

Summary of 2nd Quarter Financial Results for year ended March 31, 2012 (Japan GAAP) (Unaudited)

October 31, 2011

Company name: Mitsubishi Tanabe Pharma Corporation
 Stock exchange listings (Section): Tokyo, Osaka (First Sections)
 Securities code number: 4508
 URL: <http://www.mt-pharma.co.jp/>
 Representative: Name: Michihiro Tsuchiya
 Title: President and Representative Director
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Planned date of filing of quarterly securities report: November 4, 2011
 Planned date of start of dividend payments: December 1, 2011
 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 previous 2nd quarter

1. Results for 2nd Quarter (April 1, 2011 to September 30, 2011)

(1) Consolidated Operating Results

	Net sales		Operating income		Ordinary income	
	Yen million	% change	Yen million	% change	Yen million	% change
2nd Quarter of Fiscal 2011	200,358	(2.1)	36,051	(10.2)	36,373	(10.1)
2nd Quarter of Fiscal 2010	204,684	3.3	40,155	46.3	40,473	45.0

	Net income		Net income per share		Net income per share (diluted)	
	Yen million	% change	Yen	Yen	Yen	Yen
2nd Quarter of Fiscal 2011	19,963	(12.1)	35.58	-	-	-
2nd Quarter of Fiscal 2010	22,704	67.5	40.46	-	-	-

(Note) Comprehensive Income ¥19,236 million, 0.7% (¥19,097 million, - % in 2nd Quarter of Fiscal 2010)

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Yen million		Yen million		%	
As of September 30, 2011	815,089		707,290		86.1	
As of March 31, 2011	818,705		695,959		84.3	

(Note) Shareholders' equity* ¥701,443 million (¥690,201 million as of March 31, 2011)

*Net assets excluding minority interests

2. Dividends

(Record date)	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	For the year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2010	-	14.00	-	14.00	28.00
Fiscal 2011	-	15.00	-	-	-
Fiscal 2011 (projected)	-	-	-	15.00	30.00

(Note) Revision to recently announced dividend forecast: Yes

3. Forecasts for Fiscal 2011 (April 1, 2011 to March 31, 2012)

	Net sales		Operating income		Ordinary income	
	Yen million	% change	Yen million	% change	Yen million	% change
Full year	405,000	(1.1)	68,000	(11.2)	68,000	(11.3)

	Net income		Net income per share	
	Yen million	% change	Yen	Yen
Full year	37,500	(0.7)	66.84	-

(Note) Revision to recently announced consolidated results forecast: No

4. Other

- (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, restatements
1. Change accompanying revision of accounting standards: No
 2. Other changes: No
 3. Change in accounting estimates: No
 4. Restatements: No

(4) Number of shares issued (common stock)

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

2nd Quarter of Fiscal 2011	561,417,916 shares	Fiscal 2010	561,417,916 shares
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2. Number of shares of treasury stock at the end of the period

2nd Quarter of Fiscal 2011	353,627 shares	Fiscal 2010	353,152 shares
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3. Average number of shares of during the period (quarter)

2nd Quarter of Fiscal 2011	561,064,468 shares	2nd Quarter of Fiscal 2010	561,147,957 shares
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*Note regarding implementation of quarterly review procedures

At the time when this summary of 2nd quarter financial results was released, the review procedures were in progress for the quarterly financial statements in accordance with the Financial Instruments and Exchange Act.

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

(Note about forward-looking information)

In these materials, forecasts of results 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. Actual financial results may differ materially from these forecasts depending on a number of important factors.

For matters related to results forecasts, please see page 4

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

- Supplementary materials are disclosed on TDnet on the same day and are made available on the Company's website.
- The Company plans to hold a results presentation (conference call) for institutional investors and securities analysts on Monday, October 31, 2011.

The Company plans to make available on its website the audio of the conference and the presentation materials immediately after the presentation is held.

