Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2013 [Japan GAAP]

August 9, 2012

Company name	: **Otsuka Holdings Company Limited**
Stock exchange listing	: Tokyo Stock Exchange
Code number	: 4578
URL	: http://www.otsuka.com/en/
Representative	: Tatsuo Higuchi President and Representative Director, CEO
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Scheduled date of quarterly securities report submission	: August 10, 2012
Scheduled date of dividend payment commencement	: -
Supplementary materials for quarterly financial results	: Yes
Earnings announcement for quarterly financial results	: Yes (for institutional investors, analysts and the press)

(Figures are rounded down to the nearest million yen unless otherwise stated)

1. Consolidated Financial Results for the First Quarter of FY2012 (April 1, 2012 to June 30, 2012)

(1) Consolidated Operating Results (cumulative)

(% change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2012	288,001	(0.1)	48, 861	5.4	48,732	5.3	31,929	2.5
FY2011	280,400	2.8	46,358	26.7	46,296	30.7	31,155	47.1

(Note) Comprehensive income: FY2012 ¥41,365 million (11.3%)
FY2011 ¥37,166 million (96.3%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2012	57.36	56.98
FY2011	55.85	55.78

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Book value per share
	Million yen	Million yen	%	Yen
As of June 30, 2012	1,682,088	1,232,479	72.4%	2,211.54
As of March 31, 2012	1,666,767	1,222,764	72.5%	2,166.55

(Reference) Shareholders' equity: As of June 30, 2012 ¥1,217,682 million
As of March 31, 2012 ¥1,208,588 million

2. Dividends

	Annual dividend per share				
	First Quarter	Second Quarter	Third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2011	-	20.00	-	25.00	45.00
FY2012	-				
FY2012 (forecast)		28.00	-	30.00	58.00

(Note) Revisions to dividends forecast most recently announced: No

3. Forecasts of Consolidated Financial Results for FY 2012 (April 1, 2012 to March 31, 2013)

(% change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Q2 (YTD)	618,000	4.7	95,000	10.0	99,000	15.8	65,000	13.6	116.52
Full Year	1,200,000	3.9	165,000	11.0	170,000	11.8	108,000	17.2	193.60

(Note) Revisions to financial forecast most recently announced: No

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation): No

(2) Adoption of accounting methods specific to quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements due to error correction

1) Changes in accounting policies due to revisions of accounting standards: Yes
2) Changes in accounting policies due to other reasons: No
3) Changes in accounting estimates: No
4) Restatements of prior period financial statements due to error correction: No

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding as of the end of the reporting period (including treasury stock):

June 30, 2012	557,835,617 shares
March 31, 2012	557,835,617 shares

2) Number of shares of treasury stock as of the end of the reporting period:

June 30, 2012	7,232,946 shares
March 31, 2012	3,978 shares

3) Average number of shares outstanding during the reporting period:

Quarter ended June 30, 2012	556,560,558 shares
Quarter ended June 30, 2011	557,833,224 shares

*** Information Regarding the Quarterly Review Procedures**

This quarterly financial report is exempt from quarterly review procedures as stipulated under the Financial Instruments and Exchange Act of Japan. At the time of disclosure of this quarterly financial report, the quarterly financial statement review procedures have been completed as stipulated under the Financial Instruments and Exchange Act of Japan and the quarterly review report has been received on August 9, 2012.

*** Disclaimer Regarding Forward-Looking Statements and Other Items of Note**

Forecasts and other forward-looking statements included in this report are based on information currently available and certain assumptions that the Company deems reasonable. Actual performance and other results may differ significantly due to various factors. Please see “Qualitative Information on Consolidated Operating Results Forecast” on page 9 for information regarding the forecast of consolidated financial results.

The company is planning to hold an earnings release conference call for institutional investors, analysts and the press on August 9, 2012. Presentation materials and the audio of the conference call will be available on the Company’s website promptly after the conference call.

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1. Qualitative Information for the First Quarter of FY2012

(1) Qualitative Information on Consolidated Operating Results

<Summary of Operating Results for the First Quarter of FY2012>

For the first three months of fiscal 2012 (from April 1 to June 30,2012),, the Otsuka Group recorded consolidated net sales of ¥288,001 million (down 0.1% year on year), with operating income of ¥48,861 million (up 5.4%), ordinary income of ¥48,732 million (up 5.3%) and net income of ¥31,929 million (up 2.5%).

