To Shareholders

Interim Report for the First Six Months of Fiscal Year 2016

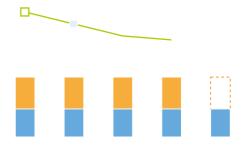
Stock Information

Shareholder Return

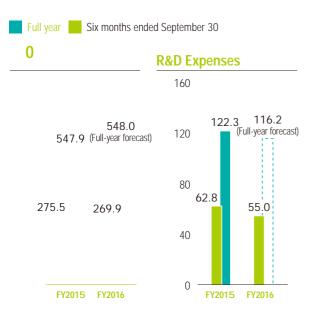
Mellon SA/NV 10

Trust & Custody Services Bank, Ltd. (Security Investment Trust Account)

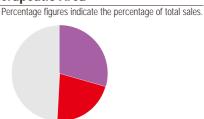
(Thousands o



®00solidated Financial Results (IFRS)600



Revenue by Therapeutic Area



Percentage figures indicate the percentage of total sales.

Operating Profit (Billions of yen)

75

60

(Full-year forecast)

51.9

38.6

25

18.1

0

FY2015

FY2016

Percentage figures indicate the percentage of total sales.

Ongoing Research & Development Projects

Development progress since April 2016 is as follows. (As of October 31, 2016)



The Company to Initiate Phase III Clinical Study of Lenvatinib (Japanese name: Lenvima) for Advanced Renal Cell Carcinoma

In September 2016, the Company initiated a global Phase III clinical study of its in-house developed anticancer agent, lenvatinib, in respective combination regimens with the anticancer agent everolimus and the anti-PD-1 antibody pembrolizumab as a potential first-line treatment for advanced renal cell carcinoma. As this combination therapy is expected to enhance antitumor activity than monotherapy, the Company aims to acquire approval as soon as possible.

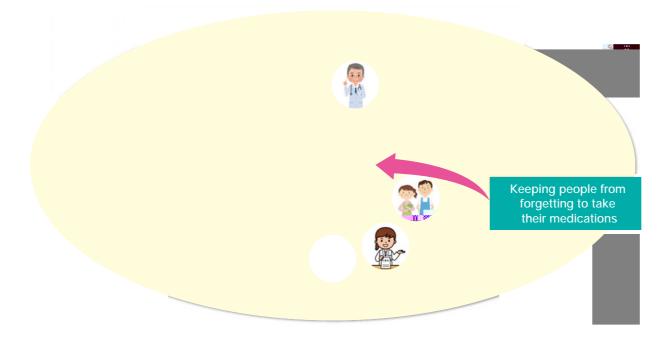
i Contributing to Regional Medicine, Which Provides Peace of Mind and Safety, in the Field of Dementia

In April 2016, the Company launched the Dementia Solutions Business*1. In addition to developing new drugs aimed at dementia prevention, cure and care, through this business the Company aims to contribute to regional medicine, which provides peace of mind and safety.

The Company will collaborate with leaders in community health care from approximately 65 partners in dementia-related coordination nationwide and provide dementia solutions to local government and local citizens. Our aim will be to contribute to the realization of a society that coexists in harmony with dementia.

In July 2016, the Company launched an "interprofessional collaboration service." Patient care requires close interaction among caregivers and their families, ² to contribute to the realization of a society where people with dementia can go out safely.

- *1 Through business, the Company will analyze issues related to dementia and provide countermeasures.
- *2 These compact radio transmitters provide location information over the Internet.



i Holding Briefings for Individual Shareholders

In October 2016, the Company held briefings for individual shareholders in Nagoya, Osaka, Fukuoka and Hiroshima.

Each year, the Company holds its Ordinary General Meeting of Shareholders in Tokyo. The Company hold these briefings to facilitate communications with individual shareholders outside Tokyo.

At each venue, Mr. Okada, the Company's executive vice president in charge of general affairs, provided an overview of the Company's business and management strategies, followed by a question and answer session. The questions were mainly the Company's financial outlook, share price and dividend outlook, the impact of foreign exchange fluctuations on operating performance and the development status of pipelines such as next-generation drugs for Alzheimer's disease. The Company also fielded questions regarding the application to drug discovery of Nobel Prize-winning research (autophagy and iPS cells).

The Company values its dialogue with shareholders, and plans to continue providing such opportunities for shareholder communication.



Briefing fora 71S900 medications, and a tracking tool using a tag-based IoT We'San to hold our next briefing for individual investors in October 2017. We plan to send out a notice around August 2017.