

# Summary of Financial Statements for the Three Month Period Ended June 30, 2017 (IFRS, Consolidated)

July 28, 2017

## Takeda Pharmaceutical Company Limited

Stock exchange listings: Tokyo, Nagoya, Fukuoka, Sapporo

TSE Code: 4502

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Supplementary materials for the financial statements: Yes

Presentation to explain for the financial statements: Yes

(Million JPY, rounded to the nearest million)

## 1. Consolidated Financial Results for the Three Month Period Ended June 30, 2017 (April 1 to June 30, 2017)

(1) Consolidated Operating Results (year to date)

(Percentage figures represent changes over the same period of the previous year)

	Revenue		Operating profit		Profit before tax		Net profit for the period	
	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)
Three month period ended June 30, 2017	448,240	3.3	194,975	27.5	198,242	32.4	144,989	44.5
Three month period ended June 30, 2016	434,005	(2.8)	152,933	208.6	149,677	207.2	100,343	294.6

	Net profit attributable to owners of the Company		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(Million JPY)	(%)	(Million JPY)	(%)	(JPY)	(JPY)
Three month period ended June 30, 2017	144,789	45.5	205,152	—	185.61	184.39
Three month period ended June 30, 2016	99,527	304.9	(52,047)	—	127.30	126.75

(2) Consolidated Financial Position

	Total assets (Million JPY)	Total equity (Million JPY)	Equity attributable to owners of the Company (Million JPY)	Ratio of equity attributable to owners of the Company to total assets (%)	Equity attributable to owners of the Company per share (JPY)
As of June 30, 2017	4,345,922	2,036,783	2,014,570	46.4	2,580.10
As of March 31, 2017	4,355,782	1,948,965	1,894,261	43.5	2,425.92

## 2. Dividends

	Annual dividends per share (JPY)				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total
Fiscal 2016	—	90.00	—	90.00	180.00
Fiscal 2017	—	—	—	—	—
Fiscal 2017 (Projection)	—	90.00	—	90.00	180.00

(Note) Modifications in the dividend projection from the latest announcement: None

## 3. Forecasts for Consolidated Operating Results for Fiscal 2017 (April 1, 2017 to March 31, 2018)

(Percentage figures represent changes from previous fiscal year)

	Revenue		Core Earnings		Operating profit		Profit before income taxes		Net profit attributable to owners of the Company		Basic earnings per share
	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(Million JPY)	(%)	(JPY)
Fiscal 2017	1,680,000	(3.0)	257,500	5.0	180,000	15.5	190,000	32.5	138,000	20.1	176.73

Fiscal 2017 Management Guidance – Underlying growth (%)

Underlying Revenue Low single digit

Underlying Core Earnings Mid-to-high teen

Underlying Core EPS Low-to-mid teen

Please refer to page 4 for details of "Underlying growth".

(Note) Modifications in forecasts of consolidated operating results from the latest announcement: None

## Additional Information

- (1) Changes in significant subsidiaries during the period : No  
(changes in specified subsidiaries resulting in the change in consolidation scope)
- (2) Changes in accounting policies and changes in accounting estimates
- 1) Changes in accounting policies required by IFRS : Yes
- 2) Changes in accounting policies other than 1) : No
- 3) Changes in accounting estimates : No
- (Note) For details, refer to "2. Condensed Interim Consolidated Financial Statements [IFRS] (5) Notes to Condensed Interim Consolidated Financial Statements (Significant Accounting Policies)" in page 10.
- (3) Number of shares outstanding (common stock)
- 1) Number of shares outstanding (including treasury stock) at term end:
- |                |                    |
|----------------|--------------------|
| June 30, 2017  | 790,764,795 shares |
| March 31, 2017 | 790,521,195 shares |
- 2) Number of shares of treasury stock at term end:
- |                |                  |
|----------------|------------------|
| June 30, 2017  | 9,952,574 shares |
| March 31, 2017 | 9,679,939 shares |
- 3) Average number of outstanding shares (for the three month period ended June 30):
- |               |                    |
|---------------|--------------------|
| June 30, 2017 | 780,050,503 shares |
| June 30, 2016 | 781,821,909 shares |

\* This summary of quarterly financial statements is exempt from quarterly review procedures

