

**CONSOLIDATED FINANCIAL REPORT**  
**For the First Quarter of Fiscal 2013**  
**(Fiscal Year Ending March 31, 2014, Japan GAAP)**

August 1, 2013

Eisai Co., Ltd.	Stock exchange listings: Tokyo
TSE Code: 4523	URL <a href="http://www.eisai.com">http://www.eisai.com</a>
Representative: Haruo Naito, President & CEO	
Contact: Sayoko Sasaki	Telephone: +81-3-3817-5120
Vice President, Corporate Affairs	
Expected date of quarterly report submission:	August 13, 2013
Expected date of dividend payment commencement:	-
Preparation of quarterly supplementary explanatory material:	Yes
Quarterly results briefing held:	Yes

(Figures are rounded down to the nearest million yen unless otherwise stated.)

**1. Consolidated Financial Results for the First Quarter of Fiscal 2013**  
**(April 1, 2013 to June 30, 2013)**

**(1) Consolidated Operating Results (cumulative)**

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

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
1Q Fiscal 2013	154,247	5.0	14,153	-26.1	12,861	-28.3	9,408	-20.7
1Q Fiscal 2012	146,908	-12.2	19,145	-13.8	17,939	-15.2	11,872	-12.1

(Note) Comprehensive income: 1Q Fiscal 2013 ¥26,084 million (- %)      1Q Fiscal 2012 ¥-1,120 million (- %)

	Basic earnings per share	Diluted earnings per share
	(¥)	(¥)
1Q Fiscal 2013	33.00	32.96
1Q Fiscal 2012	41.66	41.65

**(2) Consolidated Financial Positions**

	Total assets	Equity	Shareholders' equity ratio	Shareholders' equity per share
	(¥ million)	(¥ million)	%	(¥)
As of June 30, 2013	939,815	477,728	50.3	1,657.87
As of March 31, 2013	990,249	474,303	47.4	1,646.31

(Reference) Shareholders' equity (Including accumulated other comprehensive income):

As of June 30, 2013    ¥472,739 million      As of March 31, 2013    ¥469,356 million

## 2. Dividends

	Annual dividend per share				
	1Q end	2Q end	3Q end	Year-end	Total
Fiscal 2012	-	70.00	-	80.00	150.00
Fiscal 2013	-				

The Company's stock held through the Trust for Officers' Compensation Board Incentive Plan (105,400 shares as of the end of 1Q Fiscal 2013), is included in the number of treasury stock shares listed above.

\* Disclosure concerning the implementation status of quarterly review procedures:

This quarterly financial report is exempt from quarterly audit procedures as stipulated under the Financial Instruments and Exchange Act of Japan. At the time of this quarterly financial report's disclosure, quarterly financial statement audit procedures have not been completed as stipulated under the Financial Instruments and Exchange Act of Japan.

\* Explanation concerning the appropriate use of results forecast and other special instructions:

Materials and information provided in this financial disclosure may contain "forward-looking statements" based on expectations, forecasts, estimates, business goals and assumptions that are subject to risks and uncertainties as of the publication date of these materials. Accordingly, actual outcomes and results may differ materially from these statements depending on a number of important factors. Please refer to page 9 for details with regard to the assumptions and other related matters concerning consolidated financial results forecasts.

(Methods for obtaining supplementary materials and content of financial results disclosure)

Supplementary materials are attached to this financial report. The Company plans to hold a financial results disclosure presentation for institutional investors and securities analysts on Thursday, August 1, 2013. The printed materials distributed at the disclosure presentation will be made available on the Company's website after the event.



