0.2)	59.1	(12.3)		
(% of Revenues)	16.5	18.1	18.3	18.3	17.5	16.8	–	17.7	–	16.3	–		
Income taxes	(24.1)	(6.4)	(13.1)	(18.8)	(24.9)	(5.4)	(15.6)	(11.8)	(9.9)	(15.4)	(18.1)		
Net income	52.1	14.8	30.8	48.6	62.4	14.7	(0.7)	32.0	+3.9	43.7	(10.1)		
(% of Revenues)	11.3	12.6	12.8	13.2	12.5	12.3	–	12.9	–	12.1	–		
Attributable to													
Chugai shareholders	51.0	14.6	30.1	47.6	61.1	14.5	(0.7)	31.5	+4.7	43.1	(9.5)		
Non-controlling interests	1.1	0.2	0.7	0.9	1.2	0.2	0.0	0.5	(28.6)	0.6	(33.3)		
Earnings per share													
Basic (yen)	93.53	26.73	55.24	87.31	112.00	26.55	(0.7)	57.77	+4.6	78.89	(9.6)		
Diluted (yen)	93.38	26.68	55.13	87.15	111.79	26.51	(0.6)	57.68	+4.6	78.77	(9.6)		

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

Financial highlights (QTR)

(Billions of yen)

	Actual				Actual							
	FY2015				FY2016							
	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	117.1	123.1	127.6	131.1	119.9	+2.4	127.6	+3.7	114.0	(10.7)		
Sales	113.4	119.2	120.6	115.2	115.6	+1.9	121.6	+2.0	110.2	(8.6)		
excl. Tamiflu	106.7	119.2	120.6	113.7	108.6	+1.8	121.4	+1.8	109.1	(9.5)		
Domestic	83.9	95.2	96.3	102.6	87.8	+4.6	96.4	+1.3	93.0	(3.4)		
Sales to Roche	18.0	19.2	19.1	6.7	16.5	(8.3)	20.9	+8.9	11.8	(38.2)		
Overseas	4.8	4.8	5.2	4.4	4.3	(10.4)	4.1	(14.6)	4.3	(17.3)		
Tamiflu sales	6.7	0.0	0.0	1.5	7.0	+4.5	0.3	-	1.1	-		
Ordinary use	6.7	0.0	0.0	1.5	7.0	+4.5	0.3	-	(0.0)	-		
Govt. stockpiles etc.	0.0	-	-	0.0	0.0	0.0	-	-	1.2	-		
Royalties and other operating income	3.7	3.9	7.0	15.9	4.3	+16.2	6.0	+53.8	3.8	(45.7)		
Cost of sales	(57.7)	(59.5)	(61.5)	(61.5)	(61.2)	+6.1	(63.8)	+7.2	(58.8)	(4.4)		
(% of Sales)	50.9	49.9	51.0	53.4	52.9	-	52.5	-	53.4	-		
Gross profit	59.3	63.6	66.1	69.6	58.7	(1.0)	63.8	+0.3	55.2	(16.5)		
(% of Revenues)	50.6	51.7	51.8	53.1	49.0	-	50.0	-	48.4	-		
Operating expenses	(38.6)	(41.1)	(42.3)	(49.8)	(38.7)	+0.3	(40.3)	(1.9)	(40.0)	(5.4)		
(% of Revenues)	33.0	33.4	33.2	38.0	32.3	-	31.6	-	35.1	-		
Marketing and distribution	(16.6)	(18.1)	(17.5)	(22.7)	(16.6)	0.0	(16.5)	(8.8)	(16.8)	(4.0)		
(% of Revenues)	14.2	14.7	13.7	17.3	13.8	-	12.9	-	14.7	-		
Research and development	(19.0)	(20.2)	(21.5)	(23.1)	(19.3)	+1.6	(20.9)	+3.5	(20.1)	(6.5)		
(% of Revenues)	16.2	16.4	16.8	17.6	16.1	-	16.4	-	17.6	-		
General and administration	(3.0)	(2.9)	(3.3)	(4.1)	(2.8)	(6.7)	(2.9)	0.0	(3.1)	(6.1)		
(% of Revenues)	2.6	2.4	2.6	3.1	2.3	-	2.3	-	2.7	-		
Operating profit	20.7	22.5	23.8	19.7	20.1	(2.9)	23.5	+4.4	15.1	(36.6)		
(% of Revenues)	17.7	18.3	18.7	15.0	16.8	-	18.4	-	13.2	-		
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0		
Other financial income (expense)	0.5	0.2	(0.3)	0.2	0.1	(80.0)	0.2	0.0	0.2	-		
Profit before taxes	21.2	22.7	23.5	19.9	20.1	(5.2)	23.7	+4.4	15.3	(34.9)		
(% of Revenues)	18.1	18.4	18.4	15.2	16.8	-	18.6	-	13.4	-		
Income taxes	(6.4)	(6.7)	(5.7)	(6.1)	(5.4)	(15.6)	(6.3)	(6.0)	(3.6)	(36.8)		
Net income	14.8	16.0	17.8	13.8	14.7	(0.7)	17.3	+8.1	11.7	(34.3)		
(% of Revenues)	12.6	13.0	13.9	10.5	12.3	-	13.6	-	10.3	-		
Attributable to												
Chugai shareholders	14.6	15.6	17.5	13.5	14.5	(0.7)	17.0	+9.0	11.5	(34.3)		
Non-controlling interests	0.2	0.4	0.3	0.3	0.2	0.0	0.3	(25.0)	0.1	(66.7)		
Earnings per share												
Basic (yen)	26.73	28.51	32.07	24.69	26.55	(0.7)	31.22	+9.5	21.12	(34.1)		
Diluted (yen)	26.68	28.45	32.01	24.65	26.51	(0.6)	31.17	+9.6	21.09	(34.1)		

