Summary of Financial Statements for the Six Month Period Ended September 30, 2017 (IFRS, Consolidated)

November 1, 2017

Takeda Pharmaceutical Company Limited Stock exchange listings: Tokyo, Nagoya, Fukuoka, Sapporo

TSE Code: 4502 URL: http://www.takeda.co.jp
Representative: Christophe Weber, President & CEO
Contact: Takashi Okubo Telephone: +81-3-3278-2306
Global Head of IR, Global Finance

Scheduled date of securities report submission: November 10, 2017
Scheduled date of dividend payment commencement: December 1, 2017
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 Six Month Period Ended September 30, 2017 (April 1 to September 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)	(%)
Six month period ended September 30, 2017	881,416	3.6	234,349	44.6	232,988	50.3	172,670	37.5
Six month period ended September 30, 2016	850,801	(5.9)	162,075	46.7	155,018	51.9	125,608	124.4

	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)
Six month period ended September 30, 2017	172,816	39.0	270,142	—	221.43	219.98
Six month period ended September 30, 2016	124,300	128.6	(44,155)	—	159.07	158.40

(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 September 30, 2017	4,375,955	2,105,697	2,085,734	47.7	2,670.42
As of March 31, 2017	4,354,663	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	—	90.00			
Fiscal 2017 (Projection)			—	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	1,720,000	(0.7)	267,500	9.1	200,000	28.3	210,000	46.5	152,000	32.2	194.66

Fiscal 2017 Management Guidance – Underlying growth (%)

Underlying Revenue	Low single digit
Underlying Core Earnings	High teen
Underlying Core EPS	Mid teen

Please refer to page 5 for details of "Underlying growth".

(Note) Modifications in forecasts of consolidated operating results from the latest announcement: Yes

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 and Major Notes [IFRS] (5) Notes to Condensed Interim Consolidated Financial Statements (Significant Accounting Policies)" in page 11.

(3) Number of shares outstanding (common stock)
1) Number of shares outstanding (including treasury stock) at term end:

September 30, 2017	790,874,595 shares
March 31, 2017	790,521,195 shares

2) Number of shares of treasury stock at term end:

September 30, 2017	9,825,062 shares
March 31, 2017	9,679,939 shares

3) Average number of outstanding shares (for the six month period ended September 30):

September 30, 2017	780,467,839 shares
September 30, 2016	781,400,430 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 management, and do not represent a promise or guarantee to achieve these forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuations in foreign exchange rates. Should any significant event occur which requires the forecast 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 Six Month Period Ended September 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 November 1, 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/

Attachment Index

1. Qualitative Information for the Six Month Period Ended September 30, 2017

(1) Business Performance

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

Billion JPY

	Amount	Change versus the same period of the previous year	
Revenue	881.4	+30.6	+3.6%
Core Earnings	187.1	+56.0	+42.8%
Operating Profit	234.3	+72.3	+44.6%
Profit Before Tax	233.0	+78.0	+50.3%
Net Profit for the Period (Attributable to Owners of the Company)	172.8	+48.5	+39.0%
EPS(JPY)	221.43	+62.36	+39.2%

[Revenue]
Consolidated Revenue was 881.4 billion JPY, an increase of 30.6 billion JPY (+3.6%) compared to the same period of the previous year. Revenue was driven by the continued growth of Takeda's Growth Drivers (Gastroenterology (GI), Oncology, Central Nervous System (CNS), and Emerging Markets), coupled with the positive impact of the depreciation of the yen (+20.3 billion JPY). This growth was partially offset by the loss of revenue resulting from divestitures (-43.2 billion JPY).

Underlying Revenue, which excludes the impact of divestitures and foreign exchange rates, grew +6.7% compared to the same period of the previous year, driven by a +14.9% increase in Takeda's Growth Drivers.

