

Supplementary Materials for  
Consolidated Financial Results for  
the 3rd 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	114.91	113.72	
EUR			121.80	128.82	131.03	136.64	140.90	140.12	137.79	
USD			92.25	98.61	98.90	100.40	102.81	102.16	103.92	

## 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	115.04	114.59		116.00
EUR	110.92	102.59	121.80	125.33	127.21	129.51	140.90	140.51	139.58		142.00
USD	79.75	79.81	92.25	95.43	96.59	97.54	102.81	102.49	102.96		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	113.79	115.08	
EUR	100.62	113.68	120.64	128.23	132.87	145.16	141.40	138.37	138.88	
USD	77.63	86.02	94.14	98.36	98.26	105.16	102.82	101.38	109.49	

## 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	222.0	+10.4	333.4	+8.8		
Sales	375.2	87.0	188.8	288.8	401.3	114.2	+31.3	208.1	+10.2	315.1	+9.1		
excl. Tamiflu	363.2	78.7	179.8	279.7	390.2	107.3	+36.3	201.0	+11.8	308.0	+10.1		
Domestic	320.9	68.8	152.0	234.4	329.2	85.2	+23.8	165.3	+8.8	254.2	+8.4		
Sales to Roche	25.6	5.1	18.4	31.3	42.9	16.9	+231.4	26.3	+42.9	39.5	+26.2		
Overseas	16.7	4.8	9.4	14.0	18.1	5.2	+8.3	9.5	+1.1	14.3	+2.1		
Tamiflu sales	12.0	8.3	9.0	9.0	11.0	6.9	(16.9)	7.1	(21.1)	7.2	(20.0)		
Ordinary use	10.2	7.5	8.2	8.2	10.1	6.8	(9.3)	7.0	(14.6)	7.0	(14.6)		
Govt. stockpiles etc.	1.9	0.8	0.8	0.8	0.9	0.1	(87.5)	0.1	(87.5)	0.2	(75.0)		
Royalties and other operating income	11.3	3.4	12.2	17.8	22.4	9.8	+188.2	13.9	+13.9	18.3	+2.8		
Cost of sales	(168.2)	(40.8)	(88.3)	(133.2)	(187.0)	(55.5)	+36.0	(102.6)	+16.2	(157.3)	+18.1		
(% of Sales)	44.8	46.9	46.8	46.1	46.6	48.6	–	49.3	–	49.9	–		
Gross profit	218.4	49.6	112.7	173.3	236.7	68.5	+38.1	119.4	+5.9	176.1	+1.6		
(% of Revenues)	56.5	54.9	56.1	56.5	55.9	55.2	–	53.8	–	52.8	–		
Operating expenses	(143.7)	(35.0)	(74.6)	(115.2)	(157.9)	(37.5)	+7.1	(76.3)	+2.3	(117.0)	+1.6		
(% of Revenues)	37.2	38.7	37.1	37.6	37.3	30.2	–	34.4	–	35.1	–		
Marketing and distribution	(67.9)	(16.1)	(34.1)	(52.0)	(71.6)	(16.6)	+3.1	(34.3)	+0.6	(51.7)	(0.6)		
(% of Revenues)	17.6	17.8	17.0	17.0	16.9	13.4	–	15.5	–	15.5	–		
Research and development	(66.6)	(16.5)	(34.9)	(54.4)	(74.3)	(18.3)	+10.9	(36.7)	+5.2	(55.5)	+2.0		
(% of Revenues)	17.2	18.3	17.4	17.7	17.5	14.8	–	16.5	–	16.6	–		
General and administration	(9.2)	(2.3)	(5.6)	(8.8)	(12.1)	(2.6)	+13.0	(5.2)	(7.1)	(9.7)	+10.2		
(% of Revenues)	2.4	2.5	2.8	2.9	2.9	2.1	–	2.3	–	2.9	–		
Operating profit	74.7	14.7	38.1	58.2	78.7	31.1	+111.6	43.1	+13.1	59.1	+1.5		
(% of Revenues)	19.3	16.3	19.0	19.0	18.6	25.1	–	19.4	–	17.7	–		
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(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	–	0.3	–	0.3	–		
Profit before taxes	72.7	13.7	36.9	56.7	76.9	31.3	+128.5	43.4	+17.6	59.4	+4.8		
(% of Revenues)	18.8	15.2	18.4	18.5	18.1	25.2	–	19.5	–	17.8	–		
Income taxes	(25.8)	(4.5)	(11.7)	(17.7)	(25.1)	(12.2)	+171.1	(14.0)	+19.7	(18.8)	+6.2		
Net income	46.8	9.2	25.3	39.0	51.9	19.1	+107.6	29.4	+16.2	40.6	+4.1		
(% of Revenues)	12.1	10.2	12.6	12.7	12.2	15.4	–	13.2	–	12.2	–		
Attributable to													
Chugai shareholders	46.1	8.9	24.7	38.2	50.9	18.8	+111.2	28.9	+17.0	39.7	+3.9		
Non-controlling interests	0.8	0.3	0.5	0.8	1.0	0.3	0.0	0.5	0.0	0.8	0.0		
Earnings per share													
Basic (yen)	84.62	16.35	45.46	70.09	93.47	34.46	+110.8	53.03	+16.7	72.90	+4.0		
Diluted (yen)	84.58	16.33	45.41	70.01	93.35	34.41	+110.7	52.95	+16.6	72.79	+4.0		

