Summary of Financial Results for year ended March 31, 2015
(Japan GAAP) (Consolidated)

May 8, 2015

Company name: Mitsubishi Tanabe Pharma Corporation
Stock exchange listings (Section): Tokyo
Securities code number: 4508
URL: http://www.mt-pharma.co.jp/
Representative: Name: Masayuki Mitsuka
Title: President and Representative Director
For further information, please contact: Name: Kenji Hara
Title: General Manager, Corporate Communications Department
Telephone: (06) 6205-5211

Planned date of ordinary general meeting of shareholders: June 19, 2015
Planned date of start of dividend payments: June 22, 2015
Planned date of filing of securities report: June 19, 2015
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.
Percentage changes in the list show change in comparison with the previous year.

1. Results for Fiscal 2014 (April 1, 2014 to March 31, 2015)

(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 2014	415,124	0.6	67,133	13.6	67,654	9.3	39,502	(13.0)
Fiscal 2013	412,675	(1.6)	59,119	(14.3)	61,873	(10.8)	45,393	8.4

(Note) Comprehensive Income ¥51,358 million, 4.6% (¥49,115 million, (11.6)% in fiscal 2013)

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
Fiscal 2014	70.41	–	5.1	7.5	16.2
Fiscal 2013	80.92	–	6.0	7.1	14.3

(Note) Equity in earnings (losses) of non-consolidated subsidiaries ¥32 million (¥595 million in fiscal 2013)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Yen million	Yen million	%	Yen
Fiscal 2014	929,301	800,434	84.9	1,406.41
Fiscal 2013	886,476	777,837	86.4	1,365.52

(Note) Shareholders' equity ¥788,979 million (¥766,046 million in fiscal 2013)

(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 2014	68,167	(59,834)	(21,884)	73,337
Fiscal 2013	69,896	(24,344)	(21,098)	84,957

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 2013	–	20.00	–	20.00	40.00	22,439	49.4	3.0
Fiscal 2014	–	20.00	–	22.00	42.00	23,561	59.6	3.0
Fiscal 2015 (projected)	–	22.00	–	22.00	44.00		60.9	

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

	Net sales		Operating income		Ordinary income	
	Yen million	% change	Yen million	% change	Yen million	% change
Interim	191,500	(3.7)	28,000	(19.9)	28,000	(21.0)
Full year	396,000	(4.6)	67,500	0.5	67,000	(1.0)

	Net income attributable to shareholders of the Company		Net income per share
	Yen million	% change	Yen
Interim	19,000	(41.6)	33.87
Full year	40,500	2.5	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.

***Notes**

(1) Significant change involving subsidiaries during the period: No
(Change in designated subsidiaries accompanying changes in the scope of consolidation)

(2) Changes in accounting policies, changes in accounting estimates, restatements
1. Change accompanying revision of accounting standards: Yes
2. Other changes: No
3. Change in accounting estimates: No
4. Restatements: No
(Note) For detailed information, please see "Change in accounting policies" on page 28.

(3) Number of shares issued (common stock)
1. Number of shares issued at the end of the period (including treasury stock)
Fiscal 2014 561,417,916 shares Fiscal 2013 561,417,916 shares
2. Number of shares of treasury stock at the end of the period
Fiscal 2014 428,340 shares Fiscal 2013 426,862 shares
3. Average number of shares of during the period
Fiscal 2014 560,990,460 shares Fiscal 2013 560,992,141 shares

*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
(Note about forward-looking information)
In these materials, forecasts of results and other statements about the future are forward-looking statements based on a number of assumptions and beliefs in light of the information available to management as of the date of release of the materials and are subject to risks and uncertainties. Accordingly, the Company cannot make promises to achieve such forecasts. Actual financial results may differ materially from these forecasts depending on a number of important factors.
For matters related to 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 11, 2015 (Monday).
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 this fiscal year under review (April 1, 2014 to March 31, 2015), the domestic economy showed signs of a gradual recovery and corporate profits show an improvement against the background of economic and financial policies by the Government and the Bank of Japan. However, slowing down of overseas economies is still downside risk of the Japanese economy. Accordingly, it remains difficult to predict the future course of business conditions.

In the pharmaceutical industry, with such factors as strengthened drug cost-cutting measures, increased R&D expenses, a decline of success probability in creating new drugs and a changing of medical needs, market conditions are suddenly challenging.

Under this circumstance, consolidated operating results in this fiscal year were as follows.

(millions of yen)

	Fiscal 2013	Fiscal 2014	Increase/ decrease	% change
Net Sales	412,675	415,124	2,449	0.6
Cost of sales	169,363	169,605	242	0.1
Cost of sales ratio	41.0	40.9		
Gross profit	243,312	245,519	2,207	0.9
SG&A expenses	184,193	178,386	(5,807)	(3.2)
Operating Income	59,119	67,133	8,014	13.6
Non-operating income/loss	2,754	521	(2,233)	
Ordinary Income	61,873	67,654	5,781	9.3
Extraordinary income/loss	10,568	(4,977)	(15,545)	
Net Income	45,393	39,502	(5,891)	(13.0)

【Net sales】

Net sales increased 0.6%, or ¥2.4 billion, to ¥415.1 billion.

(millions of yen)

	Fiscal 2013	Fiscal 2014	Increase/ decrease	% change
Pharmaceuticals	411,631	414,686	3,055	0.7
Domestic ethical drugs	341,733	323,910	(17,823)	(5.2)
Overseas ethical drugs	22,025	23,031	1,006	4.6
OTC products	4,465	3,997	(468)	(10.5)
Others in Pharmaceuticals	43,408	63,748	20,340	46.9
Others	1,044	438	(606)	(58.0)

In the pharmaceuticals segment, net sales were ¥414.6 billion, up 0.7%, or ¥3.0 billion, year-on-year.

- In the domestic sales of ethical drugs, favorable sales growth was recorded by Remicade, an anti-TNF α monoclonal antibody and TENELIA, for the treatment of type2 diabetes mellitus. However, there were the growing impact of generics and NHI price revision in April 2014. As a result, the domestic sales of ethical drugs decreased 5.2%, year-on-year, to ¥323.9 billion.

- Overseas sales of ethical drugs were ¥23.0 billion, up 4.6%, year-on-year, due to depreciation of the yen.
- Sales of others in pharmaceuticals increased 46.9%, year-on-year, to ¥63.7 billion due to the increase in royalty revenue from Gilenya, for the treatment of multiple sclerosis, licensed to Novartis and from INVOKANA and the fixed dose combination with metformin (IR), for the treatment of type2 diabetes mellitus, licensed to Janssen Pharmaceuticals.

【Operating income】

Operating income was ¥67.1 billion, up 13.6%, or 8.0 billion, year-on-year.

- Despite the influence of NHI drug price revision, gross profit increased ¥2.2 billion, year-on-year, to ¥245.5 billion due to the increase in royalty revenue. As a result, the cost of sales ratio improved by 0.1 percentage points, year-on-year, to 40.9%.
- SG&A expenses decreased ¥5.8 billion, year-on-year, to ¥178.3 billion due to the decrease in the labor cost accompanying the decrease in retirement benefit expenses and R&D expenses related to the progress of development phase.

【Ordinary income/ Net income】

Ordinary income was up 9.3%, or ¥5.7 billion, year-on-year, to ¥67.6 billion, and net income was down 13.0%, or ¥5.8 billion, year-on-year, to ¥39.5 billion.

- Foreign exchange gain decreased to ¥0.3 billion (foreign exchange gain was ¥2.5 billion in the previous fiscal year). As a result, non-operating income and loss worsened by ¥2.2 billion, year-on-year.
- Extraordinary income was ¥13.6 billion, mainly because the Company recorded gain on sales of property, plant and equipment, such as sales of former Nihonbashi Building. In the previous fiscal year, the Company recorded extraordinary income of ¥15.3 billion, such as profit on arbitration award.
- Extraordinary loss was ¥18.6 billion, including restructuring expenses, such as sales of Kashima Plant and the closing of Kazusa Office, related to one of the strategic challenges of Medium-Term Management Plan; "accelerating operational and structural reforms." In the previous fiscal year, the Company recorded extraordinary loss of ¥4.7 billion, such as special retirement expenses.

【Comprehensive income】

Net income before minority interests was ¥37.2 billion, and other comprehensive income was 14.0 billion. As a result, comprehensive income was ¥51.3 billion. Comprehensive income attributable to shareholders of the Company was ¥53.6 billion.

