Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 [Japan GAAP]

May 14, 2013

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 annual general meeting of shareholders	: June 27, 2013
Scheduled date of dividend payment commencement	: June 28, 2013
Scheduled date of securities report submission	: June 28, 2013
Supplementary materials for financial results	: Yes
Earnings announcement for 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 FY2012 (April 1, 2012 to March 31, 2013)

(1) Consolidated Operating Results

(% change from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2012	1,218,055	5.5	169,660	14.1	184,462	21.3	122,429	32.8
FY2011	1,154,573	2.4	148,661	17.7	152,119	18.5	92,174	11.9

(Note) Comprehensive income: FY2012 ¥151,737 million (78.1%)
FY2011 ¥85,213 million (42.2%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income as a percentage of total assets	Operating margin
	Yen	Yen	%	%	%
FY2012	221.90	221.41	9.7	10.7	13.9
FY2011	165.20	164.73	7.8	9.3	12.9

(Reference) Equity in earnings of affiliates: FY2012 ¥3,140million
FY2011 ¥1,216million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Book value per share
	Million yen	Million yen	%	Yen
As of March 31, 2013	1,779,207	1,325,071	73.7	2,381.64
As of March 31, 2012	1,666,767	1,222,764	72.5	2,166.55

(Reference) Shareholders' equity: As of March 31, 2013 ¥1,310,497million
As of March 31, 2012 ¥1,208,588million

(3) Consolidated Cash Flows

	Net cash flows from operating activities	Net cash flows from investing activities	Net cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2012	119,340	(91,228)	(71,889)	347,571
FY2011	147,618	(107,629)	(41,065)	384,194

2. Dividends

	Annual dividend per share					Total dividends	Dividend pay-out ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2011	-	20.00	-	25.00	45.00	25,102	27.2	2.1
FY2012	-	28.00	-	30.00	58.00	31,895	26.1	2.6
FY2013	-	30.00	-	35.00	65.00		25.9	

3. Projected Consolidated Financial Results for FY 2013 (April 1, 2013 through March 31, 2014)

(% 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)	672,000	12.2	103,000	10.2	107,000	12.0	73,000	16.5	132.66
FY2013	1,370,000	12.5	205,000	20.8	210,000	13.8	138,000	12.7	250.79

4. Others

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

(2) 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

(Note) Please see "Notes to Consolidated Financial Statements (Changes in Accounting Policies)" on page 28 for further details.

(3) 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):
   March 31, 2013 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:
   March 31, 2013 7,593,160 shares
   March 31, 2012 3,978 shares
3) Average number of shares outstanding during the reporting period:
   March 31, 2013 551,639,623 shares
   March 31, 2012 557,832,368 shares

*** Information Regarding Audit Procedures**

At the time of disclosure of this financial report, the consolidated financial statements audit procedure as stipulated under the Financial Instruments and Exchange Act of Japan is still in process.

*** Disclaimer Regarding Forward-Looking Statements**

Forecasts and other forward-looking statements included in this report are not guarantees of future achievements because they 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 "1. Analyses of Operating Results and Financial Position (1) Analysis of Operating Results" for details on the assumptions used and other related matters concerning the forecast of consolidated financial results (page 6).

The company is planning to hold a meeting for institutional investors, analysts and the press on May 14, 2013. Presentation materials and video of the meeting will be available on the Company's website promptly after the meeting.

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1. Analyses of Operating Results and Financial Position

(1) Analysis of Operating Results

In the fiscal year under review, the Japanese economy saw a moderate improvement in the corporate operating environment amid expectations for the new government and a correction to the persistently strong yen. Overseas, the economic outlook remained uncertain due to the economic crisis in Europe and slowing growth in emerging economies.

Against this backdrop, the Otsuka Group reported consolidated net sales of ¥1,218,055 million (up 5.5% year on year) for the fiscal year ended March 31, 2013, with operating income of ¥169,660 million (up 14.1%), ordinary income of ¥184,462 million (up 21.3%) and net income of ¥122,429 million (up 32.8%).

Results by business segment are as follows:

(Millions of yen)

	Pharmaceuticals	Nutraceuticals	Consumer products	Others	Adjustments	Total
Net sales	850,861	251,772	46,889	111,663	(43,132)	1,218,055
Segment income (loss)	187,853	21,367	(2,446)	3,918	(41,032)	169,660

1) Pharmaceuticals

In the area of the central nervous system, atypical antipsychotic agent *ABILIFY* was ranked seventh[*1] in global drug sales between January and December 2012. In the U.S., prescriptions of *ABILIFY* increased for adjunctive therapy in major depressive disorder and for bipolar disorder, leading to higher sales year on year. The drug was also ranked first[*2] in U.S. drugs sales between October and December 2012. In Europe, although drug price reductions, enforced by government fiscal austerity measures, contributed to a slump in the market for atypical antipsychotic agents, sales of *ABILIFY* grew on the back of an increase in prescriptions for the treatment of manic episodes of bipolar disorder. However, sales in Europe on a yen basis declined year on year due to the impact of yen appreciation. Sales of *ABILIFY* expanded steadily in Asia, growing at a double-digit pace due to rising sales in China, where the drug was included in the national medical insurance system, and additional indications in South Korea, where it was approved for chronic tic disorder and Tourette syndrome. In Japan, *ABILIFY* sales grew at a double-digit pace due to approval for an additional indication for manic episodes of bipolar disorder received in 2012, in addition to the existing indication for schizophrenia. The launch of a new orally disintegrating tablet also supported sales growth. Also, an application was filed in August 2012 for an additional indication as an adjunctive therapy in major depressive disorder.

Under the alliance with H. Lundbeck A/S ("Lundbeck"), the two companies began sales of *Abilify Maintena*, aripiprazole intramuscular depot formulation (once-monthly injection), in the U.S. in March 2013. The companies also submitted a new drug application for the same drug to the European Medicines Agency (EMA) in December 2012.

In addition, Otsuka Pharmaceutical Co., Ltd. ("Otsuka Pharmaceutical") and Lundbeck further expanded their global alliance in the field of the central nervous system with the conclusion of a co-development and co-commercialization agreement for Lu AE58054 in March 2013, which is currently under development for Alzheimer's disease treatment by Lundbeck.

In Japan, the antiepileptic drug *E Keppra*, which is co-promoted with UCB Japan, registered substantial sales growth. In addition, *Neupro Patch*, the world's first transdermal dopamin agonist introduced by UCB was launched in February 2013 for the treatment of both Parkinson's disease and restless legs syndrome.

In the area of the cardiovascular system, first-in-class drug vasopressin V_2-receptor antagonist *SAMSCA* is now sold in 14 markets worldwide, and the new value it brings and its method of use as an oral aquaretic agent is leading to wider use by medical specialists. As a result, sales in the U.S. continued to grow at a double-digit pace compared with the previous fiscal year. In Japan, prescriptions of *SAMSCA* increased considerably amid growing awareness of the drug as a new treatment option for edema in heart failure, supporting sales growth in excess of double digits compared with the previous fiscal year. Sales volume was stable for antiplatelet agent *Pletaal/Pletal* due to promotion of the drug as a convenient orally disintegrating tablet for patients who have had onset cerebral infarction. However, sales declined year on year owing to the impact of drug price reductions and generics.

