Financial Results (IFRS) for 2Q/FY2014

Ending March 31, 2015

October 31, 2014
Yoshihiko Hatanaka
President and CEO
Astellas Pharma Inc.

Cautionary Statement Regarding Forward-Looking Information

This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties.

Actual financial results may differ materially depending on a number of factors including adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launch, pricing and product initiatives of competitors, the inability of the company to market existing and new products effectively, interruptions in production, infringements of the company's intellectual property rights and the adverse outcome of material litigation.

This material contains information on pharmaceuticals (including compounds under development), but this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of these preparations, promote unapproved uses in any fashion nor provide medical advice of any kind.

Financial Results for 2Q/FY2014 (Core Basis)

(Billion YEN)

	2Q/ FY2013	2Q/ FY2014	Change %	FY2014 Initial Forecasts#	Progress per Forecasts
Sales	544.1	594.5	+9.3%	1,192.0	49.9%
COGs as % of sales	160.7 29.5%	159.1 26.8%	-1.0%		
SG&A expenses	184.5	201.8	+9.4%		
R&D expenses as % of sales	90.4 16.6%	97.0 16.3%	+7.3%	198.0 16.6%	49.0%
Amortisation of intangible assets	17.8	17.9	+0.9%		
Share of profits of associates and joint ventures	1.2	0.5	-53.5%		
Core operating profit	91.8	119.2	+29.8%	208.0	57.3%
Core profit for the period	63.1	81.1	+28.4%	154.0	52.6%

#Announced with FY2013 financial results in May 2014

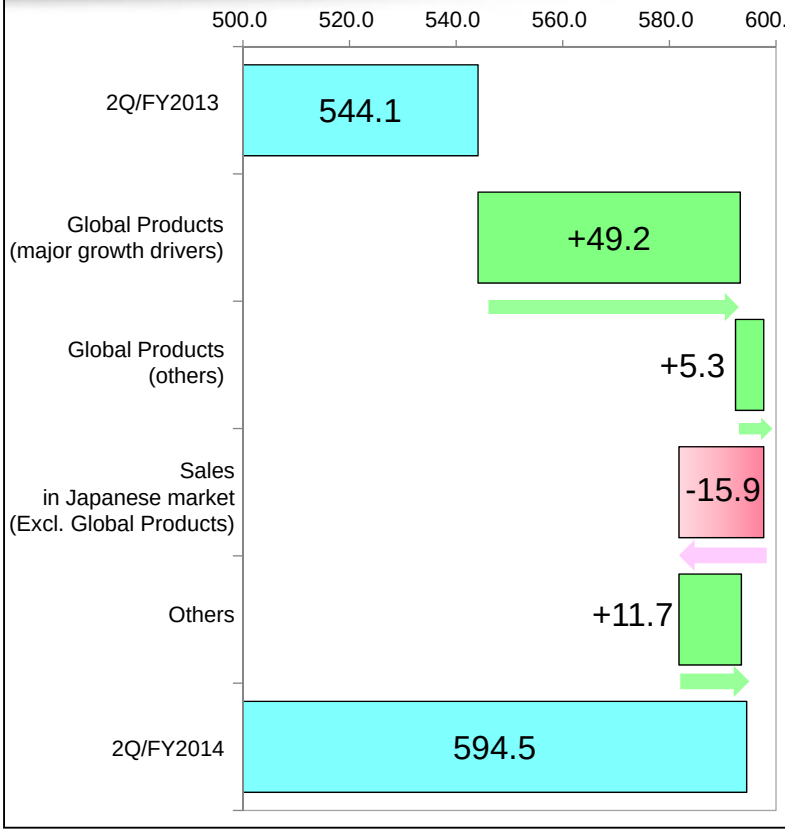
◆ Exchange Rates (YEN)

[Average for terms]	2Q/FY2013	2Q/FY2014	Change	FY2014 Forecasts
USD	99	103	4 weakening of YEN	100
EUR	130	139	9 weakening of YEN	140

[Change from beginning to end of terms]	2Q/FY2013	2Q/FY2014
USD	4 weakening of YEN	7 weakening of YEN
EUR	11 weakening of YEN	3 strengthening of YEN

Depreciation and amortisation
-2Q/FY2014: 31.4
-2Q/FY2013: 31.5

Results of 2Q/FY2014: Analysis of Change in Sales (vs. Previous Year)



Sales: +50.4

Forex impact: +18.6

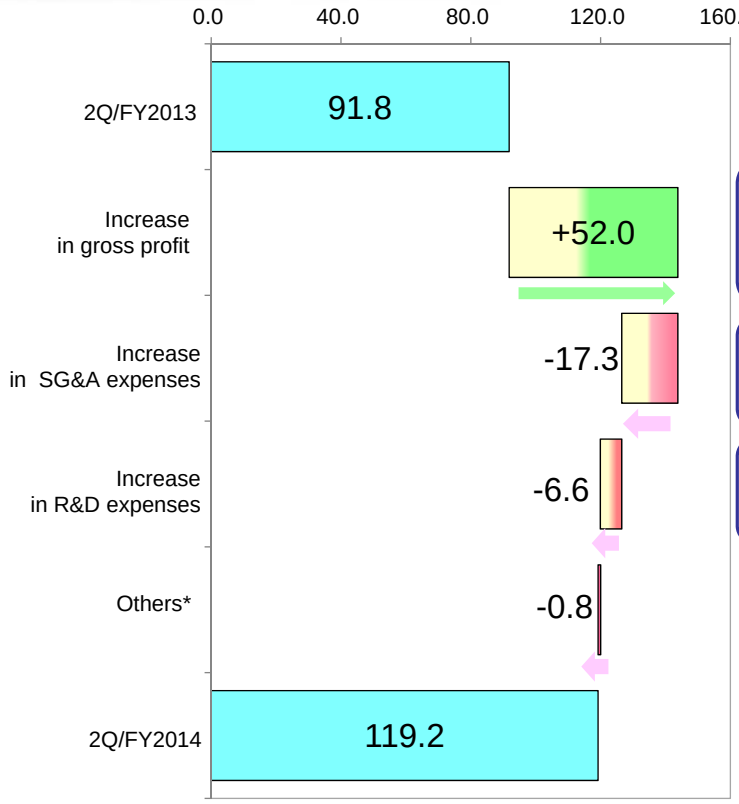
Vesicare and Mirabegron +15.1 / XTANDI +34.1

Prograf +5.8 / Harnal -2.0 / Funguard/ MYCAMINE +0.9 / Eligard +0.6

New Products and Growing Products +1.6 / Micardis -0.2 / Lipitor -7.6 / Gaster -3.8 / Myslee -4.5 / Seroquel -3.7

Scan -0.8 / Tarceva +1.8 / Other European products +10.7

Results of 2Q/FY2014: Analysis of Change in Core Operating Profit (vs. Previous Year)



Core operating profit: +27.4

Forex impact: +8.9

Increase in sales: +50.4
Decrease in COGs: +1.6
Decrease in COGs ratio: -2.8ppt (29.5%→26.8%)
-Change in product mix etc.: -2.4ppt
-Forex impact on elimination of unrealized gain: -0.4ppt

-Cost for co-promotion of XTANDI in US
-Forex impact etc.

