October 28, 2016

Contact:
Corporate Communications,
Astellas Pharma Inc.
TEL +81-3-3244-3201

Financial Results of Astellas for the First Six Months of FY2016 (IFRS)

Japan, October 28, 2016 – Astellas Pharma Inc. (TSE: 4503, President and CEO: Yoshihiko Hatanaka, "the Company") today announced the financial results for the first six months (April 1, 2016 – September 30, 2016) of the fiscal year 2016 ("FY2016") ending March 31, 2017.

Consolidated financial results for the first six months of FY2016 (core basis)

(Millions of yen)

	First six months of FY2015	**First six months of FY2016**	Change (%)
Sales	687,501	**651,673**	-35,828 (-5.2%)
Core operating profit	145,170	**166,455**	+21,285 (+14.7%)
Core profit for the period	103,938	**120,569**	+16,631 (+16.0%)
Basic core earnings per share (yen)	47.76	**56.75**	+8.99 (+18.8%)

1. Qualitative information on consolidated financial results for the first six months of FY2016

(1) Business performance

i. Overview of the first six months of FY2016

<Consolidated financial results (core basis (Note))>

Consolidated financial results (core basis) in the first six months of FY2016 showed a decrease in sales and increases in core operating profit and core profit for the period, as follows:

Consolidated financial results (core basis)

(Millions of yen)

	First six months of FY2015	**First six months of FY2016**	Change (%)
Sales	687,501	**651,673**	-35,828 (-5.2%)
Core operating profit	145,170	**166,455**	+21,285 (+14.7%)
Core profit for the period	103,938	**120,569**	+16,631 (+16.0%)
Basic core earnings per share (yen)	47.76	**56.75**	+8.99 (+18.8%)

Research and development (R&D) expenses

(Millions of yen)

	First six months of FY2015	**First six months of FY2016**	Change
R&D expenses	112,041	**99,671**	-12,371

(Note) The Company discloses financial results on a core basis as an indicator of its recurring profitability. Certain items reported in financial results on a full basis that are deemed to be non-recurring items by the Company are excluded as non-core items from these financial results on a core basis. These adjusted items include impairment losses, gain/loss on sales of property, plant and equipment, restructuring costs, loss on disaster, a large amount of losses on compensation or settlement of litigations and other legal disputes, and other items that are deemed to be excluded based on the Company's judgment. A reconciliation table between results on a full basis and results on a core basis is provided on page 3 of the "Supplementary Documents for Results Q2/FY2016."

Impact of foreign exchange rate on financial results

The foreign exchange rates for the yen in the first six months of FY2016 are shown in the table below. The resulting impacts were a ¥64.1 billion decrease in sales and a ¥12.5 billion decrease in core operating profit compared with if the exchange rates of the first six months of FY2015 were applied.

Average rate	First six months of FY2015	**First six months of FY2016**	Change
US$/¥	122	**105**	¥17 (Strengthening of yen)
€/¥	135	**118**	¥17 (Strengthening of yen)

Change from beginning to end of period	As of September 30, 2015	**As of September 30, 2016**
US$/¥	¥0 (Strengthening of yen)	**¥12 (Strengthening of yen)**
€/¥	¥5 (Weakening of yen)	**¥14 (Strengthening of yen)**

Sales

Consolidated sales in the first six months of FY2016 decreased by 5.2% compared to those in the corresponding period of the previous fiscal year (“year-on-year”) to ¥651.7 billion.

- Consolidated sales decreased due to the impact of foreign exchange as well as the negative impacts such as a National Health Insurance (“NHI”) drug price revision in Japan enforced in April 2016.
- In terms of global products, sales of XTANDI for the treatment of prostate cancer grew. On the other hand, sales of overall overactive bladder (“OAB”) treatments Vesicare and Betanis / Myrbetriq / BETMIGA decreased due to the impact of foreign exchange. Additionally, sales of Prograf, an immunosuppressant, decreased.

