

Summary of 1st Quarter Financial Results for year ended March 31, 2016 (Japan GAAP) (Consolidated)

July 31, 2015

Company name: Mitsubishi Tanabe Pharma Corporation
 Stock exchange listings: Tokyo
 Securities code number: 4508
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Planned date of filing of quarterly securities report: August 7, 2015
 Planned date of start of dividend payments: –
 Provision of supplementary explanatory materials for quarterly results: Yes
 Quarterly results presentation: Yes (for institutional investors and investment analysts)

Notes: Amounts less than ¥ 1 million have been rounded.

Percentage changes in the list show change in comparison with the same period of the previous fiscal year.

1. Results for 1st Quarter (April 1, 2015 to June 30, 2015)

(1) Consolidated Business Results

	Net sales		Operating income		Ordinary income	
	Millions of Yen	% change	Millions of Yen	% change	Millions of Yen	% change
1st Quarter of Fiscal 2015	98,487	4.2	22,740	66.2	22,642	55.5
1st Quarter of Fiscal 2014	94,559	(9.0)	13,683	(15.7)	14,562	(14.6)

	Net income attributable to shareholders of the Company		Net income attributable to shareholders of the Company per share	Net income attributable to shareholders of the Company per share (diluted)
	Millions of Yen	% change	Yen	Yen
1st Quarter of Fiscal 2015	14,881	55.2	26.53	–
1st Quarter of Fiscal 2014	9,587	(7.9)	17.09	–

(Note) Comprehensive income ¥20,764 million, 195.2% in 1st quarter of fiscal 2015 (¥7,035 million, (38.6)% in 1st quarter of fiscal 2014)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2015	912,271	809,198	87.4
As of March 31, 2015	929,301	800,434	84.9

(Note) Shareholders' equity ¥797,494 million in 1st quarter of fiscal 2015 (¥788,979 million in fiscal 2014)

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2014	–	20.00	–	22.00	42.00
Fiscal 2015	–	–	–	–	–
Fiscal 2015 (forecasts)	–	22.00	–	22.00	44.00

(Note) Revisions to recently announced dividend forecasts: No

3. Forecasts for Fiscal 2015 (April 1, 2015 to March 31, 2016)

	Net sales		Operating income		Ordinary income	
	Millions of Yen	% change	Millions of Yen	% change	Millions of Yen	% change
1st half	191,500	(3.7)	28,000	(19.9)	28,000	(21.0)
Full year	396,000	(4.6)	67,500	0.5	67,000	(1.0)

	Net income attributable to shareholders of the Company		Net income attributable to shareholders of the Company per share
	Millions of Yen	% change	Yen
1st half	19,000	(41.6)	33.87
Full year	40,500	2.5	72.19

(Note) Revisions to recently announced consolidated earnings forecasts: No

※ Notes

(1) Significant change involving subsidiaries during the period: No

(Change in designated subsidiaries accompanying changes in the scope of consolidation)

(2) Application of special accounting methods in the preparation of quarterly financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatements

1. Change accompanying revision of accounting standards: Yes

2. Other changes: No

3. Change in accounting estimates: No

4. Restatements: No

(Note) For detailed information, please see "(1) Change in accounting policies, changes in accounting estimates, and restatements" under "2. Items Concerning Summary Data (The notes)" on page 5.

(4) Number of shares issued (common stock)

1. Number of shares issued at the end of the period (including treasury stock)

1st Quarter of Fiscal 2015	561,417,916 shares	Fiscal 2014	561,417,916 shares
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2. Number of treasury stock at the end of the period

1st Quarter of Fiscal 2015	428,562 shares	Fiscal 2014	428,340 shares
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3. Average number of shares during the period (cumulative total)

1st Quarter of Fiscal 2015	560,989,473 shares	1st Quarter of Fiscal 2014	560,990,959 shares
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*Note regarding implementation of quarterly review procedures

At the time when this summary of 1st quarter financial results was released, the review procedures

for the quarterly financial statements were in progress in accordance with the Financial Instruments and Exchange Act.

*Explanation regarding the appropriate use of earnings forecasts and other matters of special note

(Note about forward-looking information)

In these materials, earnings forecasts and other statements about the future are forward-looking statements based on a number of assumptions and beliefs in light of the information available to management as of the date of release of the materials and are subject to risks and uncertainties. Accordingly, the Company cannot make promises to achieve such forecasts. Actual financial results may differ materially from these forecasts depending on a number of important factors.

For matters related to earnings forecasts, please see page 4.

(Methods of obtaining the supplementary materials and the content of the results presentation)

• Supplementary materials are included from page 12 of this document in section "4. Supplementary information."

• The Company plans to hold a results presentation (conference call) for institutional investors and securities analysts on July 31, 2015 (Friday).

The Company plans to make available on its website the content of the presentation (sound) and the materials used in the presentation immediately after the presentation is held.

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1. [Qualitative Information for 1st Quarter of FY 2015]

(1) Explanation about results of operations

Consolidated operating results in the first quarter of the fiscal year ended March 31, 2016 (April 1, 2015 to June 30, 2015) were as follows.

(Millions of yen)

	1 st quarter of FY 2014	1 st quarter of FY 2015	Increase/ Decrease	% change
Net Sales	94,559	98,487	3,928	4.2
Cost of sales	39,192	35,530	(3,662)	(9.3)
Cost of sales ratio	41.4%	36.1%		
Gross profit	55,367	62,957	7,590	13.7
SG&A expenses	41,684	40,217	(1,467)	(3.5)
Operating Income	13,683	22,740	9,057	66.2
Non-operating income/loss	879	(98)	(977)	
Ordinary Income	14,562	22,642	8,080	55.5
Extraordinary income/loss	328	—	(328)	
Net Income attributable to shareholders of the Company	9,587	14,881	5,294	55.2

【Net sales】

Net sales increased by 4.2%, or ¥3.9 billion, year-on-year, to ¥98.4 billion.