\* Note to ensure appropriate use of forecasts, and other noteworthy items

- Takeda has adopted International Financial Reporting Standards (IFRS), and the disclosure information in this document is based on IFRS.
- All forecasts in this document are based on information currently available to the management, and do not represent a promise or guarantee to achieve those forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuation of foreign exchange rates. If a significant event occurs that requires the forecasts to be revised, the Company will disclose it in a timely manner.
- For details of the financial forecast, please refer to "1. Qualitative Information for the Three Month Period Ended June 30, 2017 (2) Outlook for Fiscal 2017" on page 6.
- Supplementary materials for the financial statements (databook, presentation materials for the earnings release conference to be held on July 28, 2017) and the audio of the conference including question-and-answer session will be promptly posted on the Company's website.

(Takeda Website):

<http://www.takeda.com/investor-information/results/>

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## 1. Qualitative Information for the Three Month Period Ended June 30, 2017

### (1) Business Performance

#### (i) Consolidated Financial Results (April 1 to June 30, 2017)

Billion JPY

	<u>Amount</u>	<u>Change versus the same period of the previous year</u>	
Revenue	448.2	+14.2	+3.3%
Core Earnings	106.3	+29.2	+37.9%
Operating Profit	195.0	+42.0	+27.5%
Profit Before Tax	198.2	+48.6	+32.4%
Net Profit for the Period (Attributable to Owners of the Company)	144.8	+45.3	+45.5%
EPS(JPY)	185.61	+58.31	+45.8%

#### [Revenue]

Consolidated Revenue was 448.2 billion JPY, an increase of 14.2 billion JPY (+3.3%) compared to the same period of the previous year. Revenue was driven by the strong growth of Takeda's Growth Drivers, which consist of Gastroenterology (GI), Oncology, Central Nervous System (CNS), and Emerging Markets. This growth was partly offset by the loss of revenue resulting from divestitures (-10.5 billion JPY) and the negative impact of the appreciation of the yen (-1.6 billion JPY).

Excluding the impact of divestitures and foreign exchange rates, Underlying Revenue growth was +6.6%, driven by a +14.7% increase in the Takeda Growth Drivers.

#### (Takeda's Growth Drivers)

- In the therapeutic area of Gastroenterology (GI), sales of ENTYVIO (for ulcerative colitis and Crohn's disease) were 45.9 billion JPY, a year-on-year increase of 13.9 billion JPY (+43.3%, Underlying+45.4%), contributing significantly to the revenue growth of the whole company as Takeda's top-selling brand. ENTYVIO is achieving steady expansion of patient share in the bio-naïve segment, as well as an increase in the number of countries where it is marketed.  
Sales of TAKECAB (for acid-related diseases) were 12.5 billion JPY, an increase of 6.1 billion JPY (+95.7%, Underlying+95.7%), with prescriptions in the Japanese market expanding mainly driven by its efficacy in reflux esophagitis and the prevention of recurrence of gastric ulcers during low-dose aspirin administration.  
Underlying Revenue Growth in Gastroenterology (GI) was +23.2%.
- In the therapeutic area of Oncology, sales of NINLARO (for multiple myeloma) were 10.0 billion JPY, an increase of 4.0 billion JPY (+67.1%, Underlying+67.6%) versus the same period of previous year. NINLARO has demonstrated a strong uptake in many countries, including the U.S., supported by its profile of efficacy, safety and convenience. NINLARO was launched in Japan in May 2017, and has great potential as a once-weekly oral proteasome inhibitor that can potentially be used for extended durations of therapy due to its tolerable side effect profile and a reduction of the logistical burden of traveling to the clinic which is associated with injectable therapies.  
ALUNBRIG (for lung cancer), obtained through the acquisition of ARIAD Pharmaceuticals, Inc. ("ARIAD") in February 2017, was granted marketing authorization by the U.S. Food and Drug Administration (FDA) in April 2017, and was launched in May. Takeda believes that this product has the potential to become a best-in-class ALK inhibitor.  
ICLUSIG (for leukemia), also obtained through the acquisition of ARIAD, recorded revenue of 5.2 billion JPY, contributing to revenue growth in Oncology.

Underlying Revenue Growth in Oncology was +12.2%.

- In the therapeutic area of Central Nervous System (CNS), sales of TRINTELLIX (for major depressive disorder), a leading branded anti-depressant in the U.S. market, were 11.2 billion JPY, an increase of 4.8 billion JPY (+74.1%, Underlying+74.8%).

