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

May 8, 2012

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
For further information, please contact:	Name: Yoshihisa Sasou
	Title: General Manager, Corporate Communications Department
	Telephone: (06) 6205-5211

Planned date of ordinary general meeting of shareholders: June 22, 2012
Planned date of start of dividend payments: June 25, 2012
Planned date of filing of securities report: June 22, 2012
Provision of supplementary explanatory materials for results: Yes
Results presentation: Yes (for institutional investors and investment analysts)

(Note) Amounts less than ¥ 1 million have been rounded.

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

(1) Consolidated business results

	Net sales		Operating income		Ordinary income		Net income	
	Yen million	% change	Yen million	% change	Yen million	% change	Yen million	% change
Fiscal 2011	407,156	(0.6)	69,043	(9.8)	68,759	(10.3)	39,014	3.4
Fiscal 2010	409,540	1.2	76,584	24.6	76,684	24.4	37,747	24.8

(Notes) Comprehensive income ¥41,946 million (19.8%) (¥35,007 million (8.4%) in fiscal 2010)

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
Fiscal 2011	69.54	-	5.5	8.4	17.0
Fiscal 2010	67.27	-	5.5	9.5	18.7

(Notes) a. Equity in earnings (losses) of non-consolidated subsidiaries ¥162 million (¥259 million in fiscal 2010)
b. Percentage changes in the above list show change in comparison with the previous year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Yen million	Yen million	%	Yen
Fiscal 2011	819,925	721,485	87.3	1,275.85
Fiscal 2010	818,705	695,959	84.3	1,230.16

(Note) Shareholders' equity ¥715,745 million (¥690,201 million in fiscal 2010)

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Yen million	Yen million	Yen million	Yen million
Fiscal 2011	37,247	(63,225)	(17,160)	54,344
Fiscal 2010	59,067	(7,651)	(15,419)	97,880

2. Dividends

(Record date)	Dividends per share					Total dividends (for the year)	Payout ratio (consolidated)	Dividends / Net assets (consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	For the year			
	Yen	Yen	Yen	Yen	Yen	Yen million	%	%
Fiscal 2010	-	14.00	-	14.00	28.00	15,710	41.6	2.3
Fiscal 2011	-	15.00	-	20.00	35.00	19,635	50.3	2.8
Fiscal 2012 (projected)	-	20.00	-	20.00	40.00		55.4	

3. Forecasts for Fiscal 2012 (April 1, 2012 to March 31, 2013)

	Net sales		Operating income		Ordinary income	
	Yen million	% change	Yen million	% change	Yen million	% change
Interim	203,000	1.3	28,000	(22.3)	28,000	(23.0)
Full year	429,000	5.4	70,000	1.4	70,000	1.8

	Net income		Net income per share
	Yen million	% change	Yen
Interim	15,000	(24.9)	26.74
Full year	40,500	3.8	72.19

(Note) Percentage changes in the above list show change from previous year for full-year data and change from same period of previous year for interim data.

4. Other

(1) Significant change involving subsidiaries during the period (changes in designated subsidiaries accompanying changes in the scope of consolidation) [Yes/No]: No
Note: For details, please see "Consolidation of Corporate Group" on page 15.

(2) 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

(3) Number of shares issued (common stock)
1. Number of shares issued at the end of the period (including treasury stock)
Fiscal 2011 561,417,916 shares Fiscal 2010 561,417,916 shares
2. Number of shares of treasury stock at the end of the period
Fiscal 2011 423,532 shares Fiscal 2010 353,152 shares
3. Average number of shares of during the period
Fiscal 2011 561,053,566 shares Fiscal 2010 561,110,775 shares

(Reference) Overview of Non-Consolidated Business Results

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

(1) Non-consolidated business results

	Net sales		Operating income		Ordinary income		Net income	
	Yen million	% change	Yen million	% change	Yen million	% change	Yen million	% change
Fiscal 2011	389,151	(0.3)	67,217	(11.2)	69,611	(12.2)	44,368	(11.5)
Fiscal 2010	390,281	1.2	75,709	21.1	79,282	21.7	50,113	17.5

	Net income per share	Net income per share (diluted)
	Yen	Yen
Fiscal 2011	79.08	-
Fiscal 2010	89.31	-

(Note) Amounts less than ¥ 1 million have been truncated in the non-consolidated results .
Percentage changes in the above list show change in comparison with the previous year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Yen million	Yen million	%	Yen
Fiscal 2011	674,081	575,271	85.3	1,025.45
Fiscal 2010	663,198	542,555	81.8	967.01

(Note) Shareholders' equity ¥575,271 million (¥542,555 million in fiscal 2010)

*Note regarding implementation of audit procedures
This summary of financial results is not subject to the audit procedures in accordance with the Financial Instruments and Exchange Act.
At the time when this summary of financial results was released, the audit procedures were in progress for the 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
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. 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 5.

* 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 for institutional investors and securities analysts on May 10, 2012 (Thursday).
The Company plans to make available on its website the content of the presentation (video) and the materials used in the presentation immediately after the presentation is held.

Contents of supplement

1.Business Results

(1)Analysis of Business Results

① Overview of business results

In the fiscal year under review (April 1, 2011, to March 31, 2012), the Great East Japan Earthquake, which occurred on March 11, 2011, had a major effect on production and marketing activities in Japan. Subsequently, reconstruction-related demand had an effect, and there were signs of a recovery in some areas. However, in the second half of the fiscal year, the financial crises in Europe and the appreciation of the yen had an effect, and it remains difficult to predict the future course of business conditions.

In the pharmaceutical industry, with such factors as further measures to promote the use of generic drugs, continued a policy to curtail medical expenses, and intensified competition among companies, market conditions remain challenging.

As detailed below, SG&A expenses increased, and as a result operating income and ordinary income decreased. However, due to a decrease in extraordinary losses, net income increased slightly under this circumstance.

(millions of yen)

	Fiscal 2010	Fiscal 2011	Increase/ decrease	% change
Net Sales	409,540	407,156	(2,384)	(0.6)
Cost of sales Cost of sales ratio	154,564 37.7%	152,284 37.4%	(2,280)	(1.5)
Gross profit	254,976	254,872	(104)	(0.0)
SG&A expenses	178,392	185,829	7,437	4.2
Operating Income	76,584	69,043	(7,541)	(9.8)
Non-operating income/loss	100	(284)	(384)	
Ordinary Income	76,684	68,759	(7,925)	(10.3)
Extraordinary income/loss	(12,583)	(4,971)	7,612	
Net Income	37,747	39,014	1,267	3.4

【Net sales】

Net sales decreased 0.6%, or ¥2.3 billion, to ¥407.1 billion.

(millions of yen)

	Fiscal 2010	Fiscal 2011	Increase/ decrease	% change
Pharmaceuticals	400,229	397,559	(2,670)	(0.7)
Domestic ethical drugs	361,662	355,429	(6,233)	(1.7)
Overseas ethical drugs	21,311	18,460	(2,851)	(13.4)
OTC products	5,432	5,402	(30)	(0.6)
Others in Pharmaceuticals	11,824	18,268	6,444	54.5
Others	9,311	9,597	286	3.1

- In the pharmaceuticals segment, net sales were ¥397.5 billion, down 0.7%, or ¥2.6 billion, year-on-year.
- In domestic sales of ethical drugs, continued favorable sales growth was recorded by Remicade, an anti-TNF α monoclonal antibody, and by Maintate, a selective ß-1 antagonist. Telavic, for the treatment of chronic hepatitis C, and other new drugs gradually began to make contributions. However, a number of factors contributed to lower sales, such as the growing impact of generics and a rebound from a temporary increase in orders that was recorded at the end of the previous year. As a result, net sales were down 1.7% or ¥6.2 billion.
- Overseas sales of ethical drugs were down 13.4%, year-on-year, and sales of OTC products decrease 0.6%.
- Sales of others in pharmaceuticals increased 54.5%, year-on-year, or ¥6.4 billion, due to the increase in royalty revenue from Gilenya, for the treatment of multiple sclerosis, licensed to Novartis.
- In others, sale of fine chemical increased. As a result sales of others were ¥9.5 billion, up 3.1%, or ¥0.2 billion, year-on-year.

【Operating income】

Operating income decreased 9.8%, or ¥7.5 billion, year-on-year, to ¥69.0 billion.

- Net sales decreased ¥2.3 billion, year-on-year. On the other hand, the cost of sales ratio improved 0.3 percentage points year-on-year due to the influence of exchange and the increase of royalty revenue. Consequently, gross profit was ¥254.8 billion in the same as the previous year.
- SG&A expenses were up 4.2%, or ¥7.4 billion, year-on-year, to ¥185.8 billion, due to the increase in R&D expenses such as upfront fees for in-licensing, and due to the increase in sales expenses with marketing of the new drugs. R&D expenses increased 6.8%, or ¥4.4 billion, year-on-year, to ¥70.2 billion.

【Ordinary income/ Net income】

Ordinary income was down 10.3%, or ¥7.9 billion, year-on-year, to ¥68.7 billion, and net income was up 3.4%, or ¥1.2 billion, year-on-year, to ¥39.0 billion.

- Extraordinary income was ¥1.1 billion, with major item including gain on sales of property, plant and equipment.
- Extraordinary losses were ¥6.1 billion, including loss on impairment of fixed assets of ¥3.3 billion

and loss on valuation of investment in securities of ¥2.1 billion. In the previous fiscal year, the Company recorded extraordinary losses of ¥13.2 billion, such as loss on valuation of investment in securities of ¥8.0 billion, loss on disaster accompanying the Great East Japan Earthquake of ¥2.1 billion, and impairment loss of ¥0.8 billion. Consequently, in the period under review, the net balance of extraordinary items improved by ¥7.6 billion year-on-year.

【Comprehensive income】

Income before minority interests was ¥39.2 billion, due to other comprehensive income of ¥2.6 billion including unrealized holding gains on securities, comprehensive income was ¥41.9 billion. Comprehensive income attributable to owners of the Company was ¥41.8 billion.

② R&D activities

Aiming to be a pharmaceutical company that continually provides new drugs to patients around the world, the Mitsubishi Tanabe Pharma Group is advancing R&D initiatives in Japan and overseas. The Company's priority disease areas are autoimmune disorders, diabetes, and renal diseases. In addition to these areas, the Company focuses on the discovery of drugs that address unmet medical needs and continues to taking steps to bolster its pipeline, including the aggressive introduction of products and technologies.

In the year under review, late-stage development projects are progressing steadily, and the Company had applications filed or acquisition of approval of the several new drugs in Japan and overseas, and concrete results were seen.

In Japan, the Company received approval for Imusera, a multiple sclerosis treatment agent, and for Telavic, a chronic hepatitis C treatment agent. In addition, the Company also made smooth progress in the development of MP-513 and TA-7284, treatments for diabetes with two different mechanisms of action, and the Company filed an NDA for MP-513.

The Company is taking steps to maximize the product value of Remicade, which plays a central role in the Company's mainly life-cycle management strategy, such as, acquiring approval for a change in usages/dosages for Crohn's disease and launching trials for an additional indication of special type of Behcet's disease.

As to the renal field products under development in the U.S. and Europe, an application was filed in Europe for MCI-196, a hyperphosphatemia treatment agent, and progress was made with the development of MP-146, a chronic kidney disease treatment agent. The Company also enhanced its pipeline in the renal disease field as the Company licensed-in MT-9938 (TRK-820), a treatment for antipruritic agent in hemodialysis patients from Toray Industries, Inc.

On the other hand, rather than relying solely on in-house development to strengthen the R&D pipeline, the Company is also utilizing strategic alliances, such as joint development and licensing. Janssen Pharmaceutical K.K., the joint development partner, received approval for an indication of RA for Simponi. About the out-licensed products, licensee VIVUS filed an NDA for an indication of ED for TA-1790 (Avanafil) in the U.S and Europe, and licensee JW Pharmaceutical received its approval in South Korea. And for licensee Johnson & Johnson is making steady progress in the development for TA-7284, in the U.S. and Europe.

For the fiscal year, R&D expenses were ¥70.2 billion, and the ratio of R&D expenses to net sales was 17.3%. Because the amount of R&D expenses in other businesses is small, that amount is included in the R&D expenses of pharmaceutical segment.

Progress in major clinical development activities in the year under review was as follows:

Acquisition of approval

- In May 2011, approval was received in Japan for Maintate (chronic heart failure), Azanin (systemic vasculitis, systemic lupus erythematosus, polymyositis, dermatomyositis, scleroderma, mixed connective tissue disease, and refractory rheumatic diseases), Human normal immunoglobulin anti-D (suppression of immunization of the D(Rho) factor (post partum, treatment through pregnancy or for parturition, abdominal bruise etc., and pregnancy around 28 weeks)), and Novastan (additional indications of percutaneous transluminal coronary angioplasty intervention in heparin-induced thrombocytopenia type Ⅱ and for the prevention of blood coagulation in hemodialysis).
- In July 2011, Janssen Pharmaceutical K.K., the joint development partner, received approval for an indication of RA for Simponi (CNTO148) in Japan.
- In August 2011, approval was received for a change in usages/dosages for Remicade for Crohn's disease in Japan.
- In September 2011, approvals were received for Imusera (FTY720), an indication of multiple sclerosis, Telavic (MP-424), an indication of chronic hepatitis C, and Venoglobulin-IH, an additional indication of myasthenia gravis in Japan.
- In November 2011, Alfresa Pharma Corporation, the joint development partner, received approval for an additional indication of obstructive sleep apnea for Modiodal in Japan.
- In November 2011, approval was received for Livalo, indications of primary hyperlipidemia and mixed dyslipidemia in Indonesia.