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 28th Announced)	
	FY2014	FY2015				FY2016								FY2016	
	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	461.1	117.1	240.2	367.8	498.8	119.9	+2.4	247.5	+3.0	361.5	(1.7)			495.0	(0.8)
Sales	436.9	113.4	232.6	353.3	468.4	115.6	+1.9	237.2	+2.0	347.5	(1.6)			475.4	+1.5
excl. Tamiflu	423.8	106.7	225.9	346.5	460.2	108.6	+1.8	230.0	+1.8	339.1	(2.1)			466.8	+1.4
Domestic	349.5	83.9	179.1	275.4	378.0	87.8	+4.6	184.2	+2.8	277.2	+0.7			379.0	+0.3
Sales to Roche	55.1	18.0	37.2	56.3	63.1	16.5	(8.3)	37.4	+0.5	49.2	(12.6)			70.5	+11.7
Overseas	19.3	4.8	9.6	14.7	19.1	4.3	(10.4)	8.4	(12.5)	12.6	(14.3)			17.3	(9.4)
Tamiflu sales	13.0	6.7	6.7	6.7	8.2	7.0	+4.5	7.3	+9.0	8.4	+25.4			8.6	+4.9
Ordinary use	12.9	6.7	6.7	6.7	8.2	7.0	+4.5	7.3	+9.0	7.3	+9.0			7.6	(7.3)
Govt. stockpiles etc.	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	-			1.0	-
Royalties and other operating income	24.2	3.7	7.5	14.5	30.4	4.3	+16.2	10.3	+37.3	14.0	(3.4)			19.6	(35.5)
Cost of sales	(217.0)	(57.4)	(116.6)	(177.7)	(238.9)	(60.9)	+6.1	(124.4)	+6.7	(183.0)	+3.0			(254.0)	+6.3
(% of Sales)	49.7	50.6	50.1	50.3	51.0	52.7	-	52.4	-	52.7	-			53.4	-
Gross profit	244.2	59.7	123.6	190.1	260.0	59.0	(1.2)	123.1	(0.4)	178.6	(6.0)			241.0	(7.3)
(% of Revenues)	53.0	51.0	51.5	51.7	52.1	49.2	-	49.7	-	49.4	-			48.7	-
Operating expenses	(166.8)	(38.2)	(77.7)	(119.8)	(169.3)	(38.6)	+1.0	(79.0)	+1.7	(119.0)	(0.7)			(170.0)	+0.4
(% of Revenues)	36.2	32.6	32.3	32.6	33.9	32.2	-	31.9	-	32.9	-			34.3	-
Marketing and distribution	(71.7)	(16.6)	(34.6)	(52.0)	(74.7)	(16.5)	(0.6)	(33.1)	(4.3)	(49.9)	(4.0)				
(% of Revenues)	15.5	14.2	14.4	14.1	15.0	13.8	-	13.4	-	13.8	-				
Research and development	(80.6)	(18.6)	(37.3)	(58.8)	(81.9)	(19.2)	+3.2	(40.1)	+7.5	(60.2)	+2.4				
(% of Revenues)	17.5	15.9	15.5	16.0	16.4	16.0	-	16.2	-	16.7	-				
General and administration	(14.6)	(3.0)	(5.8)	(8.9)	(12.8)	(2.8)	(6.7)	(5.8)	0.0	(8.9)	0.0				
(% of Revenues)	3.2	2.6	2.4	2.4	2.6	2.3	-	2.3	-	2.5	-				
Operating profit	77.3	21.5	45.9	70.3	90.7	20.4	(5.1)	44.1	(3.9)	59.6	(15.2)			71.0	(21.7)
(% of Revenues)	16.8	18.4	19.1	19.1	18.2	17.0	-	17.8	-	16.5	-			14.3	-
Financing costs	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	0.0	(0.1)	-	(0.1)	0.0				
Other financial income (expense)	0.3	0.5	0.7	0.4	0.6	0.1	(80.0)	0.3	(57.1)	0.5	+25.0				
Profit before taxes	77.6	21.9	46.5	70.6	91.2	20.5	(6.4)	44.4	(4.5)	60.0	(15.0)				
(% of Revenues)	16.8	18.7	19.4	19.2	18.3	17.1	-	17.9	-	16.6	-				
Income taxes	(24.6)	(6.6)	(14.0)	(20.0)	(26.3)	(5.6)	(15.2)	(12.0)	(14.3)	(15.7)	(21.5)				
Net income	53.0	15.3	32.5	50.7	64.9	14.9	(2.6)	32.4	(0.3)	44.3	(12.6)				
(% of Revenues)	11.5	13.1	13.5	13.8	13.0	12.4	-	13.1	-	12.3	-				
Attributable to															
Chugai shareholders	51.9	15.1	31.9	49.8	63.7	14.7	(2.6)	32.0	+0.3	43.7	(12.2)				
Non-controlling interests	1.1	0.2	0.7	0.9	1.2	0.2	0.0	0.5	(28.6)	0.6	(33.3)				
Weighted average number of shares in issue used to calculate diluted earnings per share (Millions of shares)	546	547	547	547	547	547	0.0	547	0.0	547	0.0				
Core earnings per share (diluted) (yen)	95.04	27.54	58.30	91.01	116.42	26.94	(2.2)	58.45	+0.3	79.93	(12.2)			92.54	(20.5)
Core payout ratio (%)	50.5				49.8									56.2	-
Dividend per share (Full year) (yen)	48				58									52	-
Dividend per share (Half year) (yen)	22				26							26		26	-

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							
	FY2015				FY2016							
	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	117.1	123.1	127.6	131.1	119.9	+2.4	127.6	+3.7	114.0	(10.7)		
Sales	113.4	119.2	120.6	115.2	115.6	+1.9	121.6	+2.0	110.2	(8.6)		
excl. Tamiflu	106.7	119.2	120.6	113.7	108.6	+1.8	121.4	+1.8	109.1	(9.5)		
Domestic	83.9	95.2	96.3	102.6	87.8	+4.6	96.4	+1.3	93.0	(3.4)		
Sales to Roche	18.0	19.2	19.1	6.7	16.5	(8.3)	20.9	+8.9	11.8	(38.2)		
Overseas	4.8	4.8	5.2	4.4	4.3	(10.4)	4.1	(14.6)	4.3	(17.3)		
Tamiflu sales	6.7	0.0	0.0	1.5	7.0	+4.5	0.3	-	1.1	-		
Ordinary use	6.7	0.0	0.0	1.5	7.0	+4.5	0.3	-	(0.0)	-		
Govt. stockpiles etc.	0.0	-	-	0.0	0.0	0.0	-	-	1.2	-		
Royalties and other operating income	3.7	3.9	7.0	15.9	4.3	+16.2	6.0	+53.8	3.8	(45.7)		
Cost of sales	(57.4)	(59.1)	(61.1)	(61.2)	(60.9)	+6.1	(63.5)	+7.4	(58.5)	(4.3)		
(% of Sales)	50.6	49.6	50.7	53.1	52.7	-	52.2	-	53.1	-		
Gross profit	59.7	63.9	66.5	69.9	59.0	(1.2)	64.1	+0.3	55.5	(16.5)		
(% of Revenues)	51.0	51.9	52.1	53.3	49.2	-	50.2	-	48.7	-		
Operating expenses	(38.2)	(39.5)	(42.0)	(49.5)	(38.6)	+1.0	(40.4)	+2.3	(40.0)	(4.8)		
(% of Revenues)	32.6	32.1	32.9	37.8	32.2	-	31.7	-	35.1	-		
Marketing and distribution	(16.6)	(18.0)	(17.4)	(22.6)	(16.5)	(0.6)	(16.6)	(7.8)	(16.8)	(3.4)		
(% of Revenues)	14.2	14.6	13.6	17.2	13.8	-	13.0	-	14.7	-		
Research and development	(18.6)	(18.7)	(21.5)	(23.1)	(19.2)	+3.2	(20.8)	+11.2	(20.1)	(6.5)		
(% of Revenues)	15.9	15.2	16.8	17.6	16.0	-	16.3	-	17.6	-		
General and administration	(3.0)	(2.8)	(3.1)	(3.8)	(2.8)	(6.7)	(2.9)	+3.6	(3.1)	0.0		
(% of Revenues)	2.6	2.3	2.4	2.9	2.3	-	2.3	-	2.7	-		
Operating profit	21.5	24.4	24.4	20.4	20.4	(5.1)	23.7	(2.9)	15.4	(36.9)		
(% of Revenues)	18.4	19.8	19.1	15.6	17.0	-	18.6	-	13.5	-		
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0		
Other financial income (expense)	0.5	0.2	(0.3)	0.2	0.1	(80.0)	0.2	0.0	0.2	-		
Profit before taxes	21.9	24.6	24.1	20.5	20.5	(6.4)	23.9	(2.8)	15.6	(35.3)		
(% of Revenues)	18.7	20.0	18.9	15.6	17.1	-	18.7	-	13.7	-		
Income taxes	(6.6)	(7.4)	(6.0)	(6.3)	(5.6)	(15.2)	(6.4)	(13.5)	(3.7)	(38.3)		
Net income	15.3	17.2	18.2	14.2	14.9	(2.6)	17.5	+1.7	11.9	(34.6)		
(% of Revenues)	13.1	14.0	14.3	10.8	12.4	-	13.7	-	10.4	-		
Attributable to												
Chugai shareholders	15.1	16.8	17.9	13.9	14.7	(2.6)	17.2	+2.4	11.8	(34.1)		
Non-controlling interests	0.2	0.4	0.3	0.3	0.2	0.0	0.3	(25.0)	0.1	(66.7)		
Core earnings per share (diluted) (yen)	27.54	30.76	32.71	25.42	26.94	(2.2)	31.51	+2.4	21.49	(34.3)		