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1. Qualitative Information for the Second Quarter of Fiscal Year 2011

(1) Qualitative Information about Consolidated Operating Results

Consolidated operating results in the second quarter of the fiscal year ended March 31, 2012 (April 1, 2011 to September 30, 2011) were as follows.

(Millions of yen)

	2nd quarter of FY 2010	2nd quarter of FY 2011	Increase/ decrease	% change
Net Sales	204,684	200,358	(4,326)	(2.1)
Cost of sales	77,835	74,437	(3,398)	(4.4)
Cost of sales ratio	38.0%	37.2%		
Gross profit	126,849	125,921	(928)	(0.7)
SG&A expenses	86,694	89,870	3,176	3.7
Operating Income	40,155	36,051	(4,104)	(10.2)
Non-operating income/loss	318	322	4	
Ordinary Income	40,473	36,373	(4,100)	(10.1)
Extraordinary income/loss	(3,295)	(3,292)	3	
Net Income	22,704	19,963	(2,741)	(12.1)

[Net sales]

Net sales decreased 2.1%, or ¥4.3 billion, year-on-year, to ¥200.3 billion.

(Millions of yen)

	2nd quarter of FY 2010	2nd quarter of FY 2011	Increase/ decrease	% change
Pharmaceuticals	199,836	195,414	(4,422)	(2.2)
Domestic ethical drugs	179,144	175,698	(3,446)	(1.9)
Overseas ethical drugs	11,293	9,148	(2,145)	(19.0)
OTC products	2,871	2,885	14	0.5
Others in Pharmaceuticals	6,528	7,683	1,155	17.7
Others	4,848	4,944	96	2.0

In the pharmaceuticals segment, net sales were ¥195.4 billion, down 2.2%, or ¥4.4 billion, year-on-year.

Although favorable sales were recorded by such products as Remicade, an anti-TNF α monoclonal antibody; Talion, a treatment for allergic disorders; and Maintate, a selective β 1 antagonist, there was a rebound from a temporary increase in orders that was recorded at the end of the previous fiscal year due to the influence of the Great East Japan Earthquake, which occurred in March. As a result, the domestic sales of ethical drugs were ¥175.6 billion, down 1.9%, year-on-year.

Overseas sales of ethical drugs were down 19.0%, year-on-year, to ¥9.1 billion, due to the poor export sales.

Sales of others in pharmaceuticals increased 17.7%, year-on-year, to ¥7.6 billion, due to the increase in royalty revenue from Gilenya.

[Operating income]

Operating income decreased 10.2%, or ¥4.1 billion, year-on-year, to ¥36.0 billion.

Gross profit declined ¥0.9 billion, year-on-year to ¥125.9 billion, due to decrease of ¥4.3 billion in net sales. Cost of sales ratio decreased 0.8 percentage points to 37.2%.

SG&A expenses were up 3.7%, or ¥3.1 billion, year-on-year, to ¥89.8 billion, due primarily to increase in R&D expenses. R&D expenses were up 3.3%, or ¥1.0 billion, year-on-year, to ¥33.5 billion, or 16.8% of net sales.

[Ordinary income and net income]

Due to decrease in operating income, ordinary income was down 10.1%, or ¥4.1 billion, year-on-year, to ¥36.3 billion, and net income was down 12.1%, or ¥2.7 billion, year-on-year, to ¥19.9 billion.

Extraordinary losses were ¥3.2 billion, including loss on impairment of fixed assets of ¥2.9 billion. In the previous fiscal year, the Company recorded extraordinary losses of ¥3.7 billion, such as loss on valuation of investment in securities of ¥2.4 billion.

[Comprehensive income]

Net income before minority interests was ¥20.1 billion, due to other comprehensive loss of ¥0.8 billion, and comprehensive income of ¥19.2 billion. Comprehensive income attributable to shareholders of the Company was ¥19.0 billion.