-Cost for development project
-Forex impact etc.

* Amortisation of intangible assets,
Share of profits of associates and joint ventures

Financial Results for 2Q/FY2014 (Full Basis)

(Billion YEN)

	2Q/ FY2013	2Q/ FY2014	Change %
Sales	544.1	594.5	+9.3%
COGs as % of sales	160.7 29.5%	159.1 26.8%	-1.0%
SG&A expenses	184.5	201.8	+9.4%
R&D expenses as % of sales	90.4 16.6%	97.0 16.3%	+7.3%
Amortisation of intangible assets	17.8	17.9	+0.9%
Share of profits of associates and joint ventures	1.2	0.5	-53.5%
Other income	0.6	4.9	+674.3%
Other expense	28.7	20.8	-27.3%
Operating profit	63.8	103.2	+61.8%
Profit before tax	65.2	102.7	+57.5%
Profit for the period	45.6	70.0	+53.6%

Other income: 4.9
-Net foreign exchange gains: 1.7
-Gain on sales of property, plant and equipment: 1.4

Other expense: 20.8
-Restructuring costs: 11.3
Premium severance benefit in early retirement incentive program: 9.9
[Number of applicants: approximately 430]

-Impairment loss of intangible assets : 8.3
Collaboration with CoMentis: 8.1 (1Q/FY2014)

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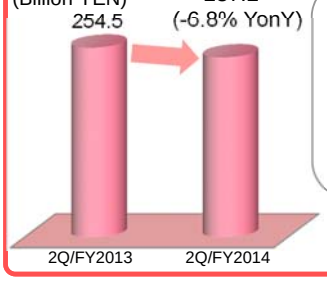
Sales by Region (Local Currency Basis)

Calculated based on the location of the seller

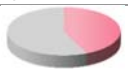
Continuous sales increase in Americas, Europe and Asia/Oceania while decrease in Japan

Japan

(Billion YEN)



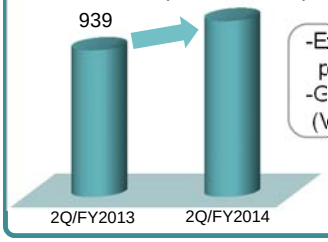
Sales in Japanese market: 229.5 bn YEN (-7.1%)
-Sales decrease due to NHI drug price reduction, generic impact and temporary fluctuations in supply and demand conditions before and after the consumption tax hike



Europe

Incl. Middle East / Africa

(EUR million)



-Expansion of new product XTANDI
-Growth of OAB treatments (Vesicare and BETMIGA)



Americas

(USD million)

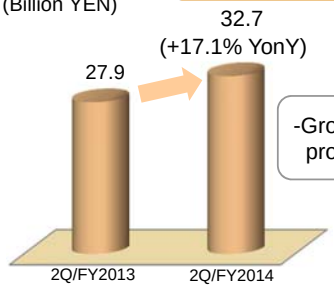


-Expansion of new product XTANDI
-Growth of OAB treatments (VESIcare and Myrbetriq)
-Growth of Tarceva



Asia/Oceania

(Billion YEN)



+10.9% (Excl.forex impact)

-Growth of all the mainstay products



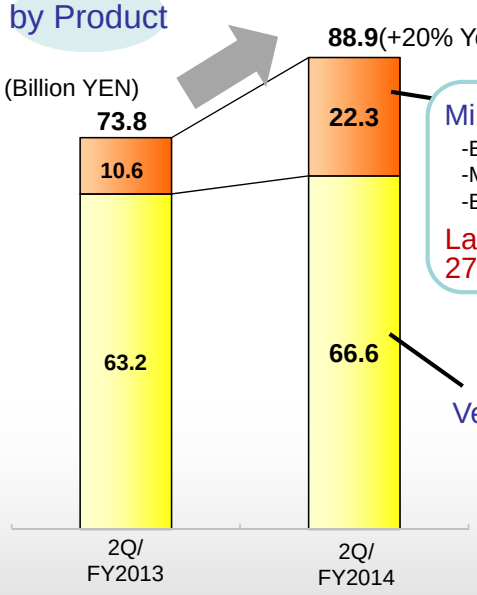
Overactive Bladder Franchise in Urology

Continuous sales increase in OAB franchise (Vesicare and Mirabegron)

Total sales of Vesicare and Mirabegron

by Product

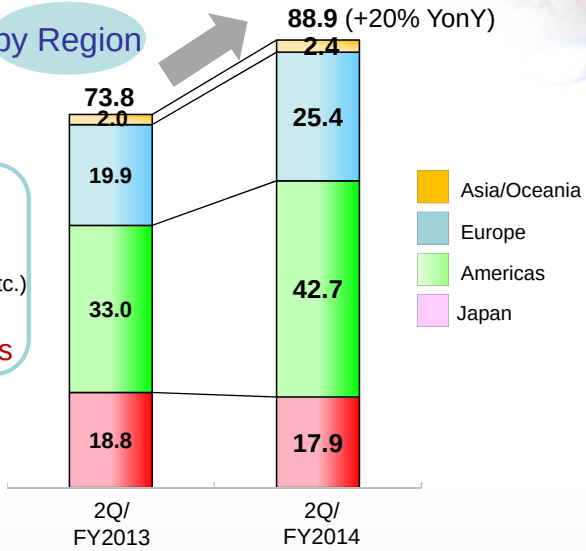
(Billion YEN)



Mirabegron
-Betanis (Japan)
-Myrbetriq (Americas)
-BETMIGA (Europe etc.)
Launched in 27 countries/areas

Vesicare

by Region



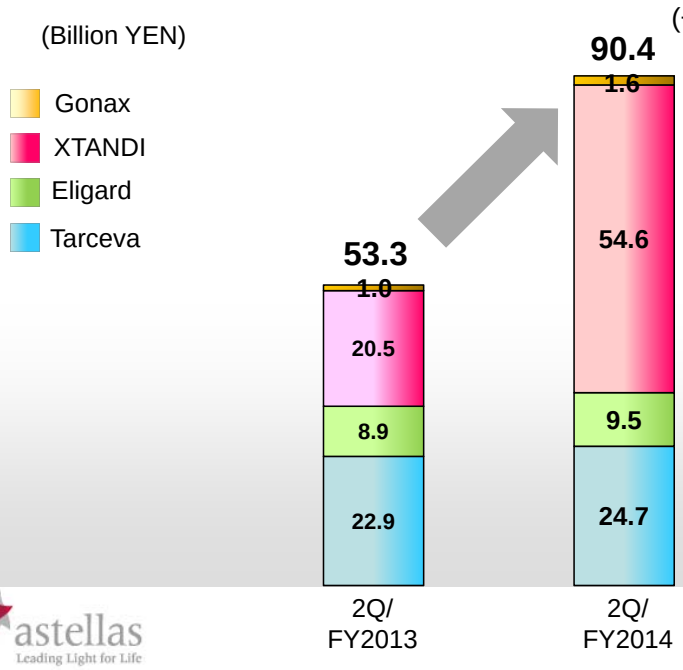
Growth rate in total sales of Vesicare and Mirabegron [YonY]
- Japan: -5%
- Americas: +24% (USD basis)
- Europe: +20% (EUR basis)
- Asia/Oceania: +16% (Excl. forex impact)