Underlying Revenue Growth in Central Nervous System (CNS) was +29.8%.

- In Emerging Markets, revenue was 65.8 billion JPY, a year-on-year increase of 3.6 billion JPY (+5.9%). The strong growth of Oncology products led by ADCETRIS (for malignant lymphoma) and Gastroenterology (GI) products including ENTYVIO (for ulcerative colitis and Crohn's disease) contributed largely to the revenue growth in Emerging Markets.

Underlying Revenue Growth in Emerging Markets was +6.0%.

(Revenue by region in the Prescription Drug Business)

- Revenue in the Prescription Drug Business was 427.2 billion JPY, an increase of 33.2 billion JPY versus the same period of previous year. Revenue in the U.S. increased by 18.9 billion JPY to 148.6 billion JPY, Japan revenue increased by 12.6 billion JPY to 139.3 billion JPY, and Europe and Canada revenue decreased by 2.0 billion JPY to 73.6 billion JPY mainly due to the negative impact of the appreciation of the yen (-2.8billion JPY).

Underlying Revenue Growth in the Prescription Drug Business increased in all regions, growing +6.9% in total.

(Impact of divestitures)

- Revenue was negatively impacted by divestitures (-10.5 billion JPY) in this period. The impact of divestitures included the decrease in revenue (19.0 billion JPY) as a result of the deconsolidation of Wako Pure Chemical Industries, Ltd. after Takeda sold its shares in the company in April 2017. In addition, there was a loss of revenue due to the sale of 7 long-listed products in Japan to Teva Takeda Yakuhin Ltd. in May 2017; however, revenue was also recognized for the sale price for these products, resulting in an overall positive impact to revenue (10.8 billion JPY). There were other smaller divestiture impacts totaling -2.2 billion JPY.

(Note) For more details of segment information, revenue by region and revenue by product, please refer to the "Data Book" and "Earning Release Conference Call Materials" which are the supplementary materials for the financial statements.

Takeda's web-site

<https://www.takeda.com/investor-information/results/>

[Operating Profit]

Consolidated Operating Profit was 195.0 billion JPY, an increase of 42.0 billion JPY (+27.5%) compared to the same period of the previous year.

- Gross Profit was 327.4 billion JPY, an increase of 28.8 billion JPY (+9.6%), driven by the strong revenue growth of Takeda's Growth Drivers. Excluding the impact of divestitures and foreign exchange rates, Underlying Gross Profit increased by 9.4% resulting in an increase in the Underlying Gross Margin from 70.0% to 71.8% due to a more favorable sales mix.
- Selling, General and Administrative Expenses increased by 0.9 billion JPY (+0.6%), well below the increase in revenue and gross profit, due to the impact of divestitures, favorable foreign exchange rates and the cost control effect of the Global Opex Initiative. Excluding the impact of divestitures and foreign exchange rates, Underlying Expenses increased by 4.1%, still well below the increase in Underlying Gross Profit.
- R&D Expenses stayed broadly flat, decreasing by 0.9 billion JPY (-1.1%). Excluding the impact of divestitures and foreign exchange rates, Underlying R&D expenses increased by 1.7%.
- Amortization and Impairment Losses on Intangible Assets Associated with Products increased by 4.0 billion JPY (+13.9%), mainly due to a 4.5 billion JPY amortization of intangible assets recognized upon the acquisition of ARIAD.

- Other Operating Income increased by 19.7 billion JPY (+17.6%), mainly due to a 106.3 billion JPY gain on the sales of shareholdings in Wako Pure Chemical Industries, Ltd. and a 16.0 billion JPY gain on sales of investment property in this fiscal year. This offsets a 102.9 billion JPY gain related to the transfer of Takeda's long-listed products business in Japan to Teva Takeda Yakuhin Ltd. in the previous fiscal year.
- Other Operating Expenses increased by 2.4 billion JPY (+32.5%), mainly due to 2.2 billion JPY of integration costs related to the ARIAD acquisition.

[Net Profit for the Period (Attributable to Owners of the Company)]

Consolidated Net Profit for the Period was 144.8 billion JPY, an increase of 45.3 billion JPY (+45.5%) mainly due to the increase of Operating Profit.