Results by business segment are as follows:

(Millions of yen)

	Pharmaceuticals	Nutraceuticals	Consumer products	Others	Adjustments	Total
Net sales	195,153	63,247	12,483	28,312	(11,195)	288,001
Segment income (loss)	53,045	5,470	(302)	1,388	(10,739)	48,861

1) Pharmaceuticals

In the area of the central nervous system, prescriptions for the antipsychotic agent *ABILIFY*, which has become one of the top ten drugs worldwide based on sales[*1] and is sold in 65 markets, continued to grow on a global basis. In the U.S., prescriptions of *ABILIFY* for adjunctive therapy in major depressive disorder continued to increase. In Europe, although drug price reductions due to fiscal austerity policies contributed to a slump in the market for atypical antipsychotic agents, prescriptions of *ABILIFY* grew for the treatment of manic episodes of bipolar disorder. Even so, sales in both the U.S. and Europe declined slightly due to the appreciation of the yen. Sales increased in Asia. *ABILIFY*'s inclusion in the country's national medical insurance system lead to the prescriptions growth in China, and prescriptions also grew in other Asian countries such as South Korea, driven by stronger promotions towards major depressive disorder. In Japan, promotional activities were strengthened with the launch of an orally disintegrating tablet in May, and sales grew at a double-digit pace on the back of increased prescriptions for the treatment of manic episodes of bipolar disorder, for which *ABILIFY* received an indication in January in addition to the existing indication for schizophrenia.

The antiepileptic drug *E Keppra*, which is co-promoted with UCB Japan, showed substantial sales growth following the approval of long-term prescriptions from October 2011. The drug's share of the Japanese market expanded to approximately 20%, ranking it among the top new antiepileptic drugs.

In addition, a part of the up-front payment was booked under sales in the first three months of fiscal 2012 in association with the alliance agreement in November 2011 with H. Lundbeck A/S ("Lundbeck") in the field of central nervous system.

In the area of anti-cancer and cancer-supportive care, sales in Japan of anti-cancer agent *TS-1* were solid on the back of evidence-based medicine (EBM) approaches. Sales of anti-cancer agent *UFT* declined as a result of competition, while sales of reduced folic acid formulation *Uzel* increased slightly thanks to strengthened promotions with respect to new EBM. On the other hand, sales of *Aloxi*, a 5-HT_3 receptor antagonist antiemetic agent, and anti-cancer agent *Abraxane* grew steadily. Anti-cancer agent *SPRYCEL*, which is being co-promoted in Japan, the U.S. and Europe with BMS[*2], is showing solid sales growth on progress in securing approval as a first-line treatment for chronic myeloid leukemia in markets worldwide. However, the distributions received by the Company in line with sales declined due to appreciation of the yen. *BUSULFEX*, which is the only allogeneic hematopoietic stem cell pre-transplanting regimen approved by the U.S. Food and Drug Administration (FDA), is currently sold in over 50 countries, and has now become established as the standard drug as a conditioning agent administered prior to bone marrow transplants in place of total-body radiation. In June, agreement was reached with Kyowa Hakko Kirin Co., Ltd. to pursue a strategic alliance in oncology field in Japan and Asia.

In the area of the cardiovascular system, first-in-class drug vasopressin V_2-receptor antagonist *SAMSCA* is now launched in 13 countries, and the new value it brings and its method of use as a new oral aquaretic agent that excretes only water without increasing the excretion of electrolytes is gaining recognition among medical specialists. As a result, sales in the U.S. grew at a double-digit pace compared to the previous fiscal year. In Japan, more than one year has passed since *SAMSCA*'s launch and awareness is growing as an important treatment option for edema in heart failure. Sales of antiplatelet agent *Pletaal/Pletal* were stronger than estimated, defying the effects of drug price reductions and the generics erosion, due to growth in prescriptions driven by promotion of *Pletaal/Pletal* as a convenient orally disintegrating tablet for patients who have had onset cerebral infarction.

In other areas, steps were taken to use the brand power of anti-gastritis and anti-gastric ulcer agent *Mucosta*, which is the fourth[*3] most prescribed drug in Japan, in an effort to counter the impact of generics. In the area of ophthalmology, approximately six months have passed since the launch of *Mucosta ophthalmic suspension UD 2%*, a new treatment for dry eyes that promotes mucin secretion, and efforts are being undertaken to strengthen sales.