Applications filed

- In August 2011, the Company filed an NDA for an indication of type 2 diabetes mellitus for MP-513 (Teneligliptin) in Japan.
- In August 2011, the Company filed an NDA for an indication of hyperphosphatemia for MCI-196 (Colestilan) in Europe.
- In December 2011, the Research Foundation for Microbial Diseases of Osaka University, the joint development partner, filed an NDA for prophylaxis of pertussis, diphtheria, tetanus, and poliomyelitis for BK-4SP in Japan.

Clinical trials started and advanced

- In May 2011, the Company started phase 3 clinical trials for TA-7284 (SGLT2 inhibitor/type 2 diabetes mellitus) in Japan.
- In August 2011, the Company started phase 3 clinical trials for an additional indication of chronic atrial fibrillation for Maintate in Japan.
- In September 2011, the Company started phase 3 clinical trials for an additional indication of pediatric allergic rhinitis for Talion in Japan.
- In December 2011, the Company started phase 3 clinical trials for an additional indication of chronic hepatitis C (genotype2) for Telavic in Japan.
- In January 2012, the Company started phase 3 clinical trials for an additional indication of special type of Behcet's disease for Remicade in Japan.

In addition, in April 2012, the Company started phase 3 clinical trials for an additional indication of pediatric Crohn’s disease for Remicade in Japan.

Development of Out-Licensed Products

- Licensee VIVUS filed an application for an indication of ED for TA-1790 (Avanafil) in the U.S. in June 2011, and in Europe in March 2012. Further VIVUS received approval in the U.S. in April 2012. In August 2011, licensee JW Pharmaceutical received approval in South Korea.

③ Forecasts for the current fiscal year (ending March 2013)

In the fiscal year ending March 2013, core products in the domestic market will be affected by the NHI drug price revisions implemented in April 2012. However, since contributions will be made by new products, the Company is forecasting an increase in sales. In profits, the Company anticipates increases in R&D expenses and in SG&A expenses, such as new-product-related expenses. Consequently, the Company is forecasting a small increase in profits.
The forecast for results in the fiscal year ending March 31, 2013, is as follows.

(millions of yen)

	Fiscal 2011	Fiscal 2012	Increase/decrease	% change
Net sales	407,156	429,000	21,844	5.4
Operating income	69,043	70,000	957	1.4
Ordinary income	68,759	70,000	1,241	1.8
Net income	39,014	40,500	1,486	3.8

(2)Financial Position

①Assets, liabilities and net assets

(millions of yen)

	Fiscal 2010	Fiscal 2011	Change
Current assets	391,581	419,651	28,070
Fixed assets	427,124	400,274	(26,850)
Total assets	818,705	819,925	1,220
Liabilities	122,746	98,440	(24,306)
Net assets	695,959	721,485	25,526
Total liabilities and net assets	818,705	819,925	1,220

At the end of the year under review, total assets were ¥819.9 billion (up ¥1.2 billion year-on-year). Major factors causing changes in the balance sheet in comparison with the previous year-end were as follows.

- Marketable securities and cash and time deposits declined. On the other hand, deposits increased. Consequently, total current assets were up ¥28.0 billion, to ¥419.6 billion.
- Fixed assets were down ¥26.8 billion from the previous fiscal year-end, to ¥400.2 billion, as investment in securities decreased with redemption. Moreover, property, plant and equipment and goodwill decreased by the depreciation and the amortization or impairment.
- Income taxes payable, accounts payable-other, deferred taxes liabilities and reserve for HCV litigation declined. Consequently, total liabilities were down ¥24.3 billion, to ¥98.4 billion.
- Total net assets were up ¥25.5 billion, to ¥721.4 billion. Net income was ¥39.0 billion, and dividends paid totaled ¥16.2 billion. As a result, retained earnings increased by ¥22.7 billion. In addition, total accumulated other comprehensive income increased by ¥2.8 billion. The equity ratio was 87.3%, compared with 84.3% a year earlier.

② **Cash flows**

(millions of yen)

		Fiscal 2010	Fiscal 2011	Increase/ decrease
	Operating activities	59,067	37,247	(21,820)
	Investing activities	(7,651)	(63,225)	(55,574)
	Financing activities	(15,419)	(17,160)	(1,741)
Change in cash and cash equivalents		34,858	(43,536)	(78,394)
At beginning of year		62,958	97,880	34,922
At end of year		97,880	54,344	(43,536)

Net decrease in cash and cash equivalents was ¥43.5 billion, and the balance of cash and cash equivalents at the end of the year under review was ¥54.3 billion (down ¥43.5 billion year-on-year).

- Net cash provided by operating activities was ¥37.2 billion. Cash inflows included income before income taxes and minority interests of ¥63.7 billion, depreciation and amortization of ¥12.4 billion, amortization of goodwill of ¥10.1 billion, while cash outflows included income taxes paid of ¥28.3 billion, and increase in inventories of ¥8.6 billion
- Net cash used in investing activities was ¥63.2 billion, due to increase in deposits for investment purposes and purchase or redemption of marketable securities.
- Net cash used in financing activities was ¥17.1 billion, due in part to dividends paid of ¥16.2 billion.

③ **Cash Flow Indicators**

	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
Shareholders' equity ratio(%)	80.9	80.5	84.1	84.3	87.3
Shareholders' equity ratio (market price) (%)	80.7	67.2	93.0	92.5	79.4
Ratio of interest-bearing debt to cash flow (years)	0.2	0.1	0.1	0.0	0.1
Interest coverage ratio	325.6	549.3	920.1	4,219.1	4,138.6

*Shareholders' equity ratio: shareholders' equity / total assets
*Shareholders' equity ratio (market price): aggregate market value of listed stock / total assets
*Ratio of interest-bearing debt to cash flow: Interest-bearing debt / cash flow
*Interest coverage ratio: operating cash flow / interest paid

1. Each indicator is calculated on a consolidated basis.
2. Aggregate market value of listed stock is calculated by the number of shares outstanding at the end of the period, less treasury stock.
3. Net cash provided by operating activities from the consolidated statements of cash flows is used as operating cash flow.
4. Interest-bearing debt is that portion of debt on the consolidated balance sheets for which interest is paid.

(3)Basic Policy on the Distribution of Earnings / Dividends in the Fiscal Year under Review and the Current Fiscal Year

The Company's basic policy calls for providing a stable and continuous return to shareholders while striving to maximize enterprise value by aggressively investing in future growth. Under the Medium-Term Management Plan 11-15, the basic for the dividend payout ratio, prior to amortization of goodwill, is 40% (the basic for the dividend payout ratio, after amortization of goodwill, is 50%), and the Company will work to provide an enhanced return to shareholders.

In accordance with its basic policy on the distribution of earnings, the Company set year-end dividends at ¥20.0 per share. In conjunction with the interim dividends of ¥15.0 per share, this resulted in annual dividends of ¥35.0 per share.

For the current fiscal year, dividends of ¥40.0 per share are planned, including interim dividends of ¥20.0 per share.

(4)Operational Risks

The following are major risks that have the potential to significantly influence the financial position or performance of the Mitsubishi Tanabe Pharma Group. In recognition of the possibility that these events could occur, the Group works to prevent their occurrence and to implement countermeasures in the event of their occurrence. Items in this document relating to the future are based on the judgment of the Group as of the end of fiscal 2011 (ended March 31, 2012).

① Risks related to new drug R&D

The research and development of new drugs requires lengthy investment and the commitment of substantial resources, but there is no guarantee that this process will result in the creation of new products or new technologies. In addition, pharmaceuticals cannot be sold if approval is not obtained under the legal and regulatory system of each country, and it is difficult to accurately predict whether or not products will be sold and the timing of those sales. The development of current development compounds might be halted in the event that problems with effectiveness or safety are found in nonclinical trials, clinical trials, etc., or in the event that they are determined to lack economic value due to innovation in medical treatment techniques, the launch of other drugs, etc. In the event that R&D investment does not lead to the sales of new drugs, there could be a significant influence on the Group's financial position or results.

② Risks related to adverse drug reactions

Clinical trials conducted prior to the receipt of approval for a new drug are implemented with a limited number of test subjects, even in the event that approval is acquired following a rigorous safety evaluation, it is not possible to predict everything about safety in post-marketing use. Under the post-marketing use for the patients with various backgrounds, it is possible that there will be reports of new adverse drug reactions that had not been experienced previously. In the event that sales are suspended or that a large amount of compensation to victims arises, depending on such factors as the severity and frequency of those side effects, the Group's financial position and results of operations could be significantly affected.

③ Risks related to the domestic and overseas health insurance system and the revisions to NHI drug price standards

The sale of ethical drugs is significantly impacted by the various health insurance systems that relate to drug price standards as well as medical and other fees. Revisions to the drug price standard system that sets the official price of pharmaceuticals; various health insurance systems, encompassing medical and other fees, that influence trends in the use of pharmaceuticals by medical institutions, and; similar revisions to the standards and systems employed overseas could substantially impact the Group's financial position and results.

④ Risks related to product sales

In the future, in the event of the emergence of factors--such as the launch of competing new products or generic products due to the termination of the patent, the launch of innovative new drugs or new technologies that lead to new methods of treatment, or the announcement of new evidence--that lead to a relative change in the position of the Company's pharmaceutical products in clinical treatment and to a decline in sales, the Group's financial position or results could be significantly affected.

⑤ Risks related to intellectual property

If the Group's business activities conflict with the patents or other intellectual property rights of other parties, it is possible that activities could be suspended or that there could be a legal dispute. Also, in the event that the Group believes that its patents or other intellectual property rights have been infringed upon by another party, the Group might file lawsuits. As a result of these actions, there could be an influence on the Group's financial position or results.

⑥ Risks related to alliance with other companies

The Group works with other companies in joint research, joint development, product licensing and introduction, commissioned production, commissioned sales, joint promotion and joint marketing in each business field, such as research, development, production and marketing. However, in the future if contracts are changed or alliance dissolved, if the management environment of alliance partners worsens or if the management policies of alliance partners changes substantially, or if the supply of products suspend or delay substantially, there could be an adverse influence on the Group's financial position or results.

⑦ Risks related to production and stable supply

In the event of the emergence of technical or legal / regulatory problems in the group's production and distribution facilities, or in the event of operational stoppages or disorder due to fires, or other disasters, a suspension of or substantial delay in the supply of products, there could be an influence on the Group's financial position or results.

⑧ Risks related to legal issues

In the research and production of pharmaceuticals, there is a trend toward stricter regulations regarding product quality and the environment. In the event that these regulations are further tightened, there is a possibility that corresponding additional expenses will arise, which could have an adverse influence on the Group's financial position or results.

⑨ **Risks related to product liability**

It is possible that the Group will be responsible for potential product liability stemming from product research, development, manufacturing, or sales activities. The Group is covered by liability insurance, but in the event that claims exceeding the limits of this insurance coverage are approved, there could be a significant influence on the Group's financial position or results.

⑩ **Risks related to financial market fluctuations**

a) In the fiscal year ended March 31, 2012, overseas sales accounted for 7.0% of the Group's consolidated net sales. Certain raw materials for products and finished goods handled by the Company are directly imported from overseas. Substantial fluctuations in exchange rates could lead to declines in sales, increases in procurement costs, the generation of foreign exchange losses, etc., as well as declines in the assets of overseas consolidated subsidiaries, etc., and the Group's financial position and results of operations could be significantly affected.

b) As of the end of March 2012, the Group held marketable securities of ¥46.3 billion and investments in securities of ¥116.5 billion, certain of which are liquid stocks and bonds, etc. Accordingly, events such as the recording of a loss on valuation due to declines in market prices could have a significant influence on the Group's financial position or results.

⑪ **Risks related to environmental safety**

In the event that serious damage to the environment is caused by hazardous chemical substances that are used in operating activities, it is possible that the Group could incur expenses needed for environmental improvement, face a decline in societal trust, bear responsibility for the payment of compensation, etc. In the event that one or more of these situations occurs, the Group's financial position or results could be significantly affected.

⑫ **Risks related to lawsuits**

a) In regard to operational activities, in addition to adverse drug reactions, it is possible that the Group could face lawsuits regarding product liability, labor problems, fair trade, etc. As a result, there could be a significant influence on the Group's financial position or results.

b) The Japanese government, the Company, its subsidiary Benesis Corporation and another party were defendants in lawsuits in which the plaintiffs sought compensation for damages allegedly suffered through HCV (hepatitis C virus) infection following use of a fibrinogen product or a blood coagulant factor IX product (Christmassin). However, to resolve this litigation, in January 2008, the Japanese government promulgated and put into effect "the Special Relief Law Concerning the Payment of Benefits to Relieve the Patients of Hepatitis C Infected through Specified Fibrinogen Preparations and Specified Blood-Coagulation Factor IX Preparations Contaminated by Hepatitis C Virus" (the Relief Law). In regard to the expenses associated with the relief payments under the Relief Law, the standards for the method and the allocation of the burden of the expenses were announced on April 10, 2009. In accordance with those standards, the Company has made provisions for those expenses. For this expense burden, the cumulative total of the provisions for reserve for HCV litigation was ¥23.0 billion, of which ¥20.4 billion had already been paid out as of the end of March 2012. However, due to changes in the expected number of benefits recipients, the Group's financial position or results could be significantly affected.