- Income Tax Expenses increased by 3.9 billion JPY (+7.9%) compared to the same period of the previous year. The increase was mainly due to an increase of Profit Before Tax partially offset by increased tax credits in this fiscal year and tax expense on divestment of respiratory portfolio in the previous fiscal year.
- Basic Earnings Per Share were 185.61 JPY, an increase of 58.31 JPY (+45.8%) compared to the same period of the previous year.

## (ii) Underlying Growth (April 1 to June 30, 2017)

Takeda uses the concept of "Underlying Growth" for internal planning and performance evaluation purposes. Underlying Growth compares two periods (quarters or years) of financial results under a common basis, excluding the impact of changes in foreign exchange rates, divestitures and other non-core or exceptional items. Although this is not a measure defined by IFRS, Takeda believe that it is more representative of the real performance of the business. Takeda regards "Underlying Revenue (Note1) Growth", "Underlying Core Earnings (Note2) Growth", and "Underlying Core EPS (Note3) Growth" as important management indicators.

	<u>Change versus the same period of the previous year</u>	
	<u>%</u>	<u>Billion JPY</u>
Underlying Revenue (Note1)	+6.6%	+26.3
Underlying Core Earnings (Note2)	+29.4%	+19.1
Underlying Core EPS (Note3)	+35.7%	+22.22 JPY

(Note1) Underlying Revenue is calculated by taking the reported revenue and adjusting for the impact of foreign exchange rates and divestitures. In this period, the main adjustments were related to the divestiture of Wako Pure Chemical Industries, Ltd, as well as the impact of the sale of 7 long-listed products in Japan to Teva Takeda Yakuhin Ltd., in addition to adjustments for the movement in foreign exchange rates.

(Note2) Core Earnings is calculated by taking Gross Profit and deducting Selling, General and Administrative Expenses and R&D Expenses. In addition, certain other items that are significant in value and non-recurring or non-core in nature will be adjusted. This includes, amongst other items, the impact of natural disasters, purchase accounting effects, major litigation costs, integration costs and government actions. Underlying Core Earnings makes additional adjustments for the impact of foreign exchange rates and divestitures. In this period, the main adjustments were related to the divestiture of Wako Pure Chemical Industries, Ltd, and the impact of the sale of 7 long-listed products in Japan to Teva Takeda Yakuhin Ltd., in addition to adjustments for the movement in foreign exchange rates.

(Note3) Core EPS is calculated by taking Core Earnings and adjusting for items that are significant in value and non-recurring or non-core in nature within each account line below Operating Profit. This includes, amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration. In addition to the tax effect related to these items, the tax effects related to the adjustments made in Core Earnings will also be adjusted when calculating Core EPS. Underlying Core EPS makes additional adjustments for the impact of foreign exchange rates and divestitures, including any associated tax impacts. In this period, the main adjustments were related to the divestiture of Wako Pure Chemical Industries, Ltd., the impact of the sale of 7 long-listed products in Japan to Teva Takeda Yakuhin Ltd. and the impact of selling investment property and certain shareholdings in addition to adjustments for the movement in foreign exchange rates. The associated tax impact on all adjustments was also taken into consideration.

- Underlying Revenue Growth was +6.6% compared to the same period of the previous year, driven by the strong performance of Takeda's Growth Drivers such as ENTYVIO (for ulcerative colitis and Crohn's disease), NINLARO (for multiple myeloma), TRINTELLIX (for major depressive disorder) and TAKECAB (for acid-related diseases). The Underlying Revenue of Takeda's Growth Drivers grew strongly by +14.7%.
- Underlying Core Earnings Growth was +29.4%, reflecting strong Underlying Revenue Growth and disciplined cost management. Underlying Gross Profit Growth was +9.4% while the Underlying Gross Margin improved by +1.8pp reflecting a more favorable sales mix. Underlying Operating Expenses as a percentage of sales improved by +1.7pp reflecting the early impacts of the Global Opex Initiative and good cost discipline. The combination of the above factors led to an improvement in the Core Earnings Margin by 3.5pp to 19.8%.
- Underlying Core EPS Growth was +35.7% compared to the same period of the previous year reflecting strong Underlying Core Earnings Growth of +29.4% coupled with an improvement in the tax rate (from 27.6% in the first quarter of fiscal 2016 to 21.2% in the first quarter of fiscal 2017)

## (2) Outlook for Fiscal 2017

The forecast for consolidated results for the full year of fiscal 2017 has not been changed from the previous forecast (announced at the fiscal 2016 financial results announcement on May 10, 2017). As of this point in time there are no material changes, and as usual we will update our full year forecast when we report first half results in November 2017, unless there is a material event before then that requires updated forecast disclosure.

