

# CONSOLIDATED FINANCIAL REPORT [IFRS] for the Fiscal Year Ended March 31, 2014

August 1, 2014

Eisai Co., Ltd.

Stock exchange listings: Tokyo

TSE Code: 4523

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(Figures are rounded to the nearest million yen.)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014

### (1) Consolidated Operating Results

(Percentage figures show year-on-year change.)

	Revenue		Operating Profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent		Comprehensive income for the year	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY ended March 31, 2014	599,490	4.7	66,398	-17.4	62,298	-16.9	38,501	-25.8	38,251	-26.0	84,496	-17.1
FY ended March 31, 2013	572,616		80,364		74,959		51,911		51,674		101,925	

	Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)	Profit ratio to equity attributable to owners of the parent	Profit before income taxes ratio to total assets	Operating profit ratio to revenue
	(¥)	(¥)	(%)	(%)	(%)
FY ended March 31, 2014	134.13	134.01	7.6	6.3	11.1
FY ended March 31, 2013	181.31	181.23	11.4	7.4	14.0

(Reference) Equity in earnings of affiliates: for FY ended March 31, 2014 : ¥93 million, for FY ended March 31, 2013 : ¥43 million

### (2) Consolidated Financial Positions

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	(¥ million)	(¥ million)	(¥ million)	(%)	(¥)
As of March 31, 2014	973,823	529,405	526,320	54.0	1,845.06
As of March 31, 2013	1,008,686	487,880	484,054	48.0	1,697.86

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
FY ended March 31, 2014	91,276	20,885	-115,109	153,921
FY ended March 31, 2013	74,287	20,925	-82,095	142,456

2. Dividends

	Annual dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity attributable to owners of the parent ratio (consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	(%)	(%)
FY ended March 31, 2013		70.00		80.00	150.00	42,758	82.7	9.4
FY ended March 31, 2014		70.00		80.00	150.00	42,799	111.8	8.5
FY ending March 31, 2015 (Forecast)		70.00		80.00	150.00		122.6	

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2015

(Percentage figures show year-on-year change.)

	Revenue		Operating Profit		Profit before income taxes		Profit for the year		Earnings per share attributable to owners of the parent (basic)
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Six-month period ending September 30, 2014	276,000		20,000		18,000		12,500		43.83
FY ending Mar 31, 2015	566,000	-5.6	53,000	-20.2	49,500	-20.5	35,000	-9.1	122.37

\* Disclosure concerning the implementation status of audit procedures

This financial report is exempt from audit procedures as stipulated under the Financial Instruments and Exchange Act of Japan. At the date of disclosure, the audit procedures have not been completed as stipulated under the Financial Instruments and Exchange Act of Japan.

\* Explanation concerning the appropriate use of forecasts and other special instructions

(Notice regarding voluntary adoption of IFRS)

The Company voluntarily adopted IFRS for the consolidated financial statements from the fiscal year ended March 31, 2014 and discloses its consolidated financial statements in accordance with IFRS from the three-month period ended June 30, 2014.

This consolidated financial report discloses selected main items of the consolidated financial statements and notes for the fiscal year ended March 31, 2014 which will be disclosed together with the consolidated financial report for the three-month period ended June 30, 2014 to be filed on August 13, 2014.

Please note that the Company previously disclosed consolidated financial statements for the fiscal year ended March 31, 2014 in accordance with Japan GAAP on May 13, 2014.