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

Reconciliation of IFRS results to Core results

(Billions of yen)

	FY2015				FY2016			
	1-9				1-9			
	IFRS results	Intangible assets	Others	Core results	IFRS results	Intangible assets	Others	Core results
Revenues	367.8	–	–	367.8	361.5	–	–	361.5
Sales	353.3	–	–	353.3	347.5	–	–	347.5
Royalties and other operating income	14.5	–	–	14.5	14.0	–	–	14.0
Cost of sales	(178.7)	1.0	–	(177.7)	(183.9)	0.9	–	(183.0)
Gross profit	189.0	1.0	–	190.1	177.7	0.9	–	178.6
Operating expenses	(122.0)	2.0	0.2	(119.8)	(119.0)	0.1	–	(119.0)
Marketing and distribution	(52.1)	0.1	–	(52.0)	(49.9)	–	–	(49.9)
Research and development	(60.7)	1.9	–	(58.8)	(60.3)	0.1	–	(60.2)
General and administration	(9.1)	–	0.2	(8.9)	(8.9)	–	–	(8.9)
Operating profit	67.1	3.0	0.2	70.3	58.6	1.0	–	59.6
Financing costs	(0.1)	–	–	(0.1)	(0.1)	–	–	(0.1)
Other financial income (expense)	0.4	–	–	0.4	0.5	–	–	0.5
Profit before taxes	67.4	3.0	0.2	70.6	59.1	1.0	–	60.0
Income taxes	(18.8)	(1.1)	(0.1)	(20.0)	(15.4)	(0.3)	–	(15.7)
Net income	48.6	2.0	0.1	50.7	43.7	0.6	–	44.3
Attributable to								
Chugai shareholders	47.6	2.0	0.1	49.8	43.1	0.6	–	43.7
Non-controlling interests	0.9	–	–	0.9	0.6	–	–	0.6

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

Amortization of intangible assets (1.2 billion yen in 2015 and 1.0 billion yen in 2016)

Impairment of intangible assets (1.9 billion yen in 2015 and none in 2016)

Others

Restructuring expenses (immaterial in 2015 and none in 2016)

Environmental costs (0.2 billion yen in 2015 and none in 2016)

Statements of revenues (YTD)

(Billions of yen)