(Millions of yen)

	1 st quarter of FY 2014	1 st quarter of FY 2015	Increase/ Decrease	% change
Pharmaceuticals	94,434	98,383	3,949	4.2
Domestic ethical drugs	77,535	74,252	(3,283)	(4.2)
Overseas ethical drugs	5,288	6,192	904	17.1
OTC products	1,215	1,166	(49)	(4.0)
Others in Pharmaceuticals	10,396	16,773	6,377	61.3
Others	125	104	(21)	(16.8)

In the pharmaceuticals segment, net sales were ¥98.3 billion, up 4.2%, or ¥3.9 billion, year-on-year.

- Domestic sales of ethical drugs decreased by 4.2%, year-on-year, to ¥74.2 billion due to the ending of the sales alliance of the plasma fractionation products in March 2015.
- Sales of others in pharmaceuticals increased by 61.3%, year-on-year, to ¥16.7 billion due to the increase in royalty revenue from Gilenya, for the treatment of multiple sclerosis, licensed to Novartis and from INVOKANA and the fixed dose combination with metformin (IR), for the treatment of type2 diabetes mellitus,

licensed to Janssen Pharmaceuticals.

【Operating income】

Operating income increased by 66.2%, or ¥9.0 billion, year-on-year, to ¥22.7 billion.

- Gross profit increased by ¥7.5 billion, year-on-year, to ¥62.9 billion due to the increase in royalty revenue. The cost of sales ratio improved by 5.3 percentage points, due to the ending of the sales alliance of the plasma fractionation products and the increase in royalty revenue.
- SG&A expenses decreased by ¥1.4 billion, year-on-year, to ¥40.2 billion, due to the decrease in R&D expenses. R&D expenses were ¥15.4 billion, accounting for 15.7% of net sales.

【Ordinary income and net income attributable to shareholders of the Company】

Ordinary income was up 55.5%, or ¥8.0 billion, year-on-year, to ¥22.6 billion, and net income attributable to shareholders of the Company was up 55.2%, or ¥5.2 billion, year-on-year, to ¥14.8 billion.

- Non-operating income/loss was down ¥0.9 billion, year-on-year, due to foreign exchange loss of ¥0.6 billion compared with foreign exchange income of ¥0.4 billion in the same period of the previous fiscal year.

【Comprehensive income】

Net income was ¥14.3 billion and other comprehensive income was ¥6.4 billion. As a result, comprehensive income was ¥20.7 billion. Comprehensive income attributable to shareholders of the Company was ¥20.8 billion.

(2) Explanation about financial position

【Balance sheets】

(Millions of yen)

	End of FY 2014 (As of March 31, 2015)	End of 1 st quarter of FY 2015 (As of June 30, 2015)	Increase/ Decrease
Current assets	603,649	587,689	(15,960)
Fixed assets	325,652	324,582	(1,070)
Total assets	929,301	912,271	(17,030)
Liabilities	128,867	103,073	(25,794)
Net assets	800,434	809,198	8,764
Total liabilities and net assets	929,301	912,271	(17,030)

Total assets at the end of the first quarter were ¥912.2 billion, a decrease of ¥17.0 billion from the end of the previous fiscal year. Major factors causing changes in the balance sheet in comparison with the previous year-end were as follows.

- Cash and time deposits increased, on the other hand, marketable securities and inventory decreased. Consequently, total current assets were down ¥15.9 billion, to ¥587.6 billion.
- Total fixed assets were down ¥1.0 billion from the previous fiscal year-end, to ¥324.5 billion, due to the decrease of intangible fixed assets.

- Income taxes payable and reserve for employees' bonuses decreased. Consequently, total liabilities were down ¥25.7 billion, to ¥103.0 billion.
- Total net assets were up by ¥8.7 billion, to ¥809.1 billion due to the increase of retained earnings and unrealized holding gains on securities. The equity ratio was 87.4%, compared with 84.9% as of the previous fiscal year-end.

【Cash flows】

(Millions of yen)

		1 st quarter of FY 2014	1 st quarter of FY 2015	Increase/ Decrease
	Operating activities	5,144	(4,265)	(9,409)
	Investing activities	(18,230)	30,270	48,500
	Financing activities	(11,934)	(12,069)	(135)
	Change in cash and cash equivalents	(25,352)	14,670	40,022
	Cash and cash equivalents at beginning of year	84,957	73,337	(11,620)
	Cash and cash equivalents at end of period	59,605	88,007	28,402

Net increase in cash and cash equivalents was ¥14.6 billion, and the balance of cash and cash equivalents at the end of the period under review was ¥88.0 billion.

- Net cash used in operating activities was ¥4.2 billion. Cash inflows included income before income taxes and non-controlling interests, while cash outflows included income taxes paid and decrease in notes and accounts payable, trade.
- Net cash provided by investing activities was ¥30.2 billion, due to proceeds from sales and redemption of marketable securities.
- Net cash used in financing activities was ¥12.0 billion, due in part to dividends paid.

(3) Explanation about future prediction information of consolidated earnings forecasts

There are no revisions to the first half and full-year earnings forecasts for the fiscal year ending March 31, 2016, which were announced on May 8, 2015.