(Notice regarding forward-looking statements)

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2) Consolidated Statement of Comprehensive Income

(Millions of yen)

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	Note	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013
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## 3) Consolidated Statement of Financial Position

(Millions of yen)

	Note	As of March 31, 2014	As of March 31, 2013	As of April 1, 2012
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		134,083	146,673	148,469
Goodwill		157,378	143,815	125,679
Intangible assets		108,351	114,706	126,646
Other financial assets		40,814	42,704	47,104
Other assets		4,213	2,269	8,027
Deferred tax assets		69,210	78,811	73,232
Total non-current assets		514,049	528,977	529,158
<b>Current assets</b>				
Inventories		87,746	87,171	74,777
Trade and other receivables		186,549	195,946	204,609
Other financial assets		20,182	44,167	75,340
Other assets		11,377	9,969	12,214
Cash and cash equivalents		153,921	142,456	112,568
Total current assets		459,774	479,709	479,508
Total assets		973,823	1,008,686	1,008,666

(Millions of yen)

	Note	As of March 31, 2014	As of March 31, 2013	As of April 1, 2012
Equity				
Equity attributable to owners of the parent				
Share capital		44,986	44,986	44,986
Capital surplus		57,949	57,954	57,889
Treasury shares		(38,481)	(39,032)	(39,422)
Retained earnings		379,210	377,125	361,493
Other components of equity		82,656	43,021	(2,337)
Total equity attributable to owners of the parent		526,320	484,054	422,608
Non-controlling interests		3,084	3,826	5,658
Total equity		529,405	487,880	428,266
Liabilities				
Non-current liabilities				
Bonds and borrowings		195,740	237,415	299,010
Other financial liabilities		2,635	3,768	4,794
Retirement benefit liabilities		15,497	19,102	35,649
Provisions		1,145	1,367	1,350
Other liabilities		27,727	34,872	22,564
Deferred tax liabilities		340	364	430
Total non-current liabilities		243,085	296,887	363,798
Current liabilities				
Bonds and borrowings		51,493	76,402	45,993
Trade and other payables		62,234	61,138	67,747
Other financial liabilities		5,131	5,143	6,857
Income tax payables		3,915	7,420	11,289
Provisions		13,031	15,847	17,012
Other liabilities		65,529	57,969	67,703
Total current liabilities		201,334	223,919	216,602
Total liabilities		444,419	520,806	580,399
Total equity and liabilities		973,823	1,008,686	1,008,666

## 4) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent						
	Note	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
						Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
As of April 1, 2013		44,986	57,954	(39,032)	377,125		
Profit for the year					38,251		
Other comprehensive income (loss)						3,844	2,523
Comprehensive income for the year					38,251	3,844	2,523
Dividends					(42,778)		
Share-based payments			12				
Acquisition of treasury shares				(35)			
Disposal of treasury shares			(17)	586			
Change of interest in subsidiaries that do not result in a loss of control					249		
Reclassification					6,366	(3,844)	(2,523)
Other changes					(3)		
Total transactions with owners			(6)	551	(36,165)	(3,844)	(2,523)
As of March 31, 2014		44,986	57,949	(38,481)	379,210		

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Note	Other components of equity			Equity attributable to owners of the parent			
		Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity				
As of April 1, 2013		44,801	(1,780)	43,021	484,054	3,826	487,880	
Profit for the year					38,251	250	38,501	
Other comprehensive income (loss)		38,786	850	46,002	46,002	(7)	45,995	
Comprehensive income for the year		38,786	850	46,002	84,253	243	84,496	
Dividends					(42,778)	(166)	(42,944)	
Share-based payments					12		12	
Acquisition of treasury shares								



(Millions of yen)

	Equity attributable to owners of the parent						
	Note	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
						Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
As of April 1, 2012		44,986	57,889	(39,422)	361,493		
Profit for the year					51,674		
Other comprehensive income (loss)						6,080	(1,348)
Comprehensive income (loss) for the year					51,674	6,080	(1,348)
Dividends					(42,749)		
Share-based payments			103				
Acquisition of							

## 5) Consolidated Statement of Cash Flows

(Millions of yen)