	Actual	Actual				Actual								Forecast (Jan 28th announced)
	FY2014	FY2015				FY2016								FY2016
	1-12	1-3	1-6	1-9	1-12	1-3	Change (%)	1-6	Change (%)	1-9	Change (%)	1-12	Change (%)	1-12
	YTD	YTD	YTD	YTD	YTD	YTD		YTD		YTD		YTD		Full-year
Sales	436.9	113.4	232.6	353.3	468.4	115.6	+1.9	237.2	+2.0	347.5	(1.6)			475.4
Excl. Tamiflu	423.8	106.7	225.9	346.5	460.2	108.6	+1.8	230.0	+1.8	339.1	(2.1)			466.8
Domestic	349.5	83.9	179.1	275.4	378.0	87.8	+4.6	184.2	+2.8	277.2	+0.7			379.0
Oncology	188.9	47.7	101.8	156.9	215.7	51.1	+7.1	107.0	+5.1	161.2	+2.7			220.3
Avastin	82.3	20.9	44.3	68.2	93.8	22.3	+6.7	45.3	+2.3	67.8	(0.6)			93.4
Herceptin	31.2	7.5	15.8	24.1	32.7	7.8	+4.0	16.6	+5.1	25.0	+3.7			34.9
Rituxan	26.2	6.4	13.6	21.0	29.0	7.2	+12.5	15.3	+12.5	23.3	+11.0			32.9
Xeloda	10.4	2.6	5.3	8.1	11.1	2.9	+11.5	6.1	+15.1	9.1	+12.3			12.6
Tarceva	11.5	2.5	5.5	8.6	11.6	2.5	0.0	5.6	+1.8	8.4	(2.3)			12.5
Perjeta	9.1	2.3	5.0	7.8	10.6	2.7	+17.4	5.7	+14.0	8.6	+10.3			11.3
Alecensa	1.4	1.3	3.1	5.1	8.0	2.2	+69.2	5.2	+67.7	8.2	+60.8			9.6
Kadcyla	4.0	1.5	3.4	5.3	7.3	1.9	+26.7	4.2	+23.5	6.1	+15.1			7.6
Neutrogin	5.9	1.0	2.3	3.6	4.9	0.8	(20.0)	1.9	(17.4)	2.9	(19.4)			2.9
Zelboraf	–	0.1	0.2	0.3	0.5	0.1	0.0	0.3	+50.0	0.3	0.0			0.7
Other products	6.9	1.6	3.3	4.7	6.1	0.5	(68.8)	1.0	(69.7)	1.3	(72.3)			1.8
Bone and joint diseases	69.6	17.6	37.5	57.5	79.4	19.8	+12.5	41.5	+10.7	62.4	+8.5			85.8
Actemra	24.1	5.9	12.6	19.4	26.8	6.6	+11.9	14.3	+13.5	21.8	+12.4			29.7
Edirol	19.2	4.9	10.6	16.4	23.1	5.8	+18.4	12.4	+17.0	19.1	+16.5			25.6
Suvenyl	10.7	2.3	5.1	7.7	10.5	2.2	(4.3)	4.7	(7.8)	6.9	(10.4)			9.5
Bonviva	3.4	1.1	2.4	3.8	5.4	1.5	+36.4	3.6	+50.0	5.3	+39.5			7.7
Alfarol	4.9	1.0	2.1	3.1	4.2	0.8	(20.0)	1.6	(23.8)	2.4	(22.6)			3.1
Other products	7.4	2.4	4.7	7.0	9.5	2.9	+20.8	4.9	+4.3	6.8	(2.9)			10.2
Renal diseases	44.7	9.9	21.4	33.1	45.4	9.6	(3.0)	19.9	(7.0)	29.9	(9.7)			40.8
Mircera	22.6	5.0	11.0	17.1	23.8	5.3	+6.0	11.4	+3.6	17.3	+1.2			23.7
Oxarol	12.2	2.8	6.0	9.4	12.9	2.4	(14.3)	4.7	(21.7)	6.8	(27.7)			9.2
Epogin	6.6	1.4	2.9	4.4	5.9	1.2	(14.3)	2.5	(13.8)	3.8	(13.6)			5.3
Other products	3.4	0.7	1.4	2.1	2.8	0.6	(14.3)	1.3	(7.1)	2.0	(4.8)			2.5
Transplant, Immunology, and Infectious diseases	20.8	3.4	7.1	11.5	15.9	3.2	(5.9)	6.7	(5.6)	10.0	(13.0)			14.1
CellCept	6.5	1.6	3.3	5.0	7.0	1.7	+6.3	3.7	+12.1	5.7	+14.0			8.1
Copegus	3.1	0.2	0.6	1.8	2.9	0.5	+150.0	1.0	+66.7	1.3	(27.8)			1.5
Pegasys	7.0	0.8	1.3	1.7	1.9	0.1	(87.5)	0.3	(76.9)	0.4	(76.5)			0.9
Other products	4.2	0.9	2.0	3.0	4.0	0.8	(11.1)	1.7	(15.0)	2.6	(13.3)			3.6
Others	25.6	5.3	11.4	16.5	21.7	4.1	(22.6)	9.1	(20.2)	13.7	(17.0)			18.0
Sigmar	6.4	1.3	2.6	3.9	5.2	1.0	(23.1)	2.0	(23.1)	2.8	(28.2)			4.0
Other products	19.2	4.0	8.8	12.6	16.6	3.2	(20.0)	7.1	(19.3)	10.9	(13.5)			14.0
Overseas	74.3	22.8	46.8	71.1	82.2	20.8	(8.8)	45.8	(2.1)	61.8	(13.1)			87.8
Actemra	55.7	18.3	37.7	56.9	63.6	16.1	(12.0)	36.5	(3.2)	47.9	(15.8)			69.3
To Roche	55.1	18.0	37.2	56.1	62.6	15.8	(12.2)	36.0	(3.2)	47.0	(16.2)			68.0
Neutrogin	15.7	3.7	7.4	11.4	14.8	3.1	(16.2)	6.2	(16.2)	9.5	(16.7)			13.1
Alecensa	–	–	–	0.2	0.5	0.7	–	1.4	–	2.2	+1,000.0			2.5
Akynzeo	–	–	–	0.0	0.0	0.0	–	0.0	–	0.1	–			0.2
Aloxi	–	0.1	0.1	0.2	0.3	0.1	0.0	0.1	0.0	0.2	0.0			0.1
Other products	2.9	0.8	1.6	2.4	3.0	0.8	0.0	1.4	(12.5)	2.0	(16.7)			2.6
Tamiflu	13.0	6.7	6.7	6.7	8.2	7.0	+4.5	7.3	+9.0	8.4	+25.4			8.6
Ordinary use	12.9	6.7	6.7	6.7	8.2	7.0	+4.5	7.3	+9.0	7.3	+9.0			7.6
Govt. stockpiles etc.	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	–			1.0
Royalties and other operating income	24.2	3.7	7.5	14.5	30.4	4.3	+16.2	10.3	+37.3	14.0	(3.4)			19.6
Revenues	461.1	117.1	240.2	367.8	498.8	119.9	+2.4	247.5	+3.0	361.5	(1.7)			495.0
Domestic	372.9	90.8	186.2	282.6	390.0	95.2	+4.8	193.2	+3.8	287.5	+1.7			389.5
Overseas	88.2	26.2	53.9	85.1	108.8	24.7	(5.7)	54.4	+0.9	74.0	(13.0)			105.5

Statements of revenues (QTR)

(Billions of yen)