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	98.0	(11.4)	111.4	+5.6		
Sales	87.0	101.8	99.9	112.5	114.2	+31.3	93.9	(7.8)	107.0	+7.1		
excl. Tamiflu	78.7	101.1	99.9	110.5	107.3	+36.3	93.7	(7.3)	106.9	+7.0		
Domestic	68.8	83.2	82.4	94.8	85.2	+23.8	80.1	(3.7)	88.9	+7.9		
Sales to Roche	5.1	13.3	12.9	11.6	16.9	+231.4	9.3	(30.1)	13.2	+2.3		
Overseas	4.8	4.6	4.6	4.1	5.2	+8.3	4.3	(6.5)	4.8	+4.3		
Tamiflu sales	8.3	0.7	0.0	2.0	6.9	(16.9)	0.2	(71.4)	0.1	-		
Ordinary use	7.5	0.7	0.0	1.9	6.8	(9.3)	0.2	(71.4)	0.0	0.0		
Govt. stockpiles etc.	0.8	-	-	0.1	0.1	(87.5)	-	-	0.1	-		
Royalties and other operating income	3.4	8.8	5.6	4.6	9.8	+188.2	4.1	(53.4)	4.4	(21.4)		
Cost of sales	(40.8)	(47.6)	(44.9)	(53.8)	(55.5)	+36.0	(47.1)	(1.1)	(54.7)	+21.8		
(% of Sales)	46.9	46.8	44.9	47.8	48.6	-	50.2	-	51.1	-		
Gross profit	49.6	63.0	60.7	63.3	68.5	+38.1	50.9	(19.2)	56.7	(6.6)		
(% of Revenues)	54.9	57.0	57.5	54.1	55.2	-	51.9	-	50.9	-		
Operating expenses	(35.0)	(39.6)	(40.6)	(42.8)	(37.5)	+7.1	(38.8)	(2.0)	(40.7)	+0.2		
(% of Revenues)	38.7	35.8	38.5	36.5	30.2	-	39.6	-	36.5	-		
Marketing and distribution	(16.1)	(18.0)	(17.9)	(19.6)	(16.6)	+3.1	(17.7)	(1.7)	(17.4)	(2.8)		
(% of Revenues)	17.8	16.3	17.0	16.7	13.4	-	18.1	-	15.6	-		
Research and development	(16.5)	(18.4)	(19.5)	(19.9)	(18.3)	+10.9	(18.4)	0.0	(18.8)	(3.6)		
(% of Revenues)	18.3	16.6	18.5	17.0	14.8	-	18.8	-	16.9	-		
General and administration	(2.3)	(3.3)	(3.2)	(3.3)	(2.6)	+13.0	(2.7)	(18.2)	(4.5)	+40.6		
(% of Revenues)	2.5	3.0	3.0	2.8	2.1	-	2.8	-	4.0	-		
Operating profit	14.7	23.5	20.0	20.6	31.1	+111.6	12.0	(48.9)	16.0	(20.0)		
(% of Revenues)	16.3	21.2	19.0	17.6	25.1	-	12.2	-	14.4	-		
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)	(1.0)	(0.2)	(0.3)	(0.4)	0.2	-	0.1	-	(0.0)	(100.0)		
Profit before taxes	13.7	23.3	19.8	20.2	31.3	+128.5	12.2	(47.6)	16.0	(19.2)		
(% of Revenues)	15.2	21.1	18.8	17.3	25.2	-	12.4	-	14.4	-		
Income taxes	(4.5)	(7.2)	(6.1)	(7.3)	(12.2)	+171.1	(1.8)	(75.0)	(4.8)	(21.3)		
Net income	9.2	16.1	13.7	12.9	19.1	+107.6	10.3	(36.0)	11.1	(19.0)		
(% of Revenues)	10.2	14.6	13.0	11.0	15.4	-	10.5	-	10.0	-		
Attributable to												
Chugai shareholders	8.9	15.9	13.4	12.7	18.8	+111.2	10.1	(36.5)	10.8	(19.4)		
Non-controlling interests	0.3	0.2	0.3	0.2	0.3	0.0	0.2	0.0	0.3	0.0		
Earnings per share												
Basic (yen)	16.35	29.11	24.64	23.37	34.46	+110.8	18.57	(36.2)	19.87	(19.4)		
Diluted (yen)	16.33	29.07	24.61	23.34	34.41	+110.7	18.54	(36.2)	19.84	(19.4)		