【Consolidated earnings forecasts for first half of the current fiscal year (released on May 8, 2015)】

(Millions of yen)

	Results for first half of FY 2014	Forecasts for first half of FY 2015	Increase/Decrease	% change
Net sales	198,883	191,500	(7,383)	(3.7)
Operating income	34,954	28,000	(6,954)	(19.9)
Ordinary income	35,455	28,000	(7,455)	(21.0)
Net income attributable to shareholders of the Company	32,518	19,000	(13,518)	(41.6)

【Consolidated earnings forecasts for the current fiscal year (released on May 8, 2015)】

(Millions of yen)

	Results for FY 2014	Forecasts for FY 2015	Increase/Decrease	% change
Net sales	415,124	396,000	(19,124)	(4.6)
Operating income	67,133	67,500	367	0.5
Ordinary income	67,654	67,000	(654)	(1.0)
Net income attributable to shareholders of the Company	39,502	40,500	998	2.5

2. [Items Concerning Summary Data (The notes)]

(1) Changes in accounting policies, changes in accounting estimates, and restatements

(The application of the accounting standards for business combinations)

From the first quarter of the fiscal year under review, the Company has applied the “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21 on September 13, 2013), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 on September 13, 2013) and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 on September 13, 2013). The Company has revised the method to record the change in the Company’s ownership interests in the subsidiaries subject to ongoing control as capital surplus, and to recognize acquisition-related costs as expenses in the fiscal year incurred. With respect to the business combination carried out after the beginning of the current fiscal year, the Company has revised the allocation of acquisition costs based on provisional accounting treatment, reflecting these costs in the quarterly consolidated financial statements for the fiscal year in which the business combination occurred. In addition, the Company has revised the presentation of net income and changed the presentation from “Minority interests” to “Non-controlling interests”.

To reflect these changes in presentation method, the consolidated financial statements for the previous fiscal year have been subject to these arrangements.

In the quarterly consolidated statements of cash flows of the first quarter of the fiscal year under review, cash flow from sales or purchases of shares of subsidiaries without the change in the scope of consolidation is listed in “Cash flows from investing activities”. Also, the expenses related to the purchases of shares of subsidiaries accompanying changes in the scope of consolidation, or the cash flow related to the expenses resulting from sales or purchases of shares of subsidiaries without the change in the scope of consolidation are listed in “Cash flows from operating activities”.

Regarding the application of the Accounting Standard for Business Combinations, the Company has applied the transitional treatment provided in Paragraph 58-2 (4) of the Revised Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Revised Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Revised Accounting Standard for Business Divestitures from the beginning of the fiscal year under review and will continue to apply this treatment going forward.

The application of the revised accounting standards does not affect the Company’s quarterly consolidated financial statements during the first quarter of the fiscal year under review.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Year Accounts	As of March 31, 2015	As of June 30, 2015
	Amount	Amount
Assets		
Current assets		
Cash and time deposits	50,203	80,817
Notes and accounts receivable, trade	130,331	129,876
Marketable securities	118,805	80,257
Merchandise and finished goods	63,566	60,699
Work in process	582	786
Raw materials and supplies	20,943	19,592
Deposits	192,758	192,868
Deferred tax assets	8,319	5,449
Other	18,186	17,386
Less allowance for doubtful receivables	(44)	(41)
Total current assets	603,649	587,689
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	34,480	34,967
Machinery, equipment and vehicles, net	11,904	12,383
Tools, furniture and fixtures, net	6,045	6,110
Land	34,689	34,702
Leased equipment, net	782	845
Construction in progress	4,597	3,610
Total property, plant and equipment	92,497	92,617
Intangible fixed assets		
Goodwill	81,517	79,136
Other	35,402	36,517
Total intangible fixed assets	116,919	115,653
Investments and other assets		
Investment in securities	76,328	75,889
Deferred tax assets	763	459
Net defined benefit asset	15,730	17,035
Other	23,417	22,931
Less allowance for doubtful receivables	(2)	(2)
Total investments and other assets	116,236	116,312
Total fixed assets	325,652	324,582
Total assets	929,301	912,271

(Millions of yen)

Year Accounts	As of March 31, 2015	As of June 30, 2015
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable, trade	34,620	30,444
Current maturities of long-term debt	132	131
Accounts payable, other	25,386	20,709
Income taxes payable	19,758	4,305
Reserve for employees' bonuses	9,957	4,843
Other reserve	138	157
Other	15,408	15,654
Total current liabilities	105,399	76,243
Long-term liabilities		
Long-term debt, less current maturities	894	851
Deferred tax liabilities	9,776	13,301
Reserve for health management allowances for HIV compensation	1,700	1,700
Reserve for health management allowances for SMON compensation	2,731	2,622
Reserve for HCV litigation	2,036	1,922
Net defined benefit liability	2,456	2,531
Other	3,875	3,903
Total long-term liabilities	23,468	26,830
Total liabilities	128,867	103,073
Net assets		
Shareholders' equity		
Common stock	50,000	50,000
Capital surplus	451,186	451,186
Retained earnings	275,325	277,865
Treasury stock, at cost	(493)	(493)
Total shareholders' equity	776,018	778,558
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	14,929	19,472
Deferred gains (losses) on hedges	105	28
Translation adjustments	105	1,481
Remeasurements of defined benefit plans	(2,178)	(2,045)
Total accumulated other comprehensive income	12,961	18,936
Non-controlling interests	11,455	11,704
Total net assets	800,434	809,198
Total liabilities and net assets	929,301	912,271