OAB: Overactive Bladder

Oncology Franchise

Expansion of oncology franchise driven by XTANDI

Total sales of XTANDI, Tarceva, Eligard and Gonax

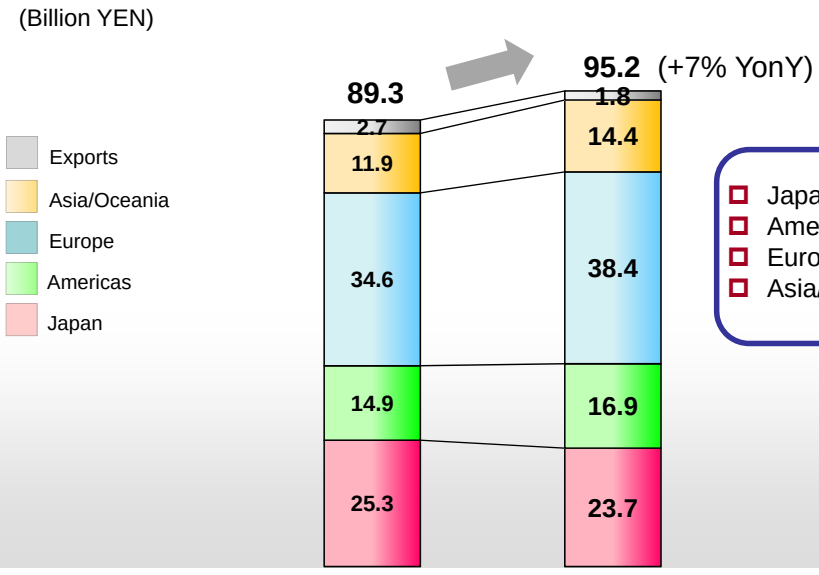


- XTANDI
  - -Japan: 5.6 billion Yen
  - -Americas: USD 334 million
  - -Europe: EUR 104 million
  - Launched in 26 countries/areas
- Eligard
  - Europe: EUR 68 million
  - -0% YonY (EUR basis)
- Tarceva-related revenues
  - USD 240 million
  - +4% YonY (USD basis)

Transplantation Franchise

Maintaining global sales of Prograf

Total sales of Prograf and Advagraf/Graceptor/ASTAGRAF XL

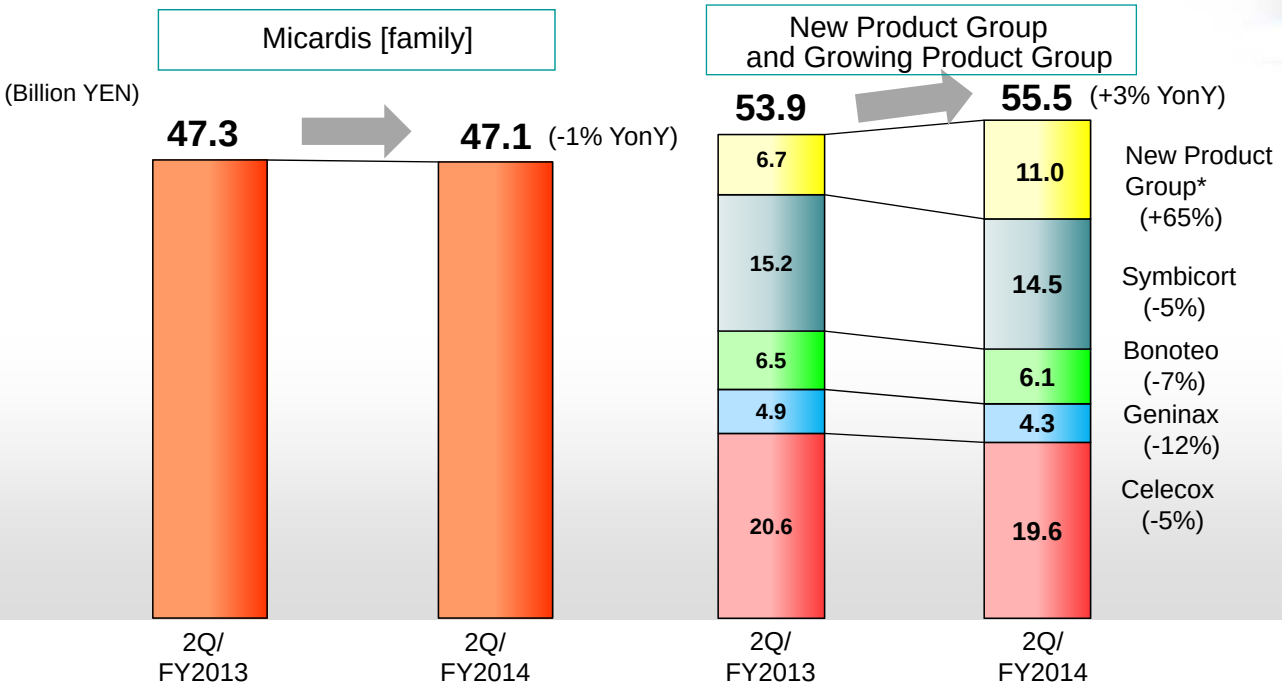


[YonY]

- Japan: -7%
- Americas: +9% (USD basis)
- Europe: +4% (EUR basis)
- Asia/Oceania: +15% (Excl. forex impact)

Major Products in Japan (Excluding Global Products)

Contribution of New Product Group, offsetting decrease of Growing Product Group by temporary fluctuations in supply and demand conditions before and after consumption tax hike



*New Product Group: Total sales of products launched within the last 3 years (ARGAMATE, Kiklin, Regnite, Gonax, Cimzia, Acofide and Suglat)

Revised Forecasts for FY2014 (Core Basis)

Upward revision of forecast for sales and core operating profit while no change in initial forecast for core profit for the year

(Billion YEN)

	FY2014 Initial Forecasts	FY2014 Revised Forecasts	Change
Sales	1,192.0	1,210.0	+18.0
R&D expenses	198.0	200.0	+2.0
as % of sales	16.6%	16.5%	
Core operating profit	208.0	210.0	+2.0
Core profit for the year	154.0	154.0	-

◆ Exchange Rates [Average for Terms] (YEN)

USD	100	104
EUR	140	137

◆Forecasted exchange rates from 3Q/FY2014 onwards: 105 YEN/USD, 135 YEN/EUR

Upward revision of forecast for sales

[Factors]

- Japan: Approx. -25.0
  (Generic impact, downward revision for sales of growing products)
- Americas: Approx. +40.0
  (Upward revision for sales of XTANDI, Scan, OAB treatments, Prograf) [Forex impact: +8.5]

Upward revision of forecast for core operating income

[Factors]

- Gross profit: higher than initial expectation
  - Sales: higher than initial forecast
  - COGs ratio: lower than initial expectation (Change in product mix)
- SG&A: higher than initial expectation (due to increased expenditures for co-promotion of XTANDI in US etc.)
- R&D expenses: slightly higher than initial forecast.