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 increased awareness of the drug through the use of evidence-based medicine (EBM) approaches. Overseas, *TS-1* is gradually being rolled out in European markets and is sold in 18 markets worldwide as of March 31, 2013. Sales of anti-cancer agent *UFT* declined as a result of competition, while sales of reduced folic acid formulation *Uzel* grew on the back of increased awareness of the drug through the use of EBM approaches. Sales of *Aloxi*, a 5-HT_3 receptor antagonist antiemetic agent, and anti-cancer agent *Abraxane* both continued to grow at a double-digit pace. Anti-cancer agent *SPRYCEL*, which is being co-promoted in Japan, the U.S. and Europe with BMS[*3], showed solid sales growth as a first-line treatment for chronic myeloid leukemia in markets worldwide. This sales growth, along with a substantial increase from January 2013 in the ratio used to calculate distributions received by the Company based on sales, contributed to a large rise in distributions compared with the previous fiscal year. *BUSULFEX*, which is the only allogeneic hematopoietic stem cell pre-transplanting regimen approved by the U.S. FDA, has now become established as the standard drug for use as a conditioning agent administered prior to bone marrow transplants in place of total-body radiation. The rights to develop and market *BUSULFEX* in Japan and Asia were returned to Otsuka Pharmaceutical under an agreement with Kyowa Hakko Kirin Co., Ltd., with Otsuka Pharmaceutical taking over sole responsibility for the business in those markets from April 1, 2013. This complements the exclusive marketing rights the Group already owns for *BUSULFEX* in the U.S.

In other areas, anti-gastritis and anti-gastric ulcer agent *Mucosta* remained the fourth[*4] most prescribed drug in Japan.

However, sales declined compared with the previous fiscal year due to the impact of drug price reductions and generics. In the area of ophthalmology, *Mucosta ophthalmic suspension UD 2%*, a treatment for dry eyes, showed a significant increase in sales following its approval for long-term prescriptions in December 2012. In addition, *L-Cartin FF oral solution 10%* and *L-Cartin FF injection 1000 mg* were launched in February 2013.

In the area of clinical nutrition, sales of the high-calorie TPN solution *ELNEOPA* increased. This growth, spurred by the inclusion of inpatient pharmaceutical services in medical fee reimbursements from April 2012, mainly reflected an increase in the number of hospitals adopting the product and growth in prescriptions. *ELNEOPA* has gained in popularity among hospital pharmaceutical departments due to the ease and convenience of dispensing trace elements.

In addition, Otsuka Pharmaceutical and Abdi Ibrahim, the leading pharmaceutical company in Turkey, newly established a joint venture in October 2012. The new company, Abdi Ibrahim Otsuka Pharmaceutical Company, will operate as a new marketing base for the pharmaceutical business.

In the fiscal year under review, research and development expenses in the pharmaceutical segment increased, due mainly to the alliance with Lundbeck to develop new compounds.

As a result of the above, net sales in the pharmaceutical segment for the fiscal year ended March 31, 2013 totaled ¥850,861 million (up 8.8% year on year), with operating income of ¥187,853 million (up 11.5%).

*[1]: © 2013 IMS Health. All rights reserved. Estimated based on “World Review Preview 2013 (Year 2012 Sales Data),” Reprinted with permission.
*[2]: © 2013 IMS Health. All rights reserved. Estimated based on “MIDAS Quantum 4Q/2012 Sales data,” Reprinted with permission.
*[3]: Bristol-Myers Squibb Company
*[4]: © 2013 IMS Japan K.K. Estimated based on 2011 Japan Medical Data Index. Reprinted with permission.

2) Nutraceuticals

Pocari Sweat, an electrolyte supplement drink, is now sold in 17 markets worldwide following its launch in Vietnam in August 2012. Overseas, sales volume continued to grow at a strong pace, supported by continued efforts in both Indonesia and China to cultivate consumers and promote the product’s benefits. In Japan, sales volume in the second half of the fiscal year grew at a stronger pace than in the same period a year earlier, thanks to successful sales promotions that focused on the benefits of drinking *Pocari Sweat*, particularly after taking a bath and in the dry season. However, sales volume for the full year declined year on year.

The Otsuka Group is focusing on the development of its soy-related business, based on the concept of “Soylution,” which aims to make full use of the nutrition in soy as a solution to various health and environmental issues faced by people today. The Group added healthy soy snack *SoyCarat* to its lineup of soy products in April 2012. Steps were taken to attract new customers to this product, as well as the soy bar *SOYJOY*, which is sold in 11 markets around the world, and the soy soda beverage *SOYSH*. In Japan, the Group held seminars run by soy specialists in 46 locations across the country. The seminars were aimed at educating opinion-leaders and consumers and are part of ongoing marketing activities to promote the value of the Group’s soy products as a way of benefiting from the wholesome nutrition of soy.

For the carbonated nutritional drink *Oronamin C*, the market environment surrounding the brand remained difficult due to intensifying competition. However, sales volume declined only slightly from the previous fiscal year, thanks to successful sales promotions that clearly communicated the product’s features.

Sales volume of the balanced nutrition food *Calorie Mate* declined slightly from the previous fiscal year, despite sales promotions focused on brand value and marketing activities showing how *Calorie Mate* can be a useful food for people who have difficulty getting home from work during natural disasters.

In December 2012, Nutrition & Santé SAS, an Otsuka Group subsidiary that operates in more than 40 countries, mainly in Europe, acquired a gluten-free food company from Lactalis Group, the world’s largest dairy products company. This acquisition gives Nutrition & Santé SAS the ability to seamlessly develop, produce and sell gluten-free foods, providing the base to support faster growth in the company’s expanding gluten-free food product business. In Japan, the number of stores that sell *Gerble* and *Gerlinea*, the leading[*5] calorie control brand in France’s diet food market, continued to increase steadily across the country.

In the U.S., *Nature Made* supplements are supplied by subsidiary Pharmavite LLC. Nature Made has been the number one retail national vitamin and supplement brand in the US from 2007 through 2012[*6] and selected as the number-one, pharmacist-recommended brand in seven categories[*7]. During the fiscal year under review, sales of the brand in the U.S. grew at a steady pace.

In the cosmedics area, where the focus is on the concept of “healthy skin,” the Group ran a marketing campaign for the *UL•OS* men’s skincare brand, targeting middle-aged men and focusing on the brand’s scalp shampoo. The campaign supported strong double-digit sales growth for the brand. In February 2013, the Group added an SPF 50 sun block product to the range, as part of efforts to steadily expand *UL•OS* as a skincare brand for daily use that contains a comprehensive lineup of products for all areas of men’s skincare.

In the *InnerSignal* brand for women, the Group continued to make steady progress in acquiring customers through the mail-order sales channel, supporting a doubling in sales.

Sales of nutrient tonic *Tiovita* declined from the previous fiscal year. This reflected a drop in sales volume due to stockpiling demand in the aftermath of the earthquake and poor weather in early summer.

As a result of the above, net sales in the nutraceutical segment for the fiscal year ended March 31, 2013 totaled ¥251,772 million (down 1.2% year on year), with operating income of ¥21,367 million (down 3.5%).