(Takeda’s Growth Drivers)

- In the therapeutic area of Gastroenterology (GI), global sales of ENTYVIO (for ulcerative colitis and Crohn’s disease) were 97.0 billion JPY, a year-on-year increase of 31.6 billion JPY (+48.4%, Underlying +43.4%), contributing significantly to revenue growth as Takeda’s top-selling brand. ENTYVIO is achieving steady expansion of patient share in the bio-naïve segment. It is currently approved in more than 60 countries, and a New Drug Application (NDA) was submitted to the Ministry of Health, Labour and Welfare in Japan in August 2017. Sales of TAKECAB (for acid-related diseases) were 25.3 billion JPY, an increase of 11.5 billion JPY (+83.0%, Underlying +83.0%) versus the same period of the previous year. Prescriptions in the Japanese market have been expanding, mainly driven by TAKECAB's efficacy in reflux esophagitis and the prevention of recurrence of gastric ulcers during low-dose aspirin administration.

  Underlying Revenue growth in Gastroenterology (GI) was +24.8%. Reported growth was +27.1%.

- In the therapeutic area of Oncology, sales of NINLARO (for multiple myeloma) were 21.7 billion JPY, an increase of 9.0 billion JPY (+70.1%, Underlying +63.8%) versus the same period of the previous year, due to strong growth, particularly in the U.S. NINLARO was launched in Japan in May 2017. NINLARO is a once-weekly oral proteasome inhibitor with a profile of efficacy, safety and convenience. ICLUSIG (for leukemia), obtained through the acquisition of ARIAD Pharmaceuticals, Inc. (“ARIAD”) in February 2017, recorded revenue of 10.9 billion JPY, contributing to revenue growth in Oncology. ALUNBRIG (for lung cancer), also obtained through the acquisition of ARIAD, was launched in the U.S. in May 2017. This product has the potential to become a best-in-class ALK inhibitor.

  Underlying Revenue growth in Oncology was +13.2%. Reported growth was +15.9%

- In the therapeutic area of Central Nervous System (CNS), sales of TRINTELLIX (for major depressive disorder) were 23.4 billion JPY, an increase of 9.2 billion JPY (+64.6%, Underlying +58.7%) versus the same period of the previous year. Market share of TRINTELLIX has been expanding within the U.S. branded anti-depressant market, driven by Takeda's patient engagement initiatives.

  Underlying Revenue growth in Central Nervous System (CNS) was +26.7%. Reported growth was +29.6%.

- In Emerging Markets, revenue was 135.7 billion JPY, an increase of 9.1 billion JPY (+7.1%) versus the same period of the previous year. 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 to the revenue growth in Emerging Markets.

  Underlying Revenue growth in Emerging Markets was +3.4%.

(Revenue by region in the Prescription Drug Business)

- Breakdown of Prescription Drug Business by region is as follows:

Billion JPY

		Amount	Change versus the same period of the previous year		Underlying Revenue (Note)		
					Amount	Underlying Growth	
Prescription Drug		838.4	+68.7	+8.9%	807.3	+53.1	+7.0%
	U.S.	301.8	+51.5	+20.6%	295.3	+42.2	+16.7%
	Japan	252.0	+0.3	+0.1%	232.3	+0.6	+0.3%
	Europe and Canada	148.9	+7.9	+5.6%	144.4	+5.8	+4.2%
	Emerging Markets	135.7	+9.1	+7.1%	135.4	+4.5	+3.4%
Consumer Healthcare and Other		43.0	-38.1	-47.0%	43.0	+0.4	+0.8%
Consolidation total		881.4	+30.6	+3.6%	850.3	+53.5	+6.7%

(Note) Underlying Revenue excludes the impact of foreign exchange movements and divestitures.

Revenue in the Prescription Drug Business was 838.4 billion JPY, an increase of 68.7 billion JPY (+8.9%) versus the same period of the previous year. Revenue in the U.S. increased by 51.5 billion JPY (+20.6%, Underlying +16.7%) to 301.8 billion JPY. Europe and Canada revenue increased by 7.9 billion JPY (+5.6%, Underlying +4.2%) to 148.9 billion JPY. Japan revenue was up slightly compared to the same period of the previous year (+0.1%, Underlying +0.3%) at 252.0 billion JPY, with an increase in Takeda’s Growth Drivers offsetting the negative impact from the return of certain distribution products to Pfizer (15.7 billion JPY).