② R&D activities

The Group is advancing R&D activities in Japan and other various countries in order to continuously provide global new drug. The Company strives for providing unique value earlier than others with focus on four primary disease areas, autoimmune disorders, diabetes/renal diseases, central nervous system diseases and vaccines. And the Company will keep on strenghening the pipeline through the aggressive introduction of products and technologies.

In this fiscal year, with regard to TA-7284 (Canagliflozin, SGLT2 inhibitor), the Company received approval and launched CANAGLU for an indication of type2 diabetes mellitus in Japan. In the meantime, phase 3 clinical trials for the fixed dose combination of Teneligliptin (product name: TENELIA, in-house product, DPP-4 inhibitor) and Canagliflozin were commenced in Japan. In addition, the Company joined the global clinical study for diabetic nephropathy of TA-7284 conducted by Janssen pharmaceuticals, Inc.

Concerning central nervous system diseases, Asian clinical trial of MP-214 for schizophrenia in the late stage of

clinical development and the global clinical study of MT-4666 for Alzheimer's disease are ongoing.
In March 2015, the Company introduced NBI-98854(MT-5199) inhibits VMAT2 from Neurocrine Biosciences, Inc. and strengthened the pipeline of central nervous system disease area. Hereafter the Company plans to move ahead with the development of NBI-98854 for indications of Huntington's disease and tardive dyskinesia.
For the fiscal year, R&D expenses were ¥69.6 billion, accounting for 16.8% of net sales. Progress in major clinical development activities in the year under review was as follows:

Acquisition of approval

- In July 2014, approval was received for type 2 diabetes mellitus for TA-7284 in Japan.
- In September 2014, approval was received for an indication of Chronic hepatitis C (genotype 2) for Telavic, in Japan.

Applications filed

- In May 2014, the Company filed an NDA for an additional indication of pediatric diseases for TALION in Japan.
- In October 2014, the Company filed an NDA for an indication of Bechet's disease with special lesions for Remicade in Japan.
- In October 2014, the Company filed an NDA for an indication of amyotrophic lateral sclerosis for Radicut in Japan.
- In March 2015, the Company filed an NDA for an indication of type 2 diabetes mellitus for TA-7284 in Taiwan.

In addition, in April 2015, the Company filed an NDA for an indication of prophylaxis of pertussis, diphtheria, and tetanus; stage 2 vaccination for Tribic in Japan. Moreover, in the same month, the Company filed an NDA for an indication of type 2 diabetes mellitus for MP-513 (Teneligliptin) in Indonesia.

Clinical trials started and advanced

- In April 2014, the Company started phase 3 clinical trials for an indication of prophylaxis of pertussis, diphtheria, and tetanus; stage 2 vaccination for Tribik jointly with the Research Foundation for Microbial Disease of Osaka University in Japan.
- In May 2014, the Company started phase 2 clinical trials for MT-2301 (Hib vaccine) in Japan.
- In August 2014, the Company started phase 2 clinical trials for seasonal influenza vaccine (plant-based VLP vaccine) in the U.S. and Canada.
- In September 2014, the Company started phase 3 clinical trials for MT-2412 (the fixed dose combination of Teneligliptin and Canagliflozin / type 2 diabetes mellitus) in Japan.

In addition, the Company participated in the global clinical trial of diabetic nephropathy for Canaglu held by Janssen Pharmaceuticals.

Development of Out-Licensed Products

- Licensee Janssen Pharmaceuticals received approval for the fixed dose combination of Canagliflozin with metformin (IR) in EU in April 2014 and in the U.S. in August 2014 (European product name: VOKANAMET / American product name: INVOKAMET).
- In April 2014, licensee Handok Pharmaceuticals received approval for type2 diabetes mellitus for MP-513 (Teneligliptin) in Korea. In addition, Handok Pharmaceuticals filed an NDA for three dosages of fixed dose combination of metformin (XR) with MP-513 (Teneligliptin) from October to December 2014, and received these approvals in March 2015 in Korea.
- In August 2014, licensee Kyowa Hakko Kirin started phase 2 clinical trials for an indication of secondary

heyperparathyrodism in hemodialysis patients for MT-4580 in Japan.

③ Alliances

The Group is promoting not only utilization of the management resources, but also, strategic alliances with others to carry out the management tasks.
Main alliances are as follows:

Gilenya business with Novartis Pharma AG

The Company grants Novartis the license for development and commercialization of Gilenya in worldwide except for Japan. Novartis has received approval and launched in the U.S. and EU.
The Company receives the royalty income based on Gilenya sales in U.S. and EU from Novartis.

Invokana business with Janssen Pharmaceuticals, Inc.

The Company grants Janssen the license for development and commercialization of Invokana in worldwide except for Japan and some Asian countries. Janssen has received approval for Invokana and the fixed dose combination with Metformin (IR) and launched in the U.S. and EU.
The Company receives the royalty income based on Invokana and the fixed dose combination from Janssen.

Sales alliance with Daiichi Sankyo Co., Ltd.

Daiichi Sankyo and the Company are promoting strategic alliance in respect to Tenelia and Canaglu, type 2 diabetes mellitus for the purpose of contribution to type 2 diabetes mellitus treatment in Japan.

Sales alliance with Mochida Pharmaceutical Co., Ltd.

The Company and Yoshitomi Yakuhin conduct collaborative sales and promotion for Lexapro, antidepressants, with Mochida.

Collaborative research with AstraZeneca

The Company and AstraZeneca conduct collaborative research in the area of diabetic nephropathy. The aim of the research collaboration is to leverage complementary strengths, expertise and assets to validate and progress novel research targets and molecules into clinical development.

Collaborative research with Kyoto University

Kyoto University and the Company conduct research and development alliance regarding “Basic and clinical research project for Discovering Innovative Treatment for Chronic Kidney Disease”.

④ Forecasts for the current fiscal year (ending March 2015)

In the fiscal year ending March 31, 2016, the Company expects an increase of royalty revenue from licensed Gilenya, INVOKANA and the fixed dose combination. However, in domestic sales of ethical drugs, the Company expects decreased sales due to the ending of the marketing agreement for plasma fractionation products.

In profits, the Company anticipates the increase of royalty revenue and the improvement in cost of sales ratio due to the transfer of plasma fractionation products sales. In addition, the Company expects to make efforts to reduce costs associated with structural reforms and to offset the increase of R&D expenses with the decrease of labor costs accompanying the decrease in retirement benefit expenses. As a result, the Company is forecasting a slight increase in operating income. On the other hand, the Company is forecasting a decrease in ordinary income due to the reduction of foreign exchange gain, and a increase in net income due to the decrease in tax expenses.

(millions of yen)

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

(2) Financial Position

① Assets, liabilities and net assets

(millions of yen)

	Fiscal 2013	Fiscal 2014	Change
Current assets	540,492	603,649	63,157
Fixed assets	345,984	325,652	(20,332)
Total assets	886,476	929,301	42,825
Liabilities	108,639	128,867	20,228
Net assets	777,837	800,434	22,597
Total liabilities and net assets	886,476	929,301	42,825

At the end of the year under review, total assets were ¥929.3 billion, up ¥42.8 billion year-on-year. Major factors causing changes in the balance sheet in comparison with the previous year-end were as follows.

- Cash and time deposits and deposits increased. Consequently, total current assets were up ¥63.1 billion, to ¥603.6 billion.
- Fixed assets were down ¥20.3 billion from the previous fiscal year-end, to ¥325.6 billion. Intangible fixed assets decreased.
- Income taxes payable and accounts payable, other increased. Consequently, total liabilities were up ¥20.2 billion, to ¥128.8 billion.
- Total net assets were up ¥22.5 billion, to ¥800.4 billion. Net income was ¥39.5 billion, and dividends paid totaled ¥22.4 billion and the adjustment at the beginning of the current fiscal year with the application of revised accounting standard for retirement benefits was ¥8.3 billion. As a result, retained earnings increased by ¥8.7 billion. In addition, total accumulated other comprehensive income increased by ¥14.1 billion. The equity ratio was 84.9%, compared with 86.4% a year earlier.

② Cash flows

(millions of yen)

		Fiscal 2013	Fiscal 2014	Increase/ decrease
	Operating activities	69,896	68,167	(1,729)
	Investing activities	(24,344)	(59,834)	(35,490)
	Financing activities	(21,098)	(21,884)	(786)
Change in cash and cash equivalents		26,212	(11,620)	(37,832)
At beginning of year		58,745	84,957	26,212
At end of year		84,957	73,337	(11,620)

Net decrease in cash and cash equivalents was ¥11.6 billion, and the balance of cash and cash equivalents at the end of the year under review was ¥73.3 billion.