*[5]: IRI Value Share of market–Total 2011
*[6]: Pharmavite calculation based on data reported by Nielsen through its Scantrack Service for the vitamins category for

52-week periods ending 12/22/2012, for the xAOC and FDM Markets. Copyright (c) 2013, The Nielsen Company.

*[7]: Pharmacy Times 2012 Ed.

3) Consumer Products

Sales of *Crystal Geyser* and other mineral water products decreased, mainly in reaction to stockpiling demand in the aftermath of the earthquake. Sales volume grew steadily for *Match*, a carbonated electrolyte drink containing vitamins, due to the continuation of aggressive marketing strategy and sales promotion activities mainly targeting high school student market, which led to the acquisition of new customers and growth in the consumer base. In February 2013, to mark the 45th anniversary of *Bon Curry Gold*, a range of instant curry dishes, the Group launched a new product that can be heated in the microwave oven without removing the curry pouch from the box.

In the consumer products segment, the Group will continue to implement a range of initiatives aimed at improving profitability, as well as stepping up marketing initiatives.

As a result of the above, net sales in the consumer products segment for the fiscal year ended March 31, 2013 totaled ¥46,889 million (down 4.7% year on year), with operating loss of ¥2,446 million.

4) Others

In the specialty chemical business, sales of compound materials, flame retardant *Phosphazene*, and friction materials *TISMO* and *Terracess* were firm on the back of demand for camera parts for smartphones and tablet devices and an upturn in the automotive field in North America. However, sales volumes for products such as tire raw materials declined due to the impact of the protracted economic crisis in Europe, leading to a decrease in sales. In the fine chemical business, output of *GCLE* was expanded in India, supporting an increase in sales volume and resulting in sales growth. Ongoing steps were also taken to boost profitability, including productivity improvements for pharmaceutical intermediate *DACTA*.

In the transportation and warehousing business, there was a decline in the volume of beverages handled due to unseasonable weather in early summer, but sales grew year on year owing to increases in handling volumes for pharmaceuticals and other products. Sales in the direct sales support business increased due to growth in the number of orders and expansion of operations.

As a result of the above, net sales in the other businesses segment for the fiscal year ended March 31, 2013 totaled ¥111,663 million (up 2.8% year on year), with operating income of ¥3,918 million (up 101.7%).

(Projected Consolidated Financial Results for FY2013)

(Millions of yen)

	FY2012 (Actual)	FY2013	Change	% Change
Net sales	1,218,055	1,370,000	151,944	12.5%
Operating Income	169,660	205,000	35,339	20.8%
Ordinary Income	184,462	210,000	25,537	13.8%
Net Income	122,429	138,000	15,570	12.7%

R&D Expense	192,364	200,000	7,635	4.0%

(Note) FY2013 exchange rate: 90 yen/USD 120 yen/EUR

In pharmaceutical business, despite the effects of generics against our long-listed products, sales of atypical antipsychotic agent *ABILIFY* is expected to remain strong. Additionally, sales increase of *Sprycel* joint project, *SAMSCA*, *E Keppra*, *Aloxi*, *Abraxane* and *Abilify maintena* are expected to contribute to sales growth. In nutraceutical business, sales are expected to increase by new products launch on core brand such as *Ion water*, new product line of *Pocari Sweat*, and by expansion of overseas business.

Operating income is expected to increase despite the increase in selling expenses to strengthen sales structure in U.S and Europe and R&D expenses related to the development of central nervous system and anti-cancer category, as the fees payable of the U.S *ABILIFY* sales to Bristol-Myers Squibb Company will be reduced from 51.5% to 35%. In the nutraceutical segment, the Group will spend on customer and new product development as well as focus on 10% of operating income ratio.

As a result, operating income is projected to increase by 20.8% to ¥205,000 million and ordinary income is projected to increase by 13.8% to ¥210,000 million and net income is expected to increase by 12.7% to ¥138,000 million.

(2) Research and Development Activities

Research and development expenses for the fiscal year ended March 31, 2013 totaled ¥192,364 million.
The primary areas of research and development by business segment 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 the 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.

Research and development activities carried out during the fiscal year ended March 31, 2013 in the area of therapeutic drugs are summarized below.

Category	*Brand Name*, (Generic Name), Development Code	Status
Central nervous system	*ABILIFY* *Abilify Maintena* (U.S.) (aripiprazole)	<U.S.> • The results of Phase III trials to assess the efficacy, safety and tolerability of aripiprazole intramuscular depot formulation (once-monthly injection) for the treatment of schizophrenia were announced at the 165th Annual Meeting of the American Psychiatric Association in May 2012. • Phase III trials were initiated in August 2012 for aripiprazole intramuscular depot formulation (once-monthly injection) for the treatment of bipolar disorder. • Phase III trials were initiated in November 2012 for aripiprazole oral formulation for the treatment of Tourette syndrome. • Aripiprazole intramuscular depot formulation (once-monthly injection) was approved for the treatment of schizophrenia in February 2013 and launched in March. <Europe> • A new drug application for aripiprazole intramuscular depot formulation (once-monthly injection) for the treatment of schizophrenia was filed in December 2012. • Aripiprazole oral formulation was approved in January 2013 for the additional indication for improvement of manic episodes of bipolar I disorder in adolescents. <Japan> • Sales of the four dosages (3 mg, 6 mg, 12 mg, and 24 mg) of *ABILIFY OD Tablets* began in May 2012. • Phase III trials were initiated in July 2012 for aripiprazole oral formulation for the treatment of autism. • An application was filed in August 2012 for aripiprazole oral formulation for an additional indication as an adjunctive therapy in major depressive disorder.
	OPC-34712 (brexpiprazole)	<Global> • The drug was given the generic name brexpiprazole.
	E Keppra	<Japan> • An application was filed in June 2012 for an additional indication for the treatment of epileptic partial seizures in children. An application for a new dry syrup formulation was filed at the same time.

Category	*Brand Name*, (Generic Name), Development Code	Status
	Neupro Patch	<Japan> • *Neupro Patch* was approved in December 2012 for the treatment of both Parkinson’s disease and restless legs syndrome and launched in February 2013.
Anti-cancer and cancer-supportive care	TAS-102	<Global> • Phase III trials were initiated in June 2012 in Japan, the U.S. and Europe for the treatment of colorectal cancer. <Japan> • An application was filed in February 2013 for the treatment of colorectal cancer.
	TAS-114	<Global> • Phase I trials were initiated in June 2012 in Japan, the U.S. and Europe for the treatment of solid cancer.
	ET-743	<Japan> • Phase II trials were initiated in September 2012 for the treatment of malignant soft tissue sarcoma.
	Abraxane ABI-007	<Japan> • Phase I/II trials were initiated in November 2012 for the treatment of pancreatic cancer. • *Abraxane* was approved in February 2013 for the additional indication of gastric cancer and non-small-cell lung cancer.
	OPB-111077	<U.S.> • Phase I trials were initiated in June 2012 for the treatment of solid cancer.
	OCV-C02	<Japan> • Phase I trials were initiated in March 2013 for the treatment of colorectal cancer.