	Note	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013
<b>Operating activities</b>			
Profit before income taxes		62,298	74,959
Depreciation and amortization		39,929	43,648
Impairment losses		6,949	2,433
(Increase) decrease in working capital		16,723	(25,751)
Interest and dividends received		1,858	1,526
Interest paid		(5,869)	(6,662)
Income taxes paid		(20,650)	(30,202)
Other		(9,962)	14,336
Net cash from operating activities		91,276	74,287
<b>Investing activities</b>			
Purchases of property, plant and equipment		(8,570)	(8,659)
Proceeds from sales of property, plant and equipment		15,463	1,195
Purchases of intangible assets		(18,814)	(11,984)
Purchases of financial assets		(6,766)	(5,430)
Proceeds from sales and redemption of financial assets		13,855	6,850
Payments of time deposits exceeding three months		(26,444)	(75,321)
Proceeds from redemption of time deposits exceeding three months		51,347	107,179
Proceeds from sales of investments in subsidiaries that result in a loss of control		896	6,121
Other		(83)	973
Net cash from (used in) investing activities		20,885	20,925
<b>Financing activities</b>			
Net increase (decrease) in short-term borrowings		(1,394)	1,586
Repayment of long-term borrowings		(20,046)	(40,000)
Redemption of bonds		(50,000)	
Dividends paid		(42,778)	(42,749)
Other		(891)	(933)
Net cash from (used in) financing activities		(115,109)	(82,095)
Effect of exchange rate change on cash and cash equivalents		14,413	16,772
Net increase (decrease) in cash and cash equivalents		11,464	29,889
Cash and cash equivalents at beginning of year		142,456	112,568
Cash and cash equivalents at end of year		153,921	142,456

6) Notes to Consolidated Financial Statements

(Going Concern)

Not applicable

(Basis of Preparing Consolidated Financial Statements)

(1) Compliance

Consolidated financial statements of the Group comprised of the Company, its subsidiaries and its associate are prepared in accordance with IFRS.

These consolidated financial statements are the first statements that the Group prepared in accordance with IFRS. The transition date to IFRS was April 1, 2012 and the Group applied IFRS 1 “First-time Adoption of International Financial Reporting Standards.” The effects of the transition to IFRS on the financial position, operating results and cash flows are stated in “First-time Adoption of IFRS.”

(2) Basis of measurement

The consolidated financial statements are prepared on an acquisition cost basis except for the financial instruments that are measured at fair value and assets (liabilities) of retirement benefit plans.

(3) Presentation currency and unit

The consolidated financial statements are presented in Japanese yen, and figures are rounded to the nearest million yen.

(4) Early application of new accounting standards and interpretations

The Group has early applied the following accounting standards and interpretations from the transition date (April 1, 2012).

- a) IFRS 9 “Financial Instruments” (issued in November 2009 and revised in October 2010 and December 2011)
- b) IAS 36 “Impairment of Assets” (issued in May 2013)

(5) New accounting standards and interpretations not yet applied by the Group

As of the date of approval of the consolidated financial statements by the Group, main new accounting standards and interpretations that have been issued are as follows.

Accounting standards and interpretations	Mandatory application (Date of commencement)	To be applied by the Group	Description of new standards / amendments
IFRS 10 IFRS 12 Investment Entities IAS 27	January 1, 2014	FY ending March 2015	Accounting treatment for the investments held by investment entities
IAS 32 Financial Instruments: Presentation	January 1, 2014	FY ending March 2015	Clarification of conditions on offset disclosure
IAS 39 Financial Instruments: Recognition and Measurement	January 1, 2014	FY ending March 2015	Amendment of accounting for novation of derivatives
IFRIC 21 Levies	January 1, 2014	FY ending March 2015	Clarification of the accounting for levies
IAS 19 Employee Benefits	July 1, 2014	FY ending March 2016	Amendment of accounting for contributions from employees or third parties to defined benefit plans
IAS 16 Property, Plant and Equipment IAS 38 Intangible assets	January 1, 2016	FY ending March 2017	Clarification of acceptable methods of depreciation and amortization
IFRS 11 Joint Arrangement	January 1, 2016	FY ending March 2017	Accounting for acquisitions of interests in joint operations
IFRS 15 Revenue from Contracts with Customers	January 1, 2017	FY ending March 2018	Amendment of accounting for recognition of revenue
IFRS 9 Financial Instruments	January 1, 2018	FY ending March 2019	Amendment of accounting for hedges



acquisition date and lasting up to a maximum of one year, during which the acquirer obtains the whole information about facts and circumstances that existed at the acquisition date.