Sales by region

*Sales by region calculated according to locations of sellers.

<Japan>

Sales in Japan decreased by 4.0% year-on-year to ¥237.2 billion. Sales in the Japanese market decreased by 7.6% year-on-year to ¥221.8 billion due to the negative impacts such as the NHI drug price revision.

- There was growth in sales of products including overall OAB treatments Vesicare and Betanis, the anti-inflammatory and anti-pain treatment Celecox, Symbicort for the treatment of bronchial asthma and Suglat for the treatment of type 2 diabetes.
- Sales of XTANDI decreased due to the NHI drug price revision.
- Sales of vaccines declined mainly due to the continued impact of the restraints of shipment by the manufacturer in FY2015, in addition, sales of products including Lipitor for the treatment of hypercholesterolemia and Gaster for the treatment of peptic ulcer and gastritis declined, mainly due to the impact of generics.

<The Americas>

Sales in the Americas decreased by 11.3% year-on-year to ¥206.6 billion. The sales on a U.S. dollar basis increased by 2.6% year-on-year to US$1,963 million.

- Sales of XTANDI, products including overall OAB treatments VESIcare and Myrbetriq, and the pharmacologic stress agent Lexiscan decreased due to the impact of foreign exchange, while the sales of each product on a U.S. dollar basis increased.
- Sales of Prograf decreased.
- Azole antifungal CRESEMBA contributed to sales.

<EMEA*>

Sales in EMEA increased by 2.3% year-on-year to ¥166.1 billion. The sales on a euro basis increased by 17.0% year-on-year to €1,406 million.

- Sales of XTANDI grew.
- Sales of overall OAB treatments Vesicare and BETMIGA and Prograf declined mainly due to the impact of foreign exchange, while the sales of Prograf on a euro basis increased.

* EMEA: Europe, the Middle East and Africa.

<Asia and Oceania>

Sales in Asia and Oceania decreased by 7.6% year-on-year to ¥41.8 billion.

- XTANDI and overall OAB treatments Vesicare and BETMIGA showed growth in sales.
- Sales of Prograf and Harnal for the treatment of functional symptoms of benign prostatic hyperplasia declined due to the impact of foreign exchange.

Core operating profit / Core profit for the period

- Gross profit decreased by 2.6% year-on-year to ¥505.5 billion along with a decrease in sales. The cost-to-sales ratio fell by 2.1 percentage points year-on-year to 22.4%, owing to changes in the product mix and the foreign exchange rate impact from the elimination of unrealized gains in intra-group transactions.
- Selling, general and administrative expenses and research and development ("R&D") expenses decreased by 7.9% year-on-year to ¥220.8 billion and by 11.0% year-on-year to ¥99.7 billion respectively partly due to the foreign exchange rate impact, The R&D cost-to-sales ratio was down 1.0 percentage points year-on-year to 15.3%.
- Amortisation of intangible assets was ¥17.7 billion, down 19.2% year-on-year.

As a result of the above, core operating profit increased by 14.7% year-on-year to ¥166.5 billion.
Consequently, core profit for the period increased by 16.0% year-on-year to ¥120.6 billion and basic core earnings per share increased by 18.8% year-on-year to ¥56.75.

Resulting from the transfer of the global dermatology business in April 2016, the sales and the expenses of the transferred products were not included in the first six months of FY2016. On the other hand, the consideration for the business transfer was recognized as revenue over certain periods. As a result, there were certain positive impacts on sales and profit for the first six months of FY2016.

<Consolidated financial results (full basis)>

Consolidated financial results on a full basis in the first six months of FY2016 are shown in the table below. Sales decreased while operating profit, profit before tax and profit for the period increased.

The full basis financial results include “other expense” (including impairment losses, loss on sales of property, plant and equipment, restructuring costs), and gain on sales of available-for-sale financial assets (included in “finance income”) which are both excluded from the core basis financial results.
“Other expense” in the first six months of FY2016 was ¥9.8 billion (¥13.4 billion in the same period of the previous fiscal year). Gain on sales of available-for-sale financial assets in the first six months of FY2016 was ¥1.6 billion (¥12.1 billion in the same period of the previous fiscal year).