Category	*Brand Name*, (Generic Name), Development Code	Status
Cardiovascular system	*SAMSCA* (tolvaptan)	<U.S.> • The results of Phase III trials for tolvaptan for the treatment of autosomal dominant polycystic kidney disease (ADPKD) were presented at the American Society of Nephrology annual meeting on November 3, 2012, and published in The New England Journal of Medicine. • An application was filed in March 2013 for the treatment of ADPKD. (Additional information) • A new drug application was accepted for review by the FDA in April 2013 for the treatment of ADPKD. <Japan> • An application was filed in July 2012 for an additional indication for the treatment of hepatic edema. • Phase II trials were initiated in December 2012 for the treatment of carcinomatous edema. <Asia> • Phase III trials were initiated in August 2012 for the treatment of cardiac edema. • An application was filed in September 2012 for an additional indication for the treatment of hepatic edema.
	ONGLYZA (saxagliptin) OPC-262	<Japan> • An application was filed in April 2012 for the treatment of Type 2 diabetes mellitus. In June 2012, Otsuka Pharmaceutical Co., Ltd. concluded an agreement to transfer Japanese rights for saxagliptin to Kyowa Hakko Kirin Co., Ltd. Approval for the drug was received in March 2013, and Otsuka Pharmaceutical Co., Ltd. plans to continue supporting the process until the completion of the transfer to Kyowa Hakko Kirin Co., Ltd.
Other categories (Ophthalmology and others)	(delamanid) OPC-67683	<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 in June 2012. <Japan> • A new drug application was filed in March 2013 for the treatment of multidrug-resistant tuberculosis.
	Mucosta ophthalmic suspension UD 2% OPC-12759E	<U.S.> • UD (unit dose): Phase III trials were initiated in July 2012 for the treatment of dry eyes. <Japan> • MD (multi dose): Phase III trials were initiated in September 2012 for the treatment of dry eyes.
	(Emixustat) ACU-4429	<U.S.> • Phase II b/III trials were initiated in February 2013 for the treatment of dry age-related macular degeneration.

Category	*Brand Name*, (Generic Name), Development Code	Status
	OPA-15406	<U.S.> • Phase I trials were initiated in August 2012 for the treatment of atopic dermatitis.
	Meptin	<Japan> • An application was filed in December 2012 for a new dry powder inhaler formulation.
	L-Cartin FF oral solution 10% *L-Cartin FF injection 1000 mg*	<Japan> • Two new drug forms were approved in December 2012 for the treatment of carnitine deficiency, and the drugs were launched in February 2013.

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 is 2.5 hours, which is considerably shorter than with the existing WT1 mRNA assay kit *Otsuka*.

Research and development expenses for the pharmaceutical business for the fiscal year ended March 31, 2013 were ¥183,485 million.

(Nutraceuticals)

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

The Group continues to conduct research into its electrolyte supplement drink *Pocari Sweat*, in order to further improve the functionality of the beverage.

The Group's Research Institute of New Functional Products Development in Tokushima, which specializes in soy, continually focuses 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 healthy soy snack *SoyCarat*, launched as the Group's third "Soylution" product in April 2012.

Research and development expenses for the nutraceutical business for the fiscal year ended March 31, 2013 were ¥3,930 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 fiscal year ended March 31, 2013 were ¥588 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 fiscal year ended March 31, 2013 were ¥4,359 million.

(3) Analysis of Financial Position

1) Assets

Total assets as of March 31, 2013 were ¥1,779,207 million, an increase of ¥112,440 million compared to ¥1,666,767 million at the end of the previous fiscal year. The increase was due to the ¥68,343 million increase in current assets, ¥44,093 million increase in fixed assets and ¥3 million increase in deferred assets.

(Current Assets)

Total current assets as of March 31, 2013 were ¥1,080,642 million, an increase of ¥68,343 million compared to ¥1,012,299 million at the end of the previous fiscal year. The increase was due mainly to ¥54,630 million increase in notes and accounts receivable-trade and ¥12,985 million increase in inventories although there was ¥14,009 million decrease in marketable securities.

(Fixed Assets)

Total fixed assets as of March 31, 2013 were ¥698,498 million, an increase of ¥44,093 million compared to ¥654,404 million at the end of the previous fiscal year. The increase was due mainly to the ¥20,452 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 ¥9,284 million increase in investment securities and the ¥8,242 million increase in investments in capital.

2) Liabilities

(Current Liabilities)

Total current liabilities as of March 31, 2013 were ¥346,472 million, an increase of ¥35,112 million compared to ¥311,359 million at the end of the previous fiscal year. The increase was due mainly to the ¥12,097 million increase in short-term borrowings by reclassifying from long-term debt and ¥21,480 million increase in other current liabilities due to the accrual of USD150 million up-front licensing payment which was agreed to be paid to Lundbeck regarding co-development and co-commercialization right for Lu AE58054, a selective 5-HT_6 receptor antagonist.

(Long-term Liabilities)

Total long-term liabilities as of March 31, 2013 were ¥107,664 million, a decrease of ¥24,978 million compared to ¥132,642 million at the end of the previous fiscal year. The decrease was due mainly to the ¥19,696 million decrease in long-term debt as a result of repayment and reclassification to short-term borrowings, ¥4,138 million decrease in liability for employees' retirement benefits and ¥2,464 million decrease in negative goodwill as a result of amortization.

3) Net Assets

Total net assets as of March 31, 2013 was ¥1,325,071 million, an increase of ¥102,306 million compared to ¥1,222,764 million at the end of the previous fiscal year. The increase was due mainly to the ¥20,081 million decrease in currency translation adjustments (a decrease of net assets) as a result of the depreciation of the yen and ¥92,903 million increase in retained earnings as a result of the positive net income although there was a ¥18,383 million increase in treasury stock as a net result of purchases of treasury stock and exercises of stock options.

(4) Analysis of Cash Flows

Cash and cash equivalents decreased by ¥36,623 million during the fiscal year ended March 31, 2013 to ¥347,571 million. Net cash provided by operating activities was ¥119,340 million, while net cash used in investing activities and financing activities were ¥91,228 million and ¥71,889 million, respectively.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥119,340 million in the fiscal year ended March 31, 2013, an decrease of ¥28,278 million, compared to ¥147,618 million in the previous fiscal year. Although there were ¥176,939 million in income before income taxes and minority interest (an increase of ¥34,534 million compared to ¥142,405 million at the end of the previous fiscal year) and the development milestone payment received from Lundbeck for OPC-34712, the decrease of ¥47,240 million (¥25,657 million for previous fiscal year) in notes and account receivables, and payment of ¥66,828 million (¥34,422 million for previous fiscal year) in income taxes are factors of this decrease in operating activities.

(Cash Flows from Investing Activities)

Net cash used in investing activities was ¥91,228 million in the fiscal year ended March 31, 2013, a decrease of ¥16,400 million compared to ¥107,629 million in the previous fiscal year. Investing activities during the fiscal year ended March 31, 2013 included ¥50,540 million in purchases of property, plant and equipment, ¥19,995 million increase in short-term investment securities, net and ¥16,675 million in purchases of investment securities. Purchases of property, plant and equipment included acquisition of tangible fixed assets of initial manufacturing facility at the Kitajima Factory of Taiho Pharmaceutical Co., Ltd. and replacements of existing other facilities.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥71,889 million in the fiscal year ended March 31, 2013, an increase of ¥30,824 million compared to ¥41,065 million in the previous fiscal year. Financing activities during the fiscal year ended March 31, 2013 included ¥29,333 million in payment of dividends, ¥20,002 million in purchases of treasury stock and ¥16,120 million in repayments of long-term debt.