# 1. Qualitative Information Concerning Consolidated Financial Results (April 1, 2013 to June 30, 2013)

## 1) Explanations Concerning Consolidated Operating Results

### [Sales and Income]

Eisai Co., Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) recorded the following consolidated financial results for the first quarter of this fiscal year:

Net sales:	¥154,247 million	(up 5.0% year on year)
Operating income:	¥14,153 million	(down 26.1% year on year)
Ordinary income:	¥12,861 million	(down 28.3% year on year)
Net income:	¥9,408 million	(down 20.7% year on year)

Net sales of the Group increased year on year owing to a steady increase in net sales of growth drivers such as Halaven, a new anticancer agent, Humira, a human anti-TNF-monoclonal antibody, and Lyrica, a therapeutic agent for the treatment of pain. Net sales of Pariet (brand name in the U.S.: Aciphex), a proton pump inhibitor, and Aricept, an anti-Alzheimer’s disease agent, came to ¥29,865 million (up 4.7% year on year) and ¥23,244 million (down 14.7% year on year), respectively. Net sales of oncology-related products were ¥27,139 million (up 7.7% year on year), increasing the ratio of net sales of oncology-related product to net sales of the Group to 17.6% from 17.2%, the ratio recorded in the same period of the previous fiscal year. Net sales of epilepsy franchise products grew significantly to ¥5,656 million (up 52.6% year on year) aided in part by Fycompa, an AMPA receptor antagonist. By segment, Asia Pharmaceutical business, which includes China, and Generic drugs within Japan Pharmaceutical business both grew.

Operating, ordinary and net income decreased due to increased R&D expenses resulting from milestone payments following the achievement of milestones (anticancer agent E7080 melanoma POC achievement, anti-Alzheimer’s treatment BAN2401 Phase II trial commencement, anticancer agent E7438 Phase I / II trial commencement, etc.) related to joint research in oncology and Alzheimer’s disease, both key therapeutic areas, while the amount of alliance fees paid to co-promotion partners was decreased.

Basic earnings per share for the period came to ¥33.00 (down ¥8.66 per share from the same period of the previous fiscal year).

Comprehensive income, after adding/deducting minority interests and other comprehensive income to/from net income, was ¥26,084 million, aided in part by foreign currency translation adjustments due to the depreciation of the yen.

### [Cash Income]

The Group uses cash income as a managerial index to express its ability to generate cash. Cash income is the total amount of cash available for investment in future growth, return to shareholders, repayment of borrowings and other necessary payments. The Group considers cash income as an indicator to assess corporate growth potential and strategies.

Net income was ¥9,408 million; depreciation of property, plant and equipment and

amortization of intangible assets was ¥10,160 million; amortization of goodwill was ¥2,328 million.

As a result, cash income was ¥21,897 million (down 9.7% year on year), with cash income per share of ¥76.80 (down ¥8.31 per share from the same period of the previous fiscal year).

[Performance by Segment]

#### Asia Pharmaceutical Business

Net sales totaled ¥13,370 million (up 39.0% year on year), with segment profit of ¥3,009 million (up 65.5% year on year). Of this amount, net sales in China increased significantly to ¥7,034 million (up 37.0% year on year),

Net sales of Aricept came to ¥2,943 million (up 47.5% year on year), those of Humira ¥1,613 million (up 52.7% year on year), those of Pariet ¥1,429 million (up 28.6% year on year), and those of Halaven ¥62 million (up 146.5% year on year).

#### EMEA Pharmaceutical Business

Net sales totaled ¥7,917 million (up 14.5% year on year), with segment profit of ¥665 million (up 63.6% year on year).

## **2) Research & Development Pipeline, Alliances, and Other Events**

### Status of Ongoing Research & Development Pipelines

The anticancer agent Halaven (eribulin mesylate) obtained approval as a treatment for breast cancer sequentially around the world and, as of July 2013, the agent is approved in



A Phase II study being conducted in the United States and Europe to investigate anti-Alzheimer's disease agent BAN2401 (humanized anti-A $\beta$  protofibrils monoclonal antibody) has achieved initiation of dosing for the first patient.

A Phase II study to investigate anti-Alzheimer's disease agent Aricept (donepezil hydrochloride) as a potential treatment for regression symptoms in people with Down

In June 2013, the world's first Phase I / II study of the novel mechanism of E7438 (EZH2 inhibitor), an anticancer agent being jointly developed with Epizyme, Inc. (U.S.) has achieved initiation of dosing for the first patient.

In July, 2013, the Company entered into a share transfer agreement with Lawson, Inc.

### 3) Explanations Concerning Consolidated Financial Position

#### Assets, Liabilities and Equity

Total assets as of the end of the period amounted to ¥939,815 million (down ¥50,433 million from the end of the previous fiscal year). This decrease in total assets was primarily attributable to the decrease in cash and deposits used for maturity redemption of the sixth-series debenture of ¥50,000 million.