### (3) Foreign currency translation

Each company in the Group determines its own functional currency for their separate financial statements, and transactions in these companies are presented in their functional currency. On the other hand, consolidated financial statements of the Group are presented in Japanese yen which is the functional currency of the Company.

For the purpose of recording operating results and financial positions of foreign operations in the consolidated financial statements, items of assets and liabilities of foreign operations are presented in Japanese yen translated with spot exchange rates at the consolidated fiscal year-end date. Income and expenses items of those are translated with average exchange rates. The resulting translation differences are recognized as other comprehensive income, while its cumulative amount is recognized as other components of equity. In addition, accumulated translation differences are recognized as profit or loss when foreign operations are disposed of.

### (4) Revenue

Revenue is recognized only when it is probable that the economic benefits will flow to the Group and the amount can be measured reliably.

#### a) Pharmaceutical goods sales

Pharmaceutical goods sales are recognized when the significant risks and rewards of ownership of the goods are transferred to the customers (usually at the time of delivery). Sales generated from the transaction are presented as the fair value of consideration received after deducting various provisional amounts of sales deduction items. Sales deduction items include sales rebates, sales discounts and sales returns.

#### b) Co-promotion revenue

A proportionate share of revenue generated from a co-promotion activity is recognized as revenue when the Group promotes goods with alliance partners and the sales of goods are recognized by the alliance partners. At the same time, a proportionate share of expenses incurred from the co-promotion activity is recognized as selling, general and administrative expenses.

#### c) License revenue

Considerations received for licensing patents of developing or developed products (upfront payments, milestone payments and running royalties) are recognized as revenue, in accordance with the substance of the transactions.

Received upfront payments and milestone payments are recognized as revenue when their performance obligations under the agreements are fulfilled. In case that the performance obligations under the agreements exist over the licensing period, the revenue is recognized over the period based on rational methods.

Received running royalties are recognized as revenue, in accordance with the calculation basis.

### (5) Research and development expenses

#### a) Research expenses

Expenditures on research activities (including collaborative research and contract research) are recognized as

(6) Employee benefits

a) Retirement benefits

The Group has adopted defined benefit plans and defined contribution plans. Regarding defined benefit plans, expenses are recognized using the projected unit credit method in actuarial calculations made at the consolidated fiscal year-end date. All of the actuarial gains/losses incurred in the period are recognized as other comprehensive income, while the cumulative amount is reclassified to retained earnings after it is recognized as other components of equity.

Retirement benefit liabilities are the present value of defined benefit obligations less fair value of plan assets. Recognized amount of assets arising from retirement benefit calculations is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Regarding defined contribution plans, contributions of the Group are recognized as expenses at the time employees render services that give pension rights to them.

b) Termination benefits

Termination benefits are provided in case that the Group decides to terminate an employee's employment before the normal retirement date, or an employee voluntarily decides to accept an offer of benefits in exchange for the termination of employment. The termination benefits are recognized when the termination of employment is committed and the Group has detailed and official plans related to termination of an employee's employment and

- (i) Temporary differences arising from goodwill
- (ii) Temporary differences arising from the initial recognition of assets or liabilities in transactions which affect neither accounting profit nor taxable income (except for a business combination).