### Full year reported forecast for Fiscal 2017

Billion JPY

	<u>Amount</u>	<u>Change versus the previous year</u>	
Revenue	1,680.0	- 52.1	- 3.0%
Core Earnings	257.5	+12.4	+5.0%
Operating profit	180.0	+24.1	+15.5%
Profit before tax	190.0	+46.7	+32.5%
Net profit for the period (attributable to owners of the Company)	138.0	+23.1	+20.1%
EPS(JPY)	176.73	+29.58	+20.1%

### Management Guidance – Underlying growth (\*)

	Fiscal 2017 guidance (growth %)
Underlying Revenue	Low single digit
Underlying Core Earnings	Mid-to-high teen
Underlying Core EPS	Low-to-mid teen

(\*) Please refer to "(1) Business Performance (ii) Underlying Growth" on page 4.

### [Major assumptions used in preparing the annual forecast (\*)]

- FX rates assumptions: US\$1 = 110 JPY, 1 Euro = 120 JPY, 1 RUB = 1.9 JPY, 1 BRL = 36.4 JPY and 1 CNY = 16.6 JPY
- R&D expense: 310.0 billion JPY
- Amortization of intangible assets associated with products: 120.0 billion JPY
- Impairment losses on intangible assets associated with products: 32.5 billion JPY
- Gains from sales of shareholdings in Wako Pure Chemical Industries, Ltd.: 106.0 billion JPY
- Sale of tangible assets: 16.0 billion JPY
- Long listed products transfer gain (Other operating income): 6.0 billion JPY
- Budget for R&D transformation: 18.0 billion JPY
- Budget for Global Opex Initiative / Other restructuring: 30.0 billion JPY
- ARIAD one-time expense: 5.0 billion JPY
- Gain on sale of investment securities: 30.0 billion JPY

(\*) The above major assumptions for the annual forecast were disclosed at the earnings announcement on May 10, 2017. In the first quarter of fiscal 2017, gain on the sales of shareholdings in Wako Pure Chemical Industries, Ltd., and gain on the sales of the real estate were recognized for the amounts of 106.3 billion JPY and 16.0 billion JPY, respectively. Other assumptions have not changed materially in their amounts.

### [Forward looking statement]

All forecasts in this document are based on information currently available to the management, and do not represent a promise or guarantee to achieve those forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuation of foreign exchange rates. Any significant event occurs that requires the forecast to be revised; including but not limited to the above annual major assumptions, the Company will disclose it in a timely manner.



## 2. Condensed Interim Consolidated Financial Statements and Major Notes [IFRS]

### (1) Condensed Interim Consolidated Statement of Operations

(Million JPY)

	Three month period ended June 30, 2016	Three month period ended June 30, 2017
Revenue	434,005	448,240
Cost of sales	(135,395)	(120,868)
Gross profit	298,610	327,372
Selling, general and administrative expenses	(144,955)	(145,867)
Research and development expenses	(76,550)	(75,688)
Amortization and impairment losses on intangible assets associated with products	(28,515)	(32,490)
Other operating income	111,626	131,300
Other operating expenses	(7,283)	(9,652)
Operating profit	152,933	194,975
Finance income	2,475	13,497
Finance expenses	(5,372)	(9,964)
Share of profit (loss) of associates accounted for using the equity method	(359)	(267)
Profit before tax	149,677	198,242
Income tax expenses	(49,333)	(53,253)
Net profit for the period	100,343	144,989
Attributable to:		
Owners of the Company	99,527	144,789
Non-controlling interests	816	200
Net profit for the period	100,343	144,989
Earnings per share (JPY)		
Basic earnings per share	127.30	185.61
Diluted earnings per share	126.75	184.39

### (2) Condensed Interim Consolidated Statement of Operations and Other Comprehensive Income

(Million JPY)