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	222.0	+10.4	333.4	+8.8			451.0	+6.4
Sales	375.2	87.0	188.8	288.8	401.3	114.2	+31.3	208.1	+10.2	315.1	+9.1			427.0	+6.4
excl. Tamiflu	363.2	78.7	179.8	279.7	390.2	107.3	+36.3	201.0	+11.8	308.0	+10.1			418.2	+7.2
Domestic	320.9	68.8	152.0	234.4	329.2	85.2	+23.8	165.3	+8.8	254.2	+8.4			335.7	+2.0
Sales to Roche	25.6	5.1	18.4	31.3	42.9	16.9	+231.4	26.3	+42.9	39.5	+26.2			64.6	+50.6
Overseas	16.7	4.8	9.4	14.0	18.1	5.2	+8.3	9.5	+1.1	14.3	+2.1			17.9	(1.1)
Tamiflu sales	12.0	8.3	9.0	9.0	11.0	6.9	(16.9)	7.1	(21.1)	7.2	(20.0)			8.8	(20.0)
Ordinary use	10.2	7.5	8.2	8.2	10.1	6.8	(9.3)	7.0	(14.6)	7.0	(14.6)			8.8	(12.9)
Govt. stockpiles etc.	1.9	0.8	0.8	0.8	0.9	0.1	(87.5)	0.1	(87.5)	0.2	(75.0)			0.1	(88.9)
Royalties and other operating income	11.3	3.4	12.2	17.8	22.4	9.8	+188.2	13.9	+13.9	18.3	+2.8			24.0	+7.1
Cost of sales	(167.3)	(40.6)	(87.9)	(132.5)	(186.1)	(55.3)	+36.2	(102.1)	+16.2	(156.5)	+18.1			(213.0)	+14.5
(% of Sales)	44.6	46.7	46.6	45.9	46.4	48.4	-	49.1	-	49.7	-			49.9	-
Gross profit	219.3	49.9	113.1	174.0	237.6	68.8	+37.9	119.9	+6.0	176.9	+1.7			238.0	+0.2
(% of Revenues)	56.7	55.2	56.3	56.8	56.1	55.5	-	54.0	-	53.1	-			52.8	-
Operating expenses	(143.7)	(34.8)	(74.4)	(115.0)	(157.7)	(37.3)	+7.2	(76.2)	+2.4	(116.9)	+1.7			(167.0)	+5.9
(% of Revenues)	37.2	38.5	37.0	37.5	37.2	30.1	-	34.3	-	35.1	-			37.0	-
Marketing and distribution	(67.9)	(16.1)	(34.0)	(51.9)	(71.5)	(16.6)	+3.1	(34.3)	+0.9	(51.7)	(0.4)				
(% of Revenues)	17.6	17.8	16.9	16.9	16.9	13.4	-	15.5	-	15.5	-				
Research and development	(66.6)	(16.4)	(34.8)	(54.3)	(74.1)	(18.2)	+11.0	(36.6)	+5.2	(55.4)	+2.0				
(% of Revenues)	17.2	18.1	17.3	17.7	17.5	14.7	-	16.5	-	16.6	-				
General and administration	(9.2)	(2.3)	(5.7)	(8.9)	(12.1)	(2.6)	+13.0	(5.2)	(8.8)	(9.7)	+9.0				
(% of Revenues)	2.4	2.5	2.8	2.9	2.9	2.1	-	2.3	-	2.9	-				
Operating profit	75.6	15.1	38.7	59.0	79.9	31.4	+107.9	43.7	+12.9	60.1	+1.9			71.0	(11.1)
(% of Revenues)	19.6	16.7	19.3	19.2	18.9	25.3	-	19.7	-	18.0	-			15.7	-
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(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	-	0.3	-	0.3	-				
Profit before taxes	73.6	14.1	37.5	57.6	78.1	31.6	+124.1	44.1	+17.6	60.4	+4.9				
(% of Revenues)	19.0	15.6	18.7	18.8	18.4	25.5	-	19.9	-	18.1	-				
Income taxes	(26.2)	(4.6)	(11.9)	(18.1)	(25.5)	(12.3)	+167.4	(14.2)	+19.3	(19.2)	+6.1				
Net income	47.4	9.5	25.6	39.5	52.6	19.3	+103.2	29.8	+16.4	41.2	+4.3				
(% of Revenues)	12.3	10.5	12.7	12.9	12.4	15.6	-	13.4	-	12.4	-				
Attributable to															
Chugai shareholders	46.6	9.2	25.1	38.7	51.6	19.0	+106.5	29.3	+16.7	40.3	+4.1				
Non-controlling interests	0.8	0.3	0.5	0.8	1.0	0.3	0.0	0.5	0.0	0.8	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	546	+0.2	546	+0.2				
Core earnings per share (diluted) (yen)	85.64	16.83	46.06	70.99	94.69	34.82	+106.9	53.66	+16.5	73.85	+4.0			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	98.0	(11.4)	111.4	+5.6		
Sales	87.0	101.8	99.9	112.5	114.2	+31.3	93.9	(7.8)	107.0	+7.1		
excl. Tamiflu	78.7	101.1	99.9	110.5	107.3	+36.3	93.7	(7.3)	106.9	+7.0		
Domestic	68.8	83.2	82.4	94.8	85.2	+23.8	80.1	(3.7)	88.9	+7.9		
Sales to Roche	5.1	13.3	12.9	11.6	16.9	+231.4	9.3	(30.1)	13.2	+2.3		
Overseas	4.8	4.6	4.6	4.1	5.2	+8.3	4.3	(6.5)	4.8	+4.3		
Tamiflu sales	8.3	0.7	0.0	2.0	6.9	(16.9)	0.2	(71.4)	0.1	-		
Ordinary use	7.5	0.7	0.0	1.9	6.8	(9.3)	0.2	(71.4)	0.0	0.0		
Govt. stockpiles etc.	0.8	-	-	0.1	0.1	(87.5)	-	-	0.1	-		
Royalties and other operating income	3.4	8.8	5.6	4.6	9.8	+188.2	4.1	(53.4)	4.4	(21.4)		
Cost of sales	(40.6)	(47.3)	(44.6)	(53.6)	(55.3)	+36.2	(46.8)	(1.1)	(54.4)	+22.0		
(% of Sales)	46.7	46.5	44.6	47.6	48.4	-	49.8	-	50.8	-		
Gross profit	49.9	63.3	60.9	63.6	68.8	+37.9	51.1	(19.3)	57.0	(6.4)		
(% of Revenues)	55.2	57.2	57.7	54.3	55.5	-	52.1	-	51.2	-		
Operating expenses	(34.8)	(39.6)	(40.6)	(42.7)	(37.3)	+7.2	(38.9)	(1.8)	(40.7)	+0.2		
(% of Revenues)	38.5	35.8	38.5	36.5	30.1	-	39.7	-	36.5	-		
Marketing and distribution	(16.1)	(18.0)	(17.9)	(19.6)	(16.6)	+3.1	(17.7)	(1.7)	(17.4)	(2.8)		
(% of Revenues)	17.8	16.3	17.0	16.7	13.4	-	18.1	-	15.6	-		
Research and development	(16.4)	(18.4)	(19.5)	(19.8)	(18.2)	+11.0	(18.4)	0.0	(18.8)	(3.6)		
(% of Revenues)	18.1	16.6	18.5	16.9	14.7	-	18.8	-	16.9	-		
General and administration	(2.3)	(3.3)	(3.2)	(3.3)	(2.6)	+13.0	(2.7)	(18.2)	(4.5)	+40.6		
(% of Revenues)	2.5	3.0	3.0	2.8	2.1	-	2.8	-	4.0	-		
Operating profit	15.1	23.6	20.3	20.9	31.4	+107.9	12.3	(47.9)	16.3	(19.7)		
(% of Revenues)	16.7	21.3	19.2	17.8	25.3	-	12.6	-	14.6	-		
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)	(1.0)	(0.2)	(0.3)	(0.4)	0.2	-	0.1	-	(0.0)	(100.0)		
Profit before taxes	14.1	23.5	20.1	20.5	31.6	+124.1	12.4	(47.2)	16.3	(18.9)		
(% of Revenues)	15.6	21.2	19.1	17.5	25.5	-	12.7	-	14.6	-		
Income taxes	(4.6)	(7.3)	(6.2)	(7.4)	(12.3)	+167.4	(1.9)	(74.0)	(5.0)	(19.4)		
Net income	9.5	16.2	13.9	13.1	19.3	+103.2	10.5	(35.2)	11.3	(18.7)		
(% of Revenues)	10.5	14.6	13.2	11.2	15.6	-	10.7	-	10.1	-		
Attributable to												
Chugai shareholders	9.2	15.9	13.6	12.9	19.0	+106.5	10.3	(35.2)	11.0	(19.1)		
Non-controlling interests	0.3	0.2	0.3	0.2	0.3	0.0	0.2	0.0	0.3	0.0		
Core earnings per share (diluted) (yen)	16.83	29.23	24.93	23.71	34.82	+106.9	18.85	(35.5)	20.19	(19.0)		