Underlying Revenue growth in the Prescription Drug Business was +7.0% in total.

(Impact of divestitures)

- Revenue was negatively impacted by divestitures (-43.2 billion JPY) during the period. The impact of divestitures included a decrease in revenue (-37.9 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 decline in revenue (-9.1 billion JPY) resulting from the termination of the commercialization agreement for CONTRAVE (for obesity) in the U.S in August 2016. Furthermore, there was a loss of revenue resulting from the sale of 7 long-listed products in Japan to Teva Takeda Yakuhin Ltd. in May 2017. However, the sale proceeds were recognized as revenue in May 2017, resulting in an overall positive impact to revenue (+6.4 billion JPY) compared to the same period of the previous year. There were other smaller divestiture impacts totaling -2.6 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 Meeting 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 234.3 billion JPY, an increase of 72.3 billion JPY (+44.6%) compared to the same period of the previous year.

- Gross Profit was 638.7 billion JPY, an increase of 64.7 billion JPY (+11.3%), 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 +10.9%, with a more favorable sales mix resulting in an increase in the Underlying Gross Margin from 69.2% to 71.9%.
- Selling, General and Administrative Expenses increased by 6.3 billion JPY (+2.2%), well below the increase in revenue growth, due to the impact of divestitures, the early impacts of the Global Opex Initiative and overall good cost discipline. Excluding the impact of divestitures and foreign exchange rates, Underlying Expenses increased by +2.4%, still well below the increase in Underlying Revenue growth. The increase included higher LTIP expenses (+2.4 billion JPY) and increased co-promotion expenses (+2.8 billion JPY). Excluding these items, Selling, General and Administrative Expenses increased by +0.6%.
- R&D Expenses slightly increased by 3.1 billion JPY (+2.1%). Excluding the impact of divestitures and foreign exchange rates, Underlying R&D expenses increased by +2.1%.
- Amortization and Impairment Losses on Intangible Assets Associated with Products was 56.9 billion JPY, a decrease of 18.8 billion JPY (-24.8%) compared to the same period of the previous year. Amortization of intangible assets increased by 11.2 billion JPY, impacted by the addition this year of amortization costs related to the ARIAD acquisition. Impairment losses of intangible assets decreased by 30.0 billion JPY, mainly due to 14.0 billion JPY of COLCRYS (for gout) impairment losses recognized in the same period of the previous year and 9.8 billion JPY of impairment reversal related to COLCRYS recognized in this fiscal year based on the revised more favorable sales forecast.
- Other Operating Income was 136.9 billion JPY, mainly due to a 106.3 billion JPY gain on the sale of the shareholdings in Wako Pure Chemical Industries, Ltd. and a 16.0 billion JPY gain on the sale of investment property in this fiscal year. In the same period of the previous year, there was a gain of 102.9 billion JPY related to the transfer of Takeda's long-listed products business in Japan to Teva Takeda Yakuhin Ltd., resulting in a year-on-year increase of 11.7 billion JPY (+9.4%).
- Other Operating Expenses were 32.0 billion JPY, an increase of 13.5 billion JPY (+73.1%) compared to the same period of the previous year. Other operating expenses for this fiscal year include 13.7 billion JPY of restructuring expenses, including R&D transformation costs and integration costs related to the ARIAD acquisition, as well as 6.0 billion JPY from changes in the COLCRYS contingent consideration liability (See note below).

  (Note) The contingent consideration liability is recognized at its fair value as part of the purchase price when specified future events, arising from business combinations, occur.

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

Consolidated Net Profit for the Period was 172.8 billion JPY, an increase of 48.5 billion JPY (+39.0%) mainly due to the increase of Operating Profit.

- Income Tax Expenses increased by 30.9 billion JPY (+105.1%) compared to the same period of the previous year. This increase was mainly due to an increase of Profit Before Tax as well as tax benefits from a capital redemption from a foreign subsidiary and partial release of an uncertain tax provision recognized in the same period of the previous year. These were partially offset by a favorable mix of statutory earnings and increased tax credits in the current year period versus the same period of the previous year.
- Basic Earnings Per Share were 221.43 JPY, an increase of 62.36 JPY (+39.2%) compared to the same period of the previous year.