		Actual				Actual							
		FY2015				FY2016							
		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		113.4	119.2	120.6	115.2	115.6	+1.9	121.6	+2.0	110.2	(8.6)		
Excl. Tamiflu		106.7	119.2	120.6	113.7	108.6	+1.8	121.4	+1.8	109.1	(9.5)		
Domestic		83.9	95.2	96.3	102.6	87.8	+4.6	96.4	+1.3	93.0	(3.4)		
Oncology		47.7	54.1	55.1	58.8	51.1	+7.1	55.9	+3.3	54.1	(1.8)		
Avastin		20.9	23.4	23.9	25.6	22.3	+6.7	23.0	(1.7)	22.4	(6.3)		
Herceptin		7.5	8.4	8.3	8.6	7.8	+4.0	8.7	+3.6	8.4	+1.2		
Rituxan		6.4	7.2	7.4	7.9	7.2	+12.5	8.1	+12.5	8.1	+9.5		
Xeloda		2.6	2.8	2.8	3.0	2.9	+11.5	3.2	+14.3	3.0	+7.1		
Tarceva		2.5	3.0	3.1	3.0	2.5	0.0	3.0	0.0	2.8	(9.7)		
Perjeta		2.3	2.7	2.8	2.8	2.7	+17.4	3.0	+11.1	2.9	+3.6		
Alecensa		1.3	1.7	2.1	2.8	2.2	+69.2	3.0	+76.5	3.0	+42.9		
Kadcyla		1.5	1.9	1.9	2.0	1.9	+26.7	2.2	+15.8	2.0	+5.3		
Neutrogen		1.0	1.3	1.3	1.3	0.8	(20.0)	1.1	(15.4)	1.0	(23.1)		
Zelboraf		0.1	0.1	0.2	0.2	0.1	0.0	0.1	0.0	0.1	(50.0)		
Other products		1.6	1.7	1.4	1.4	0.5	(68.8)	0.4	(76.5)	0.4	(71.4)		
Bone and joint diseases		17.6	19.8	20.1	21.8	19.8	+12.5	21.7	+9.6	20.9	+4.0		
Actemra		5.9	6.7	6.8	7.4	6.6	+11.9	7.6	+13.4	7.6	+11.8		
Edirol		4.9	5.7	5.8	6.6	5.8	+18.4	6.7	+17.5	6.6	+13.8		
Suvenyl		2.3	2.7	2.6	2.8	2.2	(4.3)	2.4	(11.1)	2.3	(11.5)		
Bonviva		1.1	1.3	1.4	1.6	1.5	+36.4	2.1	+61.5	1.7	+21.4		
Alfarol		1.0	1.1	1.0	1.1	0.8	(20.0)	0.9	(18.2)	0.8	(20.0)		
Other products		2.4	2.3	2.3	2.4	2.9	+20.8	2.0	(13.0)	1.9	(17.4)		
Renal diseases		9.9	11.5	11.7	12.3	9.6	(3.0)	10.3	(10.4)	10.0	(14.5)		
Mircera		5.0	6.0	6.1	6.7	5.3	+6.0	6.1	+1.7	6.0	(1.6)		
Oxarol		2.8	3.2	3.4	3.5	2.4	(14.3)	2.3	(28.1)	2.1	(38.2)		
Epogin		1.4	1.5	1.5	1.5	1.2	(14.3)	1.3	(13.3)	1.3	(13.3)		
Other products		0.7	0.7	0.7	0.7	0.6	(14.3)	0.7	0.0	0.7	0.0		
Transplant, Immunology, and Infectious diseases		3.4	3.7	4.3	4.4	3.2	(5.9)	3.5	(5.4)	3.4	(20.9)		
CellCept		1.6	1.7	1.8	1.9	1.7	+6.3	2.0	+17.6	2.0	+11.1		
Copegus		0.2	0.4	1.2	1.2	0.5	+150.0	0.5	+25.0	0.3	(75.0)		
Pegasys		0.8	0.6	0.4	0.2	0.1	(87.5)	0.1	(83.3)	0.1	(75.0)		
Other products		0.9	1.0	1.0	1.1	0.8	(11.1)	0.9	(10.0)	0.9	(10.0)		
Others		5.3	6.1	5.1	5.2	4.1	(22.6)	5.0	(18.0)	4.6	(9.8)		
Sigmart		1.3	1.3	1.3	1.3	1.0	(23.1)	1.0	(23.1)	0.9	(30.8)		
Other products		4.0	4.8	3.8	3.9	3.2	(20.0)	4.0	(16.7)	3.8	0.0		
Overseas		22.8	24.0	24.3	11.1	20.8	(8.8)	25.0	+4.2	16.1	(33.7)		
Actemra		18.3	19.4	19.2	6.7	16.1	(12.0)	20.4	+5.2	11.4	(40.6)		
To Roche		18.0	19.2	18.9	6.5	15.8	(12.2)	20.2	+5.2	11.1	(41.3)		
Neutrogen		3.7	3.7	4.0	3.5	3.1	(16.2)	3.1	(16.2)	3.2	(20.0)		
Alecensa		—	—	0.2	0.3	0.7	—	0.7	—	0.7	+250.0		
Akynzeo		—	—	0.0	0.0	0.0	—	0.0	—	0.0	0.0		
Aloxi		0.1	0.0	0.1	0.1	0.1	0.0	0.1	—	0.0	(100.0)		
Other products		0.8	0.9	0.8	0.6	0.8	0.0	0.7	(22.2)	0.6	(25.0)		
Tamiflu		6.7	0.0	0.0	1.5	7.0	+4.5	0.3	—	1.1	—		
Ordinary use		6.7	0.0	0.0	1.5	7.0	+4.5	0.3	—	(0.0)	—		
Govt. stockpiles etc.		0.0	—	—	0.0	0.0	0.0	—	—	1.2	—		
Royalties and other operating income		3.7	3.9	7.0	15.9	4.3	+16.2	6.0	+53.8	3.8	(45.7)		
Revenues		117.1	123.1	127.6	131.1	119.9	+2.4	127.6	+3.7	114.0	(10.7)		
Domestic		90.8	95.4	96.4	107.4	95.2	+4.8	98.0	+2.7	94.3	(2.2)		
Overseas		26.2	27.7	31.2	23.7	24.7	(5.7)	29.6	+6.9	19.7	(36.9)		

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

(Billions of yen)