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

**Reconciliation of IFRS results to Core results**

(Billions of yen)

	FY2013				FY2014			
	1-9				1-9			
	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	306.5	–	–	306.5	333.4	–	–	333.4
Sales	288.8	–	–	288.8	315.1	–	–	315.1
Royalties and other operating income	17.8	–	–	17.8	18.3	–	–	18.3
Cost of sales	(133.2)	0.7	–	(132.5)	(157.3)	0.8	–	(156.5)
Gross profit	173.3	0.7	–	174.0	176.1	0.8	–	176.9
Operating expenses	(115.2)	0.0	0.1	(115.0)	(117.0)	0.0	0.1	(116.9)
Marketing and distribution	(52.0)	0.0	0.1	(51.9)	(51.7)	0.0	–	(51.7)
Research and development	(54.4)	0.0	0.1	(54.3)	(55.5)	0.0	0.1	(55.4)
General and administration	(8.8)	–	(0.1)	(8.9)	(9.7)	–	0.0	(9.7)
Operating profit	58.2	0.7	0.1	59.0	59.1	0.9	0.1	60.1
Financing costs	(0.0)	–	–	(0.0)	(0.0)	–	–	(0.0)
Other financial income (expense)	(1.4)	–	–	(1.4)	0.3	–	–	0.3
Profit before taxes	56.7	0.7	0.1	57.6	59.4	0.9	0.1	60.4
Income taxes	(17.7)	(0.3)	(0.0)	(18.1)	(18.8)	(0.3)	(0.0)	(19.2)
Net income	39.0	0.5	0.1	39.5	40.6	0.5	0.0	41.2
Attributable to								
Chugai shareholders	38.2	0.5	0.1	38.7	39.7	0.5	0.0	40.3
Non-controlling interests	0.8	–	–	0.8	0.8	–	–	0.8

**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 (0.7 billion yen in 2013 and 0.9 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 (immaterial in 2013 and none in 2014). Environmental costs ((0.1) billion yen in 2013 and immaterial in 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)	
	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		Full-year	
Sales	375.2	87.0	188.8	288.8	401.3	114.2	+31.3	208.1	+10.2	315.1	+9.1			427.0	+6.4
Excl. Tamiflu	363.2	78.7	179.8	279.7	390.2	107.3	+36.3	201.0	+11.8	308.0	+10.1			418.2	+7.2
Domestic	320.9	68.8	152.0	234.4	329.2	85.2	+23.8	165.3	+8.8	254.2	+8.4			335.7	+2.0
Oncology	156.1	35.5	78.7	121.5	172.4	45.4	+27.9	87.2	+10.8	135.8	+11.8			180.3	+4.6
Avastin	65.5	15.8	34.8	53.7	75.4	20.1	+27.2	38.2	+9.8	59.4	+10.6			81.2	+7.7
Herceptin	28.7	6.5	14.4	21.9	30.9	8.1	+24.6	14.9	+3.5	22.9	+4.6			30.0	(2.9)
Rituxan	24.7	5.3	12.0	18.6	26.2	6.4	+20.8	12.0	0.0	18.9	+1.6			26.9	+2.7
Tarceva	9.5	2.0	4.6	7.2	10.4	2.9	+45.0	5.6	+21.7	8.4	+16.7			11.3	+8.7
Xeloda	10.9	2.6	5.5	8.3	11.3	2.8	+7.7	5.0	(9.1)	7.6	(8.4)			10.8	(4.4)
Neutrogen	8.8	1.6	3.7	5.8	8.1	1.3	(18.8)	2.8	(24.3)	4.2	(27.6)			5.8	(28.4)
Perjeta	-	-	-	0.5	2.4	2.0	-	4.3	-	6.6	+1,220.0			4.7	+95.8
Kadcyla	-	-	-	-	-	-	-	1.0	-	2.4	-			1.9	-
Alecensa	-	-	-	-	-	-	-	-	-	0.2	-			1.3	-
Other products	8.2	1.7	3.7	5.5	7.6	1.8	+5.9	3.4	(8.1)	5.1	(7.3)			6.3	(17.1)
Bone and joint diseases	66.3	12.2	27.5	43.0	60.6	17.6	+44.3	33.0	+20.0	50.3	+17.0			67.3	+11.1
Actemra	17.1	4.0	9.1	14.3	20.4	5.9	+47.5	11.2	+23.1	17.4	+21.7			22.4	+9.8
Edirol	7.9	2.8	6.4	10.3	15.0	5.0	+78.6	8.7	+35.9	13.6	+32.0			17.6	+17.3
Suvenyl	12.3	2.5	5.7	8.8	11.9	2.6	+4.0	5.2	(8.8)	7.9	(10.2)			11.8	(0.8)
Alfarol	8.1	1.5	3.2	4.8	6.4	1.2	(20.0)	2.5	(21.9)	3.7	(22.9)			5.0	(21.9)
Bonviva	-	-	-	0.2	0.5	0.7	-	1.3	-	2.3	+1,050.0			3.9	+680.0
Other products	20.8	1.4	3.1	4.7	6.3	2.1	+50.0	4.0	+29.0	5.5	+17.0			6.7	+6.3
Renal diseases	48.1	10.2	22.5	34.9	48.9	11.7	+14.7	21.5	(4.4)	32.9	(5.7)			45.8	(6.3)
Mircera	17.8	4.3	9.8	15.7	22.5	5.9	+37.2	10.8	+10.2	16.5	+5.1			24.6	+9.3
Oxarol	12.3	2.6	5.7	8.8	12.2	3.0	+15.4	5.8	+1.8	8.9	+1.1			11.2	(8.2)
Epogin	14.5	2.5	5.2	7.8	10.5	1.8	(28.0)	3.3	(36.5)	4.9	(37.2)			6.7	(36.2)
Other products	3.6	0.8	1.7	2.6	3.7	0.9	+12.5	1.6	(5.9)	2.5	(3.8)			3.3	(10.8)
Transplant, Immunology, and Infectious diseases	20.3	4.2	9.2	13.9	18.8	4.7	+11.9	10.6	+15.2	16.1	+15.8			17.3	(8.0)
CellCept	6.5	1.5	3.4	5.2	7.2	1.6	+6.7	3.2	(5.9)	4.8	(7.7)			6.2	(13.9)
Pegasys	6.9	1.3	2.8	4.1	5.5	1.5	+15.4	3.7	+32.1	5.7	+39.0			5.1	(7.3)
Copegus	2.0	0.3	0.7	1.0	1.3	0.6	+100.0	1.7	+142.9	2.6	+160.0			1.8	+38.5
Other products	4.9	1.0	2.3	3.5	4.8	1.0	0.0	2.0	(13.0)	3.1	(11.4)			4.3	(10.4)
Others	30.1	6.8	14.2	21.2	28.6	5.9	(13.2)	13.0	(8.5)	19.1	(9.9)			25.0	(12.6)
Sigmart	9.5	1.9	4.2	6.3	8.6	1.7	(10.5)	3.3	(21.4)	4.8	(23.8)			7.3	(15.1)
Other products	20.5	4.8	10.0	14.9	20.0	4.2	(12.5)	9.7	(3.0)	14.3	(4.0)			17.6	(12.0)
Overseas	42.3	9.9	27.8	45.3	61.1	22.1	+123.2	35.7	+28.4	53.7	+18.5			82.5	+35.0
Actemra	25.6	5.1	18.5	31.5	43.2	17.0	+233.3	26.5	+43.2	39.9	+26.7			65.1	+50.7
To Roche	25.6	5.1	18.4	31.3	42.9	16.9	+231.4	26.3	+42.9	39.5	+26.2			64.6	+50.6
Neutrogen	13.9	3.9	7.6	11.4	14.7	4.2	+7.7	7.7	+1.3	11.5	+0.9			14.8	+0.7
Other products	2.8	0.9	1.8	2.4	3.1	0.8	(11.1)	1.6	(11.1)	2.3	(4.2)			2.6	(16.1)
Tamiflu	12.0	8.3	9.0	9.0	11.0	6.9	(16.9)	7.1	(21.1)	7.2	(20.0)			8.8	(20.0)
Ordinary use	10.2	7.5	8.2	8.2	10.1	6.8	(9.3)	7.0	(14.6)	7.0	(14.6)			8.8	(12.9)
Govt. stockpiles etc.	1.9	0.8	0.8	0.8	0.9	0.1	(87.5)	0.1	(87.5)	0.2	(75.0)			0.1	(88.9)
Royalties and other operating income	11.3	3.4	12.2	17.8	22.4	9.8	+188.2	13.9	+13.9	18.3	+2.8			24.0	+7.1
Revenues	386.6	90.4	201.0	306.5	423.7	124.0	+37.2	222.0	+10.4	333.4	+8.8			451.0	+6.4
Domestic	338.0	78.1	168.3	252.1	350.8	98.7	+26.4	179.6	+6.7	269.1	+6.7			354.5	+1.1
Overseas	48.6	12.3	32.7	54.4	72.9	25.3	+105.7	42.5	+30.0	64.3	+18.2			96.5	+32.4