- Net cash provided by operating activities was ¥68.1 billion. Cash outflows included income taxes paid, while cash inflows included income before income taxes and minority interests exceeded cash outflows.
- Cash outflows in investing activities included purchase of marketable securities, as a result, net cash used in investing activities was ¥59.8 billion.
- Net cash used in financing activities was ¥21.8 billion, due in part to dividends paid.

③ Cash Flow Indicators

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Shareholders' equity ratio(%)	84.3	87.3	86.3	86.4	84.9
Shareholders' equity ratio (market price) (%)	92.5	79.4	93.5	91.3	124.5
Ratio of interest-bearing debt to cash flow (years)	0.0	0.1	0.0	0.1	0.0
Interest coverage ratio	4,219.1	4,138.6	1,009.8	768.1	282.9

*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 for future growth. Under the Medium-Term Management Plan 11-15, in addition to profit growth, the basic for the dividend payout ratio is 50% (the basic for the dividend payout ratio, before amortization of goodwill, is 40%), and the Company will work to provide an enhanced return to shareholders.

In the fiscal year, net income was slightly lower than the forecast because the Company recorded a significant extraordinary loss, such as restructuring expenses. On the other hand, operating income was largely exceed the forecast due to the growth of the priority ethical pharmaceuticals, the increase in royalty revenue, and the cost saving effective related to the reorganizing operations. As a result, the Company forwards with the strengthening our earnings structure.

In accordance with this situation and its basic policy on the distribution of earnings, the Company set year-end dividends at ¥22.0 per share. In conjunction with the interim dividends, this resulted in annual dividends of ¥42.0 per share.

For the current fiscal year, dividends of ¥44.0 per share are planned, including interim dividends of ¥22.0 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 2014 (ended March 31, 2015).

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 to meet certain standards, 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 greater diversity of backgrounds than under clinical trials, 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 that is the official price of pharmaceuticals or its system; 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 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 those 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, development 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, 2015, overseas sales accounted for 18.8% 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 2015, the Group held marketable securities of ¥118.8 billion and investments in securities of ¥76.3 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 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) 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 Special Law). In regard to the expenses associated with the relief payments under the Special 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 paid expenses. For this expense burden, the Company booked ¥25.0 billion of provision, then ¥23.0 billion have been paid out as of the end of March 2015. However, due to changes in the expected number of benefits recipients or the revision of the Special Law, the Group's financial position or results could be significantly affected.

The standards to determine 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 confidential information, including personal information, and in the event that information is leaked outside due to inappropriate handling, 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 manufacturing 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. As for some of these products the Group is subject to laws and regulations related to the Narcotics and Psychotropic Substances Control Law.

In conjunction with operating pharmaceutical manufacturing and sales in overseas, the Group is subject to the pharmaceutical regulations of the countries concerned. The Group receives permissions as necessary.

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.

⑯ 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.

⑰ Relationship with parent company and other group companies

ⅰ.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:

・conclusion of the deposition contract of money with the parent company
・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
・conclusion of the contract about a burden of operational expenses with the parent company

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

ⅱ. Personnel relationships with Mitsubishi Chemical Holdings Group

(a) Concurrent serves of directors and corporate auditors

As of the filing date of this report, one corporate auditor of Mitsubishi Chemical Holdings Corporation (MCHC) group companies is concurrently serving as a corporate auditor (non-full time) of the Company. And one representative director (Mitsubishi Chemical Holdings Corporate Stuff Inc.) is concurrently serving as a director of the Company.

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

(b) Acceptance of MCHC group employee

The Group has accepted some employees from MCHC group with such objectives as enhancing links among each division.

ⅲ. 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 transactions or the capital relationship with 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 2015, the Mitsubishi Tanabe Pharma Group comprised 32 companies – Mitsubishi Tanabe Pharma Corporation (the Company), its parent company, 29 subsidiaries (28 consolidated subsidiaries, 1 non-consolidated subsidiary), and 1 affiliate. 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, OTC switch products 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. OTC switch products are drugs which are not settled their risk because they have just switched from ethical pharmaceuticals to OTC.

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 (FY2014)
Ethical drugs	Remicade	Rheumatoid arthritis (RA), active Crohn's disease, Behcet's disease with refractory uveoretinitis, psoriasis, ankylosing spondylitis and ulcerative colitis	Domestic : ¥70.6 billion Overseas : ¥0.0 billion
	Talion	Allergic rhinitis, urticaria, pruritus accompanying dermatitis	Domestic : ¥16.0 billion Overseas : ¥0.7 billion
	Ceredist	Improvement of ataxia caused by spinocerebellar degeneration	Domestic : ¥15.7 billion Overseas : ¥0.0 billion
	Maintate	Essential hypertension, angina pectoris, ventricular extrasystole, chronic heart failure, atrial fibrillation	Domestic : ¥14.1 billion Overseas : ¥0.1 billion
	Venoglobulin-IH	Severe infection, idiopathic thrombocytopenic purpura, Kawasaki disease, etc.	Domestic : ¥11.6 billion Overseas : —
	Kremezin	Improvement of symptoms of uremia in chronic renal failure, control of the decline of kidney function and delay of the commencement of dialysis	Domestic : ¥10.5 billion Overseas : —

	Product name	Efficacy	Sales (FY2014)
Ethical drugs	Simponi	Rheumatoid arthritis (RA)	Domestic : ¥10.5 billion Overseas : ¥0.9 billion
	Urso	Liver function in chronic liver disease and hepatitis C, dissolution of gall stones	Domestic : ¥10.0 billion Overseas : ¥0.0 billion
	Anplag	Ischemic symptoms associated with chronic arterial occlusion, such as ulcer, pain and coldness of limbs	Domestic : ¥8.3 billion Overseas : ¥1.0 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 : ¥8.1 billion Overseas : ¥0.5 billion
	Lexapro	Depression, depressive symptoms	Domestic : ¥8.0 billion Overseas : —
	Tenelia	Type 2 diabetes mellitus	Domestic : ¥6.2 billion Overseas : ¥0.0 billion
	Herbesser	Essential hypertension, angina pectoris, variant angina pectoris, etc.	Domestic : ¥5.5 billion Overseas : ¥6.5 billion
	Vaccines	Mearubik (measles/rubella prevention), HA flu vaccine (Influenza prevention), JEBIK V (Japanese encephalitis prevention), TETRABIK (pertussis, diphtheria, tetanus, and polio prevention), Varicella vaccine, etc.	Domestic : ¥30.3 billion Overseas : ¥0.0 billion
OTC products	Flucort	Eczema, dermatitis	Domestic : ¥2.1 billion Overseas : —
	Aspara Drink	Nutritional tonic for physical fatigue	Domestic : ¥1.0 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. Generic drugs and others are supplied from the Company to Tanabe Seiyaku Hanbai Co., Ltd, then to pharmaceutical wholesalers. Certain sales activities for the Company's products are handled by Yoshitomi Yakuhin Corporation's medical representatives.

(Overseas)

In Asia, with certain raw materials supplied by the Company, Tianjin Tanabe Seiyaku 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. MP Healthcare Venture Management, Inc. invests in recently launched bio-venture companies. In addition, Medicago, Inc. works in research and development of vaccines.