The standards determining the Company's portion of the expense burden are shown below:
(1) Portion of expense burden

Classification	The Company's portion of the burden
People infected with HCV, as stipulated in Article 2, Paragraph 3, through use of specific fibrinogen products from August 21, 1985 to April 21, 1987	100%
People infected with HCV, as stipulated in Article 2, Paragraph 3, through use of specific fibrinogen products from April 22, 1987 to June 23, 1988	Two-thirds
People infected with HCV, as stipulated in Article 2, Paragraph 3, through the use of specific coagulation factor IX products on or after January 1, 1984	100%

(2) Lump-sum payment of ¥5,186,725 thousand in addition to payments made in accordance with the portions in (1) above.

⑬ Risks related to information management

The Group possesses large amounts of non-public information, including personal information, and in the event that information is leaked outside the Group due to inappropriate system access, system damage, or accidents, etc., there could be an influence on the Group's financial position or results, such as a decline in reputation.

⑭ Risks related to substantial upfront investment for the purpose of expanding overseas operations

Substantial upfront investment is necessary to expand and advance overseas operations, and it is possible that, due to changes in the laws and systems of each country, the worsening of diplomatic relations, or natural disaster, etc., the opportunity to recover that investment might be lost and operations under development might be affected. As a result of these actions, there could be an influence on the Group's financial position or results.

⑮ Major assumptions regarding operational activities

Pharmaceutical manufacturitg and sales are the Group's principal business operations. In accordance with the Pharmaceutical Affairs Law, the Group has obtained licenses for pharmaceutical manufacturing and sales, pharmaceutical manufacturing and wholesale pharmaceutical sales, and conducts manufacturing and sales of ethical pharmaceutical and OTC products. The products handled include narcotics, psychotropic agents, and raw material for stimulants etc., and the Group is subject to laws and regulations related to the Narcotics and Psychotropic Substances Control Law and the Stimulant Drugs Control Law.
Since the Group also handles veterinary drugs as well as poisonous and toxic substances, the Group is subject to laws and regulations covering the wholesale of veterinary drug sales and general sales of poisonous and toxic substances.
In manufacturing drugs that are exported overseas, the Group is subject to the regulations of the Pharmaceutical Affairs Law. In addition, the Group is required to register a raw materials master file, etc., with the authorities in the importing countries and acquire import permission, local manufacturing permission, etc. Moreover, the Group is subject to the rules and regulations relating

to the control of exports and international transportation of hazardous materials in each importing country, as well as the laws and regulations related to customs clearance. These rules and regulations are revised and subject to additional stipulations on an individual country basis. Certain terms and conditions are also reinforced annually. Taking the aforementioned into consideration, Group operations may be affected.
In regard to these permissions, etc., they must be extended periodically, as determined by laws / regulations. Also, in the event of a violation of laws / regulations, it is possible that permissions, etc., of the Group could be cancelled or the Group could be ordered to suspend all or a portion of operations for a specified period of time. The Group is currently unaware of any reasons for the validity of its permissions etc. to come into question. In the event that cancellation, etc., of permissions, etc., is ordered, because of the damage to the societal trust or the termination of contracts, there could be a significant influence on the Group's financial position or results.

Major permissions, etc. received are as follows:

Date received	Permission, etc.	Approving authority	Details of permission, etc.	Expiry of permission, etc.	Grounds for legal violation or primary reason for revocation of permission, etc.
Jan. 1, 2012	Pharmaceutical manufacturing and sales	Osaka Prefecture	Permission to manufacture and sell pharmaceutical products, etc.	Dec. 31, 2016 (5-year renewable)	Disqualification as per Article 12.2 of the Pharmaceutical Affairs Law
Jan. 1, 2011	Manufacturing of narcotics *1	Ministry of Health, Labour and Welfare	License to manufacture narcotic drugs	Dec. 31, 2012 (2-year renewable)	Disqualification as per Article 3.2 of the Narcotics and Psychotropic Control Act
Oct. 1, 2009	Manufacturing of psychotropic drugs *1	Ministry of Health, Labour and Welfare	License to manufacture psychotropic drugs	Sep. 30, 2014 (5-year renewable)	Disqualification as per Article 50.2 of the Narcotics and Psychotropic Control Act
Oct. 19, 2009	Handling of raw materials for stimulants *2	Local governments	Permission to sell raw materials for stimulants	Dec. 31, 2013 (4-year renewable)	Disqualification as per Article 30.3 of the Stimulant Drugs Control Law
Date received	Permission, etc.	Approving authority	Details of permission, etc.	Expiry of permission, etc.	Grounds for legal violation or primary reason for revocation of permission, etc.
Oct. 13, 2009	Wholesale pharmaceutical sales *3	Local governments	Permission to sell or offer pharmaceutical products	Oct. 12, 2015 (6-year renewable)	Disqualification as per Article 34.2 of the Pharmaceutical Affairs Law

Date received	Permission, etc.	Approving authority	Details of permission, etc.	Expiry of permission, etc.	Grounds for legal violation or primary reason for revocation of permission, etc.
Oct. 1, 2009	Pharmaceutical manufacturing*4	Local governments	Permission to manufacture or import pharmaceutical products	Sep. 30, 2014 (5-year renewable)	Disqualification as per Article 13.4 of the Pharmaceutical Affairs Law
Oct. 19, 2009	Wholesale veterinary drug sales*5	Local governments	Permission to sell or offer pharmaceutical products for animals	Oct. 18, 2015 (6-year renewable)	Disqualification as per Article 34.2 of the Pharmaceutical Affairs Law
Oct. 19, 2009	General sales of poisonous and toxic substances*6	Local governments	Registration to sell, etc., poisonous and toxic substances	Oct. 18, 2015 (6-year renewable)	Disqualification as per Article 5, or 19 of the Poisonous and Deleterious Substances Control Act

Notes:

1. Permission information for narcotic manufacturing at Osaka plant of Mitsubishi Tanabe Pharma Factory Ltd. that primarily handles drugs covered by these regulations is shown.
2. Permission information for handling of raw materials for stimulants at Head Office (Production Division) that primarily handles them covered by these regulations is shown.
3. Permission has been obtained by multiple places of operations, therefore permission information for Head Office (Sales and Marketing Division) is shown.
4. Permission has been obtained by multiple places of operations, therefore permission information for Osaka plant of Mitsubishi Tanabe Pharma Factory Ltd. is shown.
5. Permission has been obtained by multiple places of operations, therefore permission information for Head Office (Production Division) is shown.
6. Permission has been obtained by multiple places of operations, therefore permission information for Head Office (Production Division) is shown.

⑯ Problem related to certain deficiencies is quality testing at consolidated subsidiary

On July 19, 2011, the Company received a business improvement order from the Minister of Health, Labour and Welfare related to a violation of the Pharmaceutical Affairs Law. On the same day, the Ashikaga Plant of consolidated subsidiary Mitsubishi Tanabe Pharma Factory Ltd. received a business suspension order from the Governor of Tochigi Prefecture. The administrative action related to a violation of the Pharmaceutical Affairs Law regarding “Medway injection” in 2010, and the administrative actions described above, have damaged the Group's reputation among patients and health care professionals and adversely affected the Group’s image. If such incidents continue, it is possible that the Group’s financial position and results of operations could be significantly affected.

⑰ Risks related to major disasters and other events

In the event of a major or secondary disaster that results in stoppages at the production or distribution bases of the Group or supplier, or damages and / or interruptions to the operations of raw material suppliers or outsourced manufacturers, the Group may be forced to suspend or incur significant delays in the supply of products. In each case, the potential exists for the Group's financial position and operating results to be substantially affected. In addition, the implementation of research and development plans may be impacted by damages to the Group's research facilities, medical and other institutions at which testing is conducted, or secondary disaster such as blackouts. In addition, problems with communications with the Group's production and distribution bases or with the Group's research bases, or problems with the Group's computer bases, could have a similar impact.

⑱ Relationship with parent company and other group companies

ⅰ.Position in the group centered on Mitsubishi Chemical Holdings Corporation

The Company belongs to the Mitsubishi Chemical Holdings Group, which is centered on Mitsubishi Chemical Holdings Corporation, the Company's parent company. The ownership of Mitsubishi Chemical Holdings Corporation in Mitsubishi Tanabe Pharma Corporation reached 56.34%.

The Mitsubishi Chemical Holdings Group has three business domains: Performance Products, Health Care and Industrial Materials, and operates businesses with four core business companies--Mitsubishi Tanabe Pharma Corporation, Mitsubishi Chemical Corporation, Mitsubishi Plastics, Inc., and Mitsubishi Rayon Co., Ltd. The Company has integrated systems for the research, development, manufacturing, and sales of ethical pharmaceuticals, and the Company plays a central role in the Mitsubishi Chemical Holdings Group's health care operations.

ⅱ.Transactions with Mitsubishi Chemical Holdings Group

The Company's relationship with its parent company, Mitsubishi Chemical Holdings Corporation, and Mitsubishi Chemical Holdings Corporation's corporate group, includes the following transactions:

- procurement of raw materials, etc., and sales of chemical products, etc.
- conclusion of leases and consignment contracts for the sites of research facilities and plants and the buildings, etc., thereon, in Yokohama City, Kanagawa Prefecture; Kamisu City, Ibaraki Prefecture.
- payment as consideration for exclusive rights to intellectual property held by the corporate group of the parent company.
- conclusion of contracts for research outsourcing and information disclosure.
- consignment contracts with overseas subsidiaries.

Fundamentally, these transactions involve rational transaction terms decided upon following two-way negotiations conducted with reference to general market prices.

The Company leases buildings used for the research laboratory in Yokohama, Kanagawa. Construction of a laboratory building, the Pharma Research Building 2, of its own on that site was completed in February 2011. As a result, the Company returned a part of the research laboratory which the Company rented from the Mitsubishi Chemical Holdings Group. In the future, the lease on the buildings used for the research laboratory will be canceled in stages.

Also, plans call for the outsourcing of work by overseas subsidiaries to be gradually eliminated as

the Company's international operations progress.
In addition, a contract has been concluded with Mitsubishi Chemical Holdings Corporation regarding the burden of operational expenses, and for enjoyment of benefits based on the brand value and comprehensive strengths of Mitsubishi Chemical Holdings Corporation in the development of operations in Japan and overseas, the Company is responsible for certain expenses arising in regard to the operation of Mitsubishi Chemical Holdings Corporation. Operational expenses are calculated in accordance with operating profit as well as the amount of resources injection, ratio derived from number of shares, and total assets, with an upper limit of 0.5% of consolidated sales.
In the year ended March 31, 2012, the Company's expense included the following: procurement of raw materials, etc., of ¥0.4 billion, conclusion of leases and consignment contracts for the sites of research facilities and plants and the buildings, etc., thereon, in Yokohama City, Kanagawa Prefecture, and Kamisu City, Ibaraki Prefecture, of ¥1.7 billion, payment as consideration for exclusive rights to intellectual property held by the corporate group including the parent company of ¥0.7 billion and operating expenses of ¥0.7 billion. In all of the above cases, the expenses are an insignificant percentage of the Company's total expenses. In the event of changes in the contracts or details of the transactions with the Mitsubishi Chemical Holdings Group, there could be a significant influence on the Mitsubishi Tanabe Pharma Group's results or financial position. API Corporation, a group company of the Mitsubishi Chemical Holdings Group, is an associated company of the Mitsubishi Tanabe Pharma Group, and the above amounts do not include transactions between the Company and API Corporation (purchases of raw materials, etc.: ¥8.6 billion, etc.).

iii. Personnel relationships with Mitsubishi Chemical Holdings Gruop
(a) Concurrent service of directors and corporate auditors
As of the filing date of this report, the directors, corporate auditors and employees of Mitsubishi Chemical Holdings Corporation and its Group companies include one person who is concurrently serving as a corporate auditor (non-full time) of the Company. The Company's board of corporate auditors has four members.

Position at the Company	Name	Position in Group company	Reason for position
Corporate Auditor (outside)	Takashi Nishida	Mitsubishi Chemical Holdings Corporation Corporate Auditor (full time / outside) Mitsubishi Chemical Corporation Corporate Auditor(outside)	Concurrent service from the viewpoint of Group auditing

Michihiro Tsuchiya, who is a representative director of the Company, serves concurrently as a director (non-full time) of Mitsubishi Chemical Holdings Corporation and a director (non-full time) of The KAITEKI Institute, Inc.

(b) Acceptance of reassigned personnel
The Group has accepted the reassignment of 8 people from Mitsubishi Chemical Holdings Group for

limited periods of time with such objectives as enhancing links among research functions, information systems, and logistics.

iv. Capital relationship with Mitsubishi Chemical Holdings Corporation
Currently, Mitsubishi Chemical Holdings Corporation holds 56.34% of the Company's issued shares. In regard to management decision-making, there are no matters that require the prior approval of Mitsubishi Chemical Holdings Corporation, the Company's parent company. Also, the percentage of the Company's stock held by Mitsubishi Chemical Holdings Corporation will, in principle, be maintained for 10 years from October 1, 2007. At this time, the Company believes that the ownership ratio remains unchanged.
However, in the future, in the event that there is a change in the management policies of the Mitsubishi Chemical Holdings Group, the Group's financial position and results of operations could be affected.

There are risks other than those described above, and the risks listed here do not include all of the risks faced by the Group.

2.Consolidation of Corporate Group

As of the end of March 2012, the Mitsubishi Tanabe Pharma Group comprised 36 companies – Mitsubishi Tanabe Pharma Corporation (the Company), its parent company, 31 subsidiaries (28 consolidated subsidiaries, 2 equity-method subsidiaries, 1 non-consolidated subsidiaries), and 3 affiliates. The Group companies mainly operate the pharmaceutical businesses. The Group's core operations and the roles of Group companies in regard those operations are shown below.