	Three month period ended June 30, 2016	Three month period ended June 30, 2017
Net profit for the period	100,343	144,989
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(1,818)	678
	(1,818)	678
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(146,997)	53,804
Net changes on revaluation of available-for-sale financial assets	(3,512)	4,335
Cash flow hedges	185	1,329
Share of other comprehensive income of investments accounted for using the equity method	(248)	18
	(150,573)	59,486
Other comprehensive income for the period, net of tax	(152,391)	60,163
Total comprehensive income for the period	(52,047)	205,152
Attributable to:		
Owners of the Company	(50,707)	204,801
Non-controlling interests	(1,341)	351
Total comprehensive income for the period	(52,047)	205,152

**(3) Condensed Interim Consolidated Statement of Financial Position**

(Million JPY)

	As of March 31, 2017	As of June 30, 2017
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	530,152	532,337
Goodwill	1,022,711	1,052,983
Intangible assets	1,065,835	1,055,752
Investment property	9,499	9,256
Investments accounted for using the equity method	126,411	112,451
Other financial assets	176,636	185,790
Other non-current assets	44,910	45,318
Deferred tax assets	118,968	81,219
Total non-current assets	3,095,120	3,075,105
<b>CURRENT ASSETS</b>		
Inventories	226,294	234,679
Trade and other receivables	423,405	444,902
Other financial assets	56,683	57,979
Income taxes recoverable	21,373	26,261
Other current assets	75,145	72,982
Cash and cash equivalents	319,455	432,302
Subtotal	1,122,356	1,269,105
Assets held for sale	138,306	1,713
Total current assets	1,260,662	1,270,818
Total assets	4,355,782	4,345,922

(Million JPY)

	As of March 31, 2017	As of June 30, 2017
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Bonds and loans	599,862	941,212
Other financial liabilities	81,778	77,205
Net defined benefit liabilities	80,902	83,780
Provisions	35,590	33,695
Other non-current liabilities	77,437	77,144
Deferred tax liabilities	165,158	156,478
Total non-current liabilities	1,040,727	1,369,515
<b>CURRENT LIABILITIES</b>		
Bonds and loans	545,028	203,635
Trade and other payables	240,623	219,633
Other financial liabilities	28,898	31,195
Income taxes payable	70,584	87,903
Provisions	135,796	136,297
Other current liabilities	256,506	260,349
Subtotal	1,277,435	939,013
Liabilities held for sale	88,656	611
Total current liabilities	1,366,091	939,624
Total liabilities	2,406,818	2,309,139
<b>EQUITY</b>		
Share capital	65,203	65,714
Share premium	74,972	64,389
Treasury shares	(48,734)	(52,198)
Retained earnings	1,511,817	1,586,328
Other components of equity	291,002	350,337
Equity attributable to owners of the Company	1,894,261	2,014,570
Non-controlling interests	54,704	22,213
Total equity	1,948,965	2,036,783
Total liabilities and equity	4,355,782	4,345,922

#### (4) Condensed Interim Consolidated Statement of Changes in Equity

Three month period ended June 30, 2016 (From April 1 to June 30, 2016)

(Million JPY)

	Equity attributable to owners of the Company					
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Exchange differences on translation of foreign operations	Net changes on revaluation of available-for-sale financial assets
As of April 1, 2016	64,766	68,829	(35,974)	1,523,127	272,361	58,523
Net profit for the period				99,527		
Other comprehensive income					(145,062)	(3,539)
Comprehensive income for the period	—	—	—	99,527	(145,062)	(3,539)
Issuances of new shares	84	84				
Acquisitions of treasury shares			(20,994)			
Disposals of treasury shares		0	1			
Dividends				(70,859)		
Changes in the ownership interest in subsidiaries				(1,818)		
Transfers from other components of equity						
Share-based payments		(7,527)	9,908			
Total transactions with owners	84	(7,443)	(11,084)	(72,677)	—	—
As of June 30, 2016	64,850	61,386	(47,059)	1,549,977	127,299	54,985

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity			Total		
	Cash flow hedges	Remeasurements of defined benefit plans	Total			
As of April 1, 2016	(2,940)	—	327,944	1,948,692	62,511	2,011,203
Net profit for the period			—	99,527	816	100,343
Other comprehensive income	185	(1,818)	(150,234)	(150,234)	(2,157)	(152,391)
Comprehensive income for the period	185	(1,818)	(150,234)	(50,707)	(1,341)	(52,047)
Issuances of new shares			—	168		168
Acquisitions of treasury shares			—	(20,994)		(20,994)
Disposals of treasury shares			—	1		1
Dividends			—	(70,859)	(571)	(71,430)
Changes in the ownership interest in subsidiaries			—	—		—
Transfers from other components of equity		1,818	1,818	—		—
Share-based payments			—	2,382		2,382
Total transactions with the owners	—	1,818	1,818	(89,302)	(571)	(89,873)
As of June 30, 2016	(2,755)	—	179,529	1,808,683	60,600	1,869,283