(Cash Flow Indicator Ratios)

	FY2008	FY2009	FY2010	FY2011	FY2012
Equity ratio	62.3	64.2	72.4	72.5	73.7
Market capitalization to total assets ratio	-	-	72.1	82.0	102.1
Cash flow to debt ratio	66.0	62.5	69.2	40.1	33.1
Interest coverage ratio	75.0	63.5	81.2	90.8	157.7

Equity ratio: total shareholders' equity/total assets
Market capitalization to total assets ratio: total market capitalization/total assets
Cash flow to debt ratio: interest-bearing debt/cash flow
Interest coverage ratio: cash flow/interest paid

(Notes)

1. All indicator ratios are calculated on a consolidated basis.
2. Total market capitalization is calculated based on the outstanding shares (excluding treasury shares) and the closing market price at fiscal year-end.
3. Cash flow equals net cash provided by operating activities, less interest expense and income taxes paid.
4. Interest-bearing debt includes all liabilities reported on the consolidated balance sheet which is subject to interest payments. Interest paid represents the amount of interest payment as reported on the consolidated statement of cash flow.
5. Market capitalization to total assets ratio is not available for FY2008 and FY2009 as the Company was not publicly listed and the share price information was undeterminable.
6. Amounts for FY 2010 are adjusted retrospectively based on a new currency translation method applied in FY 2011. Amounts for FY 2008 and FY 2009 are prior to adjustments.

(5) Basic Policy for Profit Distribution and Dividends for FY2012 and FY2013

The Company views the distribution of profits to shareholders as one of the key management issues. Our basic policy regarding profit distribution is to provide a stable profit distribution in line with the profit level while securing an appropriate amount of internal reserve necessary for future growth and to react to changes in the business environment.

Based on this policy the Company plans to pay a year-end dividend of ¥30 per share and an interim dividend of ¥28 per share, a sum of ¥58 per share for the fiscal year ended March 31, 2013. As a result, the planned consolidated payout ratio for the fiscal year ended March 31, 2013 is 26.1%.

For FY2013, the Company plans to pay an annual dividend of ¥65 per share (of which ¥30 is planned as interim dividend and ¥35 as year-end dividend.)

2. Group Overview

The Otsuka Group consists of Otsuka Holdings Co., Ltd., its 124 subsidiaries and 33 affiliates. Otsuka is a globally operating diversified healthcare group engaged in pharmaceuticals, nutraceuticals, consumer products and other, which includes logistical services, optical inspection and measurement equipments and chemicals.

As the Group's holding company, Otsuka Holdings directs the group's strategic planning, monitors group operations and provides various services to its group companies.

The group companies in their respective business segments are as follows:

(Pharmaceutical Segment)

Otsuka Pharmaceutical Co., Ltd., Otsuka Pharmaceutical Factory, Inc. and Taiho Pharmaceutical Co., Ltd. are mainly responsible for the sales of pharmaceutical products in Japan while Otsuka America Pharmaceutical, Inc. and Otsuka Pharmaceutical Europe Ltd. are mainly responsible for the sales of pharmaceutical products outside Japan.

In the therapeutic area, Otsuka Pharmaceutical Co., Ltd. and Taiho Pharmaceutical Co., Ltd. are responsible for the manufacture and sales in Japan. Otsuka Pharmaceutical Co., Ltd. also exports pharmaceutical products to Otsuka America Pharmaceutical, Inc., Otsuka Pharmaceutical Europe Ltd. and other group companies. In the clinical nutrition area, manufacturing and sales are conducted locally. Otsuka Pharmaceutical Factory, Inc. and EN Otsuka Pharmaceutical Co., Ltd. are mainly responsible for the manufacture and sales in Japan. Other territories include China, Indonesia and Egypt. Research and development activities are conducted mainly in Japan and the US. Otsuka Pharmaceutical Co., Ltd. outsources part of its development activities to its US subsidiaries, Otsuka Pharmaceutical Development & Commercialization, Inc. and Otsuka Maryland Medicinal Laboratories, Inc. and other group companies.

(Nutraceutical Segment)

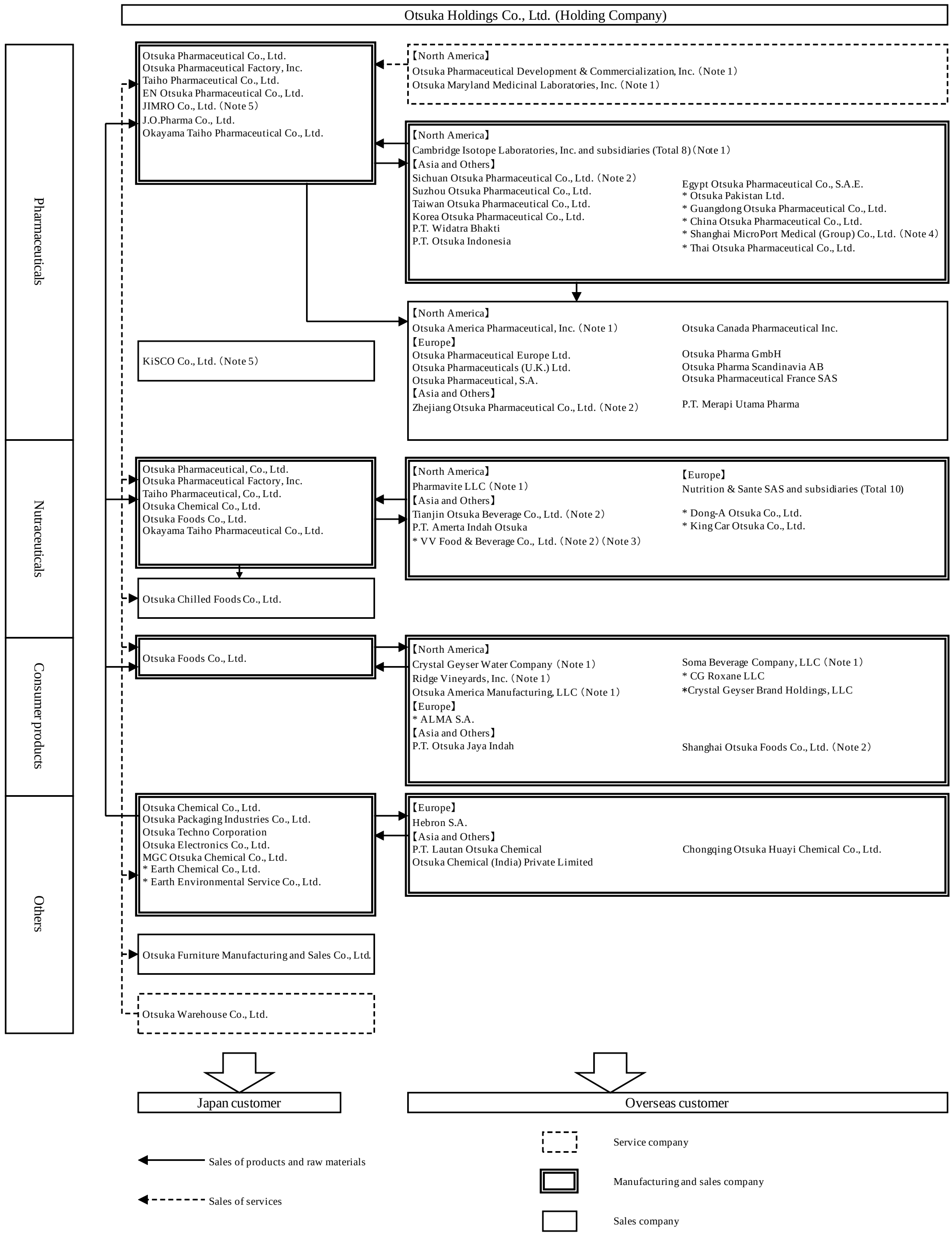
Otsuka Pharmaceutical Co., Ltd. and Taiho Pharmaceutical Co., Ltd. are mainly responsible for the manufacture and sales of nutraceutical products in Japan while Pharmavite LLC, P.T. Amerta Indah Otsuka, Nutrition & Santé SAS, VV Food & Beverage Co., Ltd. are mainly responsible for the manufacture and sale of nutraceutical products outside Japan. Otsuka Pharmaceutical Co., Ltd. purchases part of its products from other consolidated subsidiaries, including Otsuka Pharmaceutical Factory, Inc., Otsuka Chemical Co., Ltd., Otsuka Foods Co., Ltd. and Pharmavite LLC.