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

Year Accounts	April 1, 2014– June 30, 2014	April 1, 2015– June 30, 2015
	Amount	Amount
Net sales	94,559	98,487
Cost of sales	39,192	35,530
Gross profit	55,367	62,957
Selling, general and administrative expenses		
Advertising expenses	789	880
Sales promotion expenses	1,895	1,454
Salaries and allowances	6,425	6,639
Provision for bonuses	2,726	2,674
Retirement benefit expenses	305	141
Depreciation and amortization	422	456
Research and development expenses	16,346	15,459
Amortization of goodwill	2,699	2,633
Other	10,077	9,881
Total selling, general and administrative expenses	41,684	40,217
Operating income	13,683	22,740
Non-operating income		
Interest income	390	443
Dividend income	397	623
Foreign exchange income	483	—
Other	412	457
Total non-operating income	1,682	1,523
Non-operating expenses		
Interest expense	48	49
Donations	237	222
Foreign exchange loss	—	691
Other	518	659
Total non-operating expenses	803	1,621
Ordinary income	14,562	22,642
Extraordinary income		
Gain on sales of shares of subsidiaries and affiliates	560	—
Total extraordinary income	560	—
Extraordinary losses		
Loss on valuation of investment in securities	130	—
Settlement for USA AWP litigation	102	—
Total extraordinary losses	232	—
Income before income taxes and non-controlling interests	14,890	22,642
Income taxes-current	3,368	4,120
Income taxes-deferred	2,302	4,169
Total income taxes	5,670	8,289
Net income	9,220	14,353
Net income (loss) attributable to non-controlling interests	(367)	(528)
Net income attributable to shareholders of the Company	9,587	14,881

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

Year Accounts	April 1, 2014– June 30, 2014	April 1, 2015– June 30, 2015
	Amount	Amount
Net income	9,220	14,353
Other comprehensive income		
Unrealized holding gains (losses) on securities	(53)	4,543
Deferred gains (losses) on hedges	(341)	(77)
Translation adjustments	(2,087)	1,845
Remeasurements of defined benefit plans, net of tax	267	133
Other comprehensive income (loss) of equity method companies attributable to the Company	29	(33)
Total other comprehensive income (loss)	(2,185)	6,411
Comprehensive income	7,035	20,764
Comprehensive income (loss) attributable to:		
Shareholders of the Company	7,928	20,856
Non-controlling interests	(893)	(92)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

Year Accounts	April 1, 2014– June 30, 2014	April 1, 2015– June 30, 2015
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	14,890	22,642
Depreciation and amortization	2,230	2,169
Amortization of goodwill	2,699	2,633
Decrease (increase) in net defined benefit asset	(1,173)	(1,305)
Interest and dividend income	(787)	(1,066)
Loss (gain) on sales of shares of subsidiaries and affiliates	(560)	—
Decrease (increase) in notes and accounts receivable, trade	(2,056)	572
Decrease (increase) in inventories	(4,765)	1,318
Increase (decrease) in notes and accounts payable, trade	5,724	(4,451)
Increase (decrease) in accounts payable, other	266	(4,596)
Other, net	(2,407)	(3,684)
Subtotal	14,061	14,232
Interest and dividends received	680	995
Interest paid	(69)	(49)
Income taxes paid	(9,528)	(19,443)
Net cash provided by (used in) operating activities	5,144	(4,265)
Cash flows from investing activities:		
Purchase of marketable securities	(31,250)	(36,000)
Proceeds from sales and redemption of marketable securities	7,250	62,550
Increase in time deposits	(497)	(941)
Decrease in time deposits	1,715	878
Purchase of property, plant and equipment	(2,431)	(2,377)
Purchase of intangible fixed assets	(505)	(282)
Proceeds from sales and redemption of investment in securities	—	3,156
Proceeds from sales of shares of subsidiaries and affiliates	7,600	—
Proceeds from company split	—	3,323
Other, net	(112)	(37)
Net cash provided by (used in) investing activities	(18,230)	30,270
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	(1,209)	—
Cash dividends paid	(11,219)	(12,341)
Proceeds from share issuance to non-controlling shareholders	555	341
Other, net	(61)	(69)
Net cash provided by (used in) financing activities	(11,934)	(12,069)
Effect of exchange rate change on cash and cash equivalents	(332)	734
Net increase (decrease) in cash and cash equivalents	(25,352)	14,670
Cash and cash equivalents at beginning of the year	84,957	73,337
Cash and cash equivalents at end of the period	59,605	88,007

(4) Notes of Quarterly Consolidated Financial Statements

(Note regarding going concern assumption)

Not applicable.

(Note regarding substantial change in shareholders' equity)

Not applicable.

4. Supplementary information

(1) Consolidated Financial Indicators for 1st Quarter of FY2015

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[Billions of yen]