Regarding taxable temporary differences arising from investments in subsidiaries and associates, deferred tax liabilities are not recognized if the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

Furthermore, regarding deductible temporary differences arising from investments in subsidiaries and associates, deferred tax assets are recognized only when sufficient taxable income in order to realize benefits from the temporary differences will be available, and it is probable that the temporary differences will reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated using tax rates that will be expected to be applied when the deferred tax assets will be recovered or the deferred tax liabilities will be settled based on acts that have been enacted or substantively enacted by the consolidated fiscal year-end date.

Income taxes receivables and payables are offset when the Company or its subsidiaries have legally enforceable rights to offset them, and they intend to settle them as offset amounts.

#### (9) Property, plant and equipment

Property, plant and equipment is measured using the cost model and is presented at acquisition cost less accumulated depreciation and accumulated impairment loss.

The acquisition cost includes any costs directly attributable to purchase of assets and present value of removal and restoration costs. In case that certain conditions are met, borrowing costs that are directly incurred through the acquisition and construction of assets are included in the acquisition costs of the assets.

Depreciation is recognized by reducing acquisition cost of assets less residual value using the straight-line method over the estimated useful lives of the assets. Estimated useful lives, residual value and depreciation methods are reviewed at each fiscal year-end date, and the effects of any changes in estimation are reflected on a prospective basis.

The estimated useful lives of main types of property, plant and equipment are as follows:

- (i) Buildings 15 to 50 years
- (ii) Machinery 5 to 20 years

Gains/losses arising from sales or disposal of property, plant and equipment are presented as other income or other expenses.

#### (10) Intangible assets

Intangible assets are measured using the cost model and are presented at acquisition cost less accumulated amortization and accumulated impairment loss.

Intangible assets acquired separately are measured at the acquisition costs at the initial recognition. Those acquired through business combinations are measured at fair value at the acquisition date.

Amortization is recognized using the straight-line method over the estimated useful lives of the intangible assets. Estimated useful lives, residual value and amortization methods are reviewed at each fiscal year-end date, and the effects of any changes in estimation are reflected on a prospective basis.

The estimated useful lives of main types of intangible assets are as follows:

- (i) Sales rights 10 to 15 years
- (ii) Core technology 20 years
- (iii) Software 5 years

Accounting treatments for in-process research and development (IPR&D) investments are as follows:

##### a) IPR&D investments acquired separately

Intangible assets acquired separately are recognized as assets that meet following conditions.

- (i) It is probable that the expected future economic benefits attributable to the asset will flow to the Group
  - (ii) The cost of the asset can be measured reliably
- Expenditures of acquiring IPR&D investments from external entities (upro



amortized cost, financial assets measured at fair value through profit or loss (FVTPL financial assets) or financial assets measured at fair value through other comprehensive income (FVTOCI financial assets).



(Significant Accounting Estimates and Judgments)

(1) Estimations and judgments

Preparation of consolidated financial statements of the Group requires management estimates and judgments.

Assumptions in order to estimate are continuously reviewed. Effects of changes in estimations are recognized in the period and future periods.

(2) Significant items that require management estimates and judgments

a) Impairment test of goodwill and intangible assets

In order to perform impairment tests of goodwill and intangible assets, estimates of value in use of allocated cash-generating units are required. Value in use is measured at present value based on the assumptions of future cash flows expected to arise from cash-generating units and discount rates.

b) Estimates of useful lives of property, plant and equipment and intangible assets

Useful lives of property, plant and equipment and intangible assets are reviewed at the fiscal year-end date.

c) Evaluation of fair value of financial instruments

Evaluation methods including input that are not based on observable market data are used in order to estimate the fair value of specific financial assets.

d) Retirement benefits

Defined benefit obligations are affected by assumptions used for actuarial calculation. Discount rate, future payroll level, turnover and mortality rates used for assumptions are determined based on the latest market data and statistics.

e) Income taxes

Current income taxes are recognized as the amount expected to be paid to each tax authority by reasonable estimates in accordance with tax laws and regulations.