(2) Qualitative Information about Consolidated Financial Position

[Balance sheets]

(Millions of yen)

	End of FY 2010 (As of March 31, 2011)	End of 2nd quarter FY 2011 (As of September 30, 2011)	Increase/ decrease
Current assets	391,581	401,265	9,684
Fixed assets	427,124	413,824	(13,300)
Total assets	818,705	815,089	(3,616)
Liabilities	122,746	107,799	(14,947)
Net assets	695,959	707,290	11,331
Total liabilities and net assets	818,705	815,089	(3,616)

Total assets at the end of the second quarter were ¥815.0 billion, a decrease of ¥3.6 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 and marketable securities declined. On the other hand, inventories and deposits increased. Consequently, total current assets were up ¥9.6 billion, to ¥401.2 billion.

Fixed assets were down ¥13.3 billion from the previous fiscal year-end, to ¥413.8 billion, as property, plant and equipment decreased by the depreciation or impairment, and goodwill decreased by the amortization.

Notes and accounts payable-trade increased. On the other hand, income taxes payable, accounts payable-other, and reserve for HCV litigation declined. Consequently, total liabilities were down by ¥14.9 billion, to ¥107.7 billion.

Total net assets were up by ¥11.3 billion, to ¥707.2 billion. Net income was ¥19.9 billion, and dividends paid totaled ¥7.8 billion. As a result, retained earnings increased ¥12.1 billion. In addition, total accumulated other comprehensive income declined by ¥0.8 billion. The equity ratio was 86.1%, compared with 84.3% a year earlier.

[Cash flows]

(Millions of yen)

	2nd quarter of FY 2010	2nd quarter of FY 2011	Increase/ decrease
Operating activities	32,900	16,394	(16,506)
Investing activities	(24,878)	(44,579)	(19,701)
Financing activities	(7,784)	(8,670)	(886)
Change in cash and cash equivalents	(465)	(36,776)	(36,311)
At beginning of year	62,958	97,880	34,922
At end of year	62,557	61,104	(1,453)

Net decrease in cash and cash equivalents was ¥36.7 billion, and the balance of cash and cash equivalents at the end of the period under review was ¥61.1 billion.

Net cash provided by operating activities was ¥16.3 billion. Cash inflows included income before income taxes and minority interests of ¥33.0 billion, depreciation and amortization of ¥5.8 billion, amortization of goodwill of ¥5.0 billion, and increase in notes and accounts payable-trade of ¥2.7 billion, while cash outflows included income taxes paid of ¥15.2 billion, increase in inventories of ¥6.1 billion, and decrease in accounts payable-other of ¥3.6 billion.

Net cash used in investing activities was ¥44.5 billion, due to increase in deposits for investment purposes and proceeds from sales and redemption of marketable securities.

Net cash used in financing activities was ¥8.6 billion, due in part to dividends paid of ¥7.8 billion.

(3) Qualitative Information about Consolidated Operating Results Forecasts

There are no revisions to the consolidated operating results forecasts that were announced on July 29, 2011.

Consolidated operating results forecasts for current fiscal year (released on July 29, 2011)

(Millions of yen)

	Results in FY 2010	Forecast for FY 2011	Increase/ decrease	% change
Net Sales	409,540	405,000	(4,540)	(1.1)
Operating Income	76,584	68,000	(8,584)	(11.2)
Ordinary Income	76,684	68,000	(8,684)	(11.3)
Net Income	37,747	37,500	(247)	(0.7)