Total liabilities as of the end of the period amounted to ¥462,086 million (down ¥53,858 million from the end of the previous fiscal year).

Total equity as of the end of the period amounted to ¥477,728 million (up ¥3,425 million from the end of the previous fiscal year), while the shareholders' equity ratio was 50.3% (up 2.9 percentage points from the end of the previous fiscal year). The net debt equity ratio (Net DER) as of the end of this period was 0.30 (up 0.03 points from the end of the previous fiscal year).

(Note) Net debt equity ratio (Net DER): (Interest-bearing debts (borrowings + bonds and debentures) - cash and deposits - short-term investments) / shareholders' equity

#### Cash Flows (April 1, 2013 to June 30, 2013)

Net cash provided by operating activities amounted to ¥12,289 million (down ¥15,969 million from the same period of the previous fiscal year). Specifically, income before income taxes and minority interests was ¥13,459 million; depreciation and amortization was ¥10,160 million. Income taxes-paid decreased by ¥946 million to ¥6,577 million from the same period of the previous fiscal year.

Net cash provided by investing activities amounted to ¥28,991 million (up ¥21,784 million from the same period of the previous fiscal year). Net decrease in time deposits exceeding 3 months totaled ¥36,415 million.

Net cash used in financing activities amounted to ¥82,138 million (up ¥61,573 million from the same period of the previous fiscal year). Redemption of bonds and debentures was ¥50,000 million, repayment of long-term borrowings was ¥19,750 million, and the amount of dividends paid was ¥22,807 million.

As a result, cash and cash equivalents as of the end of this period stood at ¥108,296 million (down ¥34,159 million from the end of the previous fiscal year).

**4) Explanations Concerning Consolidated Financial Forecasts for Fiscal 2013  
(April 1, 2013 to March 31, 2014) and Other Future Forecast Information**

Consolidated Forecasts

Consolidated forecasts for the first half and full fiscal year remain unchanged.

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

Net sales	Operating income	Ordinary income	Net income	Basic earnings per share
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The Policy was initially adopted after being proposed by the Independent Committee of Outside Directors at the Board of Directors meeting held in February 2006. At its meeting held in August 2011, the Board of Directors deliberated and approved a proposal put forward by the Independent Committee of Outside Directors, which recommended that the Policy, since it incorporates the above-mentioned three provisions, remain in effect until June 30, 2016 to cover the entire period of the new Mid-term Strategic Plan “HAYABUSA” (April 2011 through March 2016), and that necessary revisions be made, including the addition of new clauses or amendment of wording, to reflect revisions made to relevant laws and regulations and rules of the Tokyo Stock Exchange since enactment of this Policy as well as recent discussions regarding anti-takeover measures.

## **2. Explanatory Notes in Financial Results Summary**

### **1) Changes in Number of Significant Subsidiaries During the Period**

Not applicable

### **2) Application of Special Accounting Treatment in Preparation of Consolidated Quarterly Financial Statements**

Not applicable

### **3) Changes in Accounting Policies, Accounting Estimates and Restatements**

Not applicable

### **4) Additional Information**

(Performance-related stock compensation system distributing treasury stock to Corporate Officers through a trust)



### **3. Consolidated Financial Statements**

#### **1) Consolidated Balance Sheet**

(millions of yen)