(ii) Underlying Growth (April 1 to September 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 believes 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.

	Change versus the same period of the previous year	
	%	*Billion JPY*
Underlying Revenue (Note1)	+6.7%	+53.5
Underlying Core Earnings (Note2)	+44.4%	+50.0
Underlying Core EPS (Note3)	+29.9%	+37.89 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 when calculating Underlying Revenue growth are related to the divestiture of Wako Pure Chemical Industries, Ltd, the termination of the commercialization agreement for CONTRAVE (for obesity), 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.

(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 also makes adjustments for the impact of foreign exchange rates and divestitures. In this period, the main adjustments when calculating Underlying Core Earnings growth are related to the divestiture of Wako Pure Chemical Industries, Ltd, the termination of the commercialization agreement for CONTRAVE (for obesity), 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. In this period, the main adjustments when calculating Underlying Core EPS growth are related to the divestiture of Wako Pure Chemical Industries, Ltd., the termination of the commercialization agreement for CONTRAVE (for obesity), 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. The associated tax impact on all adjustments was also taken into consideration.

- Underlying Revenue growth was +6.7% 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), ICLUSIG (for leukemia), TRINTELLIX (for major depressive disorder) and TAKECAB (for acid-related diseases). The Underlying Revenue of Takeda's Growth Drivers grew strongly by +14.9%.

- Underlying Core Earnings growth was +44.4%, reflecting strong Underlying Revenue growth and disciplined cost management. Underlying Gross Profit growth was +10.9% while the Underlying Gross Margin improved by +2.7pp reflecting a more favorable sales mix. Underlying Operating Expenses as a percentage of sales improved by +2.3pp reflecting the early impacts of the Global Opex Initiative coupled with good cost discipline. The combination of the above factors led to an improvement in the Core Earnings Margin by 5.0pp to 19.1%.

- Underlying Core EPS growth was +29.9% compared to the same period of the previous year reflecting strong Underlying Core Earnings growth of +44.4% partially offset by a higher tax rate (from 14.1% in the same period of the previous year to 20.7% in this period).

(2) Outlook for Fiscal 2017

The full year forecast for consolidated reported results for fiscal 2017 has been revised from the previous forecast (announced on May 10, 2017), as follows:

Full year reported forecast for Fiscal 2017 *Billion JPY*

	Previous forecast (May 10, 2017)	Revised forecast (Nov 1, 2017)	vs. Fiscal 2016	
Revenue	1,680.0	1,720.0	-12.1	-0.7%
Core Earnings	257.5	267.5	+22.4	+9.1%
Operating profit	180.0	200.0	+44.1	+28.3%
Net profit for the year (attributable to owners of the Company)	138.0	152.0	+37.1	+32.2%
EPS(JPY)	176.73	194.66	+47.51	+32.3%

The Revenue forecast has been increased by 40.0 billion JPY (+2.4%) to 1,720.0 billion JPY, mainly due to the impact of foreign exchange rate yen depreciation.

The Operating Profit forecast has been increased by 20.0 billion JPY (+11.1%) to 200.0 billion JPY compared to the previous forecast. Takeda increased Core Earnings forecast by 10.0 billion JPY (+3.9%) to 267.5 billion JPY, reflecting first half favorability. In addition, the revised forecast assumes lower impairment and lower restructuring costs compared to the previous forecast.

Reported Net Profit and EPS forecasts have been increased by +10.1% compared to the previous forecast (+32.3% compared to fiscal 2016).

Management Guidance – Underlying growth

	Previous Guidance (growth %) (May 10, 2017)	Revised Guidance (growth %) (Nov 1, 2017)
Underlying Revenue	Low single digit	Low single digit
Underlying Core Earnings	Mid-to-high teen	High teen
Underlying Core EPS	Low-to-mid teen	Mid teen

Reflecting first half favorability, Takeda is raising underlying profit guidance and Core Earnings margin expansion now expected at around 2pp, compared to the previous year.