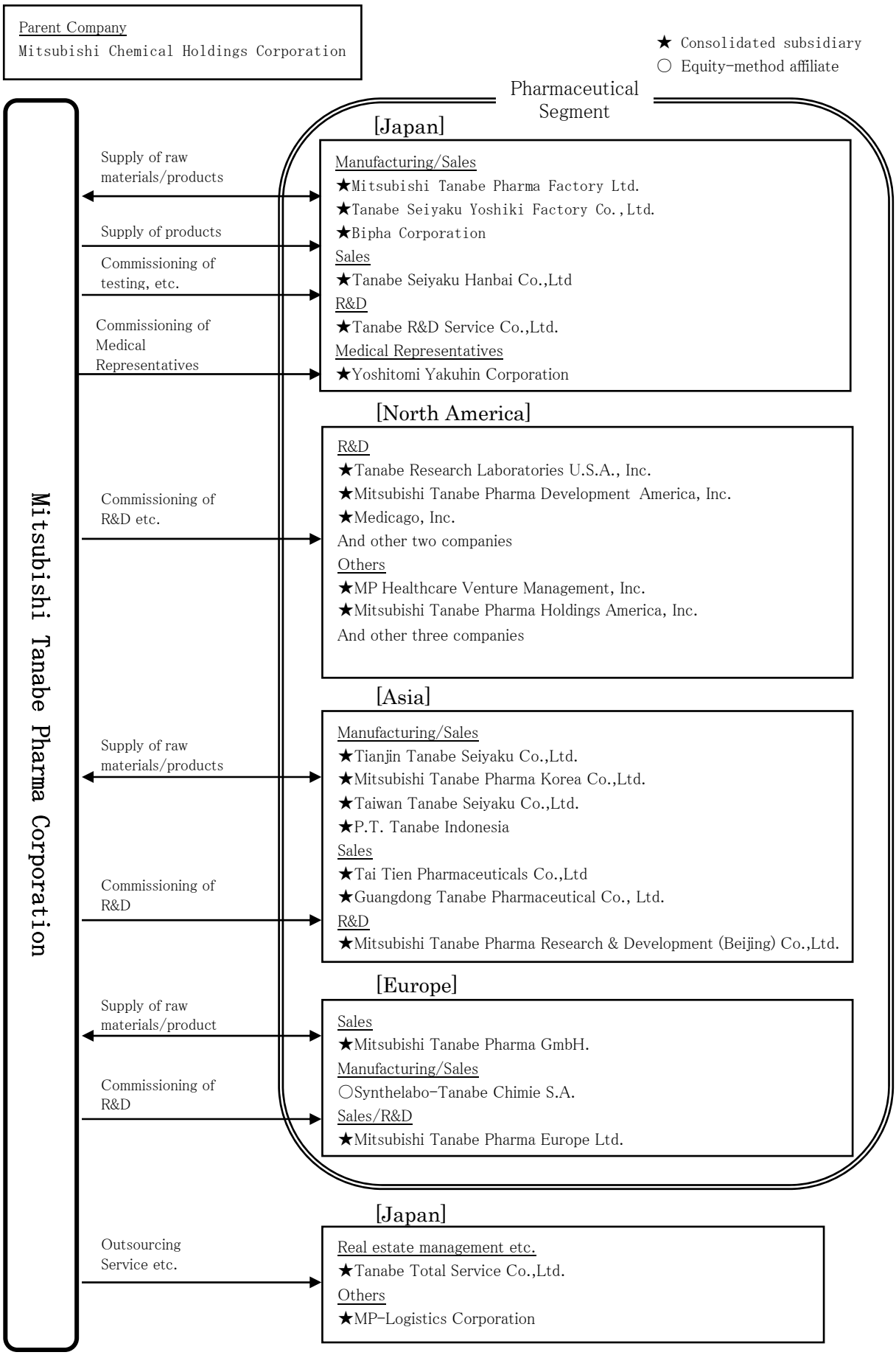
In Europe, Mitsubishi Tanabe Pharma GmbH. conducts sales. The Company also outsources certain development operations to Mitsubishi Tanabe Pharma Europe Ltd.

[Others]

Besides the pharmaceuticals businesses, real estate management and other activities are conducted in Japan.

Business organization chart is as follows;

As of March 31, 2015



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) Medium-Term Management Plan 11-15 ～New Value Creation

In 2011, the Group formulated "Medium-Term Management Plan 11-15 ～New Value Creation" (From April, 2011 to March, 2016). 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 global basis.

As a final year of this mid-term plan, the company is intending to keep on dealing with 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 in FY2015.

In addition, the Group accelerates innovative changes of corporate culture in order to cope with rapid changes in the business environment.

With emphasis on the key word of "Move", the Group deals with four Innovative Changes of: (1) Research and Development, (2) Domestic Sales and Marketing, (3) The U.S. Operations Expansion, and (4) Organizations and Actions.

Efforts to address these four innovative changes will accelerate the performance of the strategic challenges of the mid-term plan. Moreover, the efforts will establish management foundation to promote the next mid-term plan formulated in this autumn.

The details of these Innovative Changes are as follows.

(1) Innovative changes of Research and Development

In the mid-term plan, the Group defines four areas, "autoimmune disorder ", "diabetes and renal disease", "central nervous system diseases" and "vaccine" as priority disease areas.

In October 2014, the Company filed an NDA in Japan for an indication of Amyotrophic lateral sclerosis for Radicut.

In March 2014, the Company and Neurocrine Biosciences, Inc. have concluded a license agreement on NBI-98854. Through this agreement, the Company has acquired exclusive development and commercialization rights for NBI-98854 in Japan and Asian countries. NBI-98854(MT-5199) inhibits VMAT2 and it is acceptable Huntington's disease and Tardive dyskinesia.

Moreover, the Company established R&D Transformation Department in October 2014 to set up a structure to strength R&D capability and started the innovative changes.

Moving forward, the Company strives for providing unique value earlier than others and bolsters the ability to discover new drugs. In order to actively enrich the drug pipeline, the Group will continue to reinforce its foundation for the in-house drug discovery process and will promote open innovation to actively work in cooperation with the best fit partners in all scenes of drug discovery process for optimization and speed-up.

(2) Innovative changes of domestic sales structure

In addition to priority products including Remicade, the Group will also provide products newly launched in future with accurate drug information based on global evidences to as many patients in the world.

In this fiscal year, the Company had been under severe business situation mainly caused by NHI price revisions and accelerated market penetration by generic products.

Under such situation, to maximize the product's value of priority products and newly launched products promptly, the Company will implement the collaboration with other companies and the steady approach of life-cycle management. Furthermore, the Company will handle of increasing product's value of highly-vaunted drugs which are widely used in medical front, and drugs which have no alternatives.

Moreover, the Company established Sales Innovation and Strategy Department on October, 2014. The Company promotes the innovation changes such as strengthening business partnership, maximizing the new product's value and strengthening sales foundations in priority therapeutic area.

Four areas, "autoimmune disorder ", "diabetes and renal disease", "central nervous system diseases" and "vaccine" are defined as priority disease areas, as well as R&D activities. Especially, in the diabetes area, the Company launched TA-7284 (Canagliflozine) as SGLT2 inhibitor, following Tenelia as DPP-4 inhibitor on September, 2014. The Company will strive to make a further contribution to the diabetes treatment area by implementing activities to ensure the provision of accurate and detailed information regarding these two type 2 diabetes treatment agents with different mechanisms of action utilizing the information provision system established by strategic sales alliance with Daiichi Sankyo Co., Ltd.

The Group will continue to contribute the improvements in the treatment and QOL of patients through the post-marketing development of priority products and these new products.

(3) Innovative changes of the U.S. operations expansion

The U.S. market is the largest pharmaceutical market of the world and the center of new technologies creating new drugs. To improve U.S. business as major source of earnings, the Company keeps on in-house development and promotes acquisition of products, pipeline products and sales foundations.

Utilizing U.S. subsidiaries, Tanabe Research Laboratories U.S.A. Inc. and MP Healthcare Venture Management, Inc., the Company is intending to promote open innovation, strength of business development in U.S. and enrich the drug pipeline.

The Company appointed an executive officer to manage U.S. business on October, 2014 and reorganized the Group companies in U.S. in December, 2014.

Royalties of Gilenya (Novartis) and Invokana (Janssen) are currently quite major earnings drivers for the Group. The Group will actively reinvest such revenues into next innovative changes and lead to growth of the future.

(4) Innovative changes of organizations and actions

The Group will accelerate the consolidation and reorganization of the functions and facilities of research, production, and head office and establish the business organization to realize improved functions/productivity and lower costs. In addition, to focus the resources on the pharmaceutical business, the Group will implement operational restructuring measures in order to maximize enterprise value. Furthermore, by strengthening human resources / organizations, the Group will become a company continuously creates new value.

In reorganization of laboratory sites, the Company decided to close down Kazusa Office at end of FY2015 according to the reorganization plan to consolidate domestic research functions to Yokohama and Toda.

In reorganization of manufacturing sites, the Company transferred Mitsubishi Tanabe Pharma Factory's Ashikaga Plant to CMIC HOLDINGS Co., Ltd. on April 1, 2014 in accordance with the reorganization plan to consolidate manufacturing sites into Onoda and Yoshitomi. On November 2014, the Company concluded the final agreement with

Sawai Pharmaceutical Co .,Ltd. regarding the transfer of the Kashima Plant and this transfer was completed on April 1, 2014. In addition, the Company is planning to close Osaka plants by the end of FY2017.
On the other hand, in Asia, Overseas subsidiaries, Tianjin Tanabe Seiyaku Co., Ltd. and P.T. Tanabe Indonesia, built pharmaceutical production buildings on January, 2015. As a result, these companies as local manufacturing bases, will strive to ensure products quality and maintain stable supply.
In reorganization of head office functions, Kashima Office was established on July 2014, and Osaka Head Office was established on February 2015, respectively to strengthen and streamline headquarters functions.
Furthermore, the Group is addressing the business restructuring plan. According to this plan, the Company will transform its management culture into strong and lean one through the following actions without exceptions, such as re-examination of business process, reform of purchase system, personnel system reform, improvement of the organization and needed personnel and further re-examination of poorly-performing business.
In FY2014, the Company succeeded cutting cost of ¥5.5 billion exceeding the plan and is expecting effect of ¥8.0 billion or more over on accumulated basis.
In this way, with "contributing to patients" as its highest priority, the Group will strive to provide pharmaceuticals that meet medical needs in the optimal form for patients and will work to further strengthen its management systems.