Liabilities are recognized based on the estimates of revised current income taxes and their possibilities as a result of the tax audit. If the actual amount settled by the tax audit is different from the estimated amount, the difference is recognized in the period in which the actual amount is settled.

(Segment Information)

(1) General information

The Group's business areas are comprised of the pharmaceutical business and other business, with each component of the pharmaceutical business being identified as a reporting segment. Reporting segments are units which the Group can obtain independent financial information, and units for which top management undertakes a regularly review in order to determine the allocation of management resources and to evaluate performance.

The Group's reporting segments are comprised of Japan (Prescription medicines, Generics and Diagnostics), Americas (North, Central and South America), Asia (mainly China, South Korea, Taiwan, India and ASEAN), EMEA (Europe, the Middle East, Africa and Oceania) and Consumer healthcare business (CHB) Japan (mainly OTC products).

(2) Reporting segments

The amount of revenue by reporting segments presents revenue from external customers and operating profit thereof. R&D expenses and certain selling, general and administrative expenses are not allocated to any particular reporting segment, as the Group does not manage such expenses on a reporting segment basis.

As the accounting treatment for reporting segments is in accordance with Japan GAAP, differences between reporting segment totals and consolidated financial statements in accordance with IFRS are presented in "(3) Difference between reporting segment totals and consolidated financial statements."

For the fiscal year ended March 31, 2014

(Millions of yen)

	Reporting segment						Other (Note 1)	Total
	Pharmaceutical business							
	Japan	Americas	Asia	EMEA	CHB Japan	Subtotal		
Revenue	310,679	158,915	58,041	32,463	21,511	581,610	18,754	600,363
Segment profit	154,663	30,263	12,790	4,050	4,287	206,053	5,869	211,922

For the fiscal year ended March 31, 2013

(Millions of yen)

	Reporting segment						Other (Note 1)	Total
	Pharmaceutical business							
	Japan	Americas	Asia	EMEA	CHB Japan	Subtotal		
Revenue	307,778	153,334	41,272	25,777	21,056	549,217	24,441	573,658
Segment profit	138,882	35,663	7,752	2,010	3,860	188,167	11,727	199,893

(Note 1) "Other" is a business segment not included in reporting segments. The pharmaceutical ra

(3) Difference between reporting segment totals and consolidated financial statements

(Millions of yen)

Revenue	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013
Japan GAAP		
Reporting segment total	581,610	549,217
Revenue included in "Other"	18,754	24,441
Total revenue in accordance with Japan GAAP	600,363	573,658

(2) Other expenses

Other expenses for the fiscal year ended March 31, 2014 and March 31, 2013 are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013
Loss on sales and disposal of non-current assets	301	374
Foreign exchange loss (Note 1)	2,025	
Other	513	428
Total	2,839	803

(Note 1) Foreign exchange loss includes gains(losses) on valuation of forward foreign exchange contracts that are applied fair value hedge accounting.

(3) Financial income

Financial income for the fiscal year ended March 31, 2014 and March 31, 2013 are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013
Interest income	963	1,124
Dividend income (Note 1)		
Financial assets measured at fair value through other comprehensive income	549	714
Financial assets measured at fair value through profit or loss	4	4
Other	271	97
Total	1,788	1,938

(Note 1) Dividend income from financial assets that were sold in this fiscal year in dividend income measured at fair value through other comprehensive income was 44 million yen for the fiscal year ended March 31, 2014 and 219 million yen for the fiscal year ended March 31, 2013, respectively.