[Major assumptions used in preparing the outlook (*)]

- ✓ FX rates assumptions: US$1 = 112 JPY, 1 Euro = 129 JPY, 1 RUB = 1.9 JPY, 1 BRL = 35.1 JPY
- ✓ R&D expense: 315.0 billion JPY
- ✓ Amortization of intangible assets associated with products: 125.0 billion JPY
- ✓ Impairment losses on intangible assets associated with products: 22.5 billion JPY
- ✓ Gains from sales of shareholdings in Wako Pure Chemical Industries, Ltd.: 106.3 billion JPY
- ✓ Sale of tangible assets: 16.0 billion JPY
- ✓ Long listed products transfer gain (Other operating income): 6.0 billion JPY
- ✓ R&D transformation costs: 14.0 billion JPY
- ✓ Budget for Global Opex Initiative / Other restructuring costs: 23.0 billion JPY
- ✓ ARIAD one-time expense: 5.0 billion JPY
- ✓ COLCRYS contingent consideration: 6.0 billion JPY

- ✓ Gain on sale of investment securities: 30.0 billion JPY

(*) 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. In the second quarter of fiscal 2017, 9.8 billion JPY of impairment reversal and 6.0 billion JPY of expenses from contingent consideration liability associated with COLCRYS were recognized. Please refer to the “Data Book” and “Earning Release Meeting Materials” which are the supplementary materials for the financial statements for further details.

Takeda’s web-site
https://www.takeda.com/investor-information/results/

[Forward looking statement]

All forecasts in this document are based on information currently available to management, and do not represent a promise or guarantee to achieve these forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuations in foreign exchange rates. Should any significant event occur which requires the forecast to be revised, the Company will disclose it in a timely manner.

(3) Interim Dividend for Fiscal 2017

Takeda is focused on driving shareholder returns, and the dividend is a key component of those returns.

For the six-month period ended September 30, 2017, Takeda will pay an interim dividend of 90 JPY per share. Further, a 90 JPY per share dividend is planned for the fiscal year-end. Accordingly, the total annual dividend paid to shareholders in the current fiscal year is planned to be 180 JPY per share, the same amount as the previous fiscal year.

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

(1) Condensed Interim Consolidated Statement of Operations

(Million JPY)

	Six month period ended September 30, 2016	Six month period ended September 30, 2017
Revenue	850,801	881,416
Cost of sales	(276,857)	(242,741)
Gross profit	573,943	638,675
Selling, general and administrative expenses	(290,939)	(297,263)
Research and development expenses	(151,966)	(155,096)
Amortization and impairment losses on intangible assets associated with products	(75,687)	(56,885)
Other operating income	125,218	136,935
Other operating expenses	(18,493)	(32,017)
Operating profit	162,075	234,349
Finance income	4,914	14,116
Finance expenses	(11,121)	(15,983)
Share of profit (loss) of associates accounted for using the equity method	(850)	506
Profit before tax	155,018	232,988
Income tax expenses	(29,410)	(60,318)
Net profit for the period	125,608	172,670
Attributable to:		
Owners of the Company	124,300	172,816
Non-controlling interests	1,308	(147)
Net profit for the period	125,608	172,670
Earnings per share (JPY)		
Basic earnings per share	159.07	221.43
Diluted earnings per share	158.40	219.98

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

(Million JPY)

	Six month period ended September 30, 2016	Six month period ended September 30, 2017
Net profit for the period	125,608	172,670
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(2,939)	687
	(2,939)	687
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(167,527)	86,421
Net changes on revaluation of available-for-sale financial assets	935	8,113
Cash flow hedges	22	2,214
Share of other comprehensive income of investments accounted for using the equity method	(254)	36
	(166,824)	96,785
Other comprehensive income for the period, net of tax	(169,763)	97,472
Total comprehensive income for the period	(44,155)	270,142
Attributable to:		
Owners of the Company	(43,020)	269,943
Non-controlling interests	(1,134)	199
Total comprehensive income for the period	(44,155)	270,142