	Actual	Actual				Actual										
	FY2014	FY2015				FY2016										
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31	vs. Mar. 31, 2015	vs. Dec. 31, 2015	Jun. 30	vs. Jun. 30, 2015	vs. Dec. 31, 2015	Sep. 30	vs. Sep. 30, 2015	vs. Dec. 31, 2015	Dec. 31	vs. Dec. 31, 2015
Trade accounts receivable	141.3	120.6	128.3	126.1	134.5	121.5	0.9	(13.0)	124.5	(3.8)	(10.0)	114.1	(12.0)	(20.4)		
Inventories	139.6	147.8	145.9	154.3	161.1	167.3	19.5	6.2	173.5	27.6	12.4	187.1	32.8	26.0		
Trade accounts payable	(35.4)	(49.2)	(43.4)	(46.2)	(41.2)	(48.7)	0.5	(7.5)	(37.5)	5.9	3.7	(42.2)	4.0	(1.0)		
Other net working capital	(36.2)	(30.1)	(26.2)	(31.5)	(39.8)	(26.3)	3.8	13.5	(16.5)	9.7	23.3	(22.6)	8.9	17.2		
Net working capital	209.4	189.0	204.6	202.7	214.6	213.8	24.8	(0.8)	244.1	39.5	29.5	236.4	33.7	21.8		
Property, plant and equipment	140.2	140.7	141.9	142.8	153.5	159.4	18.7	5.9	157.6	15.7	4.1	156.4	13.6	2.9		
Intangible assets	11.3	11.8	10.9	13.3	13.5	13.8	2.0	0.3	16.6	5.7	3.1	17.3	4.0	3.8		
Other long-term assets – net	(3.2)	(3.1)	(2.1)	(2.7)	(1.3)	(0.2)	2.9	1.1	(2.4)	(0.3)	(1.1)	(3.3)	(0.6)	(2.0)		
Long-term net operating assets	148.4	149.4	150.7	153.4	165.8	173.0	23.6	7.2	171.8	21.1	6.0	170.3	16.9	4.5		
Net operating assets	357.7	338.4	355.3	356.2	380.4	386.8	48.4	6.4	415.9	60.6	35.5	406.7	50.5	26.3		
Debt	(0.2)	(0.2)	(0.2)	(0.8)	(0.7)	(0.7)	(0.5)	0.0	(0.7)	(0.5)	0.0	(0.7)	0.1	0.0		
Marketable securities	116.0	114.3	120.0	121.7	134.4	112.9	(1.4)	(21.5)	109.4	(10.6)	(25.0)	109.2	(12.5)	(25.2)		
Cash and cash equivalents	114.0	123.6	126.6	121.6	101.7	106.8	(16.8)	5.1	100.1	(26.5)	(1.6)	100.0	(21.6)	(1.7)		
Net cash	229.9	237.8	246.4	242.5	235.4	219.0	(18.8)	(16.4)	208.8	(37.6)	(26.6)	208.6	(33.9)	(26.8)		
Other non-operating assets – net	10.2	18.8	11.7	16.4	11.5	14.0	(4.8)	2.5	4.7	(7.0)	(6.8)	15.9	(0.5)	4.4		
Net non-operating assets	240.0	256.6	258.2	258.9	246.8	233.0	(23.6)	(13.8)	213.5	(44.7)	(33.3)	224.5	(34.4)	(22.3)		
Total net assets	597.8	594.9	613.4	615.1	627.3	619.8	24.9	(7.5)	629.4	16.0	2.1	631.2	16.1	3.9		
Total net assets																
Total assets	739.5	727.3	744.3	753.5	787.4	762.4	35.1	(25.0)	766.9	22.6	(20.5)	769.9	16.4	(17.5)		
Total liabilities	(141.8)	(132.3)	(130.9)	(138.4)	(160.1)	(142.7)	(10.4)	17.4	(137.5)	(6.6)	22.6	(138.7)	(0.3)	21.4		
Attributable to																
Chugai shareholders	596.1	593.8	612.6	613.9	625.9	618.7	24.9	(7.2)	628.8	16.2	2.9	630.4	16.5	4.5		
Non-controlling interests	1.7	1.2	0.9	1.1	1.4	1.1	(0.1)	(0.3)	0.6	(0.3)	(0.8)	0.8	(0.3)	(0.6)		

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 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.

Movements of free cash flows

(Billions of yen)

	Actual	Actual					Actual			
	FY2014	FY2015					FY2016			
	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	75.9	20.7	43.2	67.1	86.8		20.1	43.5	58.6	
Depreciation and impairment of property, plant and equipment	15.5	3.5	7.0	10.5	14.2		3.6	7.5	11.2	
Amortization and impairment of intangible assets	1.4	0.7	2.6	3.0	3.5		0.4	0.7	1.2	
Other cash adjustment on operating profit	3.7	0.2	(0.7)	(0.0)	1.0		1.0	1.5	1.6	
Operating profit, net of operating cash adjustments	96.4	25.0	52.1	80.6	105.4		25.0	53.3	72.6	
(Increase) decrease in trade accounts receivable	(30.2)	20.6	13.0	15.1	6.7		12.9	9.7	20.1	
(Increase) decrease in inventories	(12.2)	(8.5)	(6.7)	(15.5)	(23.3)		(7.0)	(13.8)	(27.4)	
Increase (decrease) in trade accounts payable	(0.6)	13.9	8.0	10.9	5.9		7.5	(3.5)	1.3	
Change in other net working capital etc.	9.7	(4.5)	(7.3)	(1.1)	(5.2)		(7.1)	(11.0)	(3.0)	
Total (increase) decrease in net working capital etc.	(33.3)	21.4	7.0	9.4	(15.9)		6.3	(18.5)	(9.1)	
Investment in property, plant and equipment	(16.2)	(5.1)	(10.9)	(15.5)	(18.4)		(17.1)	(24.2)	(27.4)	
Investment in intangible assets	(2.9)	(2.1)	(2.9)	(5.9)	(6.5)		(0.8)	(3.5)	(4.8)	
Operating free cash flow	43.9	39.2	45.3	68.6	64.6		13.5	7.0	31.3	
as % of revenues	9.5%	33.5%	18.9%	18.7%	13.0%		11.3%	2.8%	8.7%	
Treasury activities (interest income/expenses, foreign exchange gains/losses etc.)	0.3	1.7	2.6	3.0	1.6		1.3	1.7	4.3	
Tax paid	(25.2)	(15.5)	(16.0)	(28.2)	(29.1)		(12.3)	(12.8)	(25.0)	
Free cash flow	19.0	25.4	31.9	43.5	37.0		2.5	(4.2)	10.5	
Dividends paid	(25.5)	(14.6)	(14.8)	(29.3)	(29.4)		(17.8)	(17.9)	(32.7)	
Transaction in own equity instruments	1.2	0.4	0.8	1.3	1.4		0.2	0.4	0.4	
Net effect of currency translation on net cash	0.7	(3.2)	(1.4)	(2.8)	(3.5)		(1.3)	(4.9)	(5.1)	
Net change in net cash	(4.5)	7.9	16.5	12.6	5.5		(16.4)	(26.6)	(26.8)	

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, 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)

Operating free cash flow(Operating FCF): pretax cash flow after adjusting changes in working capital and operating investments in assets (tangible and intangible) to “operating profit, net of operating cash adjustments,” which shows the company’s cash generation ability from operating activities.

Free cash flow(FCF): 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 International Accounting Standard (IAS) No. 7, “Statement of Cash Flows.” 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 FCF have been excluded, as the Core results concept only applies to the income statement.

Previously, FCF represents the amount net of dividends paid. However, effective from the second quarter of FY 2016, FCF represents the amount before the deduction of dividends paid to conform to the general definition of FCF, following Roche’s change in definition of FCF. This change is reflected from the financial results for the second quarter of FY 2016, and FCF before the first quarter of FY 2016 has been amended for comparison purpose. The change has no effect on operating FCF.