	Q1 FY2015		Q1 FY2014		Year-on-year		Comparison to forecasts		Notes [year-on-year comparison]
	Actual	Ratio to sales	Actual	Ratio to sales	Increase (decrease)	Change	Forecasts for 1H FY2015*	Achieved	
Net sales	98.5	100.0	94.6	100.0	3.9	4.2	191.5	51.4	Ethical drugs domestic sales (3.3) Ethical drugs overseas sales 0.9 Contracted manufacturing products (0.3) Royalty income, etc. 6.7 See "Sales of Main Products" on page 13. Average exchange rate Q1 FY2014: 1US \$ = ¥ 101.88 Q1 FY2015: 1US \$ = ¥ 121.73
Domestic	76.3	77.4	79.8	84.3	(3.5)	(4.4)	144.3	52.8	
Overseas	22.2	22.6	14.8	15.7	7.4	50.2	47.2	47.1	
Cost of sales	35.5	36.1	39.2	41.4	(3.7)	(9.3)	70.5	50.4	Improved due to termination of plasma fractionation products, increase of royalty income, etc.
Gross profit	63.0	63.9	55.4	58.6	7.6	13.7	121.0	52.0	
SG&A expenses	40.2	40.8	41.7	44.1	(1.5)	(3.5)	93.0	43.2	
R&D expenses	15.5	15.7	16.3	17.3	(0.9)	(5.4)	39.5	39.1	
Non-R&D expenses	24.8	25.1	25.3	26.8	(0.6)	(2.3)	53.5	46.3	
Labor cost	11.2	11.4	11.1	11.7	0.1	0.7	23.0	48.7	
Amortization of goodwill	2.6	2.7	2.7	2.9	(0.1)	(2.4)	5.3	49.7	
Others	10.9	11.1	11.5	12.2	(0.6)	(5.2)	25.2	43.4	
Operating income	22.7	23.1	13.7	14.5	9.1	66.2	28.0	81.2	
Non-operating income	1.5		1.7		(0.2)				
Interest income	0.4		0.4		0.1				
Dividend income	0.6		0.4		0.2				
Foreign exchange income	-		0.5		(0.5)				
Others	0.5		0.4		0.0				
Non-operating expenses	1.6		0.8		0.8				
Donations	0.2		0.2		0.0				
Foreign exchange loss	0.7		-		0.7				
Others	0.7		0.6		0.1				
Ordinary income	22.6	23.0	14.6	15.4	8.1	55.5	28.0	80.9	
Extraordinarily income	-		0.6		(0.6)				
Gains on sales of shares of subsidiaries and affiliates	-		0.6		(0.6)				
Extraordinary losses	-		0.2		(0.2)				
Loss on valuation of investment in securities	-		0.1		(0.1)				
Settlement for USA AWP litigation	-		0.1		(0.1)				
Net income attributable to shareholders of the Company	14.9	15.1	9.6	10.1	5.3	55.2	19.0	78.3	
Total labor cost	19.0	19.3	19.6	20.7	(0.6)	(3.1)	38.2	49.7	Decrease due to transfer of Kashima plant and Mitsubishi Pharma(Guangzhou)

*: Published forecasts announced on May 8, 2015 in the financial results for FY2014.

ii. Sales of Main Products

[Billions of yen]

	Q1 FY2015	Y-on-Y			Comparison to Forecasts	
		Q1 FY2014	Increase (Decrease)	Change %	Forecasts for 1H FY2015*1	Achieved %
Ethical drugs	97.2	93.2	4.0	4.3	189.2	51.4
Ethical drugs domestic sales	74.3	77.5	(3.3)	(4.2)	140.8	52.7
Remicade	16.9	17.3	(0.5)	(2.8)	35.6	47.4
Talion	3.6	3.3	0.3	9.5	6.4	55.6
Ceredist	3.9	4.1	(0.3)	(6.0)	7.1	54.8
Simponi	3.0	2.5	0.6	22.7	6.2	48.7
Maintate	3.7	3.8	(0.1)	(2.1)	6.6	56.0
Lexapro	2.1	1.7	0.5	27.3	4.1	52.1
Tenelia	2.0	1.1	0.9	82.5	4.5	45.3
Kremezin	2.5	2.8	(0.3)	(10.0)	4.8	52.5
Urso	2.4	2.7	(0.3)	(11.2)	4.6	51.6
Depas	1.9	2.1	(0.1)	(6.8)	3.4	57.2
Anplag	1.9	2.4	(0.5)	(19.5)	3.0	63.8
Radicut	1.7	2.0	(0.3)	(15.8)	2.9	57.2
BIKEN products [vaccines]	6.3	4.9	1.4	27.9	10.6	59.3
Influenza	0.0	(0.1)	0.0	-	0.6	-
Tetrabik	1.9	1.8	0.2	8.5	3.4	56.8
Tanabe Seiyaku Hanbai products *2	3.4	3.4	0.0	0.9	6.9	49.4
Ethical drugs overseas sales	6.2	5.3	0.9	17.1	13.4	46.2
Herbesser	1.5	1.6	(0.1)	(5.1)	3.4	44.1
Argatroban (Novastan)	0.5	0.7	(0.2)	(31.4)	1.0	47.5
Tanatril	0.5	0.5	0.0	0.4	0.8	56.9
Contracted manufacturing products *3	0.6	0.9	(0.3)	(37.8)	1.1	51.5
Royalty income, etc.	16.2	9.5	6.7	70.9	33.9	47.8
Royalty from Gilenya	11.2	7.7	3.5	45.3	Undisclosed	-
Royalty from INVOKANA	4.6	Undisclosed	-	-	Undisclosed	-
OTC products	1.2	1.2	0.0	(4.0)	2.1	55.5
Total pharmaceuticals	98.5	94.6	3.9	4.2	191.5	51.4

*1: Published forecasts announced on May 8, 2015 in the financial results of FY2014.

*2: Tanabe Seiyaku Hanbai Products are composed of generic drugs and the long-listed drugs which were transferred from MTPC.

*3: Active pharmaceutical ingredients and others ordered by other companies.

iii. Profit and Loss

[Billions of yen]