[Forex impact: +0.8]

Upward revision of forecast for core profit for the year

[Factors]

- Income tax burden rate will rise above initial expectation

R&D Pipeline

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Status of Astellas' Pipeline

Phase 1

- mirabegron (Pediatric)
- ASP5633
- ASKP1240 (JP)
- AGS16M8F• AGS-16C3F
- ASG-22ME
- ASP1707 (Prostate cancer, EU)
- ASG-15ME
- ASP2215
- ASP5878
- AMG 337
- ASP8273
- AGS67E
- ASP9226
- ASP3662
- ASP7962
- ASP3700
- YM311 (JP)
- ASP3325
- CK-2127107
- ASP7657

Phase 2

- ASP4901 (AKP-002) (BPH, JP)
- ASP0113 (VCL-CB01) (CMV SOT, EU/US)
- ASKP1240 (Transplant, US)
- ASP7373 (Influenza H5N1, JP)
- enzalutamide (Breast cancer, EU/US)
- ASP8477 (Neuropathic pain, EU)
- roxadustat (JP)
- YM311 (FG-2216) (Renal anemia, EU)
- ASP1707 (Endometriosis, EU/JP)
- linaclotide (Chronic constipation, JP)
- ASP7991 (Hyperparathyroidism, JP)
- bixalomer (Granule formulation, JP)
- ASP8232 (Diabetic nephropathy: EU, diabetic macular edema: US)

Phase 3

- solifenacin (Pediatric, EU/US)
- solifenacin/mirabegron (EU/US/Asia)
- ASP0113 (VCL-CB01) (CMV HCT, EU/US/JP)
- fidaxomicin (Infectious enteritis: JP, pediatric: EU)
- isavuconazole (Candidemia, US)
- ASP015K (Rheumatoid arthritis, JP)
- enzalutamide (M0 CRPC, M0 BCR, EU/US/Asia)
- degarelix (3-month, JP)
- rilotumumab (Gastric cancer, JP)
- quetiapine (BPD, JP)
- capsaicin (Peripheral diabetic neuropathy, EU)
- roxadustat (Anemia associated with CKD, EU)
- beraprost sodium (Chronic renal failure, JP/Asia)
- bixalomer (Hyperphosphatemia not on dialysis, JP)
- romosozumab (Osteoporosis, JP)
- evolocumab (Hyperlipidemia, JP)
- linaclotide (IBS-C, JP)

Filed

- ASP7374 (Seasonal influenza, JP)
- certolizumab pegol (DMARD-naive RA, JP)
- isavuconazole (Aspergillosis/mucormycosis, US)
- enzalutamide (Pre-chemo prostate cancer, EU)
- erlotinib (Pediatric, US)*
- nateglinide (DPP-4 combo, JP)
- ramosetron (IBS Female, JP)

*Not a new indication, rather a supplement which was submitted to the FDA to fulfill Pediatric Written Request

Therapeutic area:
- Urology
- Immunology (including Transplantation) and Infectious Diseases
- Oncology
- Neuroscience
- DM Complications and Kidney Diseases, Others
- New molecular entity

BPH: Benign prostatic hyperplasia, CMV: Cytomegalovirus, SOT: Solid organ transplant, HCT: Hematopoietic cell transplant, M0 CRPC: Non-metastatic castration-resistant prostate cancer, M0 BCR: Non-metastatic biochemical recurrence, BPD: Bipolar disorders, CKD: Chronic kidney disease, IBS-C: Irritable bowel syndrome with constipation, DMARD: Disease modifying anti-rheumatic drugs

Changes in Pipeline Status Since August 2014 <Approval and Progress>

■ Approval/labeling revision for pre-chemotherapy setting of XTANDI

Product Name (Generic Name)	Indication	Area	Stage	Changes
XTANDI (enzalutamide)	Metastatic castration-resistant prostate cancer (mCRPC)	US	Approved	Indication expanded by the FDA in Sep. 2014 for mCRPC to include patients who have not yet received chemotherapy.
	Castration-resistant prostate cancer	Japan	Labeling revision	Labeling revision was accepted in Oct. 2014.*

*Following description was removed in the precautions for indications; the efficacy and safety of the drug have not been established in patients with prostate cancer who have not received chemotherapy.

■ Progress

Product Name (Generic Name)	Target Disease	Area	Stage	Changes
XTANDI (enzalutamide)	mCRPC in adult men who are asymptomatic or mildly symptomatic after failure of androgen-deprivation therapy in whom chemotherapy is not yet clinically indicated	Europe	Filed	CHMP adopted a positive opinion for the new indication for XTANDI in Oct. 2014.
Tarceva (erlotinib)	Pediatric ependymoma	US	-	We submitted pediatric data to the FDA in Oct. 2014.*

*Pediatric ependymoma is not a new indication, rather a supplement which was submitted to the FDA to fulfill Pediatric Written Request.

Changes in Pipeline Status Since August 2014 <Progress and Discontinuation>

■ Progress of the stage

Code No. Generic Name	Target Disease	Area	Stage	Changes
MDV3100 enzalutamide	Prostate cancer in patients with non-metastatic biochemical recurrence	US/ Europe/ Asia	P3	Preparing to initiate P3
ASP0456 linaclotide	Irritable bowel syndrome with constipation	Japan	P3	Entered into P3
	Chronic constipation	Japan	P2	Entered into P2
ASP8232	Diabetic nephropathy	Europe	P2	Entered into P2
	Diabetic macular edema	US	P2	

■ Discontinuation

Code No.	Target Disease	Area	Stage	Reason
ASP3652	Bladder pain syndrome/ Interstitial cystitis	Europe	P2	Development of ASP3652 was discontinued because the P2 study did not demonstrate the expected efficacy.
		Japan	P1	

Oncology Pipeline

Stage in the most advanced territory

	Project	Target Cancer	Characteristics	P1	P2	P3	Filed
Small molecule	Enzalutamide (XTANDI)	Prostate cancer (pre-chemo, M0 CRPC, M0 BCR), Breast cancer (BC)	Androgen receptor inhibitor	Pre-chemo: EU/US/JP/Asia			Approved in US Labeling revision accepted in Japan; Filed in EU
				M0 CRPC, M0 BCR: EU/US/Asia			
				BC:US/EU			
	Erlotinib (Tarceva)	Pediatric ependymoma	HER1/EGFR tyrosine kinase inhibitor	US			Submitted pediatric data*1
	Degarelix (Gonax)	Prostate cancer	1st GnRH antagonist in Japan	3-month: JP			
	ASP1707	Prostate cancer*2	Oral GnRH antagonist				
	ASP2215	Acute myeloid leukemia	FLT3/AXL inhibitor				
	ASP5878	Solid tumors	FGFR inhibitor				
	AMG 337	Gastric cancer	MET inhibitor	JP			
	ASP8273	Non-small cell lung cancer	Mutant-selective irreversible EGFR inhibitor				
Antibody	Rilotumumab AMG 102	Gastric cancer	Anti-HGF monoclonal antibody	JP			
	AGS-16M8F/ AGS-16C3F	Renal cancer	Antibody utilizing ADC (target: ENPP3)				
	ASG-22ME	Solid tumors	Antibody utilizing ADC (target: Nectin-4)				
	ASG-15ME	Bladder cancer	Antibody utilizing ADC (target: SLITRK6)				
	AGS67E	Lymphoid malignancy	Antibody utilizing ADC (target: CD37)				