In the area of clinical nutrition, sales of the high-calorie TPN solution *ELNEOPA* increased, mainly because of wider adoption by hospitals and growth in prescriptions in response to promotion of the benefits of trace elements in the product and the convenience of its four-chamber bags.

In the first three months of fiscal 2012, research and development expenses in the segment declined, mainly due to the benefits of the strong yen, the alliance agreement with Lundbeck, and a review of priorities in development projects.

As a result, net sales in the pharmaceutical segment for the three months ended June 30, 2012 totaled ¥195,153 million (up 2.7% year on year), with operating income of ¥53,045 million (up 13.7%).

*1: "Top 20 Global Products, 2011," IMS Health website, 2012 IMS Health©, unauthorized reproduction prohibited.

*2: Bristol-Myers Squibb Company
*3: Based on 2011 Japan Medical Data Index, 2012 IMS Japan K.K.©, unauthorized reproduction prohibited.

2) Nutraceuticals

Regarding *Pocari Sweat*, an electrolyte supplement drink, sales volume increased year on year in markets outside Japan as consumers responded to ongoing promotion activities emphasizing product value. The drink is showing continued growth in both Indonesia and China. In Japan, in order to strengthen brand power, the Group focused on marketing activities featuring sports players who perform on the global stage, and efforts were made to communicate with consumers in a way that strengthens their bond with the product. Sales volume in Japan was down from the same period of the previous fiscal year because of a decline in stock demand compared to 2011, when people tended to stock up the products after The Great East Japan Earthquake, as well as temporary intensification in competition due to launches of new products by various beverage companies. Sales volume was roughly level with the same period of the fiscal year ended March 31, 2010, which was before the Earthquake occurred.

The Group is pushing forward with the development of products that make full use of the nutrition in soy as a solution to various health and environmental issues faced by people today under the concept of "Soylution." The healthy soy snack *SoyCarat* was newly added to the "Soylution" lineup, and steps were taken to attract customers for this new brand as well as the fruit soy bar *SOYJOY*, which is sold in 11 markets around the world, and the soy soda beverage *SOYSH*. The Group is focusing on promoting the value of products packed with the "wholesome nutrition of soy" by holding a year-long program of seminars by a soy researcher, starting from April, targeting approximately 10,000 nutritionist and other participants in 45 cities nationwide.

At Nutrition & Santé SAS, which is a subsidiary that operates in more than 40 countries, mainly in Europe, sales of the nutrition and health food brand *Gerble* were favorable, and a new production line is being established in the city of Annonay in France. In Japan, the number of stores that sell *Gerble* was expanded substantially by extending the type of store at which it is sold from primarily supermarkets to drugstores starting in April. In addition, nationwide sales in Japan of *Gerlinea*, the leading*[4] calorie control brand in the French diet food market, started in April, and sales are growing steadily.

Regarding *Nature Made*, which has been the No. 1*[5] pharmacist recommended supplement in the U.S. for five consecutive years and is supplied by subsidiary Pharmavite LLC of the U.S., the product is now sold at all Walmart stores in the U.S. and this has contributed to its sales. In Japan, although "the Super Series" continued to perform solidly, sales of *Nature Made* declined because adjustments of product portfolio were made.

For the carbonated nutritional drink *Oronamin C*, the environment surrounding the brand was difficult due to such developments as intensified competition from new energy drinks launched by various beverage companies. Sales volume, however, was roughly level with the same period of the previous fiscal year thanks to the strong trust in the brand among customers. In addition, efforts were made to strengthen the brand by acquiring customers with the use of new communication tools, carrying out marketing activities to deepen the bond between existing customers and the brand, and differentiating the product from ordinary nutritional drinks.

Sales volume of the balanced nutrition food *Calorie Mate* were down from the same period of the previous fiscal year, even though it was maintained at roughly the same level as the same period of the fiscal 2010, which was under normal conditions because it was before the Great East Japan Earthquake. While retaining the freshness of the brand as a long-selling product that celebrates its 30th year in 2013, large-scale sampling activities to help drive future sales were carried out for students preparing for entrance exams, with the aim of acquiring new fans.