Performance indicators

	Units	Actual	Actual					Actual				Forecast (Jan 28th announced)
		FY2014	FY2015					FY2016				FY2016
		1-12	1-3	1-6	1-9	1-12	1-3	1-6	1-9	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	
Ratio of net income to equity attributable to Chugai shareholders (ROE)	%	8.7	2.5	5.0	7.9	10.0	2.3	5.0	6.9			
Ratio of profit before taxes to total assets (ROA)	%	10.6	2.9	5.9	9.0	11.4	2.6	5.6	7.6			
Ratio of equity attributable to Chugai shareholders	%	80.6	81.6	82.3	81.5	79.5	81.1	82.0	81.9			
Equity per share attributable to Chugai shareholders (BPS)	Yen	1,092.90	1,088.25	1,122.33	1,124.39	1,146.17	1,132.81	1,151.17	1,154.18			
Ratio of dividends to equity attributable to Chugai shareholders (DOE)	%	4.5	5.2									
Core return on net operating assets (Core RONO)	%	14.8	4.5	9.2	14.2	17.1	3.9	7.8	10.9			
Cash conversion cycle (CCC)	Months	9.6	8.3	8.6	8.7	9.4	9.0	9.7	10.0			
Net cash turnover period	Months	6.0	6.1	6.2	5.9	5.7	5.5	5.1	5.2			
Number of employees		7,023	7,009	7,196	7,177	7,169	7,137	7,275	7,252			
Investment on property, plant and equipment	Billions of yen	16.3	4.0	7.8	13.5	28.7	9.7	12.4	15.1			19.0
Depreciation	Billions of yen	13.7	3.4	6.9	10.4	14.0	3.5	7.5	11.1			14.5
Investment on intangible assets	Billions of yen	3.1				5.8						
Amortization	Billions of yen	1.2				1.6						

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 October 25, 2016)

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)	Cervical Cancer #	Approved (16/05)	bevacizumab Avastin Injection	Roche Avastin	Anti-VEGF (Vascular Endothelial Growth Factor) humanized monoclonal antibody
	Renal cell carcinoma #	Phase III Multinational study			
	Malignant pleural mesothelioma #	Phase II			
AF802 / RG7853 (CH5424802/RO5424802)	Non-small cell lung cancer (NSCLC) [post-crizotinib]	Filed (15/09) Europe	alectinib Alecensa Oral	In-house Alecensa (Roche)	ALK inhibitor
	NSCLC [1st line] #	Phase III Overseas			
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			
RG3502 (RO5304020)	Breast cancer (adjuvant) #	Phase III Multinational study	trastuzumab emtansine Kadcyla Injection	Roche Kadcyla	Anti-HER2 antibody-tubulin polymerization inhibitor conjugate
GA101 / RG7159 (RO5072759)	Indolent non-Hodgkin's lymphoma (NHL)	Phase III Multinational study	obinutuzumab Injection	Roche Gazyva/Gazyvaro (EU) (Nippon Shinyaku)	Glycoengineered type II anti-CD20 monoclonal antibody
	Aggressive NHL	Development discontinued			

Development code (Compound number)	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
RG7446 (MPDL3280A)	NSCLC	Phase III Multinational study	atezolizumab Injection	Roche Tecentriq	Engineered anti-PDL1 monoclonal antibody
	NSCLC (adjuvant)	Phase III Multinational study			
	Small cell lung cancer (SCLC)	Phase III Multinational study			
	Urothelial carcinoma	Phase III Multinational study			
	Muscle invasive urothelial carcinoma (adjuvant)	Phase III Multinational study			
	Renal cell carcinoma	Phase III Multinational study			
	Breast cancer	Phase III Multinational study			
GC33 / RG7686 (GC33/RO5137382)	Hepatocellular carcinoma	Phase I Multinational study*	codrituzumab Injection	In-house (Roche)	Anti-Glypican-3 humanized monoclonal antibody
CKI27 / RG7304 (RO5126766)	Solid tumors	Phase I		In-house (Roche)	Raf and MEK dual inhibitor
		Phase I Overseas			
RG7596 (RO5541077)	NHL	Phase I	polatuzumab vedotin Injection	Roche	Anti-CD79b antibody-drug conjugate
RG7604 (GDC-0032)	Solid tumors	Phase I	taselisib Oral	Roche	PI3K inhibitor
RG7440 (GDC-0068)	Solid tumors	Phase I	ipatasertib Oral	Roche/Array BioPharma	AKT inhibitor
ERY974 (ERY974)	Solid tumors	Phase I Overseas	 Injection	In-house	Anti-Glypican-3/CD3 bispecific antibody
RG6078 (GDC-0919)	Solid tumors	Phase I	 Oral	Roche/NewLink Genetics	IDO inhibitor

Development code (Compound number)	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<u>Bone and Joint Diseases</u>					
ED-71 (ED-71)	Osteoporosis	Phase III China	eldecalcitol Edirol Oral	In-house	Activated vitamin D ₃ agent
<u>Renal Diseases</u>					
EOS789 (EOS789)	Hyperphosphatemia	Phase I	Oral	In-house	-
<u>Autoimmune Diseases</u>					
MRA / RG1569 (RO4877533)	Large-vessel vasculitis #	Phase III	tocilizumab Actemra	In-house Actemra/RoActemra (EU) (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody
	Giant cell arteritis #	Phase III Overseas	Injection		
	Systemic sclerosis #	Phase III Multinational study			
SA237 (SA237)	Neuromyelitis optica (NMO)	Phase III Multinational study*	Injection	In-house	Anti-IL-6 receptor humanized monoclonal antibody
<u>Central Nervous System</u>					
RG1450 (RO4909832)	Alzheimer's disease	Phase III Multinational study	gantenerumab Injection	Roche/MorphoSys	Anti-amyloid-beta human monoclonal antibody
RG7412 (RO5490255)	Alzheimer's disease	Phase I	crenezumab Injection	Roche/AC Immune	Anti-amyloid-beta humanized monoclonal antibody
RG1662 (RO5186582)	Improvement of intellectual ability in individuals with Down syndrome	Development discontinued	basmisanil Oral	Roche	GABAA α 5 receptor antagonist
<u>Others</u>					
ACE910 / RG6013 (RO5534262)	Hemophilia A (Inhibitor)	Phase III Multinational study	emicizumab Injection	In-house (Roche)	Anti-FIXa/FX bispecific antibody
	Hemophilia A (Non-inhibitor)	Phase III Multinational study			

Development code (Compound number)	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
RG3637 (RO5490255)	Idiopathic pulmonary fibrosis	Phase II Multinational study	lebrikizumab	Roche	Anti-IL-13 humanized monoclonal antibody
	Asthma	Development discontinued	Injection		
CIM331 (CIM331)	Pruritus in dialysis patients	Phase II	nemolizumab	In-house	Anti-IL-31 receptor humanized monoclonal antibody
	Atopic dermatitis [Development out-licensed to] - Galderma (Overseas) - Maruho (Japan)	Phase II Multinational study*	Injection		
URC102 (URC102)	Gout	Phase II Overseas	Oral	In-house/JW Pharmaceutical (JW Pharmaceutical)	URAT1 inhibitor
PCO371 (PCO371)	Hypoparathyroidism	Phase I Overseas	Oral	In-house	PTH1 receptor agonist

In principle, completion of first dose is regarded as the start of clinical studies in each phase.