Consolidated financial results (full basis)

(Millions of yen)

	First six months of FY2015	**First six months of FY2016**	Change (%)
Sales	687,501	**651,673**	-35,828 (-5.2%)
Operating profit	132,637	**157,057**	+24,420 (+18.4%)
Profit before tax	145,418	**157,772**	+12,354 (+8.5%)
Profit for the period	102,933	**115,064**	+12,131 (+11.8%)
Basic earnings per share (yen)	47.30	**54.16**	+6.86 (+14.5%)
Comprehensive income	104,868	**2,662**	-102,206 (-97.5%)

ii. Other

The Company has been pursuing initiatives geared towards achieving sustainable growth over the mid- to long-term, and in May 2015 accordingly released its three-year Strategic Plan 2015–2017 which sets forth three main strategies geared toward: “Maximizing the Product Value,” “Creating Innovation” and “Pursuing Operational Excellence.”

<Initiatives for Maximizing the Product Value>

We have been taking steps toward maximizing the Company’s oncology franchise centered on XTANDI and OAB franchise comprised of Vesicare and Betanis / Myrbetriq / BETMIGA. We launched such products, including the aforementioned in various countries. Number of countries/areas where XTANDI and Betanis / Myrbetriq / BETMIGA launched are approx. 60 and approx. 50, respectively, as of September 30, 2016.

With respect to the update of product label for XTANDI incluing the data from the head-to-head TERRAIN trial of enzalutamide versus bicalutamide, the Company obtained approval and the product label was updated in April 2016 in Europe. Furthermore, the Company obtained approval and the product label was updated in October 2016 in the U.S. as well.

Repatha, a PCSK9-inhibitor, was launched in April 2016 in Japan with the indication of familial hypercholesterolemia (FH) and hypercholesterolemia*.

*Indication: Familial Hypercholesterolemia, Hypercholesterolemia. Only when patients who have high risk in cardiovascular events and do not adequately respond to HMG-CoA Reductase Inhibitors.

*The official guidance for points of consideration regarding Repatha under the coverage of NHI is issued by Medical Affairs Division of Ministry of Health, Labour and Welfare.

<Initiatives for Creating Innovation>

With respect to our strategy of creating innovation, the wellspring of our sustainable growth, we have been further enhancing our capabilities to deliver innovative medicine while actively advancing into new opportunities.

In addition to the existing focus therapeutic areas, the Company is actively taking on challenges in new therapeutic areas including muscle diseases and ophthalmology as well as new technologies and modalities including next-generation vaccines and cell therapies. While utilizing alliance opportunities with external partners that have strong expertize, the Company is striving to achieve long-term growth through investments in new innovation.

The following are the alliances with external partners made during the first six months of FY2016:

- Entered into a collaborative research agreement with the National Institute of Advanced Industrial Science and Technology to discover anti-protozoan parasite drugs for the treatment of Chagas' disease, a neglected tropical disease in April 2016.
- Announced the conclusion of a joint research agreement with Daiichi Sankyo Company, Limited and Takeda Pharmaceutical Company Limited to comprehensively acquire and analyze fundamental biomarker data on healthy adult volunteers in order to optimize and accelerate the development of innovative medicines in May 2016.
- Entered into a collaborative development agreement with the Institute of Medical Science, the University of Tokyo, to develop the rice-based oral vaccine "MucoRice-CTB" against cholera and enterotoxigenic Escherichia coli (*E. coli*) caused diarrheal diseases in June 2016.
- Amended its collaboration agreement in skeletal muscle activators with Cytokinetics, Inc. (USA) ("Cytokinetics") to expand the agreement to include amyotrophic lateral sclerosis ("ALS") in July 2016. Through this amendment, the development of fast skeletal troponin activation, CK-2127107 for the potential treatment of ALS will be conducted. In addition, Cytokinetics has granted Astellas an option right for the development and commercialization of tirasemtiv, an investigational skeletal muscle activator. Furthermore, the joint research focused on the discovery of additional next-generation skeletal muscle activators was extended to 2017.
- Established DigiTx Partners LLC (USA), a digital health investment company in partnership with MPM Capital, Inc. (USA) in July 2016. DigiTx Partners LLC will invest in the digital health space broadly, with a special focus on companies which create solutions that improve patient outcomes and provide substantial synergy with a broader pharma business. Investments will be made in both start-ups and growth stage companies.