[Pharmaceuticals]
The Group conducts R&D, manufacturing, purchasing, and sales of ethical drugs and OTC products in Japan and overseas.
Ethical drugs are drugs intended for use by doctors or dentists or in accordance with prescriptions from doctors or dentists. OTC products are drugs other than ethical drugs. They are purchased directly by consumers at drug stores, etc., and used in accordance with explanations and consultations from pharmacists, etc.
For the Group, sales of ethical drugs account for more than 90% of sales of pharmaceuticals.
Major ethical and OTC products are shown below.

	Product name	Efficacy	Sales (FY2011)
Ethical drugs	Remicade	Rheumatoid arthritis (RA), active Crohn's disease, Behcet's disease with refractory uveoretinitis, psoriasis, ankylosing spondylitis and ulcerative colitis	Domestic：¥66.3 billion Overseas：¥0.0 billion
	Radicut	Neurological symptoms at the acute stage of cerebral infarction, interference with activities of daily living, functional disability	Domestic：¥22.5 billion Overseas：－

Ethical drugs	Product name	Efficacy	Sales (FY2011)
	Ceredist	Improvement of ataxia caused by spinocerebellar degeneration	Domestic : ¥18.0 billion Overseas : ¥0.0 billion
	Anplag	Ischemic symptoms associated with chronic arterial occlusion, such as ulcer, pain and coldness of limbs	Domestic : ¥15.3 billion Overseas : ¥0.4 billion
	Urso	Liver function in chronic liver disease and hepatitis C, dissolution of gall stones	Domestic : ¥14.5 billion Overseas : ¥0.0 billion
	Maintate	Essential hypertension, angina pectoris, ventricular extrasystole, chronic heart failure	Domestic : ¥13.7 billion Overseas : ¥0.2 billion
	Talion	Allergic rhinitis, urticaria, pruritus accompanying dermatitis	Domestic : ¥13.3 billion Overseas : ¥0.7 billion
	Depas	Neuroses, psychosomatic disorders, depression, integration dysfunction syndrome, muscle contraction headache, cervical spondylosis, anxiety/tension/neurasthenia/sleep disturbance, etc. in lower back pain	Domestic : ¥11.0 billion Overseas : ¥0.4 billion
	Venoglobulin-IH	Severe infection, idiopathic thrombocytopenic purpura, Kawasaki disease, etc.	Domestic : ¥10.7 billion Overseas : －
	Herbesser	Essential hypertension, angina pectoris, variant angina pectoris, etc.	Domestic : ¥8.7 billion Overseas : ¥4.9 billion
	Tanatril	Hypertension, renal parenchymal hypertension, diabetic nephropathy with type 1 diabetes	Domestic : ¥8.3 billion Overseas : ¥1.7 billion
	Vaccines	Mearubik (measles/rubella prevention), HA flu vaccine (Influenza prevention), JEBIK V, (Japanese encephalitis prevention) etc.	Domestic : ¥28.8 billion Overseas : ¥1.6 billion
OTC products	Aspara Drink	Nutritional tonic for physical fatigue	Domestic : ¥2.7 billion Overseas : －
	Flucort	Eczema, dermatitis	Domestic : ¥1.4 billion Overseas : －

(Domestic)

Pharmaceuticals are supplied from the Company to pharmaceutical wholesalers, then to hospitals, clinics, and drugstores, and then to patients. Certain pharmaceuticals are purchased from other companies, but the drugs supplied by the Group to pharmaceutical wholesalers are principally manufactured by production subsidiaries, such as Mitsubishi Tanabe Pharma Factory Ltd. and Benesis Corporation. For certain products, pharmaceutical intermediates are supplied by API

Corporation. Certain sales activities for the Company's products are handled by Yoshitomi Yakuhin Corporation's medical representatives. Moreover, generic drug promotions and sales are handled by Tanabe Seiyaku Hanbai Co.,Ltd.

(Overseas)

In Asia, with certain raw materials supplied by the Company, Tianjin Tanabe Seiyaku Co., Ltd., Mitsubishi Pharma (Guangzhou) Co., Ltd., Mitsubishi Tanabe Pharma Korea Co., Ltd., and P.T. Tanabe Indonesia manufacture and sell pharmaceuticals in their regions. Except for certain products, products manufactured by Taiwan Tanabe Seiyaku Co., Ltd., are sold locally by Tai Tien Pharmaceuticals Co., Ltd.

In North America, the Company outsources a portion of its R&D operations to Tanabe Research Laboratories U.S.A., Inc., and Mitsubishi Tanabe Pharma Development America, Inc. and its marketing operations to Mitsubishi Tanabe Pharma America, Inc. MP Healthcare Venture Management, Inc. invests in recently launched bio-venture companies.

In Europe, Tanabe Europe N.V. and Mitsubishi Pharma Deutschland GmbH. conduct sales. The Company also outsources certain development operations to Mitsubishi Pharma Europe Ltd.

[Others]

Besides the pharmaceuticals businesses, the Company conducts manufacturing, purchasing, and sales of fine chemical products as well as real estate management and other activities in Japan and overseas.

As of March 31, 2012

Parent Company
Mitsubishi Chemical Holdings Corporation

Pharmaceutical Segment

[Japan]

Manufacturing/Sales
★Mitsubishi Tanabe Pharma Factory Ltd.
★Tanabe Seiyaku Yoshiki Factory Co.,Ltd.
★Benesis Corporation
★Bipha Corporation
◎Choseido Pharmaceutical Co.,Ltd.
◎Hoshienu Pharmaceutical Co.,Ltd.

Sales
★Tanabe Seiyaku Hanbai Co.,Ltd

R&D
★Tanabe R&D Service Co.,Ltd.

Medical Representatives
★Yoshitomi Yakuhin Corporation

[North America]

R&D
★Tanabe Research Laboratories U.S.A., Inc.
★Mitsubishi Tanabe Pharma Development America, Inc.
Marketing
★Mitsubishi Tanabe Pharma America, Inc.
Others
★MP Healthcare Venture Management, Inc.
★Mitsubishi Tanabe Pharma Holdings America, Inc. And other two companies

[Asia]

Manufacturing/Sales
★Tianjin Tanabe Seiyaku Co.,Ltd.
★Mitsubishi Pharma (Guangzhou) Co.,Ltd.
★Mitsubishi Tanabe Pharma Korea Co.,Ltd.
★Taiwan Tanabe Seiyaku Co.,Ltd.
★P.T. Tanabe Indonesia
Sales
★Tai Tien Pharmaceuticals Co.,Ltd
★Guangdong Tanabe Pharmaceutical Co., Ltd.

R&D
★Mitsubishi Pharma Research & Development (Beijing) Co.,Ltd.

[Europe]

Sales
★Mitsubishi Pharma Deutschland GmbH.
Manufacturing/Sales
○Synthelabo-Tanabe Chimie S.A.
Sales/R&D
★Mitsubishi Pharma Europe Ltd.

Supply of raw materials/products
Commissioning of sales
Commissioning of testing, etc.
Commissioning of Medical Representatives
Commissioning of R&D etc.
Supply of raw materials/products
Commissioning of R&D
Supply of raw materials/products
Commissioning of R&D

(※)Supply of raw materials
(※)Supply of raw materials
Outsourcing Service etc.
Supply of products
Supply of products

[Japan]

Manufacturing/Sales
○API Corporation

Real estate management and etc.
★Tanabe Total Service Co.,Ltd.

Distribution and Warehouse management etc.
★MP-Logistics Corporation

[North America]

Sales of fine chemicals
★Tanabe U.S.A.,Inc.

[Europe]

Sales of fine chemicals
★Tanabe Europe N.V.

Mitsubishi Tanabe Pharma Corporation

(※) Supply of bulk pharmaceuticals to pharmaceutical companies

★Consolidated subsidiary
◎Equity-method subsidiary
○Equity-method affiliate

3.Management Policies

(1) Fundamental Corporate Policy

The Mitsubishi Tanabe Pharma Group has formulated a corporate philosophy of "contributing to the healthier lives of people around the world through the creation of pharmaceuticals." In accordance with that philosophy, the Group will strive to achieve its vision of "becoming a global research-driven pharmaceutical company that is trusted by communities." To that end, the Group is taking on the challenges of creating new global drugs, developing overseas operations, and seizing new business opportunities by responding to medical needs. In addition, the Corporate Behavior Charter positions the fair and honest implementation of business activities, with high ethical standards, as the highest priority for all of the Group's directors and employees. Together, the corporate philosophy, vision, and Corporate Behavior Charter comprise the fundamental corporate management policy.

(2) Overview of specific challenges and the status of the initiatives and Medium to Long Term Management Strategies

1. Overview of Medium-Term Management Plan 11-15

In October 2011, the Group has formulated "Medium-Term Management Plan 11-15 ~New Value Creation" of which fiscal 2015 will be the final year.

In this new plan, to build a foundation for future growth, the Group is working to discover new drugs that respond to unmet medical needs and to establish a foundation for the provision of those drugs on a global basis. The Group is targeting sustained growth by aggressively investing profits. In addition to priority products, centered on Remicade, the Group will also strive to achieve steady results in promoting appropriate usage of new products, and to nurture those drugs.

The new plan contains four strategic challenges: (1) Bolstering Our Ability to Discover New Drugs; (2) Advancing Domestic Operations, Centered on New Products, (3) Building a Foundation for the Expansion of Overseas Operations, and (4) Accelerating Operational and Structural Reforms. Through the steady implementation of these issues, the Group will become a "Company that Can Continue to Create New Value."

Name and period

Name: Medium-Term Management Plan 11-15 ~New Value Creation
Becoming a "Company that Can Continue to Create New Value"

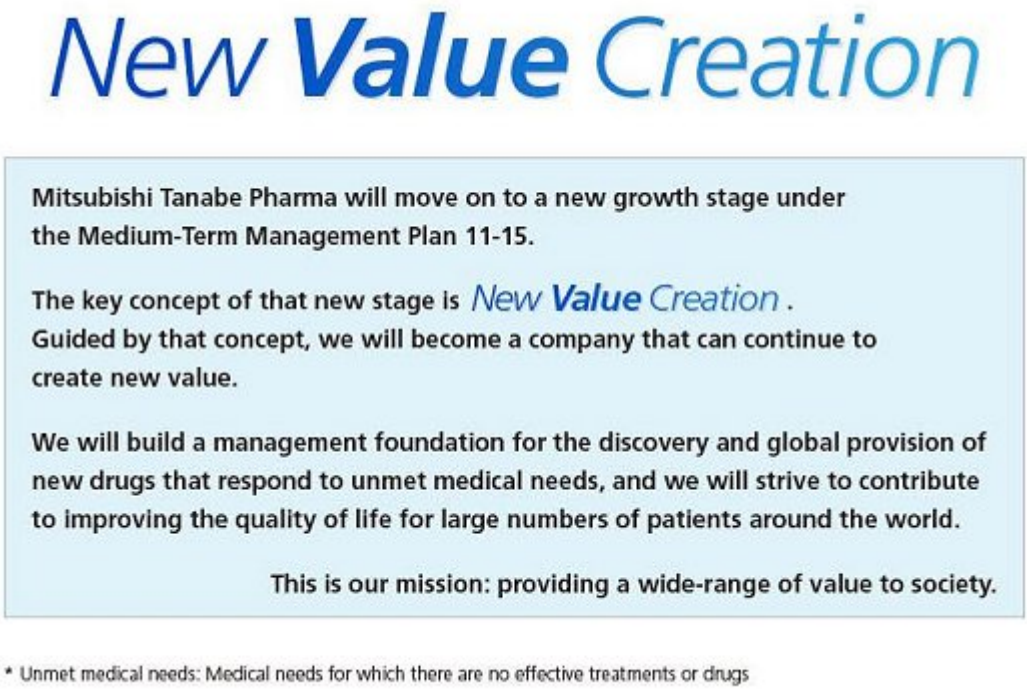
Period: April 2011 to March 2016 (five years)

Numerical Targets（Fiscal 2015 objectives）

Net sales ：¥500.0 billion

Operating income ：¥100.0 billion

Key Concept



Strategic Challenges

(1) Bolstering Our Ability to Discover New Drugs

During the period of the plan, the Group's targets are to launch 10 new products, advance 8 products to late-stage development and commence clinical trials for 3 development products. The Group will strengthen the ability for the drug discovery of the compound in response to unmet medical needs and strive to continually strengthen its pipeline.

(2) Advancing Domestic Operations, Centered on New Products

In addition to priority products including Remicade, the Group will also provide accurate information based on global evidence for products newly launched during the period of the plan, and provide them to as many patients as possible.

In the marketing organization, the Group will establish a "T-shaped" marketing system in which specialized MRs will backup generalist MRs. In addition, the Group will establish an information provision system that can provide on-demand responses to customer needs in a wide range of fields.

Furthermore, the Group will continue to expand the indications for Remicade and many other products. In this way, the Group will steadily advance lifecycle management for each product, and contribute to improvements in the treatment and QOL of a greater number of patients.

The Group released new products, such as Lexapro, an anti-depressant; Simponi, an indication of RA; Imusera, an indication of multiple sclerosis; and Telavic, a chronic hepatitis C sequentially in 2011.

In addition, the Company has concluded a strategic sales alliance with Daiichi Sankyo Co., Ltd , for MP-513, a diabetes treatment agent for which the Company has filed an NDA in Japan, and TA-7284, a type 2 diabetes treatment agent with a different mechanism of action that is currently in phase 3 trials. Through this sales alliance, the Group will build one of Japan's largest information provision systems in

the diabetes market. In conjunction with the launch of these products, the Group plans to advance the provision of detailed, accurate information about diabetes.