'Other products' in Bone and joint diseases area contains 16.1billion yen of 'Evista' sales 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 2014.

Alecensa sales forecast has individually disclosed from consolidated financial results announcement for the 3rd quarter on October 24th 2014. The total sales forecast for this fiscal year is unchanged from the announcement of January 30th 2014.



## 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	93.9	(7.8)	107.0	+7.1		
Excl. Tamiflu	78.7	101.1	99.9	110.5	107.3	+36.3	93.7	(7.3)	106.9	+7.0		
Domestic	68.8	83.2	82.4	94.8	85.2	+23.8	80.1	(3.7)	88.9	+7.9		
Oncology	35.5	43.2	42.8	50.9	45.4	+27.9	41.8	(3.2)	48.6	+13.6		
Avastin	15.8	19.0	18.8	21.8	20.1	+27.2	18.1	(4.7)	21.2	+12.8		
Herceptin	6.5	7.8	7.6	9.0	8.1	+24.6	6.9	(11.5)	8.0	+5.3		
Rituxan	5.3	6.7	6.6	7.6	6.4	+20.8	5.6	(16.4)	6.9	+4.5		
Tarceva	2.0	2.6	2.6	3.2	2.9	+45.0	2.7	+3.8	2.8	+7.7		
Xeloda	2.6	3.0	2.8	3.0	2.8	+7.7	2.3	(23.3)	2.6	(7.1)		
Neutrogin	1.6	2.1	2.1	2.3	1.3	(18.8)	1.5	(28.6)	1.5	(28.6)		
Perjeta	-	-	0.5	1.9	2.0	-	2.2	-	2.3	+360.0		
Kadcyla	-	-	-	-	-	-	1.0	-	1.4	-		
Alecensa	-	-	-	-	-	-	-	-	0.2	-		
Other products	1.7	2.0	1.8	2.1	1.8	+5.9	1.6	(20.0)	1.7	(5.6)		
Bone and joint diseases	12.2	15.3	15.5	17.6	17.6	+44.3	15.4	+0.7	17.4	+12.3		
Actemra	4.0	5.1	5.2	6.1	5.9	+47.5	5.3	+3.9	6.2	+19.2		
Edirol	2.8	3.6	3.9	4.7	5.0	+78.6	3.7	+2.8	4.9	+25.6		
Suvenyl	2.5	3.2	3.1	3.2	2.6	+4.0	2.7	(15.6)	2.6	(16.1)		
Alfarol	1.5	1.7	1.6	1.7	1.2	(20.0)	1.2	(29.4)	1.2	(25.0)		
Bonviva	-	-	0.2	0.3	0.7	-	0.6	-	0.9	+350.0		
Other products	1.4	1.7	1.5	1.6	2.1	+50.0	1.9	+11.8	1.5	0.0		
Renal diseases	10.2	12.3	12.4	14.0	11.7	+14.7	9.8	(20.3)	11.4	(8.1)		
Mircera	4.3	5.5	5.8	6.8	5.9	+37.2	4.9	(10.9)	5.7	(1.7)		
Oxarol	2.6	3.2	3.0	3.5	3.0	+15.4	2.7	(15.6)	3.1	+3.3		
Epogin	2.5	2.7	2.6	2.7	1.8	(28.0)	1.5	(44.4)	1.6	(38.5)		
Other products	0.8	0.9	0.9	1.0	0.9	+12.5	0.7	(22.2)	0.9	0.0		
Transplant, Immunology, and Infectious diseases	4.2	5.0	4.7	4.9	4.7	+11.9	5.9	+18.0	5.5	+17.0		
CellCept	1.5	1.9	1.8	2.0	1.6	+6.7	1.6	(15.8)	1.6	(11.1)		
Pegasys	1.3	1.5	1.3	1.3	1.5	+15.4	2.1	+40.0	2.0	+53.8		
Copegus	0.3	0.4	0.3	0.2	0.6	+100.0	1.1	+175.0	0.9	+200.0		
Other products	1.0	1.3	1.2	1.3	1.0	0.0	1.0	(23.1)	1.0	(16.7)		
Others	6.8	7.4	7.0	7.4	5.9	(13.2)	7.1	(4.1)	6.1	(12.9)		
Sigmart	1.9	2.2	2.1	2.3	1.7	(10.5)	1.6	(27.3)	1.5	(28.6)		
Other products	4.8	5.1	4.9	5.1	4.2	(12.5)	5.5	+7.8	4.6	(6.1)		
Overseas	9.9	17.9	17.5	15.7	22.1	+123.2	13.6	(24.0)	18.0	+2.9		
Actemra	5.1	13.4	13.0	11.7	17.0	+233.3	9.5	(29.1)	13.4	+3.1		
To Roche	5.1	13.3	12.9	11.6	16.9	+231.4	9.3	(30.1)	13.2	+2.3		
Neutrogin	3.9	3.6	3.9	3.3	4.2	+7.7	3.4	(5.6)	3.8	(2.6)		
Other products	0.9	0.9	0.7	0.7	0.8	(11.1)	0.7	(22.2)	0.8	+14.3		
Tamiflu	8.3	0.7	0.0	2.0	6.9	(16.9)	0.2	(71.4)	0.1	-		
Ordinary use	7.5	0.7	0.0	1.9	6.8	(9.3)	0.2	(71.4)	0.0	0.0		
Govt. stockpiles etc.	0.8	-	-	0.1	0.1	(87.5)	-	-	0.1	-		
Royalties and other operating income	3.4	8.8	5.6	4.6	9.8	+188.2	4.1	(53.4)	4.4	(21.4)		
Revenues	90.4	110.6	105.5	117.1	124.0	+37.2	98.0	(11.4)	111.4	+5.6		
Domestic	78.1	90.2	83.8	98.6	98.7	+26.4	80.8	(10.4)	89.5	+6.8		
Overseas	12.3	20.4	21.7	18.5	25.3	+105.7	17.2	(15.7)	21.9	+0.9		