(3) Condensed Interim Consolidated Statement of Financial Position

(Million JPY)

	As of March 31, 2017	As of September 30, 2017
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	527,344	541,209
Goodwill	1,024,645	1,072,962
Intangible assets	1,065,835	1,092,637
Investment property	9,499	9,182
Investments accounted for using the equity method	126,411	115,015
Other financial assets	176,636	192,333
Other non-current assets	44,910	49,390
Deferred tax assets	118,968	81,230
Total non-current assets	3,094,248	3,153,959
CURRENT ASSETS		
Inventories	226,048	234,300
Trade and other receivables	423,405	466,482
Other financial assets	56,683	29,771
Income taxes recoverable	21,373	4,375
Other current assets	75,145	55,183
Cash and cash equivalents	319,455	430,895
Subtotal	1,122,110	1,221,006
Assets held for sale	138,306	990
Total current assets	1,260,416	1,221,996
Total assets	4,354,663	4,375,955

(Million JPY)

	As of March 31, 2017	As of September 30, 2017
LIABILITIES AND EQUITY		
LIABILITIES		
NON-CURRENT LIABILITIES		
Bonds and loans	599,862	997,369
Other financial liabilities	81,778	88,198
Net defined benefit liabilities	80,902	85,535
Provisions	35,590	30,510
Other non-current liabilities	77,437	75,362
Deferred tax liabilities	164,039	154,515
Total non-current liabilities	1,039,608	1,431,489
CURRENT LIABILITIES		
Bonds and loans	545,028	139,989
Trade and other payables	240,623	209,677
Other financial liabilities	28,898	26,665
Income taxes payable	70,584	89,787
Provisions	135,796	138,660
Other current liabilities	256,506	233,990
Subtotal	1,277,435	838,769
Liabilities held for sale	88,656	—
Total current liabilities	1,366,091	838,769
Total liabilities	2,405,699	2,270,258
EQUITY		
Share capital	65,203	65,957
Share premium	74,972	69,541
Treasury shares	(48,734)	(51,571)
Retained earnings	1,511,817	1,614,365
Other components of equity	291,002	387,441
Equity attributable to owners of the Company	1,894,261	2,085,734
Non-controlling interests	54,704	19,963
Total equity	1,948,965	2,105,697
Total liabilities and equity	4,354,663	4,375,955

(*)The Companies revised the provisional fair value for the assets acquired and the liabilities assumed related to business combinations in this period. From this reason, the corresponding balances in the Consolidated Financial Position as of March 31, 2017 were retrospectively revised. For details, please refer to "(5) Notes to Condensed Interim Consolidated Financial Statements (Business Combinations)".

(4) Condensed Interim Consolidated Statement of Changes in Equity

Six month period ended September 30, 2016 (From April 1 to September 30, 2016)

(Million JPY)

	Equity attributable to owners of the Company					
					Other components of equity	
	Share capital	Share premium	Treasury shares	Retained earnings	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				124,300		
Other comprehensive income					(165,308)	904
Comprehensive income for the period	―	―	―	124,300	(165,308)	904
Issuances of new shares	189	189				
Acquisitions of treasury shares			(23,100)			
Disposals of treasury shares		(0)	4			
Dividends				(70,859)		
Changes in the ownership interest in subsidiaries						
Transfers from other components of equity				(2,939)		
Share-based payments		(3,212)	10,277			
Total transactions with owners	189	(3,023)	(12,819)	(73,797)	―	―
As of September 30, 2016	64,955	65,806	(48,794)	1,573,629	107,053	59,428

	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			―	124,300	1,308	125,608
Other comprehensive income	22	(2,939)	(167,321)	(167,321)	(2,442)	(169,763)
Comprehensive income for the period	22	(2,939)	(167,321)	(43,020)	(1,134)	(44,155)
Issuances of new shares			―	377		377
Acquisitions of treasury shares			―	(23,100)		(23,100)
Disposals of treasury shares			―	3		3
Dividends			―	(70,859)	(1,492)	(72,351)
Changes in the ownership interest in subsidiaries			―	―		―
Transfers from other components of equity		2,939	2,939	―		―
Share-based payments			―	7,065		7,065
Total transactions with the owners	―	2,939	2,939	(86,513)	(1,492)	(88,005)
As of September 30, 2016	(2,918)	―	163,562	1,819,158	59,885	1,879,043