(3) Building a Foundation for the Expansion of Overseas Operations

In the U.S. and Europe, the Group proceeds its own development on kidney domain-related product lines, as a bridgehead, such as MT-9938, a treatment for antipruritic agent (TRK-820) which concluded licensing agreement in the North America, in addition to MCI-196 and MP-146. The Group will set a new development field following kidney domain, take steps to aggressively secure management resources (function, structure, product and technology) in order to bolster and expand its operating base.

In China and Asia, the Group will work to rapidly launch products that have been approved in industrially developed markets and the Group will aggressively promote products that match market characteristics and needs.

(4) Accelerating Operational and Structural Reforms

The Group will accelerate the consolidation and reorganization of the research, production, and head office functions, thereby establishing an organization with both improved functions / productivity and lower costs. In addition, through operational restructuring measures, the Group will strive to maximize enterprise value and achieve overall optimization of the Mitsubishi Tanabe Pharma Group. Furthermore, by strengthening human resources / organizations that can contribute to global business development, the Group will become a company that can continue to create new value.

As part of a business restructuring, the Company and Japanese Red Cross Society reached a basic agreement to commence discussions about an integration of their respective plasma fractionation operations. The two parties strived to integrate the plasma fractionation operations of Benesis Corporation, a wholly owned subsidiary of Mitsubishi Tanabe Pharma Corporation and Japanese Red Cross Society. Consequently, the two parties have agreed to establish the "Japan Blood Products Organization" and to transfer their plasma fractionation operations to the new organization, with operations scheduled to commence on October 1, 2012.

The organization will secure sound operations by leveraging economies of scale to reduce costs at the production and supply stages.

The Japanese Red Cross Society and Mitsubishi Tanabe Pharma Corporation believe that Japan Blood Products Organization will make a broad contribution to enhancing the health of people in Japan in the years ahead by contributing to the achievement of national self-sufficiency in plasma fractionation products.

In this way, with “contributing to patients” as its highest priority, the Company will strive to provide pharmaceuticals that meet medical needs in the optimal form for patients and will work to further strengthen its management systems.

2. Quality control problems

As announced in January 2011, the Ashikaga Plant of Mitsubishi Tanabe Pharma Factory Ltd., a consolidated subsidiary of the Company, had not performed certain tests related to quality tests. As a result, on July, 2011, the Ashikaga Plant received a business suspension order for manufacturing of pharmaceuticals (10 days starting July 20, 2011) from Tochigi Prefecture on account of a violation of the Good Manufacturing Practice (GMP) ministerial ordinance. Furthermore, the Company received a business improvement order from the Minister of Health, Labour and Welfare on account of a violation of the managerial and supervisory responsibility as a manufacturing and sales company.

The Company takes very seriously the occurrence of another incident that damages the trust of society in the Company, at a point when the Company is still in the process of implementing the improvement plan regarding the Medway problem. The Company has reevaluated the Medway problem improvement plan to further increase its effectiveness, and in addition the Company has formulated an improvement plan regarding the quality control problem. This plan was presented to the regulatory authorities in August 2011. Since that time, the entire Group has worked to rectify the problem and restore the trust of society. In addition, the Company has received objective verification of its progress from the Outside Committee for Recovering Trust Following the Medway and Quality Control Problems, which is composed of outside experts.

The Company will steadily implement the business improvement plan and secure transparency by communicating the results of that implementation to society. In addition, the entire Group will steadily implement and establish the improvement plan throughout the Group and will advance the building of a framework that can generate sustained growth. In this way, the Company will work to regain the trust of society and fulfill its social mission—contributing to improvements in patients' QOL by "manufacturing and providing pharmaceuticals."

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Year / Accounts	As of March 31, 2011 Amount	As of March 31, 2012 Amount
Assets		
Current assets		
Cash and time deposits ※3	27,409	15,466
Notes and accounts receivable-trade ※5	128,375	127,207
Marketable securities	84,788	46,345
Merchandise and finished goods	57,173	64,259
Work in process	1,417	897
Raw materials and supplies	19,112	21,034
Deposits	56,356	130,791
Deferred income taxes	12,551	9,343
Other	4,445	4,350
Allowance for doubtful receivables	(45)	(41)
Total current assets	391,581	419,651
Fixed assets		
Property, plant and equipment		
Buildings and structures, net ※1	40,975	37,522
Machinery, equipment and vehicles, net ※1	15,929	15,348
Tools, furniture and fixtures, net ※1	4,269	4,040
Land	50,009	46,359
Lease assets, net ※1	31	66
Construction in progress	2,299	594
Total property, plant and equipment	113,512	103,929
Intangible fixed assets		
Goodwill	115,682	105,549
Software	2,555	2,619
Other	1,012	1,187
Total intangible fixed assets	119,249	109,355
Investments and other assets		
Investment in securities ※2	127,602	116,596
Long-term prepaid expenses	7,393	14,350
Deferred income taxes	13,789	7,898
Prepaid pension expenses	40,449	42,101
Long-term deposits	1,956	1,866
Other ※3	3,213	4,181
Allowance for doubtful receivables	(39)	(2)
Total investments and other assets	194,363	186,990
Total fixed assets	427,124	400,274
Total assets	818,705	819,925

(Millions of yen)

Year / Accounts	As of March 31, 2011 Amount	As of March 31, 2012 Amount
Liabilities		
Current liabilities		
Notes and accounts payable-trade	29,617	28,878
Short-term loans	2,891	2,170
Accounts payable-other	20,373	15,723
Income taxes payable	15,212	6,726
Consumption taxes payable	2,336	2,030
Reserve for employees' bonuses	11,467	11,121
Reserve for sales returns	163	167
Reserve for sales rebates	4	5
Reserve for loss of disaster	1,531	40
Other	4,128	2,724
Total current liabilities	87,722	69,584
Long-term liabilities		
Deferred income taxes	11,450	9,338
Accrued retirement benefits for employees	11,853	10,584
Accrued retirement benefits for directors and corporate auditors	5	6
Reserve for health management allowances for HIV compensation	1,513	1,461
Reserve for health management allowances for SMON compensation	3,835	3,622
Reserve for HCV litigation	4,627	2,520
Other	1,741	1,325
Total long-term liabilities	35,024	28,856
Total liabilities	122,746	98,440
Net assets		
Shareholders' equity		
Common stock	50,000	50,000
Capital surplus	451,186	451,186
Retained earnings	201,424	224,168
Treasury stock, at cost	(407)	(486)
Total shareholders' equity	702,203	724,868
Accumulated other comprehensive income		
Unrealized holding (losses) gains on securities	(2,712)	(82)
Deferred (losses) gains on hedges	(1,010)	93
Translation adjustments	(8,280)	(9,134)
Total Accumulated other comprehensive income	(12,002)	(9,123)
Minority interests	5,758	5,740
Total net assets	695,959	721,485
Total liabilities and net assets	818,705	819,925

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

(Consolidated Statements of Income)

(Millions of yen)

Year / Accounts	April 1, 2010 - March 31, 2011 Amount	April 1, 2011 - March 31, 2012 Amount
Net sales	**409,540**	**407,156**
Cost of sales ※1,2	154,570	152,280
Provision for sales returns	-	4
Reversal of reserve for sales returns	6	-
Gross profit	254,976	254,872
Selling, general and administrative expenses		
Advertising expenses	2,939	3,829
Sales promotion expenses	11,300	11,697
Salaries and allowances	33,172	32,619
Provision for bonuses	6,122	5,983
Retirement benefit expenses	3,659	5,324
Provision for directors' retirement benefits	1	1
Depreciation and amortization	1,770	1,658
Research and development expenses ※2	65,784	70,241
Amortization of goodwill	10,149	10,133
Provision of reserve for health management allowances for SMON compensation	205	331
Other	43,291	44,013
Total selling, general and administrative expenses	178,392	185,829
Operating income	**76,584**	**69,043**
Non-operating income		
Interest income	1,545	1,570
Dividend income	797	782
Equity in earnings of affiliates	259	162
Rent income	247	234
Other	616	731
Total non-operating income	3,464	3,479
Non-operating expenses		
Interest expenses	15	18
Foreign exchange losses	1,422	1,507
Loss on disposal of property, plant and equipment	403	403
Donations	361	383
Other	1,163	1,452
Total non-operating expenses	3,364	3,763
Ordinary income	**76,684**	**68,759**

(Millions of yen)

Year / Accounts	April 1, 2010 - March 31, 2011 Amount	April 1, 2011 - March 31, 2012 Amount
Extraordinary income		
Gain on sales of property, plant and equipment ※3	306	708
Reversal of reserve for loss on disaster	—	458
Reversal of past year patent royalties	179	—
Gain on sales of investment in securities	144	—
Total extraordinary income	629	1,166
Extraordinary loss		
Impairment loss ※4	807	3,334
Loss on valuation of investment in securities	8,005	2,197
Special retirement expenses ※5	482	109
Loss on disaster ※6	2,140	108
Loss related to business suspension ※7	737	—
Loss on sales of property, plant and equipment ※8	354	—
Restructuring expenses ※9	149	—
Other	538	389
Total extraordinary losses	13,212	6,137
Income before income taxes and minority interests	**64,101**	**63,788**
Income taxes-current	26,988	20,031
Income taxes-deferred	(485)	4,497
Total income taxes	26,503	24,528
Income before minority interests	**37,598**	**39,260**
Minority interests	(149)	246
Net income	**37,747**	**39,014**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

Year / Accounts	April 1, 2010 - March 31, 2011 Amount	April 1, 2011 - March 31, 2012 Amount
Income before minority interests	**37,598**	**39,260**
Other comprehensive income		
Unrealized holding (losses) gains on securities	500	2,635
Deferred (losses) gains on hedges	(633)	1,104
Translation adjustments	(2,418)	(1,042)
Share of other comprehensive income of associates accounted for by the equity method	(40)	(11)
Total other comprehensive income	(2,591)	2,686
Comprehensive income	**35,007**	**41,946**
(Breakdown)		
Comprehensive income attributable to		
Owners of the Company	35,592	41,893
Minority interests	(585)	53

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

Year / Accounts	April 1, 2010 - March 31, 2011 Amount	April 1, 2011 - March 31, 2012 Amount
Shareholders' equity		
Common stock		
Balance at the beginning of the period	50,000	50,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	50,000	50,000
Capital surplus		
Balance at the beginning of the period	451,185	451,186
Changes of items during the period		
Gain on sales of treasury stock	1	—
Total changes of items during the period	1	—
Balance at the end of current period	451,186	451,186
Retained earnings		
Balance at the beginning of the period	179,409	201,424
Changes of items during the period		
Change of scope of equity method	(21)	—
Cash dividends	(15,711)	(16,270)
Net income for the year	37,747	39,014
Total changes of items during the period	22,015	22,744
Balance at the end of current period	201,424	224,168
Treasury stock, at cost		
Balance at the beginning of the period	(277)	(407)
Changes of items during the period		
Increase in treasury stock	(135)	(79)
Gain on sales of treasury stock	5	0
Total changes of items during the period	(130)	(79)
Balance at the end of current period	(407)	(489)
Total shareholders' equity		
Balance at the beginning of the period	680,317	702,203
Changes of items during the period		
Change of scope of equity method	(21)	—
Cash dividends	(15,711)	(16,270)
Net income for the year	37,747	39,014
Increase in treasury stock	(135)	(79)
Gain on sales of treasury stock	6	0
Total changes of items during the period	21,886	22,665
Balance at the end of current period	702,203	724,868

Year / Accounts	April 1, 2010 - March 31, 2011 Amount	April 1, 2011 - March 31, 2012 Amount
Accumulated other comprehensive income		
Unrealized holding (losses) gains on securities		
Balance at the beginning of the period	(3,218)	(2,712)
Changes of items during the period		
Net changes in items other than shareholders' equity	506	2,630
Total changes of items during the period	506	2,630
Balance at the end of current period	(2,712)	(82)
Deferred (losses) gains on hedges		
Balance at the beginning of the period	(378)	(1,010)
Changes of items during the period		
Net changes in items other than shareholders' equity	(632)	1,103
Total changes of items during the period	(632)	1,103
Balance at the end of current period	(1,010)	93
Translation adjustments		
Balance at the beginning of the period	(6,251)	(8,280)
Changes of items during the period		
Net changes in items other than shareholders' equity	(2,029)	(854)
Total changes of items during the period	(2,029)	(854)
Balance at the end of current period	(8,280)	(9,134)
Total Accumulated other comprehensive income		
Balance at the beginning of the period	(9,847)	(12,002)
Changes of items during the period		
Net changes in items other than shareholders' equity	(2,155)	2,879
Total changes of items during the period	(2,155)	2,879
Balance at the end of current period	(12,002)	(9,123)
Minority interests		
Balance at the beginning of the period	6,343	5,758
Changes of items during the period		
Net changes in items other than shareholders' equity	(585)	(18)
Total changes of items during the period	(585)	(18)
Balance at the end of current period	5,758	5,740
Total net assets		
Balance at the beginning of the period	676,813	695,959
Changes of items during the period		
Change of scope of equity method	(21)	—
Cash dividends	(15,711)	(16,270)
Net income for the year	37,747	39,014
Increase in treasury stock	(135)	(79)
Gain on sales of treasury stock	6	0
Net changes in items other than shareholders' equity	(2,740)	2,861
Total changes of items during the period	19,146	25,526
Balance at the end of current period	695,959	721,485