**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	106.6	(2.6)	(4.5)	120.9	18.3	9.8		
Inventories	108.4	116.2	114.1	128.6	128.5	129.5	13.3	1.0	141.8	27.7	13.3	151.0	22.4	22.5		
Trade accounts payable	(41.8)	(35.0)	(33.6)	(42.6)	(35.9)	(43.9)	(8.9)	(8.0)	(42.9)	(9.3)	(7.0)	(42.1)	0.5	(6.2)		
Other net working capital	(24.4)	(21.9)	(18.6)	(20.9)	(26.6)	(19.9)	2.0	6.7	(21.1)	(2.5)	5.5	(29.6)	(8.7)	(3.0)		
Net working capital	157.9	156.8	171.1	167.7	177.1	187.0	30.2	9.9	184.4	13.3	7.3	200.2	32.5	23.1		
Property, plant and equipment	143.1	141.3	139.9	138.4	140.4	139.4	(1.9)	(1.0)	140.0	0.1	(0.4)	139.1	0.7	(1.3)		
Intangible assets	6.5	6.6	7.2	8.4	9.5	9.4	2.8	(0.1)	9.6	2.4	0.1	10.4	2.0	0.9		
Other long-term assets – net	0.4	(2.8)	(2.1)	(2.5)	(1.8)	(1.9)	0.9	(0.1)	(1.6)	0.5	0.2	(3.2)	(0.7)	(1.4)		
Long-term net operating assets	150.0	145.2	145.0	144.3	148.1	147.0	1.8	(1.1)	147.9	2.9	(0.2)	146.3	2.0	(1.8)		
Net operating assets	307.9	301.9	316.1	312.0	325.2	333.9	32.0	8.7	332.3	16.2	7.1	346.4	34.4	21.2		
Debt	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)	0.1	0.0	(0.2)	0.1	0.0	(0.2)	0.0	0.0		
Marketable securities	116.5	111.3	122.9	112.5	119.6	115.5	4.2	(4.1)	115.1	(7.8)	(4.5)	114.9	2.4	(4.7)		
Cash and cash equivalents	95.4	100.6	100.5	112.4	115.1	115.0	14.4	(0.1)	128.8	28.3	13.7	108.1	(4.3)	(7.0)		
Net cash	211.7	211.6	223.2	224.6	234.4	230.3	18.7	(4.1)	243.6	20.4	9.2	222.8	(1.8)	(11.6)		
Other non-operating assets – net	9.6	16.6	9.6	15.3	13.6	13.1	(3.5)	(0.5)	9.5	(0.1)	(4.1)	14.5	(0.8)	0.9		
Net non-operating assets	221.3	228.2	232.7	239.9	248.0	243.4	15.2	(4.6)	253.1	20.4	5.1	237.3	(2.6)	(10.7)		
Total net assets	529.2	530.1	548.8	551.9	573.2	577.4	47.3	4.2	585.4	36.6	12.2	583.7	31.8	10.5		
Total net assets																
Total assets	645.3	632.2	654.5	671.6	697.2	701.6	69.4	4.4	708.2	53.7	11.0	713.9	42.3	16.7		
Total liabilities	(116.2)	(102.1)	(105.7)	(119.7)	(124.0)	(124.2)	(22.1)	(0.2)	(122.8)	(17.1)	1.2	(130.2)	(10.5)	(6.2)		
Attributable to																
Chugai shareholders	528.0	529.1	547.4	550.7	571.7	576.0	46.9	4.3	584.4	37.0	12.7	582.4	31.7	10.7		
Non-controlling interests	1.2	1.1	1.4	1.2	1.5	1.4	0.3	(0.1)	1.0	(0.4)	(0.5)	1.3	0.1	(0.2)		