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of September 30, 2011
Assets		
Current assets		
Cash and time deposits	27,409	15,707
Notes and accounts receivable, trade	128,375	127,483
Marketable securities	84,788	63,088
Merchandise and finished goods	57,173	61,691
Work in process	1,417	1,005
Raw materials and supplies	19,112	21,258
Deposits	56,356	96,561
Deferred income taxes	12,551	10,999
Other	4,445	3,513
Less allowance for doubtful receivables	(45)	(40)
Total current assets	391,581	401,265
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	40,975	39,132
Machinery, equipment and vehicles, net	15,929	14,820
Tools, furniture and fixtures, net	4,269	3,907
Land	50,009	47,563
Leased equipment, net	31	72
Construction in progress	2,299	2,454
Total property, plant and equipment	113,512	107,948
Intangible fixed assets		
Goodwill	115,682	110,616
Other	3,567	3,451
Total intangible fixed assets	119,249	114,067
Investments and other assets		
Investment in securities	127,602	121,006
Deferred income taxes	13,789	12,596
Prepaid pension expenses	40,449	41,279
Other	12,562	16,930
Less allowance for doubtful receivables	(39)	(2)
Total investments and other assets	194,363	191,809
Total fixed assets	427,124	413,824
Total assets	818,705	815,089

(Millions of yen)

	As of March 31, 2011	As of September 30, 2011
Liabilities		
Current liabilities		
Notes and accounts payable, trade	29,617	32,489
Short-term debt	2,891	2,134
Accounts payable, other	20,373	13,352
Income taxes payable	15,212	10,366
Reserve for employees' bonuses	11,467	11,178
Other reserve	1,698	735
Other	6,464	5,657
Total current liabilities	87,722	75,911
Long-term liabilities		
Deferred income taxes	11,450	10,493
Accrued retirement benefits for employees	11,853	11,240
Accrued retirement benefits for directors and corporate auditors	5	6
Reserve for health management allowances for HIV compensation	1,513	1,485
Reserve for health management allowances for SMON compensation	3,835	3,558
Reserve for HCV litigation	4,627	2,919
Other	1,741	2,187
Total long-term liabilities	35,024	31,888
Total liabilities	122,746	107,799
Net assets		
Shareholders' equity		
Common stock	50,000	50,000
Capital surplus	451,186	451,186
Retained earnings	201,424	213,533
Treasury stock, at cost	(407)	(407)
Total shareholders' equity	702,203	714,312
Accumulated other comprehensive income		
Unrealized holding (losses) gains on securities	(2,712)	(3,198)
Deferred gains (losses) on hedges	(1,010)	(1,617)
Foreign currency translation adjustments	(8,280)	(8,054)
Total accumulated other comprehensive income	(12,002)	(12,869)
Minority interests	5,758	5,847
Total net assets	695,959	707,290
Total liabilities and net assets	818,705	815,089

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

(Millions of yen)

	April 1, 2010 - September 30, 2010	April 1, 2011 - September 30, 2011
Net sales	204,684	200,358
Cost of sales	77,835	74,437
Gross profit	126,849	125,921
Selling, general and administrative expenses		
Advertising expenses	1,363	1,841
Sales promotion expenses	5,312	5,159
Salaries and allowances	13,693	13,517
Provision for bonuses	6,013	5,895
Retirement benefit expenses	1,834	2,611
Provision for directors' retirement benefits	1	1
Depreciation and amortization	871	810
Research and development expenses	32,492	33,563
Amortization of goodwill	5,072	5,066
Other	20,043	21,407
Total selling, general and administrative expenses	86,694	89,870
Operating income	40,155	36,051
Non-operating income		
Interest income	801	764
Dividend income	473	435
Equity in earnings of affiliates	-	171
Other	468	655
Total non-operating income	1,742	2,025
Non-operating expenses		
Interest expense	7	9
Equity in losses of affiliates	34	-
Foreign exchange loss	263	450
Loss on disposal of fixed assets	175	218
Taxes and dues	213	217
Donations	158	191
Other	574	618
Total non-operating expenses	1,424	1,703
Ordinary income	40,473	36,373
Extraordinary income		
Gain on sales of property, plant and equipment	277	-
Reversal of past year patent royalties	179	-
Total extraordinary income	456	-
Extraordinary loss		
Loss on impairment of fixed assets	-	2,923
Loss on valuation of investment in securities	2,426	50
Loss related to business suspension	737	-
Special retirement expenses	448	-
Restructuring loss	140	-
Other	-	319
Total extraordinary losses	3,751	3,292
Income before income taxes and minority interests	37,178	33,081
Income taxes-current	12,892	10,417
Income taxes-deferred	1,759	2,563
Total income taxes	14,651	12,980
Income before minority interests	22,527	20,101
Minority interests	(177)	138
Net income	22,704	19,963