4. Basic stance of the selection for accounting standards
The Group has taken the decision to voluntarily adopt IFRS from the first quarter of FY2016, for the purpose of improving the international comparability of financial information in the capital market and unifying accounting standards across the Group.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

Year / Accounts	As of March 31, 2014		As of March 31, 2015	
	Amount		Amount	
Assets				
Current assets				
Cash and time deposits	※3	27,187	※3	50,203
Notes and accounts receivable, trade		123,537		130,331
Marketable securities		106,470		118,805
Merchandise and finished goods		70,406		63,566
Work in process		998		582
Raw materials and supplies		22,296		20,943
Deposits		172,149		192,758
Deferred income taxes		8,153		8,319
Other		9,335		18,186
Less allowance for doubtful receivables		(39)		(44)
Total current assets		540,492		603,649
Fixed assets				
Property, plant and equipment				
Buildings and structures, net	※1	33,398	※1	34,480
Machinery, equipment and vehicles, net	※1	16,384	※1	11,904
Tools, furniture and fixtures, net	※1	6,017	※1	6,045
Land		38,346		34,689
Leased equipment, net	※1	542	※1	782
Construction in progress		3,653		4,597
Total property, plant and equipment		98,340		92,497
Intangible fixed assets				
Goodwill		96,180		81,517
Software		3,891		4,275
Other		33,021		31,127
Total intangible fixed assets		133,092		116,919
Investments and other assets				
Investment in securities	※2	71,583	※2	76,328
Deferred income taxes		677		763
Net defined benefit asset		16,305		15,730
Other		25,989		23,417
Less allowance for doubtful receivables		(2)		(2)
Total investments and other assets		114,552		116,236
Total fixed assets		345,984		325,652
Total assets		886,476		929,301

(millions of yen)

Year / Accounts	As of March 31, 2014	As of March 31, 2015
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable, trade	33,986	34,620
Short-term debt	1,225	—
Current maturities of long-term debt	128	132
Accounts payable, other	16,773	25,386
Income taxes payable	10,161	19,758
Reserve for employees' bonuses	10,169	9,957
Reserve for sales returns	106	127
Reserve for sales rebates	10	11
Other	9,279	15,408
Total current liabilities	81,837	105,399
Long-term liabilities		
Long-term debt, less current maturities	958	894
Deferred income taxes	13,356	9,776
Reserve for health management allowances for HIV compensation	1,576	1,700
Reserve for health management allowances for SMON compensation	2,976	2,731
Reserve for HCV litigation	2,634	2,036
Net defined benefit liability	2,146	2,456
Other	3,156	3,875
Total long-term liabilities	26,802	23,468
Total liabilities	108,639	128,867
Net assets		
Shareholders' equity		
Common stock	50,000	50,000
Capital surplus	451,186	451,186
Retained earnings	266,575	275,325
Treasury stock, at cost	(490)	(493)
Total shareholders' equity	767,271	776,018
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	8,747	14,929
Deferred (losses) gains on hedges	493	105
Translation adjustments	(2,399)	105
Remeasurements of defined benefit plans	(8,066)	(2,178)
Total accumulated other comprehensive income	(1,225)	12,961
Minority interests	11,791	11,455
Total net assets	777,837	800,434
Total liabilities and net assets	886,476	929,301

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

(Consolidated Statements of Income)

(millions of yen)

Year / Accounts	April 1, 2013– March 31, 2014 Amount		April 1, 2014– March 31, 2015 Amount	
Net sales		**412,675**		**415,124**
Cost of sales	※2	169,397	※1 ※2	169,584
Provision for sales returns		—		21
Reversal of reserve for sales returns		34		—
Gross profit		243,312		245,519
Selling, general and administrative expenses				
Advertising expenses		3,592		3,482
Sales promotion expenses		10,384		9,758
Salaries and allowances		31,574		31,438
Provision for bonuses		5,615		5,649
Retirement benefit expenses		3,006		1,277
Depreciation and amortization		1,466		1,673
Research and development expenses	※2	70,405	※2	69,600
Amortization of goodwill		10,637		10,917
Other		47,514		44,592
Total selling, general and administrative expenses		184,193		178,386
Operating income		**59,119**		**67,133**
Non-operating income				
Interest income		1,527		1,577
Dividend income		848		774
Equity in earning of affiliates		595		32
Foreign exchange income		2,527		379
Rent income		332		220
Other		1,039		779
Total non-operating income		6,868		3,761
Non-operating expenses				
Interest expense		90		223
Adjustment for salaries for employees on secondment		799		102
Donations		659		1,522
Other		2,566		1,393
Total non-operating expenses		4,114		3,240
Ordinary income		**61,873**		**67,654**
Extraordinary gain				
Gain on sales of property, plant and equipment		994	※3	12,023
Gain on sales of investment in securities		2,412		1,069
Profit on arbitration award	※5	11,011		—
Gain on step acquisitions	※6	930		—
Gain on sales of shares of subsidiaries and affiliates		—	※4	560
Total extraordinary income		15,347		13,652
Extraordinary loss				
Loss on impairment of fixed assets	※7	1,372	※7	2,565
Restructuring expenses		—	※8	12,294
Amortization of goodwill		—	※9	3,504
Loss on valuation of investment in securities		594		130
Loss on sales of investment in securities		13		71
Special retirement expenses	※10	2,603		—
Other		197		65
Total extraordinary losses		4,779		18,629
Income before income taxes and minority interests		**72,441**		**62,677**
Income taxes-current		22,377		29,805
Income taxes-deferred		4,655		(4,416)
Total income taxes		27,032		25,389
Net income before minority interests		45,409		37,288
Minority interests		16		(2,214)
Net income		**45,393**		**39,502**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

Year / Accounts	April 1, 2013– March 31, 2014 Amount	April 1, 2014– March 31, 2015 Amount
Net income before minority interests	**45,409**	**37,288**
Other comprehensive income		
Unrealized holding gains (losses) on securities	1,558	6,183
Deferred (losses) gains on hedges	(1,147)	(388)
Translation adjustments	3,240	2,385
Remeasurements of defined benefit plans, net of tax	—	5,852
Other comprehensive income (loss) of equity method companies attributable to the Company	55	38
Total other comprehensive income (loss)	3,706	14,070
Comprehensive income	**49,115**	**51,358**
Comprehensive income (loss) attributable to:		
Shareholders of the Company	48,625	53,688
Minority interests	490	(2,330)

(3) Consolidated Statements of Changes in Net Assets

April 1, 2013 – March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of the period	50,000	451,186	243,621	(487)	744,320
Changes of items during the period					
Cash dividends			(22,439)		(22,439)
Net income for the year			45,393		45,393
Increase in treasury stock				(3)	(3)
Decrease in treasury stock					
Net changes in items other than shareholders' equity					
Total changes of items during the period	—	—	22,954	(3)	22,951
Balance at the end of current period	50,000	451,186	266,575	(490)	767,271

(Millions of yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized holding (losses) gains on securities	Deferred gains (losses) on hedges	Translation adjustments	Remeasure-ments of defined benefit plans	Total Accumulated other comprehensive income		
Balance at the beginning of the period	7,189	1,640	(5,220)	—	3,609	4,993	752,922
Changes of items during the period							
Cash dividends							(22,439)
Net income for the year							45,393
Increase in treasury stock							(3)
Decrease in treasury stock							
Net changes in items other than shareholders' equity	1,558	(1,147)	2,821	(8,066)	(4,834)	6,798	1,964
Total changes of items during the period	1,558	(1,147)	2,821	(8,066)	(4,834)	6,798	24,915
Balance at the end of current period	8,747	493	(2,399)	(8,066)	(1,225)	11,791	777,837

April 1, 2014 – March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of the period	50,000	451,186	266,575	(490)	767,271
Cumulative effects of changes in accounting policies			(8,313)		(8,313)
Balance at the beginning of the period after reflecting changes in accounting policies	50,000	451,186	258,262	(490)	758,958
Changes of items during the period					
Cash dividends			(22,439)		(22,439)
Net income for the year			39,502		39,502
Increase in treasury stock				(3)	(3)
Net changes in items other than shareholders' equity					
Total changes of items during the period	–	–	17,063	(3)	17,060
Balance at the end of current period	50,000	451,186	275,325	(493)	776,018