(Consumer Product Segment)

Otsuka Foods Co., Ltd. is responsible for the manufacture and sales of consumer products in Japan while CG Roxane LLC and ALMA S.A. are mainly responsible for the manufacture and sale of mineral water outside Japan.

(Other Segment)

Otsuka Chemical Co., Ltd. is responsible for the manufacture and sales of chemical products and Otsuka Electronics Co., Ltd. is responsible for the manufacture, sale and import of optical inspection and measurement devices. Otsuka Packaging Industries Co., Ltd. conducts printing and packaging and Otsuka Techno Corporation manufactures plastic containers for intravenous solutions and other pharmaceutical products on behalf of the domestic group companies. Otsuka Warehouse Co., Ltd. provides logistical services to Otsuka Pharmaceutical Co., Ltd., Otsuka Pharmaceutical Factory, Inc., Taiho Pharmaceutical Co., Ltd. and other domestic group companies.



Not marked Consolidated subsidiaries

* equity method affiliated companies

Note
1. Shares held by the holding company, Otsuka America, Inc.
2. Shares held by the holding company, Otsuka (China) Investment Co., Ltd.
3. Shares held by the holding company, Giant Harvest Limited
4. Shares held by the holding company, Microport Scientific Corporation (Note 5)
5. Shares held by the holding company, Otsuka Medical Devices Co., Ltd.

3. Management Policy

(1) Basic Management Policy

Based on our corporate philosophy "Otsuka-people creating new products for better health worldwide", we strive to develop innovative, original products that enable people around the world to lead healthier lives.

To accomplish this, we are focused on our two main businesses: Pharmaceuticals, where we meet the entire range of medical needs from diagnosis to treatment of medical disorders; and Nutraceuticals, where we help people to maintain and improve their daily health and well-being. As a corporate group in the comprehensive healthcare business, our mission is to discover and develop original technologies and solutions and deliver the resulting products and services to the people who need them.

(2) Target Management Indicators

To sustain the Group's growth, management recognizes the importance of efficiency in its invested capital. The Group thus considers ROE as an important management indicator in addition to operating margin and net income.

(3) First Medium-Term Management Plan for FY2011 to FY2013

There are no material changes from the disclosure in May 16, 2011. Documents from this disclosure can be searched at the following URL.

(Otsuka Holdings Co., Ltd. website (News Releases))
http://www.otsuka.com/en/hd_release/release/
(Tokyo Stock Exchange website (Listed Company Information))
http://www.tse.or.jp/tseHpFront/HPLCDS0101E.do?method=init&callJorEFlg=1

(4) Key Issues to be Addressed

The Otsuka Group is implementing concrete initiatives under its First Medium-Term Management Plan ending in FY2013, in order to realize its corporate philosophy, "Otsuka-people creating new products for better health worldwide."

The key initiatives during the period of the Medium-Term Management Plan are as follows:

A. Delivering value and maximizing earnings in the pharmaceutical business

- In the area of the central nervous system, the Otsuka Group will work with global alliance partner Lundbeck to create a long-term collaborative global framework, centered on *Abilify Maintena*, aripiprazole intramuscular depot formulation (once-monthly injection), and brexpiprazole (OPC-34712), which were both discovered by the Company, in order to more rapidly maximize the medical and commercial value of both companies in this field and step up investment in order to create new value.
- In the *ABILIFY* business, product value will be maximized through continuous research and development, including the development of additional indications, and the once-weekly tablet and other formulations. Earnings will also be maximized through a change in profit sharing based on the amended contract with alliance partner Bristol-Myers Squibb Company.
- In the field of anti-cancer and cancer-supportive care, the product lineup will be enhanced in the areas of metabolic antagonists, molecular-targeted agents, new mechanism cancer vaccines, and cancer-supportive care (antiemetic agents, cancer pain analgesics) in order to expand the business in a way that covers the entire spectrum of cancer treatment.
- The Otsuka Group will pursue further growth through the cultivation of new products such as *SAMSCA*, *E Keppra*, *Aloxi*, *Abraxane*, *Mucosta ophthalmic suspension*, and *Neupro Patch*.
- The Otsuka Group will also target the unresolved medical issues of patients, aiming to create a wide range of new value, including new drugs, in order to tackle those issues.

B. Expansion and profit growth in the nutraceutical business

- Targeting growth in overseas sales, the Group will accelerate overseas development by expanding the *Pocari Sweat* business in the growing markets of Asia, the *Nature Made* business in the U.S., and the nutrition and health food product business of Nutrition & Santé SAS in Europe.
- The Otsuka Group will also develop the cosmedics business with a view to global expansion, underpinned by the *UL•OS* and *InnerSignal* brands.
- Improvement in profitability will be pursued through a focus on implementing promotional activities emphasizing the core concept of the products as well as through an ongoing review of the cost structure.