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Year / Accounts	April 1, 2010 - March 31, 2011	April 1, 2011 - March 31, 2012
Cash flows from operating activities:		
Income before income taxes and minority interests	64,101	63,788
Depreciation and amortization	12,432	12,468
Impairment loss	807	3,334
Amortization of goodwill	10,149	10,133
Increase (decrease) in accrued retirement benefits for employees	(1,285)	(1,257)
Decrease (increase) in prepaid pension expenses	(3,719)	(1,652)
Increase (decrease) in allowance for doubtful receivables	4	(40)
Increase (decrease) in reserve for HCV litigation	(6,062)	(2,106)
Increase (decrease) in reserve for loss of disaster	1,531	(1,491)
Interest and dividend income	(2,342)	(2,352)
Interest expenses	15	18
Loss (gain) on sales and disposal of fixed assets	309	(530)
Loss (gain) on sales of investment in securities	(144)	—
Loss (gain) on devaluation of investment in securities	8,005	2,197
Equity in losses (earnings) of affiliates	(259)	(162)
Decrease (increase) in notes and accounts receivable-trade	(2,566)	981
Decrease (increase) in inventories	(4,772)	(8,601)
Increase (decrease) in notes and accounts payable-trade	2,489	(564)
Increase (decrease) in accrued expenses	(2,123)	(2,142)
Other, net	2,151	(8,918)
Subtotal	78,721	63,104
Interest and dividends received	2,577	2,520
Interest expenses paid	(14)	(9)
Income taxes paid	(22,217)	(28,368)
Net cash provided by (used in) operating activities	59,067	37,247

Year / Accounts	April 1, 2010 - March 31, 2011	April 1, 2011 - March 31, 2012
Cash flows from investing activities:		
Purchase of marketable securities	(74,834)	(34,898)
Proceeds from sales and redemption of marketable securities	100,605	78,065
Increase in time deposits	(18,674)	(1,940)
Decrease in time deposits	17,739	11,256
Increase in deposits	—	(110,752)
Increase in long-term deposits	(548)	(406)
Decrease in long-term deposits	569	—
Purchase of property, plant and equipment	(7,954)	(9,502)
Proceeds from sales of property, plant and equipment	894	2,172
Purchase of intangible fixed assets	(754)	(1,249)
Purchase of investment in securities	(29,767)	(1,407)
Proceeds from sales and redemption of investment in securities	5,002	5,449
Other, net	71	(13)
Net cash provided by (used in) investing activities	(7,651)	(63,225)
Cash flows from financing activities:		
Increase (decrease) in short-term loans, net	482	(718)
Repayment of long-term loans payable	(29)	—
Cash dividends paid	(15,711)	(16,270)
Other, net	(161)	(172)
Net cash provided by (used in) financing activities	(15,419)	(17,160)
Effect of exchange rate changes on cash and cash equivalents	(1,139)	(398)
Net increase (decrease) in cash and cash equivalents	34,858	(43,536)
Cash and cash equivalents at beginning of year	62,958	97,880
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	5	—
Increase in cash and cash equivalents resulting from inclusion of consolidated subsidiaries	59	—
Cash and cash equivalents at end of year	97,880	54,344

Note regarding Going Concern Assumption

Not applicable.

Basis of Presenting Consolidated Financial Statements

1. Scope of consolidation

At the end of the consolidated fiscal year under review, there were 28 consolidated subsidiaries. The names of the principal consolidated subsidiaries are not presented here because they are included in the Consolidation of Corporate Group section.

2. Application of the equity method

Two non-consolidated subsidiaries are accounted for by the equity method, including Choseido Pharmaceutical Co., Ltd., and two affiliates are accounted for by the equity method, including API Corporation.

Tanabe Seiyaku Malaysia, a non-consolidated subsidiary and Arkema Yoshitomi, Ltd., an affiliated company are not accounted for by the equity method because the net income and retained earnings of these companies are insignificant.

3. Year-end of consolidated subsidiaries

Nineteen overseas consolidated subsidiaries have fiscal years ending December 31. Since the difference between that date and the end of the Company's fiscal year is not greater than three months, the accounts of these subsidiaries as of December 31 have been used in preparing the Company's consolidated financial statements, with adjustments made as necessary to account for significant transactions occurring between December 31 and the end of March.

4. Significant accounting policies

(1) Basis and method of valuation of major assets

a. Marketable securities:

Held-to-maturity debt securities are carried at amortized cost.

Available-for-sale securities with available fair market values are stated at fair market value as of the closing date for this fiscal year. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. The cost of securities sold is determined by the moving average method.

Other securities with no available fair market value are stated at moving average cost.

Investment limited partnerships are stated at moving average cost. Operational profit and loss of the partnership or unrealized gains and losses on available-for-sale securities held by the partnership is recorded in the consolidated financial statements pro rata to the Company's ownership percentage.

b. Derivatives:

Derivatives are stated at fair market value.

c. Inventories:

Inventories are generally valued at cost, determined by the weighted average method (method of reducing book value in accordance with declines in profitability).

(2) Depreciation and amortization of major fixed assets

a. Property, plant and equipment (excluding lease assets):

Depreciation of property, plant and equipment is calculated primarily by the declining-balance method using rates based on the estimated useful lives of the assets. Buildings (excluding equipment attached to the buildings) acquired after April 1, 1998 are depreciated using the straight-line method.

Principal estimated useful lives are as follows:

Buildings and structures: 10 to 50 years

Machinery, equipment and vehicles: 4 to 8 years

b. Intangible fixed assets (excluding lease assets):

Intangible fixed assets are amortized primarily by the straight-line method. Amortization of software utilized internally is calculated by the straight-line method over an estimated useful life of primarily 5 years.

c. Lease assets

Lease assets related to finance lease transactions that do not transfer ownership

The lease term is used as the useful life and the straight-line method is applied with the residual value equal to zero. Among finance lease transactions that do not transfer ownership, those that started on or before March 31, 2008, are accounted for in the same manner as ordinary rental transactions.

d. Long-term prepaid expenses:

Long-term prepaid expenses are amortized by the straight-line method.

(3) Method of accounting for major allowances and reserves

a. Allowance for doubtful receivables:

The allowance for doubtful receivables is provided to cover possible losses on collection. With respect to normal trade accounts receivable, it is stated at an amount based on the actual rate of historical bad debts, and for certain doubtful receivables, the uncollectable amount has been individually estimated.

b. Reserve for employees' bonuses:

Accrued bonuses are stated at the estimated amount applicable to the year.

c. Reserve for sales returns:

The Company and certain of its consolidated subsidiaries have recorded the estimated amount based on the historical sales returns to provide for losses for sales returns.

d. Reserve for sales rebates:

The reserve for sales rebates is provided to cover possible expenditures for sales rebates that are expected to be incurred after the end of the fiscal year. It is stated at an amount calculated by multiplying the accounts receivable-trade at the end of the fiscal year by the rebate ratio for the current period.

e. Reserve for loss of disaster

The Company and certain of its consolidated subsidiaries have recorded amounts estimated to be necessary for expenditures related to the Great East Japan Earthquake, such as restoration of fixed assets.

f. Accrued retirement benefits for employees:

To provide for employees' retirement benefits, they are recorded based on estimates of projected benefit obligations and pension assets at the end of the fiscal year under review. Prior service cost is charged to expense when incurred based on the straight-line method within the average remaining service period of employees (10 years). Actuarial calculation discrepancies are expensed from the consolidated fiscal year following the year in which they arise based on the straight-line method over a standard number of years that is less than or equal to the average remaining service period of employees (10 years) at the time such differences arise.

On April 1, 2009, the Company integrated the retirement benefit system used by the former Tanabe Seiyaku Co., Ltd. with the retirement benefit system used by the former Mitsubishi Pharma Corporation. Actuarial calculation discrepancies that arose prior to the integration are expensed from the fiscal year following the year in which they arise based on the straight-line method, over 13 years for the retirement benefit system used by the former Tanabe Seiyaku Co., Ltd., and over five years for the retirement benefit system used by the former Mitsubishi Pharma Corporation.

g. Accrued retirement benefits for directors and corporate auditors:

To provide for retirement benefits for directors, certain domestic subsidiaries accrue an amount that would be sufficient to provide for benefits arising from services performed through the period.

h. Reserve for health management allowances for HIV compensation

To provide for future payments for health management allowances and settlement payments (including attorney fees) for a lawsuit for damages filed by plaintiffs infected with HIV, the Company has set aside the estimated amount of future payments.

In accordance with the settlement reached in March 1996, for health management allowances, the Company has set aside the present value of the estimated amount of future payments, calculated with reference to the amount actually paid to patients with AIDs who have reached settlements; and for settlement payments, the Company has set aside, for patients infected with HIV through the use of antihemophilic preparations (non-heat-treated concentrated preparations), the estimated amount of payments to HIV litigation plaintiffs as of the end of the consolidated fiscal year under review, and to future plaintiffs, calculated with reference to settlement outcomes up to the end of the consolidated fiscal year under review.

i. Reserve for health management allowances for SMON compensation

Reserve for health management allowances for SMON (subacute myelo-optico-neuropathy)

compensation is stated at the estimated future amount over the lifetime of the plaintiffs for health care allowances and nursing expenses covered under the compromise settlement reached in the SMON litigation.

j. Reserve for HCV litigation

To provide for losses that may arise in the future in accordance with "the Special Relief Law Concerning the Payment of Benefits to Relieve the Patients of Hepatitis C Infected through Specified Fibrinogen Preparations and Specified Blood-Coagulation Factor IX Preparations Contaminated by Hepatitis C Virus,", which was promulgated and enacted to facilitate the settlement of damage recovery lawsuits filed on behalf of people infected with hepatitis C virus (HCV), the Company has set aside the estimated amount of payments based on estimates of the people receiving relief and the amount of relief payments.

(4) Foreign currency translation

Monetary receivables and payables denominated in foreign currencies are translated into yen at the spot rates of exchange in effect on the settlement date and foreign exchange gains and losses are recorded as income or losses. Assets and liabilities of overseas subsidiaries are translated into yen at the spot rates of exchange in effect at the balance sheet date. Revenues and expenses are translated into yen at the average exchange rate for the period. Differences arising from such translations are presented separately in foreign currency translation adjustments and in minority interests in the net assets section.

(5) Accounting for hedging

a. Hedge account - The Company adopts deferral hedge accounting.

b. Hedging method and hedge account object

・ Hedging method - forward-exchange contract and currency option translation

・ Hedge account object - any foreign currency denominated transactions, debts and credits, which are trade demands

c. Hedging policies - The Company uses derivatives transactions for the purpose of reducing the risk of exchange rate fluctuations. The Company does not engage in speculative transactions.

d. Evaluation method of effectiveness of hedging - The important conditions of transactions are the same and the hedge effect is deemed to be extremely high, and the evaluation of their effectiveness is therefore not carried out.

(6) Amortization of consolidation goodwill

Goodwill is amortized by the straight-line method, principally over 15 years, in accordance with the reason why the goodwill was incurred.

(7) Cash and cash equivalents of Consolidated Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and

short-term highly liquid investments that are not exposed to insignificant risk of price fluctuations and with maturities not exceeding 3 months at the time of purchase are considered to be cash and cash equivalents.

(8) Others

a. Consumption tax is separately accounted for by excluding it from each transaction amount.

b. Adoption of consolidated tax payment system

The Company adopted the consolidated tax payment system.

Additional Information

(Application of Accounting Standard for Accounting Changes and Error Corrections)

From accounting changes and corrections of prior period errors which are made after the beginning of the fiscal year, the Company applies "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, December 4, 2009).

Notes

(Omission of disclosure)

In notes to the consolidated financial statements, disclosure of the following items has been omitted because disclosure of these items was not considered to be of significant importance in the summary of financial results.