(Millions of yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Translation adjustments	Remeasure-ments of defined benefit plans	Total Accumulated other comprehensive income		
Balance at the beginning of the period	8,747	493	(2,399)	(8,066)	(1,225)	11,791	777,837
Cumulative effects of changes in accounting policies							(8,313)
Balance at the beginning of the period after reflecting changes in accounting policies	8,747	493	(2,399)	(8,066)	(1,225)	11,791	769,524
Changes of items during the period							
Cash dividends							(22,439)
Net income for the year							39,502
Increase in treasury stock							(3)
Net changes in items other than shareholders' equity	6,182	(388)	2,504	5,888	14,186	(336)	13,850
Total changes of items during the period	6,182	(388)	2,504	5,888	14,186	(336)	30,910
Balance at the end of current period	14,929	105	105	(2,178)	12,961	11,455	800,434

(3) Consolidated Statements of Cash Flows

(millions of yen)

Year / Accounts	April 1, 2013– March 31, 2014	April 1, 2014– March 31, 2015
Cash flows from operating activities:		
Income before income taxes and minority interests	72,441	62,677
Depreciation and amortization	9,122	9,028
Loss on impairment of fixed assets	1,372	2,565
Amortization of goodwill	10,637	14,421
Increase (decrease) in accrued retirement benefits for employees	(9,443)	—
Increase (decrease) in net defined benefit liability	7,893	(510)
Decrease (increase) in prepaid pension expenses	36,883	—
Increase (decrease) in reserve for HCV litigation	(959)	(598)
Interest and dividend income	(2,375)	(2,351)
Loss (gain) on sale of property, plant and equipment	(709)	(11,823)
Restructuring expenses	—	12,294
Decrease (increase) in net defined benefit asset	(34,482)	(3,887)
Profit on arbitration award	(11,011)	—
Loss (gain) on sales of shares of subsidiaries and affiliates	—	(560)
Loss (gain) on step acquisitions	(930)	—
Loss (gain) on sale of investment in securities	(2,399)	(998)
Loss (gain) on valuation of investment in securities	594	130
Equity in (earnings) losses of affiliates	(595)	(32)
Decrease (increase) in notes and accounts receivable, trade	6,570	(6,711)
Decrease (increase) in inventories	(702)	7,796
Increase (decrease) in notes and accounts payable, trade	(4,071)	502
Increase (decrease) in accounts payable, other	803	5,927
Other, net	3,797	(1,842)
Subtotal	82,436	86,028
Interest and dividends received	3,473	2,354
Interest paid	(91)	(241)
Proceeds from arbitration award	12,208	—
Income taxes paid	(28,130)	(19,974)
Net cash provided by (used in) operating activities	69,896	68,167
Cash flows from investing activities:		
Purchase of marketable securities	(38,000)	(122,300)
Proceeds from sales and redemption of marketable securities	60,371	95,871
Increase in time deposits	(11,142)	(25,006)
Decrease in time deposits	9,265	4,819
Increase in deposits	(20,677)	(20,609)
Purchase of property, plant and equipment	(12,302)	(12,976)
Proceeds from sales of property, plant and equipment	2,919	11,687
Purchase of intangible fixed assets	(2,038)	(1,503)
Purchase of investment in securities	(2,329)	(249)
Purchase of investment in subsidiaries	(3,692)	—
Proceeds from sales and redemption of investment in securities	11,241	1,318
Proceeds from sales of shares of subsidiaries and affiliates	—	7,600
Purchase of investment in subsidiaries resulting in consolidation scope change	(17,897)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,467
Other, net	(63)	47
Net cash provided by (used in) investing activities	(24,344)	(59,834)
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	(168)	(1,216)
Increase (decrease) in long-term debt	1,011	—
Proceeds from stock issuance to minority shareholders	581	2,564
Cash dividends paid	(22,439)	(22,439)
Cash dividends paid to minority shareholders	(31)	(570)
Other, net	(52)	(223)
Net cash provided by (used in) financing activities	(21,098)	(21,884)
Effect of exchange rate change on cash and cash equivalents	1,758	1,931
Net increase (decrease) in cash and cash equivalents	26,212	(11,620)
Cash and cash equivalents at beginning of the year	58,745	84,957
Cash and cash equivalents at end of the period	84,957	73,337

(5) Notes of Consolidated Financial Statements

(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. In the third quarter, the Company merged with its subsidiary Benesis Corporation in October 1, 2014, and as a result, it was removed from the scope of consolidation.

And in the third quarter, the Company sold its all shareholding in Mitsubishi Pharma (Guangzhou) Co., Ltd. and as a result, it was removed from the scope of consolidation.

2. Application of the equity method

One affiliate, Synthelabo-Tanabe Chimies S.A. is accounted for by the equity method.

In the first quarter, the Company sold its all shareholding in API Corporation, and as a result, is not accounted for by the equity method.

Non-consolidated subsidiaries of Tanabe Seiyaku Malaysia is not accounted for by the equity method because the net income and retained earnings of this company is insignificant.

3. Year-end of consolidated subsidiaries

Among the consolidated subsidiaries, Tianjin Tanabe Seiyaku Co.,Ltd. and other 4 companies have fiscal years ending on December 31. The financial statements based on the provisional settlement of account as of March 31, are used for preparing the consolidated financial statements.

Additionally, the fiscal year end of other consolidated subsidiaries corresponds to the consolidated closing date.

(Additional information)

Medicago, Inc., and other 2 companies change their fiscal year end from December 31 to March 31.

According to this fiscal year change, the consolidated financial results of the current fiscal year include 15-month results from January 1, 2014 to March 31, 2015 with 3 companies.

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 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 have 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 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.

f. 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.

g. 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," (hereafter, the Special Law), 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) Accounting treatment of retirement benefits for employees:

a. Method of recording expected retirement benefits in proper terms

In calculating expected retirement benefits, the Company basically employs a benefit formula basis.

b. Accounting for actuarial difference and prior service costs

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.

(5) 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.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

(Change in accounting policies)

Concerning the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 on May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 on March 26, 2015), the Company has applied the text in Paragraph 35 of the Accounting Standard for Retirement Benefits and the text in Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits from the fiscal year under

review, revising its method of calculating retirement benefit obligations and prior service costs. The method of attributing expected benefit has been changed from a straight-line basis to a benefit formula basis. The bond period used as the basis for determining the discount rate has been changed from a method of referring to the average period to the expected date of payment for retirement benefits to one using a single weighted average discount rate for each expected retirement benefit payment period and expected retirement benefit payment amount.

Regarding the application of the Accounting Standard for Retirement Benefits, in accordance with the transitional treatment stipulated in paragraph 37, from the beginning of the fiscal year under review the amount of change resulting from the method of calculating retirement benefit obligations and prior service costs is added to or deducted from retained earnings.

As a result, net defined benefit asset decreased ¥11,830 million, net defined benefit liability increased ¥1,046 million, and retained earnings decreased ¥8,313 million at the beginning of the fiscal year under review. In addition, operating income, ordinary income, and income before income taxes for the fiscal year under review each increased ¥680 million. Furthermore, net assets per share decreased ¥14.04 and net income per share increased ¥0.78.

(Notes relating to consolidated balance sheets)

*1. Accumulated depreciation of property, plant and equipment (millions of yen)

	As of March 31, 2014	As of March 31, 2015
Accumulated depreciation	187,764	184,798

Accumulated impairment loss amouting to ¥5,482 million, and ¥1,306 million are included in accumulated depreciation for the years ended March 31, 2015 and 2014, respectively.

*2. Investment in non-consolidated subsidiaries and affiliated company (millions of yen)

	As of March 31, 2014	As of March 31, 2015
Investment in securities (stock)	4,547	301

*3. Assets pledged as collateral (millions of yen)

	As of March 31, 2014	As of March 31, 2015
Cash and deposits	7	8

Cash and deposits (time deposits) in collateral is provided as deposits for opening letters of credit.

(Notes relating to consolidated statements of income)

*1. The amount of year-end inventories is calculated after reducing book value in accordance with declines in profitability.
The following valuation loss of year-end inventories is included in cost of sales.

(millions of yen)

	Apr.1, 2013- Mar.31, 2014	Apr.1, 2014- Mar.31, 2015
Valuation loss of year-end inventories	1,916	1,617

*2. Research and development expenses included in general administrative expenses

	Apr.1, 2013- Mar.31, 2014	Apr.1, 2014- Mar.31, 2015
Research and development expenses	70,405	69,600

No research and development expenses were included in manufacturing expenses.