In the cosmedics area, where the Company holds a concept of "healthy skin," a new advertising campaign was started for the *UL•OS* men's skincare brand with the aim of acquiring new middle-aged male users. The campaign advertised *UL•OS* as a skincare brand for daily use that contains a comprehensive lineup of products for all areas of men's skincare, with 14 items in 7 categories. In an increasingly competitive environment characterized by competitors bringing out new products, sales volume maintained solid growth. Furthermore, *UL•OS* was launched in South Korea in March, the brand's first expansion overseas since its launch in Japan three and a half years ago. Accordingly, expansion of the cosmedics area is being pursued not just in Japan but also in overseas markets.

Sales of nutrient tonic *Tiovita* was roughly level with the previous fiscal year despite the implementation of aggressive marketing.

The nutraceutical segment is focusing on implementing promotional activities emphasizing the core concept of the products. It is also working to boost profitability, including an ongoing review of the cost structure.

As a result, net sales in the nutraceutical segment for the three months ended June 30, 2012 totaled ¥63,247 million (down 5.4% year on year), with operating income of ¥5,470 million (down 32.7%).

*4: IRI, July 2009 (PDM volume CC á P7 source IRI)
*5: Pharmacy Times, 2011

3) Consumer Products

Sales volume for *Crystal Geyser* and other mineral waters decreased, mainly in response to increased demand in the aftermath of the Great East Japan Earthquake that occurred last year. Sales volume grew steadily for *Match*, a carbonated electrolyte drink containing vitamins, due to aggressive marketing and sales promotion activities targeting high-school students that led to the acquisition of new customers and expansion in the consumer base.

In the consumer products segment, the Company continues to implement a range of initiatives aimed at improving profitability, in addition to stepping up marketing initiatives.

As a result, net sales in the consumer products segment for the three months ended June 30, 2012 totaled ¥12,483 million (down 10.9% year on year), with operating loss of ¥302 million (compared with an operating income of ¥171 million in the same period of the previous fiscal year).

4) Others

In the specialty chemical business, healthy sales of friction materials in the automotive field and flame retardants and plastic compounds for smartphones, did not offset declines in sales of tire modifiers and resin hardeners for the European market and polymerization initiators for the Asian market, which were caused by the impact of the protracted sovereign debt crisis in Europe and appreciation of the yen. As a result, there was a slight decrease in sales overall. Sales in the fine chemical business were solid due to the introduction of increased production of pharmaceutical intermediate *GCLE* in India.

The transportation and warehousing business recorded sales growth in line with further acquisition of new customers and expansion of the operations of the direct sales support business.

As a result, net sales in the other businesses for the three months ended June 30, 2012 totaled ¥28,312 million (up 1.4% year on year), with operating income of ¥1,388 million (up 14.5%).

< Research and Development Activities>

Research and development expenses for the first three months of fiscal 2012 totaled ¥36,430 million.

The primary areas of research and development were as follows:

(Pharmaceuticals)

1) Therapeutic drugs

The Otsuka Group conducts research and development with a primary focus on addressing unmet medical needs in the areas of central nervous system and anti-cancer and cancer-supportive care. The Group also conducts research and development in fields such as cardiovascular disease and ophthalmology.

Category	Brand Name / Generic Name / Development Code	Status
Central nervous system	*ABILIFY*	<U.S.> • The results of Phase III trials to assess the efficacy, safety and tolerability of aripiprazole intramuscular depot formulation (once-monthly injection) were announced at the 165th Annual Meeting of the American Psychiatric Association in May. <Japan> • Sales of the four dosages (3 mg, 6 mg, 12 mg, and 24 mg) of the new formulation *ABILIFY OD Tablets* began in May.
	E Keppra	<Japan> • An application was filed in June for epileptic partial seizures in children. An application for a new dry syrup formulation was filed at the same time.
Anti-cancer and cancer-supportive care	TAS-102	<Global> • TAS-102 advanced to Phase III trials in Japan, the U.S. and Europe for the treatment of colorectal cancer.
	TAS-114	<Global> • Phase I trials in Japan, the U.S. and Europe were initiated for the treatment of solid cancer.
Cardiovascular system	*SAMSCA*	<Japan> • (Additional information) An application was filed for *SAMSCA*, which is regarded as a first-in-class drug in new diuretics capable of selectively excreting only excess water, for an additional indication for the treatment of hepatic edema in July.
	OPC-262 saxagliptin	<Japan> • An application was filed in April for the treatment of Type 2 diabetes mellitus. In June, Otsuka Pharmaceutical transferred Japanese rights of saxagliptin to Kyowa Hakko Kirin Co., Ltd., intending to continue to cope with the competent authorities to obtain manufacturing and marketing approval and support the process until the completion of succession even after obtaining approval.
Other categories (Ophthalmology and others)	OPC-12759E (*Mucosta ophthalmic suspension UD 2%*)	<U.S.> • (Additional information) Phase III trials were initiated in July for the treatment of dry eyes.
	OPC-67683 delamanid	<Global> • The results of late Phase II trials to assess the efficacy and safety of delamanid were published in The New England Journal of Medicine.