*1: Not a new indication, to fulfill Pediatric Written Request
*2: P2 for indication of endometriosis

ADC: Antibody-drug conjugate

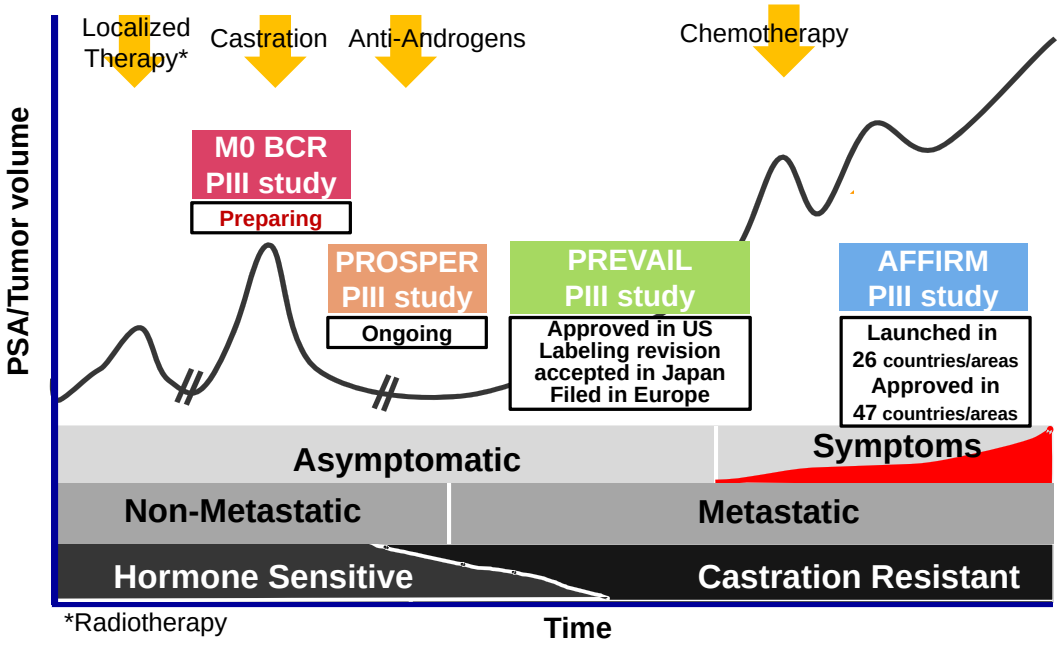
Enzalutamide: Development Progress

*The region where the study is performed

	Study Phase/Region*	Target	Design	P1	P2	P3	Filed
Prostate cancer	**P3** EU/US/JP/Asia [PREVAIL study]	Pre-chemo Metastatic castration-resistant prostate cancer (CRPC)	Placebo-controlled, n=1,717	US: Approval in Sep. 2014 Europe: CHMP positive opinion in Oct. 2014 Japan: Labeling revision in Oct. 2014			
	P3 EU/US/Asia [PROSPER study]	M0 CRPC Non-metastatic CRPC	Placebo-controlled, n=1,500	First Patient In: Nov. 2013			
	P3 EU/US/Asia	M0 BCR Non-metastatic prostate cancer, biochemical recurrence	To compare with ADT and combination, n=1,860	Preparing P3			
	P2 EU/US [TERRAIN study]	Pre-chemo Metastatic CRPC	To compare with bicalutamide, n=375	Completed enrollment: Jul. 2013			
	P2 US [STRIVE study]	Pre-chemo Metastatic or non-metastatic CRPC	To compare with bicalutamide, n=400	Completed enrollment: Mar. 2014			
	P2 US	Neoadjuvant therapy Undergoing prostatectomy	Monotherapy or combo with leuprolide or dutasteride, n=50	Last Patient Out: Nov. 2013			
Breast cancer	**P2** US/EU	Triple-negative Advanced, androgen receptor-positive, triple-negative breast cancer	Open-label, n=80	Preliminary data to be presented in Dec. 2014			SABCS2014 (San Antonio Breast Cancer Symposium)
	P2 US/EU	ER/PgR positive Advanced breast cancer that is ER positive or PgR positive and HER2 normal	Placebo-controlled, in combination with exemestane, n=240	First Patient In: Dec. 2013			
	P2 US/EU	HER2 positive Advanced, HER2 positive/ER negative breast cancer	Open-label, n=80	First Patient In: Sep. 2014			SABCS 2014 Trial design (Trial in progress)

ADT: Androgen-deprivation therapy, ER: Estrogen receptor, PgR: Progesterone receptor, HER2: Human epidermal growth factor receptor 2

Maximizing the Value of Enzalutamide for Prostate Cancer Patients



PSA: Prostate-specific antigen

P. Mulders *et al. EAU2012,* modified by Astellas

Evolocumab: Results of Phase 3 YUKAWA-2 Study in Japan

■ Study outline

Target	404 Japanese patients with high cardiovascular risk and high cholesterol
Design	Double-blind
Treatment arms	Subcutaneous evolocumab (140 mg every two weeks or 420 mg monthly) or placebo (every two weeks or monthly), added to high or low doses of atorvastatin
Co-primary endpoints	-The percent reduction from baseline in LDL-C at week 12 -The mean percent reduction from baseline in LDL-C at weeks 10 and 12

■ Study results

-The YUKAWA-2 study met its co-primary endpoints.

-The percent reduction in LDL-C was clinically meaningful, statistically significant, and consistent with the results observed for the same doses in the Phase 2 trial in Japan for evolocumab compared to placebo.

-Safety was balanced across treatment groups. The adverse events that occurred in > 2 percent of the evolocumab combined group were nasopharyngitis, gastroenteritis, and pharyngitis.