(4) Financial costs

Financial costs for the fiscal year ended March 31, 2014 and March 31, 2013 are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013
Interest costs		
Financial liabilities measured at amortized cost	5,614	6,785
Retirement benefit liabilities	182	441
Other	93	117
Total	5,888	7,344

(Per Share Information)

(1) Earnings per share (basic)

Profit for the year attributable to owners of the parent and weighted average number of common shares used for calculating earnings per share attributable to owners of the parent (basic) are as follows:

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013
Profit for the year attributable to owners of the parent (Millions of yen)	38,251	51,674
Weighted average number of common shares during the year (Thousands of share)	285,173	285,008
Earnings per share attributable to owners of the parent (basic) (Yen)	134.13	181.31

(2) Earnings per share (diluted)

Adjustment of profit for the year and weighted average number of diluted common shares used for calculating earnings per share attributable to owners of the parent (diluted) are as follows:

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013
Profit for the year attributable to owners of the parent (Millions of yen)	38,251	51,674
Adjustment of profit for the year attributable to owners of the parent (Millions of yen)		
Profit for the year used for calculating diluted earnings per share (Millions of yen)	38,251	51,674
Weighted average number of common shares during the year (Thousands of share)	285,173	285,008
Increase in number of common shares under stock options (Thousands of share)	267	125
Weighted average number of diluted common shares during the year (Thousands of share)	285,440	285,133
Earnings per share attributable to owners of the parent (diluted) (Yen)	134.01	181.23

Common shares under stock options, that are not included in the calculation of diluted earnings per share due to antidilutive effects amounted to 475 thousand shares for the fiscal year ended March 31, 2014 and 508 thousand shares for the fiscal year ended March 31, 2013, respectively.

(First-time Adoption of IFRS)

The Group prepared its consolidated fi





(Millions of yen)

Accounts in accordance with Japan GAAP	Japan GAAP	Reclassification	Differences in recognition and measurement	IFRS	Accounts in accordance with IFRS
Equity					Equity
Shareholder's equity					Equity attributable to owners of the parent
Common stock	44,986			44,986	Share capital
Capital surplus	56,898	991		57,889	Capital surplus
Treasury stock	(39,422)			(39,422)	Treasury shares
Retained earnings	464,177		(102,684)	361,493	Retained earnings
Accumulated other comprehensive income (loss)					
Valuation difference on available-for-sale securities	1,242	(1,242)			
Deferred gain (loss) on derivatives under hedge accounting	(1,054)	1,054			
Foreign currency translation adjustments	(110,033)	110,033			
		(109,845)	107,508	(2,337)	Other components of equity
Stock options	991	(991)			
Minority interests	5,644		14	5,658	Non-controlling interests

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Reconciliation of equity as of March 31, 2014

(Millions of yen)

Accounts in accordance with Japan GAAP	Japan GAAP
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(Millions of yen)

Accounts in accordance with Japan GAAP	Japan GAAP	Reclassification	Differences in recognition and measurement	IFRS	Accounts in accordance with IFRS
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Equity

Equity

(2) Reconciliation of profit or loss  
Reconciliation of profit or loss fo

Reconciliation of profit or loss for the fiscal year ended March 31, 2014

(Millions of yen)

Accounts in accordance with Japan GAAP	Japan GAAP	Reclassification	Differences in recognition and measurement	IFRS	Note	Accounts in accordance with IFRS
Net sales	600,363	(2,648)	1,775	599,490	a	Revenue
Cost of sales (*1)	(188,169)	(5,263)	(1,227)	(194,659)	b	Cost of sales
Gross profit net	412,194	(7,911)	548	404,832		Gross profit
Selling, general and administrative expenses	(341,088)	128,371	9,382	(203,335)	c	Selling, general and administrative expenses



Notes to reconciliations

a) Revenue

A part of sales promotion expenses that is presented as selling, general and administrative (SG&A) expenses in accordance with Japan GAAP, however, this is deducted from revenue in accordance with IFRS.

b) Cost of sales

Lump-sum payments and milestone payments for contracts including in-licensing of pipeline products that are

IFRS.

(3) Reconciliation of cash flows

There is no material difference between consolidated statement of cash flows in accordance with Japan GAAP and consolidated statement of cash flows in accordance with IFRS.