With respect to clinical development, we have been accelerating the speed by concentrating management resources on high-priority projects. The following are the main development advances made during the first six months of FY2016:

- Submitted applications for approval of extended-release tablets of quetiapine fumarate (generic name, development code: FK949E) for the indication of improvement of depressive symptoms associated with bipolar disorder in August 2016 in Japan.
- Obtained approval of Kiklin Granules (generic name: bixalomer, development code: ASP1585) in September 2016 in Japan.
- Submitted applications for approval of XTANDI (generic name: enzalutamide) tablets in September 2016 in Japan.

<Initiatives for Pursuing Operational Excellence>

We have been continuing to engage in initiatives in anticipation of changing environments from various perspectives with the aims of creating organizations and systems capable of resiliently responding to changing environments and further improving quality and efficiency of operations.

The following are the main initiatives during the first six months of FY2016:

- Transferred its global dermatology business to LEO Pharma A/S (Denmark) in April 2016. The both companies are currently working together for the transition of business while continuing supply of products.
- Began operations for Malaysia-based subsidiary, Astellas Pharma Malaysia Sdn. Bhd. in April 2016. In addition, SESA Umbrella Organization that is responsible for overseeing operations in the South East and South Asia regions was established and began operation also in April 2016. These efforts were carried out to increase both the quality and efficiency of operations in the regions.
- Transferred the Company’s wholly owned U.S. manufacturing subsidiary Astellas Pharma Technologies, Inc., which owns the Norman plant used for the formulation and packaging of certain Astellas pharmaceutical products, to Avara Norman Pharmaceutical Services, Inc. (USA) in August 2016.

(2) Financial position

i. Assets, equity and liabilities

An overview of the consolidated statement of financial position as of September 30, 2016 and the main changes from the end of the previous fiscal year are shown below.

Assets

Total assets saw a decrease of ¥86.2 billion compared to the end of the previous fiscal year to ¥1,713.2 billion.

<Non-current assets> ¥838.5 billion (a decrease of ¥63.3 billion)

- Other intangible assets decreased by ¥17.9 billion compared to the end of the previous fiscal year to ¥317.8 billion.

<Current assets> ¥874.7 billion (a decrease of ¥22.8 billion)

- Cash and cash equivalents increased by ¥6.3 billion compared to the end of the previous fiscal year to ¥366.3 billion.

Equity

Total equity as of September 30, 2016 saw a decrease of ¥32.0 billion compared to the end of the previous fiscal year to ¥1,227.3 billion, making the ratio of owners' equity to gross assets 71.6%.

- While profit for the period stood at ¥115.1 billion, the Company paid ¥34.0 billion of dividends of surplus.
- Cancellation of treasury shares totaling ¥110.2 billion (68 million shares) was carried out on June 20, 2016.
- In addition, the effect of foreign currency translation adjustments decreased equity by ¥107.2 billion.

Liabilities

Total liabilities decreased by ¥54.2 billion compared to the end of the previous fiscal year to ¥485.9 billion.

<Non-current liabilities> ¥102.4 billion (a decrease of ¥24.4 billion)
<Current liabilities> ¥383.5 billion (a decrease of ¥29.8 billion)

ii. Cash flow

An overview of the consolidated statement of cash flow in the first six months of FY2016, and the main year-on-year comparison are shown below.