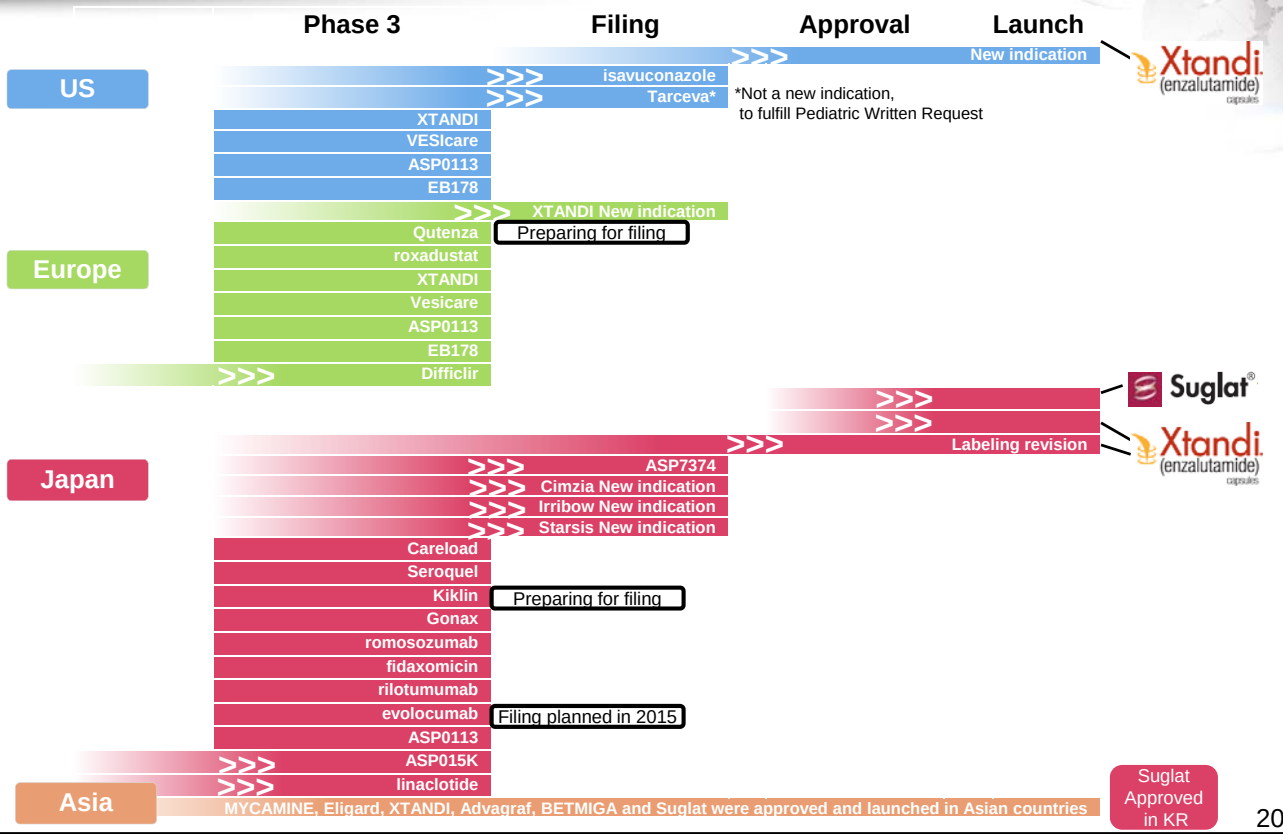
Details of the Phase 3 YUKAWA-2 study results have been submitted to an upcoming international medical conference.

Japanese NDA filing planned in 2015

LDL-C: Low density lipoprotein cholesterol

FY2014 Progress of Late Phase Compounds

>>>: Progress since April 2014



Initiatives to Build Resilience for Sustainable Growth

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Strategic Priorities for Sustainable Growth

Resiliently respond to the changing environment and aim for sustainable growth

Maximize Value of New Products

Enhance Innovation

Pursue Operational Excellence

Growth Strategy

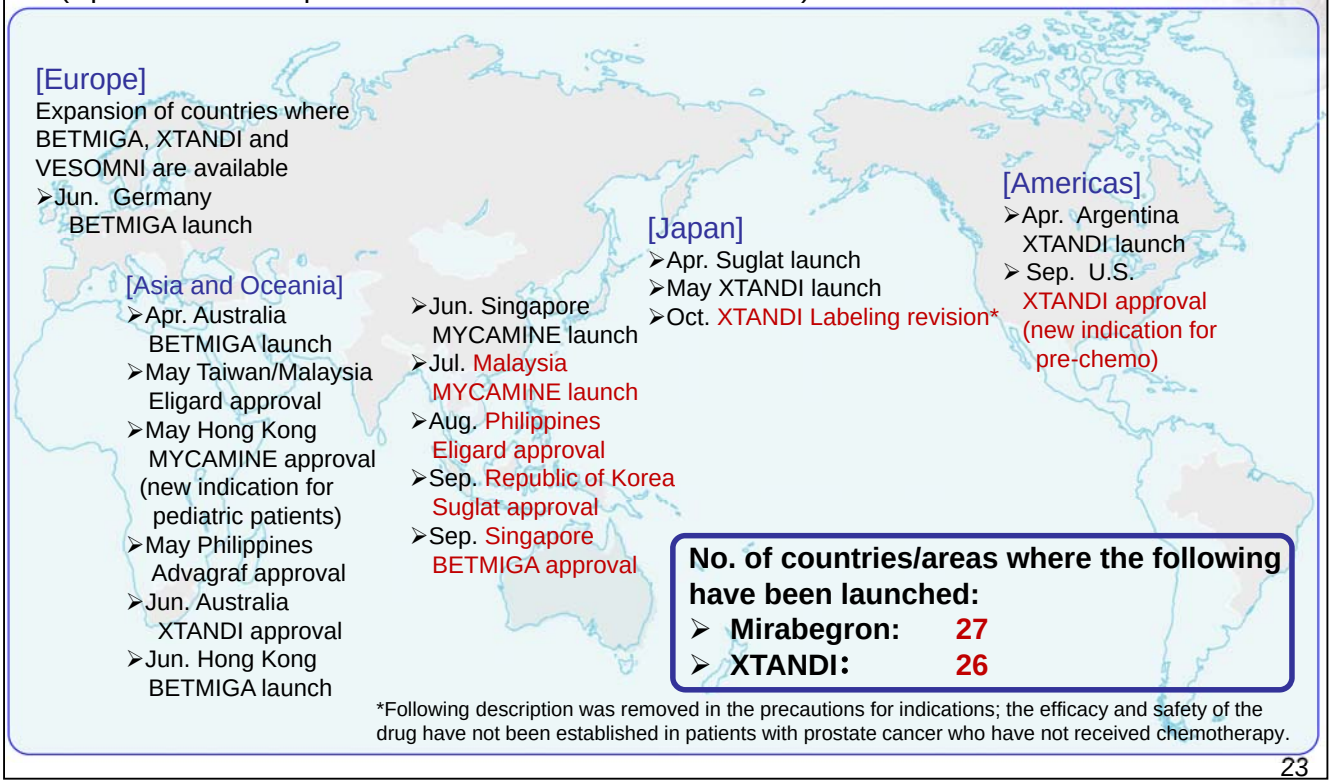
Efficiency Strategy

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Continuous Introduction of New Products

(Efforts from April 2014 onward)