・Consolidated Statement of Comprehensive Income
・Lease transactions
・Financial instruments
・Marketable securities
・Derivatives transactions
・Transactions with related parties
・Stock options
・Leased real estate
・Asset retirement obligations

(Notes relating to consolidated balance sheets) (millions of yen)

As of March 31, 2011	As of March 31, 2012
*1. Accumulated depreciation of property, plant and equipment 218,682 Accumulated impairment loss of ¥3,698 million is included in accumulated depreciation	*1. Accumulated depreciation of property, plant and equipment 224,480 Accumulated impairment loss of ¥3,907 million is included in accumulated depreciation
*2. Investment in non-consolidated subsidiaries and affiliated company: Investment in securities (stock) 7,307	*2. Investment in non-consolidated subsidiaries and affiliated company: Investment in securities (stock) 7,332
*3. Assets pledged as collateral: ¥36 million in cash and deposits (time deposits) in collateral is provided as deposits for opening letters of credit, and ¥8 million in investments and other assets is provided as trade deposits.	*3. Assets pledged as collateral: ¥25 million in cash and deposits (time deposits) in collateral is provided as deposits for opening letters of credit, and ¥8 million in investments and other assets is provided as trade deposits.
4. Contingent liabilities Liabilities for guarantees (guarantees for loans from financial institutions) Employees' housing fund 97 Choseido Pharmaceutical Co., Ltd. 3,174	4. Contingent liabilities Liabilities for guarantees (guarantees for loans from financial institutions) Employees' housing fund 80 Choseido Pharmaceutical Co., Ltd. 2,577
5. ―――――――――	*5. Notes maturing as of the end of the fiscal year Notes maturing as of the end of the fiscal year are settled on the bill clearing date. As financial institutions were closed on the last day of the fiscal year, the following notes maturing as of the end of the fiscal year are included in the balance as of the end of the period. Notes receivable 109

(Notes relating to consolidated statements of income)

Apr.1, 2010- Mar.31, 2011	Apr.1, 2011- Mar.31, 2012
*1. The amount is calculated after reducing book value in accordance with declines in profitability of year-end inventories. The resulting valuation loss amounted to ￥300 million.	*1. The amount is calculated after reducing book value in accordance with declines in profitability of year-end inventories. The resulting valuation loss amounted to ￥141 million.
*2. Research and development expenses of ¥65,784 million are included in general administrative expenses. No research and development expenses were included in manufacturing expenses for the term.	*2. Research and development expenses of ¥70,241 million are included in general administrative expenses. No research and development expenses were included in manufacturing expenses for the term.
*3. Gain on sales of property, plant and equipment is principally from the sale of land and buildings.	*3. Gain on sales of property, plant and equipment is principally from the sale of land and buildings.
*4. Impairment loss As a general rule, the Company divides assets into assets for business use, leased assets, and idle assets. For assets for business use, the smallest amount is the asset group, while the corresponding unit for leased assets and idle assets is the individual asset. For the fiscal year under review, the amount of the write-down (¥807 million) was recorded as an impairment loss under extraordinary losses. The following are the primary assets on which impairment losses were recognized:	*4. Impairment loss As a general rule, the Company divides assets into assets for business use, leased assets, and idle assets. For assets for business use, the smallest amount is the asset group, while the corresponding unit for leased assets and idle assets is the individual asset. For the fiscal year under review, the amount of the write-down (¥3,334miillion) was recorded as an impairment loss under extraordinary losses. The following are the primary assets on which impairment losses were recognized:
・Location: Mitsubishi Tanabe Pharma Kyushu Branch (Hakata-ku, Fukuoka City) Use: Selling operations Type: Land and buildings Impairment loss: ￥227 million	・Location: Mitsubishi Tanabe Pharma Sanban-cho Building (Chiyoda-ku, Tokyo) Use: Administrative and selling operations Type: Land, buildings and structures Impairment loss: ￥2,923 million
・Location: Mitsubishi Tanabe Pharma Yokohama Office (Aoba-ku, Yokohama City) Use: Research facility Type: Buildings and structures Impairment loss: ￥131 million	・Location: Mitsubishi Tanabe Pharma Kashima Building for Raw Materials (Kamisu City, Ibaragi) Use: Research facility Type: Buildings and structures Impairment loss: ￥206 million
・Location: Mitsubishi Tanabe Pharma Toyonaka Parking lot (Toyonaka City, Osaka) Use: Rental facilities Type: Land Impairment loss: ￥256 million	・Location: Mitsubishi Tanabe Pharma No.3 Hirano-machi Building (Chuo-ku, Osaka) Use: Administrative and selling operations Type: Land Impairment loss: ￥141 million

Breakdown by location ・Kyushu Branch (Mitsubishi Tanabe Pharma) ¥227 million (Land - ¥146 million; Buildings and structures - ¥81 million) ・Yokohama Office (Mitsubishi Tanabe Pharma) ¥131 million (Buildings and structures - ¥120 million, Other - ¥10 million) ・Toyonaka Parking lot(Mitsubishi Tanabe Pharma) ¥256 million (Land - ¥256 million) Accompanying the relocation of the Company's Kyushu Branch, the building that formerly housed the branch became an idle asset. Also, accompanying the completion of the new building for the Medicinal Chemistry Laboratory, the building that formerly housed the laboratory on the premises of the Yokohama Office became an idle asset. Consequently, the book value of those assets was written down to their recoverable value. The recoverable value is the net sales amount, calculated using rational estimates based on declared values, etc.	Breakdown by location ・Sanban-cho Building (Mitsubishi Tanabe Pharma) ¥2,923 million (Land - ¥2,442 million; Buildings - ¥481 million) ・Kashima Building for Raw Materials (Mitsubishi Tanabe Pharma) ¥206 million (Buildings and structures - ¥206 million) ・No.3 Hirano-machi Building(Mitsubishi Tanabe Pharma) ¥141 million (Land - ¥141 million) Accompanying the relocation of the Company's Tokyo Branch, Sanban-cho Building will become an idle asset. Also, the Company decided to sell Kashima Building for Raw Materials and No.3 Hirano-machi Building. Consequently, the book value of those assets was written down to their recoverable value. The recoverable value is the net sales amount, calculated using rational estimates based on declared values, etc or an estimated sales value.
*5. Special retirement expenses Extra retirement allowances resulting from permanent reassignments to affiliated companies.	*5. Special retirement expenses Extra retirement expenses that arose in connection with the voluntary early retirement in the certain consolidated subsidiaries.
*6. Loss of disaster This amount comprises the following: as a result of the Great East Japan Earthquake, losses on inventories, expenses for support of the restoration of wholesalers, fixed expenses during the period in which certain consolidated subsidiaries are shut down, and provision for reserve for loss of disaster.	*6. Loss of disaster Fixed expenses during the period in which certain consolidated subsidiaries are shut down as a result of the Great East Japan Earthquake.
*7. Losses related to business suspension Expenses from the suspension of manufacturing were recorded in relation to the business suspension for the recombinant human serum albumin preparation Medway.	7. ――――――
*8. Loss on sales of property, plant and equipment is principally from the sale of land and buildings.	8. ――――――
*9. Restructuring expenses – These are expenses that arose in connection with the reorganization of consolidated subsidiaries, which is one of the activities in the Medium-Term Management Plan 08-10.	9. ――――――

(Notes to Consolidated Statements of Changes in Net Assets)

Previous Fiscal Period (April 1, 2010 to March 31, 2011)

1. Type and number of shares outstanding and treasury stock (Unit: thousand of shares)

	No. of shares at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	No. of shares at end of the fiscal year	Comments
Shares outstanding (common stock)	561,417	-	-	561,417	
Total	561,417	-	-	561,417	
Treasury stock (common stock)	256	101	4	353	(Notes:1, 2)
Total	256	101	4	353	

Notes

1. The increase of 101 thousand shares in the number of shares of treasury stock (common stock) was due to the purchase of shares constituting less than one unit.
2. The decrease of 4 thousand shares in the number of shares of treasury stock (common stock) was due to the sale of shares constituting less than one unit.

2. Items related to stock options and own stock options

No applicable items

3. Dividends

(1) Dividends paid

At the ordinary general meeting of shareholders held on June 22, 2010, the following was approved.

Common stock dividends

Total amount of dividends	7,856 millions of yen
Dividend per share	14 yen
Record date	31-Mar-10
Effective date	23-Jun-10

The following plan was adopted at the Board of Directors meeting held on October 29, 2010.

Common stock dividends

Total amount of dividends	7,855 millions of yen
Dividend per share	14 yen
Record date	30-Sep-10
Effective date	1-Dec-10

(2) Dividends with a record date in the period but an effective date after the end of the period.

The following is to be approved at the ordinary general meeting scheduled on June 22, 2011.

Common stock dividends

Total amount of dividends	7,854 millions of yen
Funds for dividends	Retained earnings
Dividend per share	14 yen
Record date	31-Mar-11
Effective date	23-Jun-11

(Notes to Consolidated Statements of Changes in Net Assets)

Current Fiscal Period (April 1, 2011 to March 31, 2012)

1. Type and number of shares outstanding and treasury stock (Unit: thousand of shares)

	No. of shares at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	No. of shares at end of the fiscal year	Comments
Shares outstanding (common stock)	561,417	-	-	561,417	
Total	561,417	-	-	561,417	
Treasury stock (common stock)	353	70	0	423	(Notes:1, 2)
Total	353	70	0	423	

Notes

1. The increase of 70 thousand shares in the number of shares of treasury stock (common stock) was due to the purchase of 69 thousand shares of untraceable shareholders on February 28, 2012, and the purchase of one thousand shares constituting less than one unit.
2. The decrease of 0 thousand shares in the number of shares of treasury stock (common stock) was due to the sale of shares constituting less than one unit.

2. Items related to stock options and own stock options

No applicable items

3. Dividends

(1) Dividends paid

At the ordinary general meeting of shareholders held on June 22, 2011, the following was approved.

Common stock dividends

Total amount of dividends	7,854 millions of yen
Dividend per share	14 yen
Record date	31-Mar-11
Effective date	23-Jun-11

The following plan was adopted at the Board of Directors meeting held on October 31, 2011.

Common stock dividends

Total amount of dividends	8,415 millions of yen
Dividend per share	15 yen
Record date	30-Sep-11
Effective date	1-Dec-11

(2) Dividends with a record date in the period but an effective date after the end of the period.

The following is to be approved at the ordinary general meeting scheduled on June 22, 2012.

Common stock dividends

Total amount of dividends	11,219 millions of yen
Funds for dividends	Retained earnings
Dividend per share	20 yen
Record date	31-Mar-12
Effective date	25-Jun-12

(Notes relating to consolidated statements of cash flows) (millions of yen)

Apr.1, 2010- Mar.31, 2011		Apr.1, 2011- Mar.31, 2012	
1. The reconciliation of items in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2011		1. The reconciliation of items in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2012	
Cash and time deposits	27,409	Cash and time deposits	15,466
Time deposits maturing after three months	(11,540)	Time deposits maturing after three months	(2,498)
Short-term marketable securities maturing within three months from acquisition date	25,497	Short-term marketable securities maturing within three months from acquisition date	21,196
Cash equivalents included in short-term loans (other in current assets)※	159	Cash equivalents included in short-term loans (other in current assets)※1	142
Cash equivalents included in deposits ※	56,355	Cash equivalents included in deposits ※2	20,038
Cash and cash equivalents	97,880	Cash and cash equivalents	54,344
※CMS (Cash management servise)		※1 CMS (Cash management servise)	
		※2 Deposits (within 3 months)	

(Notes relating to employees' retirement benefits) (millions of yen)

1. Overview of retirement benefit plan

The Company and certain consolidated subsidiaries have a system that offers a choice between a defined contribution pension plan and a prepaid plan, a system that offers a choice between a cash balance plan and a prepaid plan, a contract-type defined-benefit corporate pension system, and a system of lump-sum payments at retirement. There are also cases in which additional retirement funds not included in the actuarial calculation as per retirement benefit accounting are paid when an employee retires.
Certain consolidated subsidiaries have joined comprehensive welfare pension funds operated by multiple employers.
In addition, the Company has established a retirement benefit trust.
On April 1 2011, the Company transitioned from the (closed-type) qualified pension system to a contract-type defined-benefit corporate pension system in accordance with the Defined-Benefit Corporate Pension Act.

2. Retirement benefit obligation

	(As of March 31, 2011)	(As of March 31, 2012)
Retirement benefit obligation	(142,177)	(150,320)
Pension assets	138,610	143,895
Unfunded retirement benefit obligation	(3,567)	(6,425)
Unrecognized actuarial differences	33,817	39,387
Unrecognized prior service cost (reduced obligation)	(1,654)	(1,445)
Net amount shown on the consolidated balance sheets	28,596	31,517
Prepaid pension expenses	40,449	42,101
Accrued employees' retirement benefits	(11,853)	(10,584)

(Note) Some of the subsidiaries adopted a simplified method of calculating the retirement benefit obligation.

3. Severance and pension benefit costs

	(Apr. 1, 2010 - Mar. 31, 2011)	(Apr. 1, 2011 - Mar. 31, 2012)
Service costs (Note1)	2,235	2,497
Interest costs	3,567	3,549
Expected earnings of return	(3,475)	(3,461)
Amortization of actuarial differences	4,039	6,417
Amortization of prior service cost	(217)	(210)
Contributions to multiple employer pension system	8	8
Severance and pension benefit costs	6,157	8,800
Other (Note3)	870	912
Severance and pension benefit costs	7,027	9,712

(Notes)

1. Some of the subsidiaries that adopted a simplified method in calculating retirement benefit obligation include such severance and pension cost in the service costs.
2. In addition to the retirement benefit expenses listed above, ¥482 million of special retirement benefits were recorded as an extraordinary loss in the previous fiscal year, and ¥109 million were recorded as an extraordinary loss in the fiscal year under review.
3. “Other” is contributions to defined benefit pension plans.

4. Basic assumptions for calculating retirement benefit obligation

(1) Period allocation method for estimated retirement benefits:
Fixed period standard

(2) Discount rate:

Apr.1, 2010- Mar.31, 2011	Apr.1, 2011- Mar.31, 2012
2.5%	2.5%

(3) Expected rate of return:

Apr.1, 2010- Mar.31, 2011	Apr.1, 2011- Mar.31, 2012
2.5%	2.5%

(4) Number of years for amortization of unrecognized prior services cost:
10 years
(to be charged to expense based on the straight-line method within the average remaining service period of employees)

(5) Number of years for amortization of unrecognized actuarial differences:
10 years
To be charged to expense from the following consolidated financial year based on the straight-line method within the average remaining service period of employees calculated in the previous period.
Actuarial calculation discrepancies that arose prior to the integration are expensed from the fiscal year following the year in which they arise based on the straight-line method.
Former-Tanabe Seiyaku retirement benefit system : 13 years
Former-Mitsubishi Pharma retirement benefit system and certain subsidiaries: 5 years

5. Items related to the multiple employer system for treatment of amounts paid as retirement benefit expenses

A) As of March 31, 2011

(1) Overall system reserves (as of March 31, 2010)

Pension fund assets	¥254,274 million
Benefit obligations calculated under pension financing	¥365,248 million
Difference	(¥110,974 million)

(2) Group's percentage of contributions to overall fund (as of March 31, 2010)
0.15%

Note: This percentage is not the same as the Group's actual percentage of obligations.