Cash flows from operating activities

Net cash flows from operating activities decreased year-on-year by ¥4.9 billion to ¥90.1 billion.

- Income tax paid was ¥36.4 billion.

Cash flows from investing activities

Net cash flows used in investing activities was ¥19.9 billion, an increase in outflow of ¥13.1 billion year-on-year.

- Purchases of property, plant and equipment used cash of ¥16.1 billion and purchase of intangible assets used cash of ¥5.0 billion, while proceeds from sales of available-for-sale financial assets provided cash of ¥2.1 billion.

Cash flows from financing activities

Net cash flows used in financing activities was ¥35.5 billion, a decrease in outflow of ¥64.7 billion year-on-year.

- Dividends paid totaled ¥34.0 billion.

As a result of the above, cash and cash equivalents totaled ¥366.3 billion as of September 30, 2016, an increase of ¥6.3 billion compared to the end of the previous fiscal year.

(3) Consolidated business forecasts for FY2016 and other forward-looking statements

Consolidated full-year business forecasts (core basis (Note))

(Millions of yen)

	FY2015 Full-year results	**FY2016 Full-year forecasts**	Change (%)
Sales	1,372,706	**1,300,000**	-72,706 (-5.3%)
Core operating profit	267,456	**274,000**	+6,544 (+2.4%)
Core profit for the year	198,802	**202,000**	+3,198 (+1.6%)
Basic core earnings per share (yen)	92.12	**95.07**	+2.96 (+3.2%)

(Note) The definition of financial results on a core basis is described in page 2.

Expected exchange rate for

FY2016 ¥103/US$ ¥117/€

(Expected exchange rate for the last six months of FY2016: ¥100/US$, 115/€)

FY2015 (Result) ¥120/US$ ¥133/€

Consolidated full-year business forecasts on a core basis are shown in the table above. The Company has downwardly revised its forecasts for sales, and upwardly revised its forecasts for core operating profit and core profit for the year from the figures announced in May 2016 ("initial forecasts") based on the trend of financial results for the first six months of FY2016 and the situation of foreign exchange rates. Revised expected exchange rates are anticipated to cause a ¥56.8 billion and ¥10.0 billion decrease in sales and core operating profit, respectively, compared to if the expected exchange rates of the initial forecast were applied.
The amount of recognized revenue resulting from the transfer of the global dermatology business in April 2016 is projected to exceed the initial forecasts. As a result, there will be certain positive impacts on sales and core operating profit.
Substantial businesses excluding the impact of foreign exchange and the dermatology business transfer are expected to be within the scope of the initial estimation.

The Company forecasts sales of ¥1,300.0 billion (downwardly revised by ¥50.0 billion from the initial forecasts). Sales of products including XTANDI, OAB treatments Vesicare and Betanis / Myrbetriq / BETMIGA are projected to be below the initial forecasts due mainly to the impact of exchange rates.

Selling, general and administrative expenses and R&D expenses are projected to be below the initial forecasts due mainly to the impact of exchange rates. The Company forecasts R&D expenses of ¥216.0 billion (downwardly revised by ¥15.0 billion from the initial forecasts).

As a result of the above, the Company forecasts core operating profit and core profit for the year of ¥274.0 billion (upwardly revised by ¥4.0 billion from initial forecasts) and ¥202.0 billion (upwardly revised by ¥3.0 billion from initial forecasts), respectively.