2) Diagnostic

In the diagnostics area, applications were filed in June 2012 for ODK-1003 (WT1 mRNA assay kit II *Otsuka*), a monitoring marker for minimal residual disease (MRD) in acute myeloid leukemia (AML), and a diagnostic aid/in-vitro diagnostic agent for myelodysplastic syndrome (MDS). With ODK-1003, the time taken to make diagnoses can be made considerably shorter than with the existing WT1 mRNA assay kit *Otsuka*.

Research and development expenses for the pharmaceutical business for the three months ended June 30, 2012 were ¥34,369 million.

(Nutraceuticals)

In the nutraceutical business, the Group draws on its knowledge in the pharmaceutical business to conduct research and development into functional food and beverages that support the maintenance and improvement of day-to-day well-being.

In particular, the Group's Research Institute of New Functional Products Development in Tokushima, which specializes in soy, is focusing on the research and development of products that promote the nutrition in soy to consumers around the world in a familiar form. An example of this work is the launch of the new healthy soy snack *SoyCarat* as the third "Soylution" product in April. Additionally, the *UL•OS* brand, which was developed by the cosmedics business, was launched in South Korea in March, demonstrating the ongoing research and development of world-class products.

Research and development expenses for the nutraceutical business for the three months ended June 30, 2012 were ¥1,013 million.

(Consumer products)

In the consumer products business, the Otsuka Group is engaged in the research and development of original and unique products in the food and beverage field.

Research and development expenses for the consumer products business for the three months ended June 30, 2012 were ¥127 million.

(Others)

In the other businesses, the Otsuka Group is primarily engaged in the research and development of specialty chemical products and fine chemicals.

Research and development expenses for other businesses for the three months ended June 30, 2012 were ¥920 million.

(2) Qualitative Information on Consolidated Financial Position

1) Assets

Total assets as of June 30, 2012 were ¥1,682,088 million, an increase of ¥15,320 million compared to ¥1,666,767 million at the end of the previous fiscal year. The increase was due to the ¥2,441 million increase in current assets, ¥12,876 million increase in fixed assets and ¥2 million increase in deferred assets.

(Current Assets)

Total current assets as of June 30, 2012 were ¥1,014,741 million, an increase of ¥2,441 million compared to ¥1,012,299 million at the end of the previous fiscal year. The increase was due mainly to seasonal increases in notes and accounts receivable-trade, inventory and other current asset by the ¥16,755 million, the ¥9,081 million and the ¥5,882 million, respectively, exceeding the ¥6,172 million decrease in cash and deposits and the ¥23,071 million decrease in marketable securities as a result of purchase of treasury stock in June 2012 and payment of income taxes and dividends.

(Fixed Assets)

Total fixed assets as of June 30, 2012 were ¥667,281 million, an increase of ¥12,876 million compared to ¥654,404 million at the end of the previous fiscal year. The increase was due mainly to the ¥6,177 million increase in tangible fixed assets as a result of the initial investment in manufacturing facility at the Kitajima Factory of Taiho Pharmaceutical Co., Ltd, and the ¥4,008 million increase in investments in capital.

2) Liabilities

(Current Liabilities)

Total current liabilities as of June 30, 2012 were ¥309,836 million, an decrease of ¥1,522 million compared to ¥311,359 million at the end of the previous fiscal year. The decrease was due mainly to the ¥20,866 million decrease in income taxes payable caused by tax payment exceeding the ¥20,012 million increase in notes and accounts payable-trade.