C. Strategic initiatives for future growth

- The medical device business will be built into one of Otsuka Group's core businesses, led by Otsuka Medical Devices Co., Ltd. In November 2011, the Group acquired KiSCO Co., Ltd., a medical devices company with a specialty in the orthopedic surgery field. In December 2011, it acquired a stake in Era Endoscopy S.r.l. of Italy, an innovator in self-propelled robotic colonoscopy. Going forward, the Group plans to develop its medical device business in Japan and overseas, mainly in Asia.
- Based on the idea of soy, a readily available and highly nutritious food, as a solution to various health and environmental issues faced by people today ("Soylution"), the Otsuka Group will push ahead with the development and global expansion of tasty products that make full use of the nutrition in soy. In April 2012, the Group launched soy-based snack *SoyCarat*, its third Soylution product after fruit soy bar *SOYJOY* and soy soda beverage *SOYSH*. All these Soylution products keep well and are tasty, even for people in countries where soy is not part of the traditional diet. Going forward, the Group plans to accelerate the development of its soy business to grow it into one of the Group's core businesses.
- The Otsuka Group will pursue continuous growth by (1) reforming its business model, (2) developing personnel, and (3) making indirect expenses more efficient to create a system that drives reform within the Group.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
ASSETS		
Current assets		
Cash and deposits	411,584	414,380
Notes and accounts receivable-trade	263,457	318,087
Marketable securities	151,777	137,768
Finished products and merchandise	60,778	71,243
Work-in process	26,931	25,842
Raw materials and supplies	31,656	35,266
Deferred tax assets	34,341	40,837
Other current assets	32,161	37,760
Allowance for doubtful receivables	(389)	(543)
Total current assets	1,012,299	1,080,642
Fixed assets		
Tangible fixed assets		
Buildings and structures	284,168	293,665
Accumulated depreciation	(185,828)	(194,619)
Buildings and structures, net	98,340	99,045
Machinery and equipment	283,582	301,419
Accumulated depreciation	(232,156)	(245,959)
Machinery and equipment, net	51,425	55,459
Furniture and fixtures	72,269	75,072
Accumulated depreciation	(61,550)	(64,936)
Furniture and fixtures, net	10,719	10,135
Land	74,926	76,496
Lease assets	17,609	16,857
Accumulated depreciation	(8,895)	(8,515)
Lease assets, net	8,714	8,342
Construction in progress	11,388	26,487
Total tangible fixed assets	255,515	275,967
Intangible fixed assets		
Goodwill	36,825	37,787
Other intangible fixed assets	30,296	36,062
Total intangible fixed assets	67,121	73,850
Investments and other assets		
Investment securities	267,011	276,296
Investments in capital	23,332	31,574
Long-term loans receivable	1,303	881
Deferred tax assets	25,347	26,466
Other assets	16,275	15,816
Allowance for investment loss	(1,010)	(1,569)
Allowance for doubtful receivables	(491)	(785)
Total investments and other assets	331,767	348,680
Total fixed assets	654,404	698,498
Deferred assets	63	66
Total assets	1,666,767	1,779,207

	As of March 31, 2012	As of March 31, 2013
		(Millions of yen)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	94,796	97,523
Short-term borrowings	39,692	51,789
Lease obligations	2,974	2,589
Income taxes payable	33,822	33,514
Reserve for bonuses	16,141	15,928
Provision for directors' bonuses	366	317
Provision for sales returns	131	153
Provision for loss on business liquidation	2,185	1,928
Other current liabilities	121,247	142,727
Total current liabilities	311,359	346,472
Long-term liabilities		
Long-term debt	25,947	6,251
Lease obligations	5,786	5,860
Deferred tax liabilities	7,982	11,258
Liability for employees' retirement benefits	44,708	40,570
Retirement benefits for directors and audit & supervisory members	3,091	3,107
Negative goodwill	26,469	24,005
Other long-term liabilities	18,655	16,611
Total long-term liabilities	132,642	107,664
Total liabilities	444,002	454,136
NET ASSETS		
Shareholders' equity		
Common stock	81,690	81,690
Capital surplus	510,639	510,639
Retained earnings	675,410	768,314
Treasury stock	(8)	(18,392)
Total shareholders' equity	1,267,732	1,342,036
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	750	8,284
Deferred gain on derivatives under hedge accounting	10	—
Foreign currency translation adjustments	(59,904)	(39,823)
Total accumulated other comprehensive income	(59,144)	(31,539)
Stock acquisition rights	1,134	104
Minority interests	13,041	14,468
Total net assets	1,222,764	1,325,071
Total liabilities and net assets	1,666,767	1,779,207

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

(Consolidated Statements of Income)

(Millions of yen)

	FY2011 (From April 1, 2011 to March 31, 2012)	FY2012 (From April 1, 2012 to March 31, 2013)
Net sales	1,154,573	1,218,055
Cost of sales	389,262	393,830
Gross profit	765,311	824,224
Selling, general and administrative expenses		
Promotion expenses	174,379	156,214
Salaries and bonuses	81,277	85,385
Reserve for bonuses	9,823	9,541
Retirement benefit expenses	7,674	7,810
Provision for directors' and audit & supervisory members' retirement benefits	699	636
Provision for directors' bonuses	366	317
Depreciation	14,707	14,464
Amortization of goodwill	4,667	4,848
Research and development expenses	159,229	192,364
Other	163,822	182,981
Total selling, general and administrative expenses	616,649	654,564
Operating income	148,661	169,660
Non-operating income		
Interest income	1,551	1,374
Dividend income	1,251	1,501
Amortization of negative goodwill	2,464	2,464
Equity in earnings of unconsolidated subsidiaries and affiliates	1,216	3,140
Foreign exchange gain, net	—	6,203
Other	2,130	1,965
Total non-operating income	8,615	16,649
Non-operating expenses		
Interest expenses	1,702	1,210
Foreign exchange loss, net	2,712	—
Other	742	636
Total non-operating expenses	5,157	1,847
Ordinary income	152,119	184,462
Extraordinary income		
Gain on sales of fixed assets	200	130
Gain on change in equity interest	322	—
Gain on reversal of disaster-related loss	580	—
Gain on reversal of stock acquisition rights	—	83
Other	68	54
Total extraordinary income	1,171	269

(Millions of yen)

	FY2011 (From April 1, 2011 to March 31, 2012)	FY2012 (From April 1, 2012 to March 31, 2013)
Extraordinary loss		
Loss on retirement of fixed assets	644	686
Impairment loss	2,684	2,571
Loss on valuation of investment securities	3,665	4,407
Loss on transfer of business	684	—
Disaster-related loss	267	—
Provision for loss on business liquidation	2,185	—
Other	754	126
Total extraordinary loss	10,886	7,792
Income before income taxes and minority interests	142,405	176,939
Income taxes		
Current	54,988	61,990
Deferred	(5,396)	(8,206)
Total income taxes	49,591	53,783
Income before minority interests	92,813	123,155
Minority interests in net income	639	726
Net income	92,174	122,429

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY2011 (From April 1, 2011 to March 31, 2012)	FY2012 (From April 1, 2012 to March 31, 2013)
Income before minority interests	92,813	123,155
Other comprehensive income		
Unrealized gain on available-for-sale securities	300	7,592
Deferred gain (loss) on derivatives under hedge accounting	14	(10)
Foreign currency translation adjustments	(4,890)	11,999
Share of other comprehensive income of equity method affiliates	(3,024)	8,999
Total other comprehensive income	(7,600)	28,581
Total comprehensive income	85,213	151,737
Total comprehensive income attributable to owners of the parent	85,141	150,034
Total comprehensive income attributable to minority interests	71	1,703

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	FY2011 (From April 1, 2011 to March 31, 2012)	FY2012 (From April 1, 2012 to March 31, 2013)
Shareholders' Equity		
Common stock		
Beginning balance	81,690	81,690
Ending balance	81,690	81,690
Capital surplus		
Beginning balance	510,639	510,639
Changes during the period		
Disposal of treasury stock	—	(215)
Total changes during the period	—	(215)
Ending balance	510,639	510,423
Retained earnings		
Beginning balance	609,967	675,410
Changes during the period		
Change in scope of consolidation	45	(191)
Dividends from surplus	(26,775)	(29,333)
Net income	92,174	122,429
Total changes during the period	65,443	92,903
Ending balance	675,410	768,314
Treasury stock		
Beginning balance	(4)	(8)
Changes during the period		
Purchase of treasury stock	(4)	(20,002)
Disposal of treasury stock	—	1,618
Total changes during the period	(4)	(18,383)
Ending balance	(8)	(18,392)
Total shareholders' equity		
Beginning balance	1,202,293	1,267,732
Changes during the period		
Change in scope of consolidation	45	(191)
Dividends from surplus	(26,775)	(29,333)
Purchase of treasury stock	(4)	(20,002)
Disposal of treasury stock	—	1,402
Net income	92,174	122,429
Total changes during the period	65,439	74,304
Ending balance	1,267,732	1,342,036
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities		
Beginning balance	358	750
Changes during the period		
Net changes in items other than shareholders' equity	391	7,534
Total changes during the period	391	7,534
Ending balance	750	8,284