<u>Consolidated full-year business forecasts (full basis)</u>

(Millions of yen)

	FY2015 Full-year results	**FY2016 Full-year forecasts**	Change (%)
Sales	1,372,706	**1,300,000**	-72,706 (-5.3%)
Operating profit	248,986	**267,000**	+18,014 (+7.2%)
Profit before tax	261,770	**268,000**	+6,230 (+2.4%)
Profit for the year	193,687	**198,000**	+4,313 (+2.2%)
Basic earnings per share (yen)	89.75	**93.19**	+3.44 (+3.8%)

Consolidated full-year business forecasts on a full basis are shown in the table above. Compared with initial forecasts announced in May 2016, consolidated sales has been downwardly revised, operating profit and profit before tax have been left unchanged, and profit for the year has been upwardly revised.
The Company forecasts sales of ¥1,300.0 billion (downwardly revised by ¥50.0 billion from the initial forecasts).
Although core operating profit is projected to exceed the initial forecasts, operating profit will remain unchanged from the initial forecasts because “other expense” excluded from forecasts on a core basis, which includes impairment losses for property, plant and equipment and net foreign exchange losses, are projected to exceed the initial forecasts. Furthermore, the Company forecasts profit for the year of ¥198.0 billion (upwardly revised by ¥1.0 billion from initial forecasts).

2. Matters Related to Summary Information (Notes)

(1) Changes in Accounting Policies and Accounting Estimates

The significant accounting policies adopted for the condensed interim consolidated financial statements of Astellas Pharma Inc. and its subsidiaries (collectively, the“Group”) for the six months ended 30 September 2016 are the same as those applied for its consolidated financial statements for the fiscal year ended 31 March 2016.

The Group calculated income tax expense for the six months ended 30 September 2016 based on the estimated average annual effective tax rate.

3. Condensed Interim Consolidated Financial Statements
(1) Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Six months ended 30 September 2015	Six months ended 30 September 2016
Sales	687,501	651,673
Cost of sales	(168,394)	(146,206)
Gross profit	519,106	505,467
Selling, general and administrative expenses	(239,741)	(220,842)
Research and development expenses	(112,041)	(99,671)
Amortisation of intangible assets	(21,903)	(17,707)
Share of losses of associates and joint ventures	(252)	(792)
Other income	888	376
Other expense	(13,421)	(9,774)
Operating profit	132,637	157,057
Finance income	13,350	2,392
Finance expense	(569)	(1,677)
Profit before tax	145,418	157,772
Income tax expense	(42,485)	(42,708)
Profit for the period	102,933	115,064
Profit attributable to:		
Owners of the parent	102,933	115,064
Earnings per share		
Basic (Yen)	47.30	54.16
Diluted (Yen)	47.23	54.08

(2) Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended 30 September 2015	Six months ended 30 September 2016
Profit for the period	102,933	115,064
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	1,936	(2,536)
Subtotal	1,936	(2,536)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	9,816	(107,226)
Fair value movements on available-for-sale financial assets	(9,816)	(2,640)
Subtotal	(0)	(109,865)
Other comprehensive income, net of tax	1,935	(112,402)
Total comprehensive income	104,868	2,662
Total comprehensive income attributable to:		
Owners of the parent	104,868	2,662

(3) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of 31 March 2016	As of 30 September 2016
Assets		
Non-current assets		
Property, plant and equipment	200,955	182,726
Goodwill	152,920	137,232
Other intangible assets	335,698	317,754
Trade and other receivables	24,103	28,011
Investments in associates and joint ventures	2,435	2,538
Deferred tax assets	81,497	74,197
Other financial assets	89,424	82,803
Other non-current assets	14,769	13,227
Total non-current assets	901,801	838,488
Current assets		
Inventories	161,691	157,445
Trade and other receivables	327,599	316,187
Income tax receivable	16,403	5,908
Other financial assets	14,394	11,982
Other current assets	17,221	16,847
Cash and cash equivalents	360,030	366,325
Sub total	897,337	874,694
Assets held for sale	200	—
Total current assets	897,537	874,694
Total assets	1,799,338	1,713,181

(Millions of yen)