	Fiscal 2012 (As of March 31, 2013)	Fiscal 2013 (As of June 30, 2013)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	26,054	26,175
Short-term borrowings	7,597	18,103
Long-term borrowings (current portion)	18,810	9,859
Bonds and debentures (current portion)	49,999	-
Accounts payable-other	35,108	31,377
Accrued expenses	47,003	53,119
Income taxes payable	7,419	7,374
Reserve for sales rebates	15,665	16,216
Other reserves	439	472
Other	7,642	9,811
<b>Total current liabilities</b>	<b>215,740</b>	<b>172,510</b>
Noncurrent liabilities		
Bonds and debentures	29,998	29,998
Long-term borrowings	207,620	199,577
Deferred tax liabilities	19,638	19,381
Liability for retirement benefits	13,801	13,724
Retirement allowance for directors	735	791
Other	28,412	26,103
<b>Total noncurrent liabilities</b>	<b>300,205</b>	<b>289,576</b>
<b>Total liabilities</b>	<b>515,945</b>	<b>462,086</b>
<b>Equity</b>		
Shareholders' equity		
Common stock	44,985	44,985
Capital surplus	56,860	56,971
Retained earnings	469,703	456,304
Treasury stock	(39,031)	(38,971)
<b>Total shareholders' equity</b>	<b>532,518</b>	<b>519,289</b>
Accumulated other comprehensive income (loss)		
Valuation difference on available-for-sale securities	4,344	4,228
Deferred gain (loss) on derivatives under hedge accounting	(973)	(779)
Foreign currency translation adjustments	(66,532)	(49,999)
<b>Total accumulated other comprehensive income (loss)</b>	<b>(63,162)</b>	<b>(46,550)</b>
Stock options	1,093	1,094
Minority interests	3,853	3,894
<b>Total equity</b>	<b>474,303</b>	<b>477,728</b>
<b>Total liabilities and equity</b>	<b>990,249</b>	<b>939,815</b>

## 2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income (Consolidated Statement of Income)

(millions of yen)

	Fiscal 2012 (April 1, 2012- June 30, 2012)	Fiscal 2013 (April 1, 2013- June 30, 2013)
Net sales	146,908	154,247
Cost of sales	43,195	46,255
Gross profit	103,712	107,992
Provision for sales returns	-	32
Reversal of provision for sales returns	10	-
Gross profit net	103,723	107,959
Selling, general and administrative expenses	84,578	93,806
Operating income	19,145	14,153
Nonoperating income		
Interest income	244	263
Dividend income	391	302
Other	102	67
Total nonoperating income	737	633
Nonoperating expenses		
Interest expense	1,713	1,528
Foreign exchange loss	132	335
Other	97	61
Total nonoperating expenses	1,943	1,925
Ordinary income	17,939	12,861
Special gains		
Gain on sales of noncurrent assets	59	174
Gain on sales of investment securities	0	447
Other	4	25
Total special gains	64	647
Special losses		
Loss on disposal of noncurrent assets	26	49
Loss on devaluation of investment securities	282	-
Total special losses	309	49
Income before income taxes and minority interests	17,693	13,459
Income taxes current	6,266	7,286
Income taxes deferred	(544)	(3,308)
Total income taxes	5,722	3,978
Income before minority interests	11,971	9,481
Minority interests in income	99	72
Net income	11,872	9,408

## (Consolidated Statement of Comprehensive Income)

(millions of yen)

	Fiscal 2012 (April 1, 2012- June 30, 2012)	Fiscal 2013 (April 1, 2013- June 30, 2013)
Income before minority interests	11,971	9,481
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	32	(116)
Deferred gain (loss) on derivatives under hedge accounting	(50)	194
Foreign currency translation adjustments	(13,072)	16,524
Total other comprehensive income (loss)	(13,091)	16,602
Comprehensive Income (loss)	(1,120)	26,084
(Breakdown)		
Comprehensive income (loss) attributable to shareholders of the parent company	(1,058)	26,020
Comprehensive income (loss) attributable to minority interests	(62)	63



#### 4) Notes Concerning Consolidated Financial Results

##### (Going Concern)

Not applicable

##### (Note Regarding Significant Changes in the Amount of Shareholders' Equity)

Not applicable

##### (Segment Information)

Effective from the first quarter of this fiscal year, the Group has changed the designation of its reporting segments. (For details, please see "Information concerning changes to reporting segments, etc." on page 20.)

##### I. Fiscal 2012 (April 1, 2012 to June 30, 2012)

##### (1) Information concerning sales and profit (loss) by reporting segment

(millions of yen)

	Reporting segment <sup>1</sup>							Other <sup>2</sup>	Total
	Pharmaceutical business								
	Japan	Americas	Asia	EMEA	CHB	Japan	Sub-total		
Net sales to external									



(4) Information concerning loss on impairment of noncurrent assets and goodwill by reporting segment  
Not applicable

**(Significant Subsequent Events)**

Not applicable