(Fixed Liabilities)

Total fixed liabilities as of June 30, 2012 were ¥139,772 million, a increase of ¥7,129 million compared to ¥132,642 million at the end of the previous fiscal year. The increase was due mainly to the ¥8,782 million increase in other fixed liabilities, which was a result of the long-term unearned revenue related to up-front payment received from Lundbeck for OPC-34712 in the current period.

3) Net Assets

Total net assets as of June 30, 2012 were ¥1,232,479 million, an increase of ¥9,714 million compared to ¥1,222,764 million at the end of the previous fiscal year. The increase was due mainly to the ¥17,791 million increase in retained earnings as a result of the positive net income and the ¥8,774 million increase in accumulated other comprehensive income due to currency rate fluctuation exceeding the ¥17,471 million purchase of treasury stock in June 2012.

(3) Qualitative Information on Consolidated Operating Results Forecast

There are no changes to the Q2 cumulative and full year consolidated forecast released on May 11, 2012 with the FY2011 financial results.

2. Other Information

(1) Changes in significant subsidiaries during the period

No

(2) Adoption of accounting methods specific to quarterly consolidated financial statements

No

(3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements due to error correction

Change in depreciation method

Effective from the first quarter of the current fiscal year, the Company and its domestic consolidated subsidiaries changed the depreciation method for the relevant tangible fixed assets newly acquired from April 1, 2012 according to the amendment of Corporation Tax Act in Japan.

This change had only minor impact on operating income, ordinary income and income before income taxes and minority interests in this first quarter.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
ASSETS		
Current assets		
Cash and deposits	411,584	405,412
Notes and accounts receivable-trade	263,457	280,212
Marketable securities	151,777	128,705
Finished products and merchandise	60,778	70,268
Work-in process	26,931	26,137
Raw materials and supplies	31,656	32,042
Other current assets	66,502	72,385
Allowance for doubtful receivables	(389)	(423)
Total current assets	1,012,299	1,014,741
Fixed assets		
Tangible fixed assets	255,515	261,692
Intangible fixed assets		
Goodwill	36,825	40,342
Other intangible fixed assets	30,296	32,040
Total intangible fixed assets	67,121	72,383
Investments and other assets		
Investment securities	267,011	262,019
Investments in capital	23,332	27,340
Other assets	42,925	45,627
Allowance for investment loss	(1,010)	(1,013)
Allowance for doubtful receivables	(491)	(768)
Total investments and other assets	331,767	333,206
Total fixed assets	654,404	667,281
Deferred assets	63	65
Total assets	1,666,767	1,682,088
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	94,796	114,809
Short-term borrowings	39,692	44,778
Income taxes payable	33,822	12,956
Reserve for bonuses	16,141	4,404
Provisions	2,684	2,192
Other current liabilities	124,221	130,694
Total current liabilities	311,359	309,836
Long-term liabilities		
Long-term debt	25,947	25,362
Liability for employees' retirement benefits	44,708	44,582
Other allowances	3,091	2,767
Negative goodwill	26,469	25,853
Other long-term liabilities	32,425	41,207
Total long-term liabilities	132,642	139,772
Total liabilities	444,002	449,608

	As of March 31, 2012	As of June 30, 2012
NET ASSETS		
Shareholders’ equity		
Common stock	81,690	81,690
Capital surplus	510,639	510,639
Retained earnings	675,410	693,202
Treasury stock	(8)	(17,480)
Total shareholders’ equity	1,267,732	1,268,051
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	750	(713)
Deferred gain on derivatives under hedge accounting	10	3
Foreign currency translation adjustments	(59,904)	(49,659)
Total accumulated other comprehensive income	(59,144)	(50,369)
Stock acquisition rights	1,134	1,301
Minority interests	13,041	13,94
Total net assets	1,222,764	1,232,479
Total liabilities and net assets	1,666,767	1,682,088

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

Consolidated Statements of Income (cumulative)

(Millions of yen)