	As of 31 March 2016	As of 30 September 2016
Equity and liabilities		
Equity		
Share capital	103,001	103,001
Capital surplus	176,903	176,972
Treasury shares	(157,111)	(47,342)
Retained earnings	973,054	941,226
Other components of equity	163,363	53,396
Total equity attributable to owners of the parent	1,259,209	1,227,253
Total equity	1,259,209	1,227,253
Liabilities		
Non-current liabilities		
Trade and other payables	1,599	869
Retirement benefit liabilities	39,797	40,838
Provisions	7,083	4,895
Other financial liabilities	722	815
Other non-current liabilities	77,569	54,984
Total non-current liabilities	126,769	102,401
Current liabilities		
Trade and other payables	181,559	154,127
Income tax payable	19,312	9,678
Provisions	89,858	88,263
Other financial liabilities	1,505	34,560
Other current liabilities	121,126	96,900
Total current liabilities	413,359	383,527
Total liabilities	540,129	485,929
Total equity and liabilities	1,799,338	1,713,181

(4) Condensed Interim Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Subscription rights to shares	Foreign currency translation adjustments
As of 1 April 2015	103,001	176,822	(86,997)	905,083	2,241	177,306
Comprehensive income						
Profit for the period	－	－	－	102,933	－	－
Other comprehensive income	－	－	－	－	－	9,816
Total comprehensive income	－	－	－	102,933	－	9,816
Transactions with owners of the parent						
Acquisition of treasury shares	－	－	(64,688)	－	－	－
Disposals of treasury shares	－	－	147	(71)	(76)	－
Cancellation of treasury shares	－	－	49,577	(49,577)	－	－
Dividends	－	－	－	(35,090)	－	－
Share-based payments	－	12	－	－	73	－
Transfers	－	－	－	1,936	－	－
Total transactions with owners of the parent	－	12	(14,963)	(82,803)	(4)	－
As of 30 September 2015	103,001	176,834	(101,960)	925,214	2,237	187,122

As of 1 April 2016	103,001	176,903	(157,111)	973,054	2,126	132,134
Comprehensive income						
Profit for the period	－	－	－	115,064	－	－
Other comprehensive income	－	－	－	－	－	(107,226)
Total comprehensive income	－	－	－	115,064	－	(107,226)
Transactions with owners of the parent						
Acquisition of treasury shares	－	－	(767)	－	－	－
Disposals of treasury shares	－	(78)	317	(137)	(101)	－
Cancellation of treasury shares	－	－	110,219	(110,219)	－	－
Dividends	－	－	－	(34,000)	－	－
Share-based payments	－	147	－	－	－	－
Transfers	－	－	－	(2,536)	－	－
Total transactions with owners of the parent	－	69	109,768	(146,892)	(101)	－
As of 30 September 2016	103,001	176,972	(47,342)	941,226	2,025	24,908

(Millions of yen)

	Equity attributable to owners of the parent				Total equity
	Other components of equity			Total	
	Fair value movements on available-for-sale financial assets	Remeasurements of defined benefit plans	Total		
As of 1 April 2015	40,461	―	220,007	1,317,916	1,317,916
Comprehensive income					
Profit for the period	―	―	―	102,933	102,933
Other comprehensive income	(9,816)	1,936	1,935	1,935	1,935
Total comprehensive income	(9,816)	1,936	1,935	104,868	104,868
Transactions with owners of the parent					
Acquisition of treasury shares	―	―	―	(64,688)	(64,688)
Disposals of treasury shares	―	―	(76)	0	0
Cancellation of treasury shares	―	―	―	―	―
Dividends	―	―	―	(35,090)	(35,090)
Share-based payments	―	―	73	84	84
Transfers	―	(1,936)	(1,936)	―	―
Total transactions with owners of the parent	―	(1,936)	(1,940)	(99,694)	(99,694)
As of 30 September 2015	30,644	―	220,003	1,323,091	1,323,091