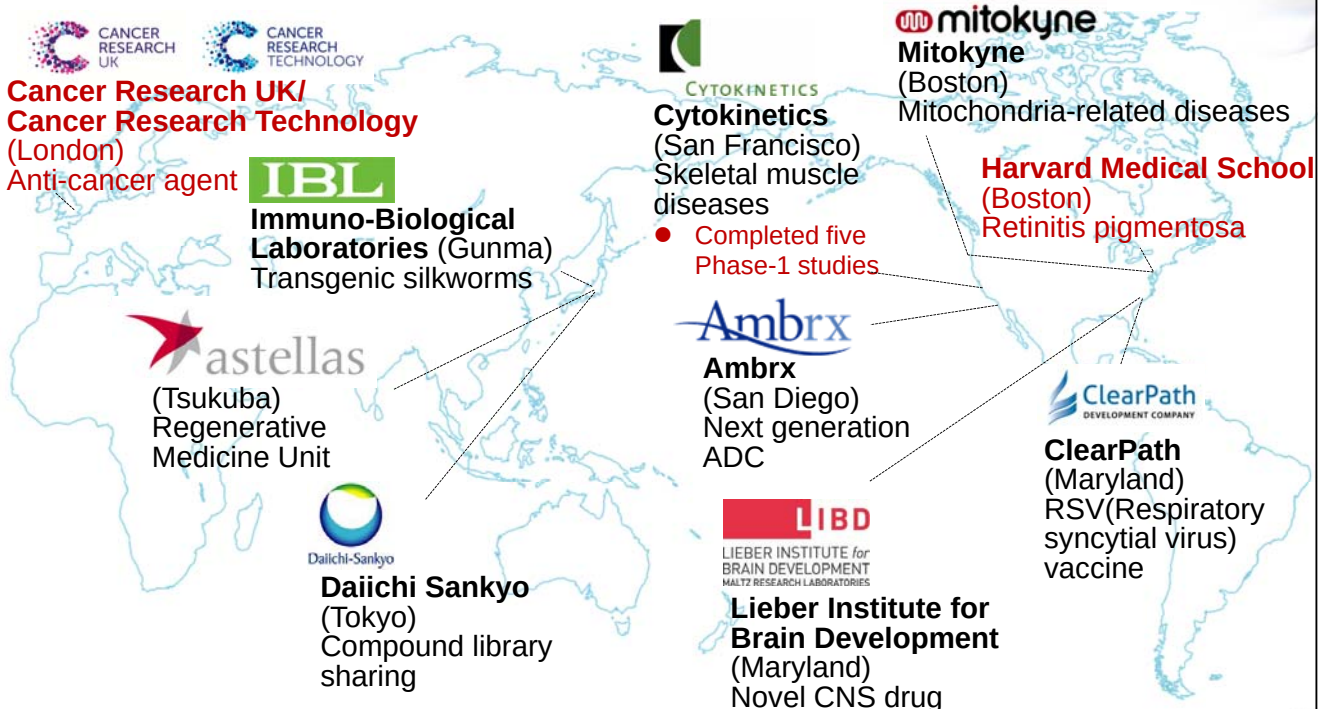
■ Approvals and launches in 4 regions
(Updates from the previous announcement shown in red)



*Following description was removed in the precautions for indications; the efficacy and safety of the drug have not been established in patients with prostate cancer who have not received chemotherapy.

Develop New Therapeutic Areas and Novel Technology Platform (Updates from the previous announcement shown in red)

Advance with *Network Research System*
(Best Science, Best Talent and Best Place)



Cancer Research UK/ Cancer Research Technology
(London)
Anti-cancer agent

Immuno-Biological Laboratories (Gunma)
Transgenic silkworms

astellas
(Tsukuba)
Regenerative Medicine Unit

Daiichi-Sankyo
Daiichi Sankyo
(Tokyo)
Compound library sharing

Cytokinetics
(San Francisco)
Skeletal muscle diseases
- Completed five Phase-1 studies

Mitokyne
(Boston)
Mitochondria-related diseases

Harvard Medical School
(Boston)
Retinitis pigmentosa

Ambrx
Ambrx
(San Diego)
Next generation ADC

ClearPath DEVELOPMENT COMPANY
ClearPath
(Maryland)
RSV(Respiratory syncytial virus) vaccine

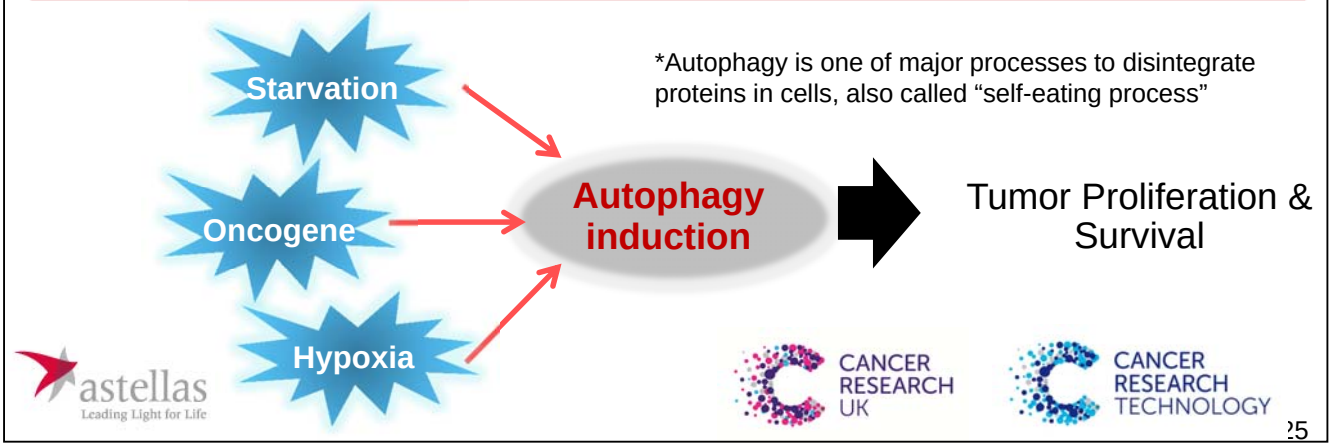
LIBD LIEBER INSTITUTE for BRAIN DEVELOPMENT MALTZ RESEARCH LABORATORIES
Lieber Institute for Brain Development
(Maryland)
Novel CNS drug

ADC: Antibody-drug conjugate
CNS: Central nervous system

Develop New Therapeutic Areas and Novel Technology Platform: New Initiative (1)

Research collaboration with Cancer Research UK and Cancer Research Technology (executed in Aug. 2014)

- Led by Prof. Kevin Ryan and Dr. Sharon Tooze, world renowned authorities on autophagy* research
- Identify and then validate the best possible drug targets to block the autophagy pathway in pancreatic cancer cells, focusing on the correlation between autophagy and tumor proliferation and survival
- Aim to create anti-cancer drugs for various cancers including pancreatic cancer, based on the identification and validation above



*Autophagy is one of major processes to disintegrate proteins in cells, also called “self-eating process”

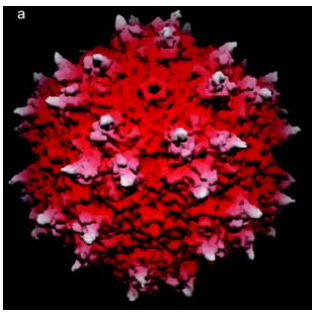
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CANCER RESEARCH UK
CANCER RESEARCH TECHNOLOGY

Develop New Therapeutic Areas and Novel Technology Platform: New Initiative (2)

Research collaboration with Harvard Medical School (executed in Oct. 2014)

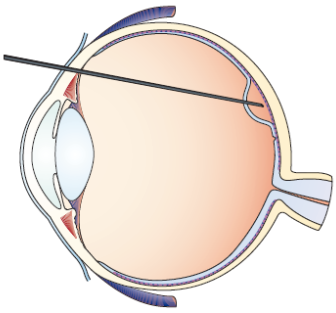
- Led by Prof. Constance L. Cepko, a world-renowned authority on ophthalmology and gene therapy
- Identify and validate genes related to retinal degeneration using adeno-associated virus vector
- Aim to discover the cure for retinitis pigmentosa, considering gene therapy as one option

Structure of adeno-associated virus



Xie et al., PNAS 2002 Vol. 99(16):10405-410

Administration of virus under retina



Mingozzi and High, Nat Rev Genet. 2011 Vol.12(5):341-55.