	FY2011 (From April 1, 2011 to June 30, 2011)	FY2012 (From April 1, 2012 to June 30, 2012)
Net sales	288,400	288,001
Cost of sales	94,223	92,580
Gross profit	194,177	195,420
Selling, general and administrative expenses		
Promotion expenses	40,000	37,837
Salaries and bonuses	20,698	20,491
Reserve for bonuses	2,528	2,661
Retirement benefit expenses	1,751	1,891
Amortization of goodwill	1,163	1,222
Research and development expenses	38,461	36,430
Other	43,214	46,023
Total selling, general and administrative expenses	147,818	146,558
Operating income	46,358	48,861
Non-operating income		
Interest income	363	364
Dividend income	546	789
Amortization of negative goodwill	616	616
Equity in earnings of unconsolidated subsidiaries and affiliated companies	267	453
Other	632	757
Total non-operating income	2,425	2,980
Non-operating expenses		
Interest expenses	478	454
Foreign exchange loss, net	1,804	2,538
Other	204	117
Total non-operating expenses	2,487	3,110
Ordinary income	46,296	48,732
Extraordinary income		
Gain on sales of fixed assets	21	87
Gain on sales of investment securities	0	26
Other	2	5
Total extraordinary income	24	119
Extraordinary loss		
Loss on retirement of fixed assets	146	135
Impairment loss	108	63
Loss on valuation of investment securities	294	173
Other	477	24
Total extraordinary loss	1,026	396
Income before income taxes and minority interests	45,293	48,454
Income taxes		
Current	15,787	13,483
Deferred	(2,031)	2,809
Total income taxes	13,756	16,293
Income before minority interests	31,537	32,161
Minority interests in net income	381	232
Net income	31,155	31,929

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	FY2011 (From April 1, 2011 to June 30, 2011)	FY2012 (From April 1, 2012 to June 30, 2012)
Income before minority interests	31,537	32,161
Other comprehensive income		
Unrealized loss on available-for-sale securities	(1,137)	(1,496)
Deferred loss on derivatives under hedge accounting	(21)	(6)
Foreign currency translation adjustments	3,336	5,834
Share of other comprehensive income of equity method affiliates	3,451	4,873
Total other comprehensive income	5,629	9,204
Total comprehensive income	37,166	41,365
Total comprehensive income attributable to:		
Owners of the parent	36,504	40,703
Minority interests	662	661

(3) Note regarding Assumption of Going Concern
Not applicable

(4) Note regarding Significant Changes in the Amount of Shareholders' Equity
For the first three months of fiscal 2012 (from April 1, 2012 to June 30, 2012)
The Company repurchased 7,228,500 shares of common stock at a cost of ¥17,471 million in accordance with the resolution of board of directors held on June 13, 2012.
As a result, the Company holds 7,232,946 treasury stocks at a cost of ¥17,480 million as of June 30, 2012.

(5) Segment Information
For the first three months of fiscal 2011 (from April 1, 2011 to June 30, 2011)
1) Net sales and segment income by reporting segment

(Millions of yen)

	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Total	Adjustments	Consolidated
Net sales							
Sales to customers	190,100	66,138	13,740	18,420	288,400	-	288,400
Intersegment sales	-	748	273	9,506	10,527	(10,527)	-
Total	190,100	66,886	14,014	27,926	298,928	(10,527)	288,400
Segment income	46,669	8,127	171	1,213	56,180	(9,822)	46,358

Notes:
1) Adjustments to segment income of ¥(9,822) million include intersegment eliminations of ¥339 million and unallocated corporate expenses of ¥(10,162) million. Corporate expenses include costs associated with headquarter.
2) Segment income is adjusted to the operating income in the quarterly consolidated statement of income.

For the first three months of fiscal 2012 (from April 1, 2012 to June 30, 2012)

1) Net sales and segment income by reporting segment

(Millions of yen)

	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Total	Adjustments	Consolidated
Net sales							
Sales to customers	195,153	62,131	11,928	18,787	288,001	-	288,001
Intersegment sales	-	1,115	555	9,525	11,195	(11,195)	-
Total	195,153	63,247	12,483	28,312	299,197	(11,195)	288,001
Segment income (loss)	53,045	5,470	(302)	1,388	59,601	(10,739)	48,861

Notes:

1) Adjustments to segment income (loss) of ¥(10,739) million include intersegment eliminations of ¥111 million and unallocated corporate expenses of ¥(10,850) million. Corporate expenses include costs associated with headquarter.

2) Segment income (loss) is adjusted to the operating income in the quarterly consolidated statement of income.

(6) Subsequent Events

For the **first three months of fiscal** 2012 **(from April 1, 2012 to June 30, 2012)**

There was no significant subsequent event.