* Multinational studies managed by Chugai

Changes from the last announcement on July 21, 2016

Oncology

- GC33/RG7686 Phase II multinational study → Phase I multinational study (Hepatocellular carcinoma)
- ERY974 Phase I study (Overseas, solid tumor: Development started)
- RG6078 Phase I study (Solid tumor: Development started)
- GA101/RG7159 Phase III multinational study → Development discontinued (Aggressive NHL)

Central Nervous System

- RG7412 Phase I study (Alzheimer's disease: Development started)
- RG1662 Phase I study → Development discontinued (Improvement of intellectual ability in individuals with Down syndrome)

Others

- ACE910/RG6013 Phase III multinational study (Hemophilia A [Non-inhibitor])
- RG3637 Phase III multinational study → Development discontinued (Asthma)

R&D Activities (Jan. 1, 2016- Oct. 25, 2016)

As for clinical development activities, Chugai saw progress as described below:

Oncology

- We obtained approval for the anti-VEGF (Vascular Endothelial Growth Factor) humanized monoclonal antibody (product name: Avastin) for the indication of cervical cancer in May, 2016. We started a Phase II study (expected indication: Malignant pleural mesothelioma) in July, 2016.
- We started Phase III multinational studies for the engineered anti-PDL1 monoclonal antibody RG7446 for the expected indication of breast cancer in May and small cell lung cancer in June, 2016.
- We started Phase I multinational study for the anti-Glypican-3 humanized monoclonal antibody GC33/RG7686 in combination with RG7446 for the expected indication of hepatocellular carcinoma in August, 2016.
- We started overseas Phase I study for the anti-Glypican-3/CD3 bispecific antibody ERY974 in solid tumors in August, 2016.
- We started Phase I study for the IDO inhibitor RG6078 in combination with RG7446 in solid tumors in September, 2016.
- We decided to discontinue development of the anti-HER2 antibody-tubulin polymerization inhibitor conjugate RG3502 (product name: Kadcyla) for gastric cancer in consideration of the fact that the primary endpoint was not achieved in the Phase III multinational study (the GATSBY study).
- We decided to discontinue development of the glycoengineered type II anti-CD20 monoclonal antibody GA101/RG7159 for aggressive NHL in consideration of the results of the Phase III multinational study (the GOYA study).

Bone and Joint Diseases

- We obtained approval for the indication of osteoporosis for bisphosphonate RG484 (oral) (product name: Bonviva) in January, and launched in April, 2016.

Central Nervous System

- We started Phase I study for the anti-amyloid-beta humanized monoclonal antibody RG7412 for the expected indication of Alzheimer's disease in September, 2016.
- We decided to discontinue development of the GABAA α 5 receptor antagonist RG1662 for improvement of intellectual ability in individuals with Down syndrome in consideration of the results of the overseas study conducted by Roche.

Others

- We started Phase III multinational study for the anti-FIXa/FX bispecific antibody ACE910/RG6013 for the expected indication of Hemophilia A (Non-inhibitor) in September, 2016.
- We decided to discontinue development of the anti-IL-13 humanized monoclonal antibody RG3637 for asthma in consideration of the results of the Phase III multinational study (the LAVOLTA II study).

Major clinical trials in oncology field

Theme	Expected Indication	Study design	Study name	Stage	Planned filing year
RG1273 Perjeta	Breast cancer (adjuvant)	Herceptin + chemotherapy ± Perjeta	APHINITY	Phase III	2017
	Gastric cancer	Herceptin + chemotherapy ± Perjeta	JACOB	Phase III	2018
RG3502 Kadcyla	Breast cancer (adjuvant)	Kadcyla + Perjeta vs. Herceptin + Perjeta + chemotherapy	KAITLIN	Phase III	2019 and beyond
GA101/ RG7159 (obinutuzumab)	Indolent NHL	GA101 + chemotherapy vs. Rituxan + chemotherapy (G-chemo vs. R-chemo)	GALLIUM	Phase III	2017
RG7446 (atezolizumab)	NSCLC	RG7446 vs. docetaxel	OAK	Phase III	2017
		PD-L1 positive RG7446	BIRCH	Phase II	
		PD-L1 positive RG7446 vs. chemotherapy	IMpower 110	Phase III	
		Non-squamous RG7446 + chemotherapy ± Avastin vs. Chemotherapy + Avastin	IMpower 150	Phase III	
		Non-Squamous Chemotherapy ± RG7446	IMpower 132	Phase III	
		Squamous Chemotherapy ± RG7446	IMpower 131	Phase III	
	NSCLC (adjuvant)	RG7446 vs. best supportive care	IMpower 010	Phase III	2019 and beyond
	SCLC	carboplatin + etoposide ± RG7446	IMpower 133	Phase III	2019 and beyond
	Urothelial carcinoma	RG7446 vs. chemotherapy	IMvigor 211	Phase III	2017
	Muscle invasive urothelial carcinoma (adjuvant)	RG7446 vs. observation	IMvigor 010	Phase III	2019 and beyond
	Breast cancer	Triple negative breast cancer nab-paclitaxel ± RG7446	IMpassion 130	Phase III	2018
	Renal cell carcinoma	RG7446 + Avastin vs. sunitinib	IMmotion 151	Phase III	2018
RG435 Avastin					

Clinical trials for cancer immunotherapy

Cancer type	Target	Treatment	Study name	Stage
Non-small cell lung cancer	2nd line	RG7446 (atezolizumab)	OAK	Phase III
	PD-L1 positive	RG7446 (atezolizumab)	BIRCH	Phase II
	PD-L1 positive, 1st line	RG7446 (atezolizumab)	IMpower 110	Phase III
	Non-Squamous, 1st line	RG7446 (atezolizumab) + chemotherapy + Avastin	IMpower 150	Phase III
	Non-Squamous, 1st line	RG7446 (atezolizumab) + chemotherapy	IMpower 132	Phase III
	Squamous, 1st line	RG7446 (atezolizumab) + chemotherapy	IMpower 131	Phase III
	Adjuvant	RG7446 (atezolizumab)	IMpower 010	Phase III
Small cell lung cancer	1st line	RG7446 (atezolizumab) + chemotherapy	IMpower 133	Phase III
Urothelial carcinoma	2nd line+	RG7446 (atezolizumab)	IMvigor 211	Phase III
	Muscle invasive carcinoma, adjuvant	RG7446 (atezolizumab)	IMvigor 010	Phase III
Breast cancer	Triple negative, 1st line	RG7446 (atezolizumab) + chemotherapy	IMpassion 130	Phase III
Renal cell carcinoma	1st line	RG7446 (atezolizumab)+ Avastin	IMmotion 151	Phase III
Hepatocellular carcinoma	Glypican-3 positive	GC33 (codrituzumab) + RG7446 (atezolizumab)	—	Phase I
Solid tumor	Glypican-3 positive	ERY974	—	Phase I
	—	RG6078 + RG7446 (atezolizumab)	—	Phase I