Six month period ended September 30, 2017 (From April 1 to September 30, 2017)

(Million JPY)

	Equity attributable to owners of the Company					
					Other components of equity	
	Share capital	Share premium	Treasury shares	Retained earnings	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				172,816		
Other comprehensive income					86,093	8,132
Comprehensive income for the period	―	―	―	172,816	86,093	8,132
Issuances of new shares	754	754				
Acquisitions of treasury shares			(18,744)			
Disposals of treasury shares		0	0			
Dividends				(70,956)		
Changes in the ownership interest in subsidiaries						
Transfers from other components of equity				687		
Share-based payments		(6,186)	15,907			
Total transactions with owners	754	(5,431)	(2,836)	(70,269)	―	―
As of September 30, 2017	65,957	69,541	(51,571)	1,614,365	307,643	76,112

	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			―	172,816	(147)	172,670
Other comprehensive income	2,214	687	97,126	97,126	346	97,472
Comprehensive income for the period	2,214	687	97,126	269,943	199	270,142
Issuances of new shares			―	1,509		1,509
Acquisitions of treasury shares			―	(18,744)		(18,744)
Disposals of treasury shares			―	1		1
Dividends			―	(70,956)	(2,189)	(73,145)
Changes in the ownership interest in subsidiaries			―	―	(32,751)	(32,751)
Transfers from other components of equity		(687)	(687)	―		―
Share-based payments			―	9,721		9,721
Total transactions with the owners	―	(687)	(687)	(78,469)	(34,939)	(113,409)
As of September 30, 2017	3,686	―	387,441	2,085,734	19,963	2,105,697

(5) Notes to Condensed Interim Consolidated Financial Statements

(Going Concern Assumption)

Six month period ended September 30, 2017 (April 1 to September 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 six month period ended September 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)

Six month period ended September 30, 2017 (April 1 to September 30, 2017)

No events to be noted for this purpose.

(Business Combinations)

There have been no significant business combinations for the six month period ended September 30, 2017.

On February 16, 2017, the Companies acquired ARIAD Pharmaceuticals, Inc. which is focused on discovering, developing and commercializing precision therapies for patients with rare cancers through a tender offer and subsequent merger to purchase all issued and outstanding shares of common stock in cash.
The fair value of the assets acquired and the liabilities assumed, as of March 31, 2017, was booked provisionally. The Companies performed additional analysis and further facts came to light for the three month period ended September 30, 2017. Accordingly, the provisional fair value for the assets acquired and the liabilities assumed was adjusted as follows:

Fair value of assets acquired, liabilities assumed as of the acquisition date

(Million JPY)

	Provisional fair value	Adjustments	Provisional fair value (as adjusted)
Intangible assets	435,900	—	435,900
Other assets	46,603	(3,114)	43,489
Deferred tax liabilities	(104,411)	1,141	(103,270)
Other liabilities	(36,025)	—	(36,025)
Goodwill	276,825	1,973	278,798
Total	618,893	—	618,893

As a result of the adjustments of the provisional fair value, goodwill at the acquisition date increased by 1,973 million JPY while other assets and deferred tax liabilities decreased by 3,114 million JPY and 1,141 million JPY, respectively.
The Companies retrospectively restated the corresponding balances as of March 31, 2017 in the condensed statement of financial position due to the adjustments. Goodwill increased by 1,935 million JPY while other assets and deferred tax liabilities decreased by 3,054 million JPY and 1,119 million JPY, respectively.
Further details of the basis for the measurement of the assets acquired and the liabilities assumed are still under review, and therefore the purchase price allocation has not been completed.

(Significant Subsequent Events)

No events to be noted for this purpose.