*3. Gain on sales of property, plant and equipment is principally from the sale of the site of former Nihonbashi Building.

*4. Gain on sales of shares of subsidiaries and affiliates
Gain on sales of shares of subsidiaries and affiliates is including gain on sales of shares of CIMIC CMO Ashikaga (¥277 million) and shares of APIC (¥283 million).

*5. Profit on arbitration award
The Company received an arbitration decision from the International Chamber of Commerce(ICC) in a dispute with Janssen Biotech, Inc.(U.S). The dispute involved the supply price for Remicade, an anti-TNF α monoclonal antibody sold by the Company in Japan. The Company submitted the request for arbitration to the International Chamber of Commere(ICC) requesting a revision in the supply price in accordance with the development and distribution agreement, and the arbitration decision awarded a reduction in the supply price. Consequently, in August 2013, ¥12,208 million of arbitration award was reimbursed to the Company, including the overpayment attributable to the previous purchase price on and after April 1, 2008. Of the proceeds from arbitration award, the amounts corresponding to the beginning inventory for the fiscal year under review were allocated to cost of sales or merchandise and finished goods. The rest of them, offsetting a contingency fee to a lawyer was recorded as extraordinary income.

*6. Gain on step acquisitions is from the additional acquisition of shares of Medicago, Inc. to be a consolidated subsidiary.

*7. 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.

Previous fiscal year (April 1, 2013 to March 31, 2014)
For the fiscal year under review, the amount of the write-down (¥1,372 million) was recorded as an impairment loss under extraordinary losses.
The following are the primary assets on which impairment losses were recognized:

Location	Use	Type
Mitsubishi Tanabe Pharma Former Yoshitomi Laboratory (Chikujou-Gun, Fukuoka)	Idle asset	Buildings and structures
Mitsubishi Tanabe Pharma Former Shikoku Branch (Takamatsu-City, Kagawa)	Idle asset	Land, buildings and structures
Mitsubishi Tanabe Pharma Former Nihonbashi Building (Chuo-Ku, Tokyo)	Idle asset	Buildings, structures, tools, furniture and fixtures
Mitsubishi Tanabe Pharma Former Neyagawa Distribution Center (Neyagawa-City, Osaka)	Idle asset	Land

Breakdown by location
・Former Yoshitomi Laboratory (Mitsubishi Tanabe Pharma)
¥611 million (Buildings and structures - ¥111 million; Demobilization cost - ¥500 million)
As the Company decided to dismantle Former Yoshitomi Laboratory, the book value of those assets was written down to their recoverable value. The recoverable value is the utility value, calculated using estimated cash inflows.
・Former Shikoku Branch (Mitsubishi Tanabe Pharma)
¥106 million (Land - ¥78 million; Buildings and structures - ¥28 million)
As the Company decided to sell Former Shikoku Branch, the book value of those assets was written down to their recoverable value. The recoverable value is the net sales amount, calculated using an estimated sales value.
・Former Nihonbashi Building (Mitsubishi Tanabe Pharma)
¥357 million (Buildings and structures - ¥229 million; Tools, furniture and fixtures - ¥4 million; Demobilization cost - ¥124 million)
As the Company decided to dismantle Former Nihonbashi Building, the book value of those assets was written down to their recoverable value (memorandum value).
・Former Neyagawa Distribution Center (Mitsubishi Tanabe Pharma)
¥198 million (Land - ¥198 million)
As the Company decided to sell Former Neyagawa Distribution Center, the book value of those assets was written down to their recoverable value. The recoverable value is the net sales amount, calculated using an estimated sales value.

Current fiscal year (April 1, 2014 to March 31, 2015)
For the fiscal year under review, the amount of the write-down (¥10,936 million) was recorded as an impairment loss (¥2,565 million) and restructuring expenses (¥8,371 million) under extraordinary losses.
The following are the primary assets on which impairment losses were recognized:

Location	Use	Type
Mitsubishi Tanabe Pharma Toda Dormitory (Toda-City, Saitama)	Idle asset	Land, buildings and structures
Mitsubishi Tanabe Pharma (Fromer Benesis) Former Osadano Dormitory/Housing (Fukuchiyama-City, Kyoto)	Idle asset	Land, buildings and structures
Mitsubishi Tanabe Pharma Chugoku Branch (Chuo-ku, Hiroshima)	Idle asset	Buildings and structures
Mitsubishi Tanabe Pharma Hiranomachi No.1 Building (Chuo-ku, Osaka)	Administrative and selling operations	Land, buildings and structures
Mitsubishi Tanabe Pharma Factory Kashima Factory (Kamisu-City, Ibaraki)	Manufacturing facilities	Machinery, equipment and vehicles
Mitsubishi Tanabe Pharma and Mitsubishi Tanabe Pharma Factory Kashima Factory (Kamisu-City, Ibaraki)	Manufacturing facilities	Buildings and structures Machinery, equipment and vehicles
Mitsubishi Tanabe Pharma Kazusa Office (Kisarazu-City, Chiba)	Research facilities	Land, buildings and structures
Mitsubishi Tanabe Pharma Former Head Office (Chuo-Ku, Osaka)	Administrative and selling operations	Buildings and structures
Mitsubishi Tanabe Pharma Japan	Exclusive right for sales of ethical drugs	Investment of other assets Other

Breakdown by location
・Toda Dormitory (Mitsubishi Tanabe Pharma)
¥589 million (Land – ¥396 million, Buildings and structures – ¥193 million)
As the Company decided to sell Toda Dormitory, the book value of those assets was written down to their recoverable value. The recoverable value is the net sales amount, based on reasonable estimates, real estate appraised value.
・Former Osadano Dormitory/Housing (Mitsubishi Tanabe Pharma (Former Benesis))
¥265 million (Land – ¥178 million; Buildings and structures – ¥87 million)
As the Company decided to sell Former Osadano Dormitory/Housing, the book value of those assets was written down to their recoverable value. The recoverable value is the net sales amount, calculated using sales value.
・Chugoku Branch (Mitsubishi Tanabe Pharma)
¥111 million (Buildings and structures – ¥110 million)
As the Company decided to transfer Chugoku Branch, the book value of those assets was written down to their recoverable value. The recoverable value is the net sales amount, calculated using an estimated sales value.
・Hiranomachi No.1 Building (Mitsubishi Tanabe Pharma)
¥1,215 million (Land – ¥1,161 million, Buildings and structures – ¥54 million)
The Company implemented the consolidation and relocation of the head office functions. As a result, Hiranomachi No.1 Building became the idle asset. The book value of those assets was written down to their recoverable value. The recoverable value is the net sales amount, based on reasonable estimates, real estate appraised value.
・Kashima Factory (Mitsubishi Tanabe Pharma Factory)
¥274 million (Machinery, equipment and vehicles – ¥264 million)
As the Company decided to liquidate unprofitable businesses, the book value of the manufacturing facilities ralated to such business was written down to their recoverable value (memorandum value).
・Kashima Factory (Mitsubishi Tanabe Pharma and Mitsubishi Tanabe Pharma Factory)
¥2,161 million (Buildings and structures – ¥1,048 million, Machinery, equipment and vehicles – ¥901 million)
As the Company decided to sell Kashima factory, the book value of manufacturing facilities was written down to their recoverable value. The recoverable value is the net sales amount, calculated using an estimated sales value.
・Kazusa Office (Mitsubishi Tanabe Pharma)
¥4,432 million (Land – ¥1,870, Buildings and structures – ¥1,845, demobilization cost ¥690 million)
As the Company decided to close down Kazusa Office, it will be the idle asset and the book value was written down to their recoverable value. The recoverable value is the net sales amount, based on reasonable estimates, real estate appraised value.
・Former Head Office (Mitsubishi Tanabe Pharma)
¥200 million (Buildings and structures – ¥195 million)
As the idle asset became apparent due to the head office relocation, the book value of those assets was written down to their recoverable value (memorandum value).
・Exclusive right for sales of ethical drugs (Mitsubishi Tanabe Pharma)
¥1,600 million (Investments and other assets, other – ¥1,600 million)
Due to the change of business environment, the future cash flows of such distribution right is below its book value. As a result, the book value of the distribution right was written down to their recoverable value (memorandum value.)

In addition, impairment loss of the buildings or manufacturing facilities for the Company's Hiranomachi No.1 Building, Former Head Office and Kazusa Office, and Kashima Factory of the Company and Mitsubishi Tanabe Pharma Factory is included in restructuring expenses.