	FY2014					FY2015		
	Q1 Apr. to Jun.	Q2 Jul. to Sep.	Q3 Oct. to Dec.	Q4 Jan. to Mar.	Full year Actual	Q1 Apr. to Jun.	1st half forecasts*	Full year forecasts*
Net sales	94.6 22.8%	104.3 25.1%	120.9 29.1%	95.3 23.0%	415.1 100.0%	98.5 24.9%	191.5 48.4%	396.0 100.0%
Domestic	79.8 23.7%	85.3 25.3%	98.6 29.2%	73.6 21.8%	337.2 100.0%	76.3 25.3%	144.3 47.9%	301.5 100.0%
Overseas	14.8 19.0%	19.1 24.5%	22.3 28.7%	21.7 27.9%	77.9 100.0%	22.2 23.5%	47.2 49.9%	94.5 100.0%
Cost of sales	39.2	39.0	49.8	41.6	169.6	35.5	70.5	147.0
Sales Cost Ratio	41.4%	37.4%	41.2%	43.6%	40.9%	36.1%	36.8%	37.1%
Gross profit	55.4 22.6%	65.3 26.6%	71.0 28.9%	53.8 21.9%	245.5 100.0%	63.0 25.3%	121.0 48.6%	249.0 100.0%
SG&A expenses	41.7 23.4%	44.1 24.7%	42.4 23.8%	50.2 28.2%	178.4 100.0%	40.2 22.2%	93.0 51.2%	181.5 100.0%
R&D expenses	16.3 23.5%	15.6 22.4%	16.2 23.2%	21.5 30.9%	69.6 100.0%	15.5 20.9%	39.5 53.4%	74.0 100.0%
Non-R&D expenses	25.3 23.3%	28.5 26.2%	26.3 24.1%	28.7 26.4%	108.8 100.0%	24.8 23.0%	53.5 49.8%	107.5 100.0%
Labor costs	11.1 23.8%	11.9 25.5%	11.8 25.2%	12.0 25.6%	46.8 100.0%	11.2 24.3%	23.0 50.0%	46.0 100.0%
Amortization of goodwill	2.7 24.7%	2.7 24.7%	2.7 24.7%	2.8 25.8%	10.9 100.0%	2.6 25.1%	5.3 50.5%	10.5 100.0%
Others	11.5 22.6%	13.9 27.1%	11.8 23.1%	13.9 27.2%	51.1 100.0%	10.9 21.4%	25.2 49.4%	51.0 100.0%
Operating income	13.7 20.4%	21.3 31.7%	28.6 42.7%	3.5 5.3%	67.1 100.0%	22.7 33.7%	28.0 41.5%	67.5 100.0%
Ordinary income	14.6 21.5%	20.9 30.9%	28.6 42.3%	3.6 5.3%	67.7 100.0%	22.6 33.8%	28.0 41.8%	67.0 100.0%
Net income attributable to shareholders of the Company	9.6 24.3%	22.9 58.1%	15.8 39.9%	(8.8) (22.3%)	39.5 100.0%	14.9 36.7%	19.0 46.9%	40.5 100.0%

The each figure (excluding Cost of sales) in the lower displays the progress rate.

*: Published forecasts announced on May 8, 2015 in the financial results for FY2014.

iv. Sales of Main Products

[Billions of yen]

	FY2014					FY2015		
	Q1 Apr. to Jun.	Q2 Jul. to Sep.	Q3 Oct. to Dec.	Q4 Jan. to Mar.	Full year actual	Q1 Apr. to Jun.	1st half forecasts ^{*1}	Full year forecasts ^{*1}
Ethical drugs	93.2 22.7%	103.3 25.1%	119.8 29.2%	94.4 23.0%	410.7 100.0%	97.2 24.8%	189.2 48.3%	391.6 100.0%
Ethical drugs domestic sales	77.5 23.9%	77.7 24.0%	96.8 29.9%	71.9 22.2%	323.9 100.0%	74.3 25.2%	140.8 47.8%	294.6 100.0%
Remicade	17.3 24.6%	17.9 25.3%	19.3 27.3%	16.1 22.8%	70.6 100.0%	16.9 23.8%	35.6 50.4%	70.7 100.0%
Talion	3.3 20.3%	2.8 17.7%	4.3 26.6%	5.7 35.4%	16.0 100.0%	3.6 20.8%	6.4 37.4%	17.1 100.0%
Ceredist	4.1 26.4%	3.8 24.0%	4.4 27.9%	3.4 21.7%	15.7 100.0%	3.9 27.6%	7.1 50.4%	14.1 100.0%
Simponi	2.5 23.5%	2.6 24.6%	2.9 27.9%	2.5 23.9%	10.5 100.0%	3.0 22.7%	6.2 46.6%	13.3 100.0%
Maintate	3.8 26.7%	3.4 23.9%	3.8 26.8%	3.2 22.6%	14.1 100.0%	3.7 28.0%	6.6 50.0%	13.2 100.0%
Lexapro	1.7 21.1%	1.7 21.7%	2.7 34.3%	1.8 22.9%	8.0 100.0%	2.1 20.4%	4.1 39.0%	10.5 100.0%
Tenelia	1.1 17.9%	1.6 24.9%	1.9 30.6%	1.7 26.5%	6.2 100.0%	2.0 21.2%	4.5 46.9%	9.6 100.0%
Kremezin	2.8 26.6%	2.6 24.9%	2.8 26.8%	2.3 21.8%	10.5 100.0%	2.5 27.1%	4.8 51.6%	9.3 100.0%
Urso	2.7 26.7%	2.4 24.2%	2.7 27.0%	2.2 22.1%	10.0 100.0%	2.4 27.0%	4.6 52.3%	8.8 100.0%
Depas	2.1 25.9%	2.0 24.9%	2.2 27.1%	1.8 22.2%	8.1 100.0%	1.9 28.6%	3.4 50.0%	6.8 100.0%
Anplag	2.4 28.7%	2.0 23.9%	2.2 27.0%	1.7 20.5%	8.3 100.0%	1.9 33.0%	3.0 51.7%	5.8 100.0%
Radicut	2.0 26.7%	1.8 24.7%	2.1 28.3%	1.5 20.3%	7.4 100.0%	1.7 30.7%	2.9 53.7%	5.4 100.0%
BIKEN products [vaccines]	4.9 16.2%	6.2 20.4%	14.8 48.8%	4.4 14.5%	30.3 100.0%	6.3 23.4%	10.6 39.4%	26.9 100.0%
Influenza	(0.1) (0.7%)	0.9 12.7%	7.3 99.3%	(0.8) (11.3%)	7.4 100.0%	0.0 (0.4%)	0.6 7.6%	7.9 100.0%
Tetrabik	1.8 23.6%	1.8 23.7%	2.1 28.2%	1.8 24.4%	7.5 100.0%	1.9 27.2%	3.4 47.9%	7.1 100.0%
Tanabe Seiyaku Hanbai products *2	3.4 24.8%	3.1 22.5%	3.9 28.6%	3.3 24.0%	13.6 100.0%	3.4 23.7%	6.9 47.9%	14.4 100.0%
Ethical drugs overseas sales	5.3 23.0%	6.0 26.3%	5.5 23.7%	6.2 27.1%	23.0 100.0%	6.2 25.4%	13.4 54.9%	24.4 100.0%
Herbesser	1.6 24.4%	1.9 29.1%	1.4 22.3%	1.6 24.2%	6.5 100.0%	1.5 22.1%	3.4 50.0%	6.8 100.0%
Argatroban (Novastan)	0.7 32.5%	0.6 26.5%	0.5 22.9%	0.4 18.1%	2.1 100.0%	0.5 19.0%	1.0 40.0%	2.5 100.0%
Tanatril	0.5 24.7%	0.6 31.4%	0.4 21.8%	0.4 22.1%	1.8 100.0%	0.5 26.8%	0.8 47.1%	1.7 100.0%
Contracted manufacturing products *3	0.9 27.0%	1.2 34.6%	0.5 15.1%	0.8 23.2%	3.4 100.0%	0.6 23.6%	1.1 45.8%	2.4 100.0%
Royalty income, etc.	9.5 15.7%	18.4 30.4%	17.0 28.2%	15.5 25.7%	60.4 100.0%	16.2 23.1%	33.9 48.3%	70.2 100.0%
Royalty from Gilenya	7.7 17.6%	11.1 25.3%	13.7 31.1%	11.4 26.0%	43.9 100.0%	11.2 -	Undisclosed -	Undisclosed -
Royalty from INVOKANA	Undisclosed -	Undisclosed -	Undisclosed -	3.6 37.3%	9.8 100.0%	4.6 -	Undisclosed -	Undisclosed -
OTC products	1.2 30.4%	1.0 24.2%	1.0 24.9%	0.8 20.4%	4.0 100.0%	1.2 29.2%	2.1 52.5%	4.0 100.0%
Total sales	94.6 22.8%	104.3 25.1%	120.9 29.1%	95.3 23.0%	415.1 100.0%	98.5 24.9%	191.5 48.4%	396.0 100.0%