B) As of March 31, 2012

(1) Overall system reserves (as of March 31, 2011)

Pension fund assets	¥239,856 million
Benefit obligations calculated under pension financing	¥363,315 million
Difference	(¥123,459 million)

(2) Group's percentage of contributions to overall fund (as of March 31, 2011)
0.14%

Note: This percentage is not the same as the Group's actual percentage of obligations.

(Notes relating to deferred tax accounting) (millions of yen)

1. Significant components of the deferred tax assets and liabilities are as follows:

	As of March 31, 2011	As of March 31, 2012
Deferred tax assets		
Accrued bonuses	4,539	4,089
Enterprise taxes payable	1,382	808
Losses resulting from revaluation of inventory	2,121	2,007
Unrealized gains on inventory	2,220	1,980
Accrued employees' retirement benefits	201	228
Reserve for health management allowances for SMON compensation	500	478
Reserve for health management allowances for HIV compensation	614	522
Reserve for HCV litigation	1,878	955
Write-down of stock	110	96
Excess of amortization of long-term prepaid expenses	4,726	4,480
Prepaid research and development expenses	12,718	9,796
Net operating loss carryforwards	17,943	16,833
Depreciation	1,697	1,364
Loss on impairment of fixed assets	1,464	1,425
Other	3,360	1,163
Gross deferred tax assets	55,473	46,224
Valuation allowance	(18,320)	(17,056)
Total deferred tax assets	37,153	29,168
Deferred tax liabilities		
Prepaid pension costs	(4,295)	(4,690)
Unrealized holding gains on securities	(5,057)	(6,103)
Deferred gains on sale of fixed assets	(1,834)	(1,510)
Reserve for special depreciation	(1)	-
Unrealized holding gains on land	(10,888)	(8,618)
Other	(188)	(355)
Total deferred tax liabilities	(22,263)	(21,276)
Net deferred tax assets	14,890	7,892

(Notes)

Net deferred tax assets is included in the following items of the consolidated balance sheets.

Deferred income taxes in current assets	12,551	9,343
Deferred income taxes in fixed assets	13,789	7,898
Other in current liabilities	-	11
Deferred income taxes in long-term liabilities	11,450	9,338

2. The following table summarizes the significant differences between the statutory tax rate and the actual effective tax rate.

	As of March 31, 2011	As of March 31, 2012
	%	%
Statutory tax rate	40.6	40.6
(Adjustments)		
Amortization of goodwill	6.3	6.4
Non-deductible expenses	2.7	2.8
Non-taxable dividend income, etc.	(2.0)	(1.9)
Elimination of dividends upon consolidation	1.7	1.6
Adjustment for per capital inhabitants tax	0.2	0.2
Special deduction for R&D expenses	(7.7)	(9.2)
Decrease(increase) in valuation allowance	0.1	(0.2)
Effect of revised corporate tax rate	-	(1.3)
Other	(0.6)	(0.5)
Actual effective tax rate	41.3	38.5

3. Change in amounts of deferred tax assets and deferred tax liabilities due to change in tax rate

———————

Due to the promulgation on December 2, 2011, of the Law to Revise the Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure, and The Act on Special Measures for Securing the Financial Resources to Implement the Restoration from the Tohoku Earthquake, the effective statutory tax rate used to measure deferred tax assets and liabilities in the fiscal year under review has been changed from 40.6% used in the previous fiscal year to 37.9% for items expected to be eliminated from fiscal years beginning in the period from April 1, 2012, to March 31, 2015, and to 35.5% for items expected to be eliminated in fiscal years beginning on or after April 1, 2015.

As a result of this change, the net amount of deferred tax assets increased by ¥828 million, deferred gain on hedges increased by ¥4 million, income taxes-deferred decreased by ¥839 million, and unrealized holding gains on securities decreased by ¥15 million.

(Business combination related)

Fiscal year under review (April 1, 2011 to March 31, 2012)

No applicable items.

(Segment Information)

Segment information

1.Overview of Reportable Segments

The Company conducts business activities centered on the research and development, manufacturing, procurement, and sales of pharmaceuticals, and “Pharmaceuticals” is a reportable segment.

In Pharmaceuticals, the Company conducts business activities related to ethical drugs and OTC drugs in Japan and overseas.

2. Method of calculating amounts of net sales, profit/loss, assets, liabilities, and other items by reportable segment

“Pharmaceuticals” is the Company's only reportable segment, and as a result presentation has been omitted.

3. Information regarding amounts of net sales, profit/loss, assets, liabilities, and other items by reportable segment

“Pharmaceuticals” is the Company's only reportable segment, and as a result presentation has been omitted.

4. Differences between totals for reportable segments and amounts presented in consolidated financial statements and major details about such differences (items related to adjustment of such differences)

“Pharmaceuticals” is the Company's only reportable segment, and as a result presentation has been omitted.

Related information

Previous fiscal year (April 1, 2010 - March 31, 2011)

1. Information by product/service

Sales of products/services to external customers in a single segment account for more than 90% of net sales in the consolidated statements of income, and as a result presentation has been omitted.

2. Information by region

(1) Net sales

Sales of products/services to external customers in Japan account for more than 90% of net sales in the consolidated statements of income, and as a result presentation has been omitted.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan accounts for more than 90% of property, plant and equipment in the consolidated balance sheets, and as a result presentation has been omitted.

3. Information by major customer

Customer name	Net sales	Related segment name
SUZUKEN CO., LTD.	72,453	Pharmaceuticals
Toho Pharmaceutical Co., Ltd.	67,643	Pharmaceuticals
MEDICEO CORPORATION	58,570	Pharmaceuticals
Alfresa Corporation	56,377	Pharmaceuticals

Fiscal year under review (April 1, 2011 - March 31, 2012)

1. Information by product/service

Sales of products/services to external customers in a single segment account for more than 90% of net sales in the consolidated statements of income, and as a result presentation has been omitted.

2. Information by region

(1) Net sales

Sales of products/services to external customers in Japan account for more than 90% of net sales in the consolidated statements of income, and as a result presentation has been omitted.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan accounts for more than 90% of property, plant and equipment in the consolidated balance sheets, and as a result presentation has been omitted.

3. Information by major customer

Customer name	Net sales	Related segment name
SUZUKEN CO., LTD.	74,484	Pharmaceuticals
Toho Pharmaceutical Co., Ltd.	68,837	Pharmaceuticals
MEDICEO CORPORATION	58,305	Pharmaceuticals
Alfresa Corporation	57,092	Pharmaceuticals

3. Information regarding impairment losses on fixed assets by reportable segment

Previous fiscal year (April 1, 2010 - March 31, 2011)

“Pharmaceuticals” is the Company's only reportable segment, and as a result presentation has been omitted.

Fiscal year under review (April 1, 2011 - March 31, 2012)

“Pharmaceuticals” is the Company's only reportable segment, and as a result presentation has been omitted.

4. Information regarding amount of amortization of goodwill and unamortized balance by reportable segment

Previous fiscal year (April 1, 2010 - March 31, 2011)

“Pharmaceuticals” is the Company's only reportable segment, and as a result presentation has been omitted.

Fiscal year under review (April 1, 2011 - March 31, 2012)

“Pharmaceuticals” is the Company's only reportable segment, and as a result presentation has been omitted.

5. Information regarding gain on negative goodwill by reportable segment

Previous fiscal year (April 1, 2010 - March 31, 2011)

Not applicable.

Fiscal year under review (April 1, 2011 - March 31, 2012)

Not applicable.

(Per-Share Data) (yen)

Apr.1, 2010-Mar.31, 2011		Apr.1, 2011-Mar.31, 2012	
Net assets per share	1,230.16	Net assets per share	1,275.85
Net income per share	67.27	Net income per share	69.54
Fully diluted net assets per share are not presented because there are no potential shares.		Fully diluted net assets per share are not presented because there are no potential shares.	

(Notes) 1. Net income per share and diluted net income per share are calculated as follows:

	Apr.1,2010-Mar.31,2011	Apr.1,2011-Mar.31,2012
Net income per share		
Net income (millions of yen)	37,747	39,014
Amount not belonging to shareholders of common stock (millions of yen)	-	-
Net income related to common stock (millions of yen)	37,747	39,014
Average number of shares of common stock outstanding (thousand shares)	561,110	561,053

2. Net assets per share are calculated as follows:

	Apr.1,2010-Mar.31,2011	Apr.1,2011-Mar.31,2012
Total net assets (millions of yen)	695,959	721,485
Amount deducted from total net assets (millions of yen)	5,758	5,740
[Including minority interests] (millions of yen)	[5,758]	[5,740]
Net assets at year-end available to common stock (millions of yen)	690,201	715,745
Number of shares of common stock at year-end used in the calculation of net assets per share (thousand shares)	561,064	560,994

(Subsequent Event)

・Fiscal year under review (April 1, 2011 to March 31, 2012)

The Japanese Red Cross Society and Mitsubishi Tanabe Pharma Corporation, in accordance with a basic agreement reached on June 17, 2011, have carefully considered the integration of the plasma fractionation operations of the Japanese Red Cross Society and Benesis Corporation, a wholly owned subsidiary of Mitsubishi Tanabe Pharma Corporation that is engaged in the production and sale of fractionation products. The two parties agreed a contract about the integration of the plasma fractionation operations on May 7, 2012.

The two parties have agreed to establish the "Japan Blood Products Organization" and to transfer their plasma fractionation operations to the new organization, with operations scheduled to commence on October 1, 2012.

The organization will secure sound operations by leveraging economies of scale to reduce costs at the production and supply stages.

The Japanese Red Cross Society and Mitsubishi Tanabe Pharma Corporation believe that Japan Blood Products Organization will make a broad contribution to enhancing the health of people in Japan in the years ahead by contributing to the achievement of national self-sufficiency in plasma fractionation products on securing a stable supply of safe blood products.

The amount of assets related to the plasma fractionation products operations for Benesis, which will be transferred will be determined at a later date, but the total assets, net sales, and number of employees of Benesis for the fiscal year ended March 2012 are as follows.

Total assets(As of March 31, 2012):32.0 billion
Net sales(April 1, 2011 to March 31, 2012):19.5 billion
Number of employees(As of March 31, 2012):565

(5) Other

The situation in major court action was as follows:

【Court action for damages relating to HCV (hepatitis C virus) infection】

Since 2002, the Company and its subsidiary Benesis Corporation, together with the Japanese government and other parties, have been defendants in lawsuits in which the plaintiffs seek compensation for damages allegedly suffered through HCV (hepatitis C virus) infection following use of a fibrinogen product or a blood coagulant factor IX product (Christmassin) sold by the former Green Cross Corporation, one of the predecessors of the Company. However, to resolve these lawsuits, on January 16, 2008, Japan's government promulgated and put into effect "the Special Relief Law Concerning the Payment of Benefits to Relieve the Patients of Hepatitis C Infected through Specified Fibrinogen Preparations and Specified Blood-Coagulation Factor IX Preparations Contaminated by Hepatitis C Virus" (the Relief Law). Subsequently, on September 28, 2008, a "basic agreement" for the conclusion of the court action was signed with the nationwide plaintiff group.

After the Relief Law was put into effect, in accordance with the procedures determined by the law, patients filed a lawsuit against the government and established their eligibility for relief. Subsequently, a settlement with the government was reached, with relief for the patients provided through the payment of benefits.

In regard to the expense of relief payments under the Relief Law, the burden of that expense and the method of sharing that burden were the subject of discussions with the Minister of Health, Labour and Welfare, and those standards were announced by the Minister of Health, Labour and Welfare on April 10, 2009.

In order to reach a full resolution of the issue of HCV infection through use of specific fibrinogen products or specific coagulation factor IX products, the Company is committed to continued earnest engagement in the future.

【Court action for damages relating to HIV (human immunodeficiency virus) infection】

The former Green Cross Corporation, one of the predecessors of the Company, together with the Japanese government and four other pharmaceutical manufacturers were named as defendants in a number of lawsuits for compensation filed by the plaintiffs claiming to have been infected with HIV (human immunodeficiency virus) through use of non-heat-treated concentrated preparations.

During the period from the first settlement relating to the lawsuits, which was agreed to on March 29, 1996, to March 31, 2011, settlements were reached with 1,379 plaintiffs. Subsequently, on April 15, 2011, settlements were reached with three additional plaintiffs, and, on May 16, 2011, a settlement was reached with one additional plaintiff. As a result, settlements have been reached with 1,383 plaintiffs in total.

The court action has essentially terminated.

【U.S. court action for damages relating to HIV (human immunodeficiency virus) infection】

A wholly-owned U.S. subsidiary of the Company, Alpha Therapeutic Corporation, together with three other U.S. manufacturers of blood products, are defendants in a U.S. class action lawsuit filed chiefly by non-U.S. residents (residents of Europe, etc.) claiming to have been infected with HIV or other viruses by non-heat-treated concentrated preparations sold in the 1980s. In September 2010, a settlement was reached with more than 95% of the more than 2,650 plaintiffs, and as a result the

majority of this lawsuit has been concluded.
In regard to this lawsuit, Alpha Therapeutic Corporation has product liability insurance, and as to insurance coverage, negotiations with the insurance companies are underway.

【Court action regarding average wholesale price】
In the United States, the federal government and certain state governments, etc., have filed claims for damages against multiple pharmaceutical companies, including the Company's wholly owned subsidiary Alpha Therapeutic Corporation, alleging that the reporting of prices that were higher than actual sales prices resulted in an average wholesale price (AWP) that led to payments higher than past payments under public reimbursement systems. These suits are currently pending. In certain of the AWP lawsuits, settlements have been reached with the plaintiffs.