As of 1 April 2016	29,103	―	163,363	1,259,209	1,259,209
Comprehensive income					
Profit for the period	―	―	―	115,064	115,064
Other comprehensive income	(2,640)	(2,536)	(112,402)	(112,402)	(112,402)
Total comprehensive income	(2,640)	(2,536)	(112,402)	2,662	2,662
Transactions with owners of the parent					
Acquisition of treasury shares	―	―	―	(767)	(767)
Disposals of treasury shares	―	―	(101)	0	0
Cancellation of treasury shares	―	―	―	―	―
Dividends	―	―	―	(34,000)	(34,000)
Share-based payments	―	―	―	147	147
Transfers	―	2,536	2,536	―	―
Total transactions with owners of the parent	―	2,536	2,435	(34,619)	(34,619)
As of 30 September 2016	26,463	―	53,396	1,227,253	1,227,253

(5) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended 30 September 2015	Six months ended 30 September 2016
Cash flows from operating activities		
Profit before tax	145,418	157,772
Depreciation and amortisation	35,082	31,491
Impairment losses and reversal of impairment losses	6,357	7,615
Finance income and expense	(12,781)	(716)
(Increase) decrease in inventories	(832)	(12,429)
(Increase) decrease in trade and other receivables	(22,291)	(19,502)
Increase (decrease) in trade and other payables	(36,099)	(7,182)
Other	23,440	(30,540)
Cash generated from operations	138,294	126,509
Income tax paid	(43,282)	(36,435)
Net cash flows from operating activities	95,012	90,075
Cash flows from investing activities		
Purchases of property, plant and equipment	(14,627)	(16,144)
Proceeds from sales of property, plant and equipment	1,535	569
Purchase of intangible assets	(7,625)	(5,020)
Purchase of available-for-sale financial assets	(434)	(239)
Proceeds from sales of available-for-sale financial assets	16,390	2,064
Interest and dividends received	1,265	796
Other	(3,268)	(1,923)
Net cash flows used in investing activities	(6,764)	(19,897)
Cash flows from financing activities		
Acquisition of treasury shares	(64,688)	(767)
Dividends paid to owners of the parent	(35,090)	(34,000)
Other	(468)	(779)
Net cash flows used in financing activities	(100,246)	(35,545)
Effect of exchange rate changes on cash and cash equivalents	3,704	(28,337)
Net increase (decrease) in cash and cash equivalents	(8,294)	6,296
Cash and cash equivalents at the beginning of the year	396,430	360,030
Cash and cash equivalents at the end of the period	388,136	366,325

(6) Notes to condensed interim consolidated financial statements

Notes on going concern assumption

Not applicable.

Business Combination

For the six months ended 30 September 2016

On 10 February 2016, Ocata Therapeutics, Inc. (The company name was changed to Astellas Institute for Regenerative Medicine in May 2016.) became a consolidated subsidiary of Astellas Pharma Inc. through tender offer to purchase all issued and outstanding shares of common stock in cash.

During the three months ended 30 June 2016, further facts came to light and additional analysis was performed on the fair value measurement of the assets acquired and liabilities assumed at the acquisition date. As a result, the provisional fair value was adjusted as follows:

(Millions of yen)

	Provisional fair value	Fair value adjustments	Provisional fair value (as adjusted)
Property, plant and equipment	151	－	151
Other intangible assets	17,456	(3,736)	13,720
Deferred tax assets	3,167	1,327	4,494
Cash and cash equivalents	1,084	－	1,084
Other assets	41	－	41
Other liabilities	(2,494)	－	(2,494)
Fair value of assets acquired and liabilities assumed (net)	19,405	(2,409)	16,996
Goodwill	24,332	2,409	26,741
Total	43,737	－	43,737
Fair value of purchase consideration transferred	43,737	－	43,737

Due to the adjustments of the provisional fair value at the acquisition date, the Group retrospectively revised the corresponding balance in the condensed interim consolidated statement of financial position as of 31 March 2016. As a result, “Goodwill” and “Deferred tax assets” increased by 2,260 million yen and 1,245 million yen respectively, while “Other intangible assets” decreased by 3,504 million yen.

The initial accounting for the business combination is incomplete as of 30 September 2016 as the Group is still in the process of finalizing the fair value measurement.