The each figure in the lower displays the progress rate.

*1: Published forecasts announced on May 8, 2015 in the financial results of FY2014.

*2: Tanabe Seiyaku Hanbai Products are composed of generic drugs and the long-listed drugs which were transferred from MTPC.

*3: Active pharmaceutical ingredients and others ordered by other companies.

(2) State of New Product Development (As of July 31, 2015)

i. New Drugs

Development code (Generic name)	Category (Indications)	Region	Stage	Origin
TA-650 (infliximab)	Anti-human TNF α monoclonal antibody (Crohn's disease, ulcerative colitis, pediatric Crohn's disease, pediatric ulcerative colitis)	Taiwan	Filed (Sep., 2013)	US:Janssen Biotech
TA-7284 (canagliflozin)	SGLT2 inhibitor (Type 2 diabetes mellitus)	Taiwan	Filed (Mar., 2015)	In-house
MP-513 (teneligliptin)	DPP-4 inhibitor (Type 2 diabetes mellitus)	Indonesia	Filed (Apr., 2015)	In-house
		Europe	Phase 2	
		US	Phase 1	
MCI-186 (edaravone)	Free radical scavenger (Amyotrophic lateral sclerosis ^{*1})	Korea	Filed (Jun., 2015)	In-house
MT-4666 (encenicline)	α 7nACh receptor agonist (Dementia of Alzheimer's type)	Global clinical trial ^{*2}	Phase 3	US: FORUM Pharmaceuticals
MT-2412 (teneligliptin, canagliflozin)	Fixed-dose combination of DPP-4 inhibitor and SGLT2 inhibitor (Type 2 diabetes mellitus)	Japan	Phase 3	In-house
MP-214 (cariprazine)	Dopamine D3/D2 receptor partial agonist (Schizophrenia)	Japan,Asia	Phase 2b/3	Hungary: Gedeon Richter
MT-3995	Selective mineralocorticoid receptor antagonist (Diabetic nephropathy)	Europe	Phase 2	In-house
		Japan	Phase 2	
		US	Phase 1	
MT-1303	S1P receptor functional antagonist (Multiple sclerosis)	Europe	Phase 2	In-house
	(Psoriasis)	Europe	Phase 2	
	(Crohn's disease)	Japan,Europe	Phase 2	
	(Inflammatory diseases, autoimmune diseases)	Japan,Europe, US	Phase1	
MT-2301	Haemophilus influenza type b (Hib) vaccine (Prophylaxis of pediatric Hib infection)	Japan	Phase 2	US: Nuron Biotech
Influenza vaccine	Plant-based VLP vaccine (Prophylaxis of H5N1 influenza)	Canada	Phase 2	In-house
Influenza vaccine	Plant-based VLP vaccine (Prophylaxis of seasonal influenza)	US, Canada	Phase 2	In-house
Influenza vaccine	Plant-based VLP vaccine (Prophylaxis of H7N9 influenza)	Canada	Phase 1	In-house
GB-1057 (Recombinant human serum albumin)	Blood and Blood forming organs	US	Phase 1	In-house
MP-124	Nervous system	US	Phase 1	In-house
MP-157	Cardiovascular system	Europe	Phase 1	In-house
MT-0814	Ophthalmologicals	Japan	Phase 1	In-house
MT-8554	Nervous system etc.	Europe	Phase 1	In-house

*1:Orphan drug designated

*2:Co-developed with FORUM Pharmaceuticals.