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	April 1, 2010 - September 30, 2010	April 1, 2011 - September 30, 2011
Income before minority interests	22,527	20,101
Other comprehensive income (loss)		
Unrealized holding gains (losses) on securities	(1,163)	(466)
Deferred gains (losses) on hedges	(1,125)	(606)
Foreign currency translation adjustments	(1,094)	190
Share of other comprehensive income (loss) of affiliates	(48)	17
Total other comprehensive income (loss)	(3,430)	(865)
Comprehensive income	19,097	19,236
Comprehensive income (loss) attributable to:		
Shareholders of the Company	19,467	19,096
Minority interests	(370)	140

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	April 1, 2010 - September 30, 2010	April 1, 2011 - September 30, 2011
Cash flows from operating activities:		
Income before income taxes and minority interests	37,178	33,081
Depreciation and amortization	6,017	5,830
Loss on impairment of fixed assets	-	2,923
Amortization of goodwill	5,072	5,066
Increase (decrease) in accrued retirement benefits for employees	(651)	(617)
Decrease (increase) in prepaid pension expenses	(1,895)	(830)
Increase (decrease) in allowance for doubtful receivables	(2)	(41)
Increase (decrease) in reserve for HCV litigation	(3,209)	(1,708)
Interest and dividend income	(1,274)	(1,199)
Interest expense	7	9
Loss (gain) on sales or disposal of fixed assets, net	(182)	95
Loss (gain) on devaluation of investment in securities	2,426	50
Equity in losses (earnings) of affiliates	34	(171)
Decrease (increase) in notes and accounts receivable, trade	(942)	996
Decrease (increase) in inventories	(4,148)	(6,174)
Increase (decrease) in notes and accounts payable, trade	9,215	2,736
Increase (decrease) in accounts payable, other	(6,171)	(3,679)
Other, net	363	(5,984)
Subtotal	41,838	30,383
Interest and dividends received	1,390	1,277
Interest paid	(6)	(7)
Income taxes paid	(10,322)	(15,259)
Net cash provided by (used in) operating activities	32,900	16,394
Cash flows from investing activities:		
Purchase of marketable securities	(38,918)	(18,897)
Proceeds from sales and redemption of marketable securities	43,009	47,608
Increase in time deposits	(8,510)	(1,297)
Decrease in time deposits	9,121	10,110
Increase in deposits	-	(76,538)
Increase in long-term deposits	(548)	(406)
Decrease in long-term deposits	569	-
Purchase of property, plant and equipment	(4,402)	(6,093)
Proceeds from sales of property, plant and equipment	467	65
Purchase of intangible fixed assets	(365)	(400)
Purchase of investment in securities	(28,504)	(1,119)
Proceeds from sales and redemption of investment in securities	3,162	2,411
Other, net	41	(23)
Net cash provided by (used in) investing activities	(24,878)	(44,579)
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	204	(757)
Repayments of long-term debt	(15)	-
Cash dividends paid	(7,856)	(7,854)
Other, net	(117)	(59)
Net cash provided by (used in) financing activities	(7,784)	(8,670)
Effect of exchange rate change on cash and cash equivalents	(703)	79
Net increase (decrease) in cash and cash equivalents	(465)	(36,776)
Cash and cash equivalents at beginning of the year	62,958	97,880
Increase in cash and cash equivalents resulting from merger with an unconsolidated subsidiary	5	-
Increase in cash and cash equivalents resulting from inclusion of a consolidated subsidiary	59	-
Cash and cash equivalents at end of the period	62,557	61,104

(4) Note regarding going concern assumption

Not applicable.

(5) Note regarding substantial change in shareholders' equity

Not applicable.