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	43.1	59.1	
Depreciation and impairment of property, plant and equipment	13.6	3.5	7.2	11.8	15.2	3.4	6.8	12.0	
Amortization and impairment of intangible assets	0.9	0.2	0.5	0.7	1.1	0.3	0.6	0.9	
Other cash adjustment on operating profit	(0.9)	0.5	1.3	2.0	2.3	1.4	1.4	3.2	
Operating profit, net of operating cash adjustments	88.2	18.9	47.2	72.7	97.3	36.1	51.9	75.2	
(Increase) decrease in trade accounts receivable	(6.4)	18.4	6.8	13.4	4.9	(10.3)	4.5	(9.8)	
(Increase) decrease in inventories	(5.4)	(7.8)	(6.1)	(20.7)	(20.5)	(1.9)	(14.3)	(23.6)	
Increase (decrease) in trade accounts payable	24.3	(6.9)	(8.4)	0.7	(6.0)	8.0	7.0	6.2	
Other change in net working capital	5.9	3.2	(1.9)	0.1	1.9	(3.2)	(2.8)	4.6	
Total (increase) decrease in net working capital	18.4	6.9	(9.7)	(6.6)	(19.7)	(7.4)	(5.6)	(22.6)	
Investment in property, plant and equipment	(14.8)	(4.6)	(6.5)	(9.4)	(11.3)	(5.6)	(9.2)	(12.1)	
Investment in intangible assets	(0.8)	(0.2)	(0.4)	(1.7)	(3.4)	(0.7)	(1.3)	(2.4)	
Operating free cash flow	91.0	21.0	30.6	55.0	63.0	22.4	35.8	38.0	
as % of revenues	23.5%	23.2%	15.2%	17.9%	14.9%	18.1%	16.1%	11.4%	
Treasury activities (interest income/expenses, foreign exchange gains/losses etc.)	(3.5)	(0.0)	0.5	0.2	(0.2)	(0.3)	0.4	0.6	
Tax paid	(25.5)	(11.7)	(11.9)	(23.4)	(23.8)	(12.9)	(13.3)	(24.8)	
Dividends paid	(22.7)	(11.2)	(11.4)	(23.7)	(23.9)	(12.8)	(12.9)	(25.4)	
Free cash flow	39.3	(1.9)	7.8	8.2	15.0	(3.6)	10.0	(11.5)	
Transaction in own equity instruments	0.0	0.3	0.6	0.6	0.8	0.3	0.5	0.9	
Net effect of currency translation on net cash	2.8	1.5	3.1	4.1	6.9	(0.8)	(1.3)	(1.0)	
Net change in net cash	42.2	(0.1)	11.5	13.0	22.7	(4.1)	9.2	(11.6)	

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 (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 by operating 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	5.0	6.9			
Ratio of profit before taxes to total assets (ROA)	%	11.8	2.2	5.7	8.6	11.5	4.5	6.2	8.4			
Ratio of equity attributable to Chugai shareholders	%	81.8	83.7	83.6	82.0	82.0	82.1	82.5	81.6			
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	1,072.08	1,068.10			
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	9.0	11.9			
Cash conversion cycle (CCC)	Months	8.5	9.3	8.9	9.0	9.3	7.8	8.9	9.7			
Net cash turnover period	Months	6.6	7.0	6.7	6.6	6.6	5.6	6.6	6.0			
Number of employees		6,836	6,812	6,898	6,881	6,872	6,904	7,036	7,027			
Investment on property, plant and equipment	Billions of yen	14.2	1.7	4.1	7.5	13.0	2.5	6.5	11.4			18.0
Depreciation	Billions of yen	13.3	3.5	6.9	10.3	13.5	3.4	6.8	10.2			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 October 24, 2014)

Development code (Compound number)	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<b><u>Oncology</u></b>					
AF802 / RG7853 (CH5424802/RO5424802)	Non-small cell lung cancer (NSCLC)	Launched (14/09)	alectinib Alecensa	In-house  (Roche)	ALK inhibitor
		Phase III Overseas	Oral		
RG7204 (RO5185426)	Melanoma	Filed (14/04)	vemurafenib  Oral	Roche Zelboraf	BRAF inhibitor
RG1273 (RO4368451)	Breast cancer (adjuvant) #	Phase III Multinational study	pertuzumab Perjeta	Roche Perjeta	HER2 dimerization inhibitory humanized monoclonal antibody
	Gastric cancer #	Phase III Multinational study	Injection		
RG3502 (RO5304020)	Breast cancer (adjuvant) #	Phase III Multinational study	trastuzumab emtansine Kadcyla	Roche Kadcyla	Anti-HER2 antibody-tubulin polymerization inhibitor conjugate
	Gastric cancer #	Phase II/III Multinational study	Injection		
GA101 / RG7159 (RO5072759)	Indolent non-Hodgkin's lymphoma (NHL)	Phase III Multinational study	obinutuzumab	Roche Gazyva/Gazyvaro (EU) (Nippon Shinyaku)	Glycoengineered type II anti-CD20 monoclonal antibody
	Aggressive NHL	Phase III Multinational study	Injection		
RG7446 (MPDL3280A)	NSCLC	Phase III Multinational study	  Injection	Roche	Engineered anti-PDL1 monoclonal antibody
GC33 / RG7686 (GC33/RO5137382)	Hepatocellular carcinoma	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)	

Development code (Compound number)	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
RG7321 (GDC-0941)	Solid tumors	Phase I	pictilisib Oral	Roche	PI3K inhibitor
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
<b><u>Bone and Joint Diseases</u></b>					
RG484 (Ro200-5450po)	Osteoporosis	Phase III	ibandronic acid Bonviva Oral	Roche Bonviva/Boniva (US) (Taisho Pharmaceutical)	Bisphosphonate
NRD101 (NRD101)	Enthesopathy (Lateral epicondylitis, Patellar tendinitis, Achilles tendinopathy, Plantar fasciitis) #	Development Discontinued	hyaluronic acid Suvenyl Injection	In-house	Hyaluronic acid
<b><u>Autoimmune Diseases</u></b>					
MRA (RO4877533)	Rheumatoid arthritis (new formulation: subcutaneous injection)	Approved (14/04) EU	tocilizumab Actemra Injection	In-house Actemra/RoActemra (EU) (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody
	Large-vessel vasculitis #	Phase III			
	Giant cell arteritis #	Phase III Overseas			
	Systemic sclerosis #	Phase II Overseas			
SA237 (SA237)	Neuromyelitis optica (NMO)	Phase III Multinational study*	Injection	In-house	Anti-IL-6 receptor humanized monoclonal antibody
<b><u>Central Nervous System</u></b>					
RG1450 (RO4909832)	Alzheimer's disease	Phase III Multinational study	gantenerumab Injection	Roche/MorphoSys	Anti-amyloid-beta human monoclonal antibody