ii. Additional Indications

Product name (Generic name)	Category (Indications)	Region	Stage	Origin	Notes
Remicade (infliximab)	Anti-human TNF α monoclonal antibody (Behcet's disease with special lesions*)	Japan	sNDA filed (Oct., 2014)	US:Janssen Biotech	
	(Refractory Kawasaki disease*)		sNDA filed (May, 2015)		
	(Pediatric Crohn's disease)		Phase 3		
	(Pediatric ulcerative colitis)		Phase 3		
	(Psoriasis: increased dose)		sNDA filed (Jul., 2015)		
Tribik (Adsorbed Diphtheria-purified Pertussis-tetanus Combined Vaccine)	Vaccine (Prophylaxis of pertussis, diphtheria, and tetanus; Stage 2 vaccination)	Japan	sNDA filed (Apr., 2015)	Japan:The Research Foundation for Microbial Diseases of Osaka University	Co-developed with The Research Foundation for Microbial Diseases of Osaka University
Telavic (telaprevir)	NS3-4A protease inhibitor (Chronic hepatitis C, [combination with Feron])	Japan	Phase 3	US:Vertex Pharmaceutic als	
Imusera (fingolimod)	S1P receptor functional antagonist (Chronic inflammatory demyelinating polyradiculoneuropathy)	Global clinical trial	Phase 3	In-house	Co-developed with Novartis Pharma in Japan, licensed to Novartis overseas
Canaglu (canagliflozin)	SGLT2 inhibitor (Diabetic nephropathy)	Global clinical trial	Phase 3	In-house	Sponsor: Janssen Research & Development, LLC

*Orphan drug designated

iii. Licensing-out

Development code (Generic name)	Category (Indications)	Region	Stage	Licensee (Notes)
TA-7284 (canagliflozin)	SGLT2 inhibitor (Type2 diabetes mellitus / fixed dose combination with metformin, XR)	US	Phase 3	US: Janssen Pharmaceuticals, Inc
	(Diabetic nephropathy)	Global clinical trial	Phase 3	
	(Type 1 Diabetes Mellitus)	US, Canada	Phase 2	
	(Obesity / co-administration with phentermine)	US	Phase 2	
FTY720 (fingolimod)	S1P receptor functional antagonist (Chronic inflammatory demyelinating polyradiculoneuropathy)	Global clinical trial	Phase 3	Switzerland: Novartis (Co-developed with Novartis Pharma in Japan)
Y-39983	ROCK (rho-kinase) inhibitor (Glaucoma)	Japan	Phase 2	Japan: Senju Pharmaceutical
MT-210	5-HT2A/ Sigma 2 receptor antagonist (Schizophrenia)	Europe	Phase 2	US: Minerva Neurosciences
TA-7906	PDE4 inhibitor (Atopic dermatitis)	Japan	Phase 2	Japan: Maruho
MCC-847 (masilukast)	Leukotriene D4 receptor antagonist (Asthma)	Korea	Phase 2	Korea: SAMA Pharma
TA-8995	CETP inhibitor (Dyslipidemia)	Europe	Phase 2	Netherlands: DEZIMA Pharma
MT-4580	Ca sensing receptor agonist (Secondary hyperparathyroidism in hemodialysis patients)	Japan	Phase 2	Japan: Kyowa Hakko Kirin
Wf-516	Multiple mechanisms on several receptors* (Depression)	Europe	Phase 2	US: Minerva Neurosciences
Y-803	Bromodomain inhibitor (Cancer)	Europe, Canada	Phase 2	US: Merck
sTU-199 (tenatoprazole)	Alimentary tract and metabolism	Europe	Phase 1	France: Negma/Sidem

*SSRI, 5-HT1A, dopamine transporter, and alpha-1A and B

iv. Changes Since Previous Announcement on May 8, 2015

In-house Development

Development code/ product name (Generic name)	Category (Indications)	Region	As of May 8, 2015	As of July 31, 2015
Talion (bepotastine)	Selective histamine H1 receptor antagonist, anti-allergic agent (Pediatric allergic rhinitis)	Japan	sNDA filed (May, 2014)	Approved (May, 2015)
	(Pediatric urticaria and pruritus accompanying dermatitis [eczema or skin inflammation, itching])		sNDA filed (May, 2014)	Approved (May, 2015)
Radicut (edaravone)	Free radical scavenger (Amyotrophic lateral sclerosis*)	Japan	sNDA filed (Oct., 2014)	Approved (Jun., 2015)
MCI-186 (edaravone)	Free radical scavenger (Amyotrophic lateral sclerosis*)	Korea	None	Filed (Jun., 2015)
Remicade (infliximab)	Anti-human TNF α monoclonal antibody (Refractory Kawasaki disease*)	Japan	Phase 3	sNDA filed (May, 2015)
	(Psoriasis: increased dose)		Phase 3	sNDA filed (Jul., 2015)
MT-1303	S1P receptor functional antagonist (Crohn's disease)	Japan, Europe	None	Phase 2
MT-8554	Nervous system etc.	Europe	None	Phase 1

*Orphan drug designated

Licensing-out

Development code (Generic name)	Category (Indications)	Region	As of May 8, 2015	As of July 31, 2015
TA-7284 (canagliflozin)	SGLT2 inhibitor (Type 1 Diabetes Mellitus)	US, Canada	None	Phase 2
	(Obesity / co-administration with phentermine)	US	None	Phase 2
Wf-516	Multiple mechanisms on several receptors* (Depression)	Europe	Phase 1	Phase 2
Y-803	Bromodomain inhibitor (Cancer)	Europe, Canada	Phase 1	Phase 2

*SSRI, 5-HT1A, dopamine transporter, and alpha-1A and B