*8. Restructuring expenses

Restructuring expenses are expenses associated with the efforts on "Accelerating Operational and Structural Reforms", one of the strategic challenges for "Medium-Term Management Plan 11-15 ～New Value Creation".

〈Business restructuring〉

・Restructuring of unprofitable businesses

Loss on withdrawal from a business of the subsidiary, Mitsubishi Pharma (Guangzhou) Co.,Ltd.

Loss on liquidation of subsidiaries and affiliates	¥1,413 million

Loss on discountinuing a part of overseas businesses

Impairment loss of manufacturing facilities	¥274 million
Loss on disposal of inventory	¥690 million
Other	¥32 million

〈Reorganization of bases〉

・Reorganization of manufacturing bases

Loss on sales of Kashima Factory

Impairment loss of building and manufacturing facilities	¥2,161 million
Estimated amount of the demobilization cost	¥335 million
Special benefits resulting from the transfer of employment	¥507 million
Other	¥104 million

・Consolidation and relocation of the head office functions

Expenses resulting from the consolidation and relocation of the head office functions

Impairment loss of land, building and structures	¥1,415 million
Removal expenses	¥843 million

・Reorganization of research bases

Expenses of closing down Kazusa Office

Impairment loss of land, building and structures	¥4,432 million
Other	¥88 million

In addition, contents of impairment loss included in restructuring expenses are stated in "*7 Impairment loss".

*9. Amortization of goodwill

The Company fully amortized goodwill, in accordance with paragraph 32 of "Practical Guidances on Capital Consolidation Procedures in Consolidated Financial Statement" (JICPA Accounting Committee Report No. 7).

*10. Special retirement expenses

Extra retirement expenses resulting from the transfer of employment, related to the transfer of business.

(Notes to Consolidated Statements of Changes in Net Assets)

Previous Fiscal Period (April 1, 2013 to March 31, 2014)

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

	Number of shares at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Number of shares at end of the fiscal year
Shares outstanding (common stock)	561,417	–	–	561,417
Total	561,417	–	–	561,417
Treasury stock (common stock)	424	1	–	426
Total	424	1	–	426

Notes

1. The increase of 1 thousand shares in the number of shares of treasury stock (common stock) was due to the purchase of one thousand 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 21, 2013, the following was approved.

Common stock dividends

Total amount of dividends	11,219 millions of yen
Dividend per share	20 yen
Record date	31-Mar-13
Effective date	24-Jun-13

The following plan was adopted at the Board of Directors meeting held on October 30, 2013.

Common stock dividends

Total amount of dividends	11,219 millions of yen
Dividend per share	20 yen
Record date	30-Sep-13
Effective date	2-Dec-13

(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 20, 2014.

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-14
Effective date	23-Jun-14

Current Fiscal Period (April 1, 2014 to March 31, 2015)

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

	Number of shares at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Number of shares at end of the fiscal year
Shares outstanding (common stock)	561,417	–	–	561,417
Total	561,417	–	–	561,417
Treasury stock (common stock)	426	1	–	428
Total	426	1	–	428

Notes

1. The increase of 1 thousand shares in the number of shares of treasury stock (common stock) was due to the purchase of one thousand 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 20, 2014, the following was approved.

Common stock dividends

Total amount of dividends	11,219 millions of yen
Dividend per share	20 yen
Record date	31-Mar-14
Effective date	23-Jun-14

The following plan was adopted at the Board of Directors meeting held on October 29, 2014,

Common stock dividends

Total amount of dividends	11,219 millions of yen
Dividend per share	20 yen
Record date	30-Sep-14
Effective date	1-Dec-14

(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 19, 2015.

Common stock dividends

Total amount of dividends	12,341 millions of yen
Funds for dividends	Retained earnings
Dividend per share	22 yen
Record date	31-Mar-15
Effective date	22-Jun-15

(Notes relating to consolidated statements of cash flows)

1. The reconciliation of items in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows as of the end of the fiscal year

(millions of yen)

	Apr.1, 2013–Mar.31, 2014	Apr.1, 2014–Mar.31, 2015
Cash and deposits	27,187	50,203
Time deposits maturing after three months	(4,819)	(25,552)
Short-term marketable securities maturing within three months from acquisition date	42,000	28,000
Cash equivalents included in short-term loans (other in current assets)※1	589	686
Cash equivalents included in deposits ※2	20,000	20,000
Cash and cash equivalents	84,957	73,337

※1 CMS (Cash management servise)
※2 Deposits (within 3 months)

(Segment Information)

a.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.

b.Related information

Previous fiscal year (April 1, 2013 – March 31, 2014)

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

Japan	Europe	Asia	North America	Others	Total
353,300	37,348	15,977	5,627	423	412,675

(Note) Segmentation of countries and regions is based on the location of clients.

(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 (millions of yen)

Customer name	Net sales	Related segment name
SUZUKEN CO., LTD.	74,523	Pharmaceuticals
Toho Pharmaceutical Co., Ltd.	67,790	Pharmaceuticals
Alfresa Corporation	55,259	Pharmaceuticals
MEDICEO CORPORATION	53,697	Pharmaceuticals

Fiscal year under review (April 1, 2014 – March 31, 2015)

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

(millions of yen)

Japan	Europe	Asia	North America	Others	Total
337,180	48,618	17,245	11,696	385	415,124

(Note) Segmentation of countries and regions is based on the location of clients.

(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

(millions of yen)

Customer name	Net sales	Related segment name
SUZUKEN CO., LTD.	69,188	Pharmaceuticals
Toho Pharmaceutical Co., Ltd.	66,049	Pharmaceuticals
Alfresa Corporation	51,016	Pharmaceuticals
MEDICEO CORPORATION	48,995	Pharmaceuticals

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

Previous fiscal year (April 1, 2013 – March 31, 2014)

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

Fiscal year under review (April 1, 2014 – March 31, 2015)

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

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

Previous fiscal year (April 1, 2013 – March 31, 2014)

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

Fiscal year under review (April 1, 2014 – March 31, 2015)

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

e. Information regarding gain on negative goodwill by reportable segment

Previous fiscal year (April 1, 2013 – March 31, 2014)

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

Fiscal year under review (April 1, 2014 – March 31, 2015)

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

(Per-Share Data) (yen)

	Apr.1, 2013–Mar.31, 2014	Apr.1, 2014–Mar.31, 2015
Net assets per share	1,365.52	1,406.41
Net income per share	80.92	70.41

(Notes) 1. Fully diluted net income per share are not presented because there are no potential shares.

2. The calculation basis of net income per share is as follows:

	Apr.1, 2013–Mar.31, 2014	Apr.1, 2014–Mar.31, 2015
Net income per share		
Net income (millions of yen)	45,393	39,502
Amount not belonging to shareholders of common stock (millions of yen)	—	—
Net income related to common stock (millions of yen)	45,393	39,502
Average number of shares of common stock outstanding (thousand shares)	560,992	560,990

(Notes) 3. The calculation basis of net assets per share is as follows:

	Apr.1, 2013–Mar.31, 2014	Apr.1, 2014–Mar.31, 2015
Total net assets (millions of yen)	777,837	800,434
Amount deducted from total net assets (millions of yen)	11,791	11,455
[Including minority interests] (millions of yen)	[11,791]	[11,455]
Net assets at year-end available to common stock (millions of yen)	766,046	788,979
Number of shares of common stock at year-end used in the calculation of net assets per share (thousand shares)	560,991	560,989

(Subsequent event)
Not applicable.

(Omission of disclosure)
In notes to the consolidated financial statements, disclosure of some items other than the above items has been omitted because disclosure of these items is not considered to be of significant importance in the summary of financial results.

(6) Other

The situation in major court action was as follows:

【Court action for compensation by patients infected with HCV (hepatitis C virus)】

After "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 Special Law" promulgated on January 16, 2008) was put into effect, in accordance with the procedures determined by the law the patients 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, filed a lawsuit against the government and established their eligibility for relief. Subsequently, a settlement with the government was reached, and the relief for the patients was provided through the payment of benefits.

On September 28, 2008, a "basic agreement" for the conclusion of the previous court action was signed with the nationwide plaintiff group and legal team. In regard to the expense of relief payments under the Special Law, the burden of that expense and the method of sharing that burden were the subject of discussions with the Ministry of Health, Labour and Welfare, and those standards were announced by the Ministry of Health, Labour and Welfare on April 10, 2009, and the Company incurs the expenses in accordance with the standards. On January 16, 2013, a partial amendment was made to the Special Law and promulgated, and the period for claimants to file lawsuits was extended.

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.