Development code (Compound number)	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
RG7090 (RO4917523)	Major depressive disorder	Phase II Multinational study	basimglurant  Oral	Roche	mGluR5 antagonist
RG1577 (RO4602522)	Alzheimer's disease	Phase I	  Oral	Roche	MAO-B inhibitor
RG1662 (RO5186582)	Improvement of intellectual ability in individuals with Down syndrome	Phase I	  Oral	Roche	GABA <sub>A</sub> α5 receptor antagonist
RG1678 (RO4917838)	Schizophrenia	Development Discontinued	bitopertin  Oral	Roche	Glycine reuptake inhibitor
<b><u>Respiratory Diseases</u></b>					
RG3637 (RO5490255)	Asthma	Phase III Multinational study	lebrikizumab  Injection	Roche	Anti-IL-13 humanized monoclonal antibody
<b><u>Others</u></b>					
CIM331 (CIM331)	Atopic dermatitis	Phase II Multinational study*	  Injection	In-house	Anti-IL-31 receptor humanized monoclonal antibody
URC102 (URC102)	Gout	Phase II Overseas	  Oral	In-house/JW Pharmaceutical  (JW Pharmaceutical)	URAT1 inhibitor
ACE910 / RG6013 (ACE910)	Hemophilia A	Phase I/II	  Injection	In-house  (Roche)	Anti-factor IXa x anti-factor X humanized bispecific antibody

\* Multinational study managed by Chugai

## Changes from the last announcement on July 24, 2014

### Oncology

-AF802 (RG7853)	Approved → Launched (Japan, NSCLC) Phase I/II → Phase III (Overseas, NSCLC)
-RG7604	Phase I (Solid tumor: development started)

### Bone and Joint Diseases

-NRD101	Phase III → Development discontinued (Enthesopathy)
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### Autoimmune Diseases

-MRA	Phase III (Large-vessel vasculitis: development started)
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### Central Nervous System

-RG1678	Phase III multinational study → Development discontinued (Schizophrenia)
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### Others

-URC102	Phase I → Phase II (Overseas, Gout)
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## R&D Activities (Jan. 1, 2014 - Oct. 24, 2014)

As for clinical development activities, Chugai 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 in April. In January, we started a Phase III multinational study (expected indication: breast cancer (adjuvant)).
- We obtained an approval in July and launched in September for the indication of *ALK* fusion gene positive unresectable, recurrent/advanced NSCLC for the *ALK* inhibitor, AF802/RG7853 (product name: Alecensa). In August, an overseas Phase III study (expected indication: NSCLC) started.
- We filed an application for the BRAF inhibitor RG7204 in April for the indication of melanoma with BRAF<sup>V600</sup> mutation.
- We started a Phase III multinational study (expected indication: NSCLC) for the engineered anti-PDL1 monoclonal antibody, RG7446 in February.
- We started a Phase I study (expected indication: NHL) for the anti-CD79b antibody-drug conjugate RG7596 in July.
- We started a Phase I study (expected indication: solid tumor) for the PI3K inhibitor RG7604 in September.
- We deleted the MEK inhibitor CIF and the PI3K inhibitor PA799 from our development pipeline with due consideration for priorities.
- 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.
- 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 NSCLC in April.
- We decided to discontinue development of the anti-VEGF humanized monoclonal antibody RG435 for the expected indication of breast cancer (adjuvant) in June since predetermined efficacy criteria were not satisfied in the multinational Phase III study (the BEATRICE study).



#### Bone and Joint Diseases

- We decided to discontinue development of the hyaluronic acid NRD101 for the expected indication of enthesopathy in September. This decision has been based on our additional analysis and evaluation of other endpoints following the fact that the primary endpoint was not achieved in a Phase III study last year.

#### Autoimmune Diseases

- In EU, we obtained an approval for the new formulation (subcutaneous formulation) of the humanized anti-human IL-6 receptor monoclonal antibody, MRA (product name in EU: RoActemra), in April. In Japan, we started a Phase III study (expected indication: large-vessel vasculitis) in October.
- We started a Phase III multinational study (expected indication: neuromyelitis optica) for the anti-IL-6 receptor humanized monoclonal antibody SA237 in February.
- We decided to discontinue development of the anti-interferon alpha humanized monoclonal antibody RG7415 in April in consideration to development progress in Roche. A Phase I study has been in progress for SLE.

#### Central Nervous System

- We started a multinational Phase III study (expected indication: Alzheimer's disease) for the anti-amyloid-beta human monoclonal antibody RG1450 in May.
- We started a Phase I study (expected indication: Improvement of intellectual ability in individuals with Down syndrome) for the GABA<sub>A</sub>α5 receptor antagonist RG1662 in May.
- We decided to discontinue development of the glycine reuptake inhibitor RG1678 for the expected indication of schizophrenia in October. After Roche's decision and reviewing the totality of the phase III data, we found no consistent evidence across the six studies initiated by Roche including two studies Chugai participated in to support further development of RG1678 for schizophrenia.

#### Others

- We started a Phase II study (expected indication: gout) in South Korea for the URAT1 inhibitor, URC102 in July.
- We decided to discontinue development of the anti-PCSK9 human monoclonal antibody RG7652 in July in consideration to Roche's decision to terminate development. A Phase I study has been in progress for hyperlipidemia.

**Major clinical trials in oncology field currently running in Japan**

Theme	Expected Indication	Regimen	Stage	Planned Filing Date
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
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
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)	NSCLC	RG7446 vs docetaxel	OAK study Phase III multinational study	2016
		RG7446	BIRCH study Phase II multinational study	
RG340 (capecitabine) Xeloda	Gastric cancer (adjuvant)	RG340 + oxaliplatin	Phase II	2014