Three month period ended June 30, 2017 (From April 1 to June 30, 2017)

(Million JPY)

	Equity attributable to owners of the Company					
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Exchange differences on translation of foreign operations	Net changes on revaluation of available-for-sale financial assets
As of April 1, 2017	65,203	74,972	(48,734)	1,511,817	221,550	67,980
Net profit for the period				144,789		
Other comprehensive income					53,688	4,318
Comprehensive income for the period	—	—	—	144,789	53,688	4,318
Issuances of new shares	512	512				
Acquisitions of treasury shares			(18,714)			
Disposals of treasury shares						
Dividends				(70,956)		
Changes in the ownership interest in subsidiaries				678		
Transfers from other components of equity						
Share-based payments		(11,095)	15,250			
Total transactions with owners	512	(10,583)	(3,464)	(70,278)	—	—
As of June 30, 2017	65,714	64,389	(52,198)	1,586,328	275,238	72,298

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity			Total		
	Cash flow hedges	Remeasurements of defined benefit plans	Total			
As of April 1, 2017	1,472	—	291,002	1,894,261	54,704	1,948,965
Net profit for the period			—	144,789	200	144,989
Other comprehensive income	1,329	678	60,012	60,012	151	60,163
Comprehensive income for the period	1,329	678	60,012	204,801	351	205,152
Issuances of new shares			—	1,023		1,023
Acquisitions of treasury shares			—	(18,714)		(18,714)
Disposals of treasury shares			—	—		—
Dividends			—	(70,956)	(173)	(71,129)
Changes in the ownership interest in subsidiaries			—	—	(32,668)	(32,668)
Transfers from other components of equity		(678)	(678)	—		—
Share-based payments			—	4,155		4,155
Total transactions with the owners	—	(678)	(678)	(84,491)	(32,841)	(117,332)
As of June 30, 2017	2,801	—	350,337	2,014,570	22,213	2,036,783

## (5) Notes to Condensed Interim Consolidated Financial Statements

### (Going Concern Assumption)

Three month period ended June 30, 2017 (April 1 to June 30, 2017)

No events to be noted for this purpose.

### (Significant Accounting Policies)

Significant accounting policies adopted for the condensed consolidated financial statements are the same as those adopted for the consolidated financial statements of the previous fiscal year except for the policies required by the following accounting standards and interpretations.

The Companies calculated income tax expenses for the three month period ended June 30, 2017, based on the estimated average annual effective tax rate.

The accounting standards and interpretations applied by the Companies effective from the first quarter ended June 30, 2017 are as follows:

IFRS		Description of new standards, interpretations and amendments
IAS 7	Statement of Cash Flows	Additional disclosures about changes in liabilities arising from financial activities
IAS 12	Income Taxes	Clarifying requirements on recognition of deferred tax assets for unrealized losses

The above standards did not have a material impact on the condensed interim consolidated financial statements.

### (Significant Changes in Equity Attributable to Owners of the Company)

Three month period ended June 30, 2017 (April 1 to June 30, 2017)

No events to be noted for this purpose.

### (Significant Subsequent Events)

#### Issuance of U.S. dollar unsecured senior notes

The Company issued U.S. dollar unsecured senior notes on July 18, 2017 (U.S.) according to the specific conditions decided on July 11, 2017 (U.S.) based on the resolution by the directors delegated by the Board of Directors on May 29, 2017, as outlined below.

( i ) Issue Amount	US\$500 million
( ii ) Issue Price	99.915% of the principal amount
( iii ) Coupon	2.45% per annum
( iv ) Maturity Date	January 18, 2022
( v ) Method of redemption	Bullet maturity. The Company may redeem the notes, in whole or in part, at any time prior to maturity with optional redemption or optional tax redemption.
( vi ) Use of proceeds	To repay short-term interest-bearing debt which resulted from the acquisition of ARIAD Pharmaceuticals, Inc.
( vii ) Important special provision	Negative pledge clause