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Dividend Increase Based on Profit Distribution Policy

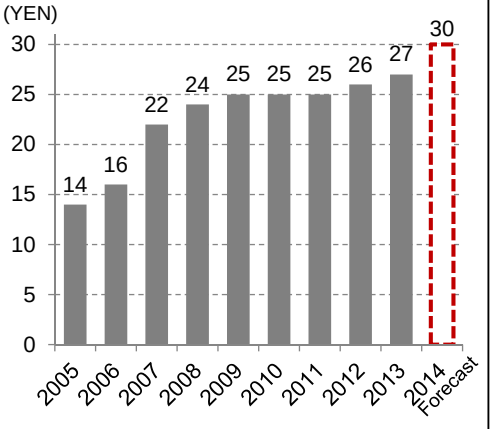
- **Profit Distribution Policy**
  - ✓ Top priority on investment for growth of Rx business
  - ✓ Dividends to be increased continuously based on mid- and long-term growth
  - ✓ Share buybacks to be implemented in a flexible manner

In accordance with the above policy, after considering factors that include earnings forecasts and financial condition, Astellas revised its year-end dividend forecast with an increase of 1 YEN compared to the initial forecast.

	Dividends per share (YEN)			
	FY2013	FY2014		
	Actual*	Initial forecast	Actual	Revised forecast
Interim	13	14	14	-
Year-end	14	15	-	16
Annual Total	27	29	-	30

*Restated in consideration of 5-for-1 stock split on April 1, 2014 for convenience purposes.

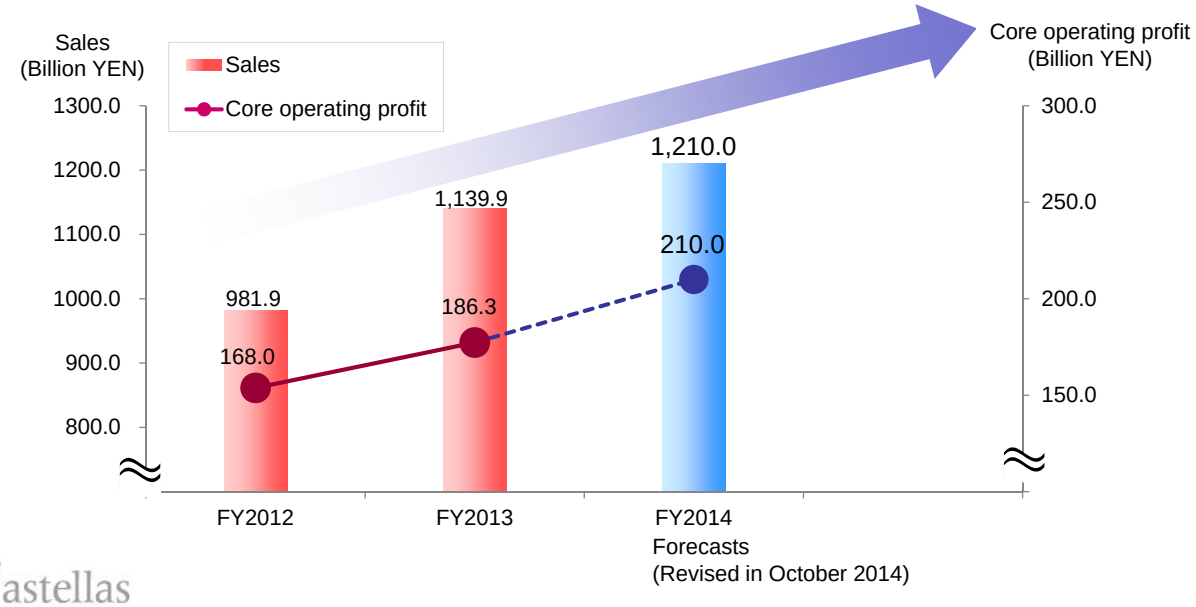
Trend of dividends per share (annual total)*



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Realize Sustainable Growth

Resiliently respond to the changing environment and aim for sustainable growth



Appendix

Achievements Based on Profit Distribution Policy

Steady implementation of profit distribution policy

	FY2012	FY2013	FY2014	
	Results	Results	Initial Forecasts	Revised Forecasts
Core EPS*	51.73 YEN	59.11 YEN	69.02 YEN	69.65 YEN
Dividends per Share	26 YEN	27 YEN	29 YEN	30 YEN
ROE*	8.0%	7.4%	-	
DOE*	5.2%	5.0%	-	
Share Buybacks	54 million shares (49.4 billion YEN)	25 million shares (30.0 billion YEN)	Implemented in a flexible manner 23 million own shares (30.0 billion YEN) (from May 2014 to June 2014)	
Cancellation of Treasury Shares	-	55 million shares	25 million shares (Cancelled in May 2014)	

*IFRS

*Figures from FY2012 to FY2013 have been restated in consideration of 5-for-1 stock split on April 1, 2014 for convenience purposes.
*Acquisition of own shares from May 2014 to June 2014 is reflected to Core EPS recalculation.

Definition of Core Earnings

Defined as Non-GAAP financial indicators demonstrating operating profitability from ordinary business

IFRS (Full basis)
Sales
Cost of Sales
Gross Profit
SG&A expenses
R&D expenses
Amortisation of intangible assets
Share of profits of associates and joint ventures
Other income
Other expense
Operating profit
Financial income
Financial expense
Profit before tax
Income tax expense
Profit for the period

"Other income" and "Other expense" to be excluded.

Impairment losses, restructuring costs, etc.

Interest income/expense, dividend income, etc.

Core operating profit

Adjusted financial income/expense (Gain/loss on sale of available-for-sale financial assets ("AFS") and impairment losses of AFS etc. to be excluded)

Core profit for the period → Core EPS

Reconciliation of Full Basis to Core Basis

Billion yen

	FY14 APR. - SEP.		
Account item	Full basis	Adjustment	Core basis
Sales	**594.5**	**-**	**594.5**
Cost of sales	159.1	-	159.1
Gross profit	**435.4**	**-**	**435.4**
SG&A expenses	201.8	-	201.8
R&D expenses	97.0	-	97.0
Amortisation of intangible assets	17.9	-	17.9
Share of profits of associates and joint ventures	0.5	-	0.5
Other income *1	4.9	-4.9	-
Other expense *1	20.8	-20.8	-
Operating profit	**103.2**	**16.0**	**119.2**
Finance income *2	2.3	-1.0	1.2
Finance expense *2	2.8	-2.6	0.2
Profit before tax	**102.7**	**17.6**	**120.2**
Income tax expense	32.7	6.5	39.2
Profit for the period	**70.0**	**11.1**	**81.1**

*1. “Other income” and “Other expense” are excluded from Core results.
“Other income” and “Other expense” include gain/loss on sale and disposal of property, plant and equipment, impairment losses for other intangible assets, loss on the restructuring, and foreign exchange gains/losses, etc.

*2. Gain/loss on sale of available-for-sale (“AFS”) and impairment losses of AFS included in “Finance income” and “Finance expense” are excluded from Core results.