(Millions of yen)

	FY2011 (From April 1, 2011 to March 31, 2012)	FY2012 (From April 1, 2012 to March 31, 2013)
Deferred (loss) gain on derivatives under hedge accounting		
Beginning balance	(3)	10
Changes during the period		
Net changes in items other than shareholders' equity	14	(10)
Total changes during the period	14	(10)
Ending balance	10	—
Foreign currency translation adjustments		
Beginning balance	(52,446)	(59,904)
Changes during the period		
Net changes in items other than shareholders' equity	(7,458)	20,081
Total changes during the period	(7,458)	20,081
Ending balance	(59,904)	(39,823)
Total accumulated other comprehensive income		
Beginning balance	(52,091)	(59,144)
Changes during the period		
Net changes in items other than shareholders' equity	(7,052)	27,604
Total changes during the period	(7,052)	27,604
Ending balance	(59,144)	(31,539)
Stock acquisition rights		
Beginning balance	464	1,134
Changes during the period		
Net changes in items other than shareholders' equity	669	(1,029)
Total changes during the period	669	(1,029)
Ending balance	1,134	104
Minority interests		
Beginning balance	12,658	13,041
Changes during the period		
Net changes in items other than shareholders' equity	383	1,426
Total changes during the period	383	1,426
Ending balance	13,041	14,468
Total Net Assets		
Beginning balance	1,163,325	1,222,764
Changes during the period		
Change in scope of consolidation	45	(191)
Dividends from surplus	(26,775)	(29,333)
Purchase of treasury stock	(4)	(20,002)
Disposal of treasury stock	—	1,402
Net income	92,174	122,429
Net changes in items other than shareholders' equity	(5,999)	28,001
Total changes during the period	59,439	102,306
Ending balance	1,222,764	1,325,071

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2011 (From April 1, 2011 to March 31, 2012)	FY2012 (From April 1, 2012 to March 31, 2013)
Operating activities:		
Income before income taxes and minority interests	142,405	176,939
Depreciation and amortization	43,394	40,614
Impairment loss	2,684	2,571
Amortization of goodwill	2,202	2,384
Increase (decrease) in liability for employees' retirement benefits	504	(4,655)
Increase in allowance for doubtful receivables	408	178
Increase (decrease) in provision for loss on business liquidation	2,185	(257)
Interest and dividend income	(2,803)	(2,875)
Interest expense	1,702	1,210
Equity in earnings of unconsolidated subsidiaries and affiliates	(1,216)	(3,140)
Loss on transfer of business	684	—
Increase in note and account receivables-trade	(25,657)	(47,240)
Increase in inventories	(7,412)	(5,516)
Increase (decrease) in note and account payables-trade	8,472	(3,868)
Decrease in long-term unearned revenues	(7,321)	(1,864)
Other, net	16,971	25,664
Subtotal	177,205	180,144
Interest and dividends received	6,861	7,212
Interest paid	(2,026)	(1,188)
Income taxes paid	(34,422)	(66,828)
Net cash provided by operating activities	147,618	119,340
Investing activities:		
Increase in short-term investment securities, net	(6,954)	(19,995)
Purchases of property, plant and equipment	(36,033)	(50,540)
Proceeds from sales of property, plant and equipment	680	318
Purchases of investment securities	(31,400)	(16,675)
Proceeds from sales and redemptions of investment securities	17,434	16,166
Payments for investments in capital	(323)	(3,306)
Proceeds from transfer of business	1,381	—
Payments for transfer of business	(1,278)	—
Payments for investments in subsidiaries resulting in change in scope of consolidation	—	(1,539)
Payments of loans receivables	(2,348)	(697)
Proceeds from collection of loans receivables	574	1,426
Increase in time deposits, net	(47,503)	(9,091)
Other, net	(1,858)	(7,294)
Net cash used in investing activities	(107,629)	(91,228)
Financing activities:		
Increase in short-term debt, net	3,194	1,094
Proceeds from long-term debt	2,294	3,394
Repayments of long-term debt	(23,833)	(16,120)
Proceeds from disposal of treasury stock	—	248
Payments for purchase of treasury stock	(4)	(20,002)
Dividends paid	(26,775)	(29,333)
Dividends paid to minority interest in consolidated subsidiaries	(404)	(453)
Other, net	4,463	(10,715)
Net cash used in financing activities	(41,065)	(71,889)
Foreign currency translation adjustments on cash and cash equivalents	(1,361)	6,223
Net decrease in cash and cash equivalents	(2,436)	(37,554)
Cash and cash equivalents, beginning of period	387,325	384,194
(Decrease) increase in cash and cash equivalents resulting from change in scope of consolidation	(694)	931
Cash and cash equivalents, end of period	384,194	347,571

(5) Notes to Consolidated Financial Statements

(Basis of Presenting Consolidated Financial Statements)

1. Scope of Consolidation

(1) Consolidated subsidiaries: 71

Significant consolidated subsidiaries:

Otsuka Pharmaceutical Co., Ltd.	Otsuka Pharmaceutical Factory, Inc.	Taiho Pharmaceutical Co., Ltd.
Otsuka Warehouse Co., Ltd.	Otsuka Electronics Co., Ltd.	Otsuka Chemical Co., Ltd.
Otsuka Foods Co., Ltd.	Otsuka America, Inc.	Otsuka America Pharmaceutical, Inc.
Pharmavite LLC	P.T. Amerta Indah Otsuka	Nutrition & Santé SAS

Otsuka Furniture Manufacturing and Sales Co., Ltd. and KiSCO Co., Ltd have been newly included in the scope of consolidation from the fiscal year ended March 31, 2013 due to the increase in materiality.

Since Gly tech, Inc. was established by divesture from Otsuka Chemical Co., Ltd, the consolidated subsidiary, it had been in the scope of consolidation from the first quarter of the current fiscal year. However, Gly Tech, Inc was excluded from the scope of consolidation at the end of the current year, as a result of sales of the shares.

Valpiform SAS and one company were newly included in the scope of consolidation from the fiscal year ended March 31, 2013 as a result of acquisition of their shares.

(2) Non-consolidated subsidiaries

Significant non-consolidated subsidiaries:

Otsuka Pakistan Ltd.	Otsuka Pharmaceutical (H.K.) Ltd.	Interpharma Praha, a.s.

Non-consolidated subsidiaries are small in size and the aggregate total assets, sales, net income (based on the Company’s ownership percentage), retained earnings (based on the Company’s ownership percentage) and other indicators do not have a material effect on the consolidated financial statements and have therefore been excluded from the scope of consolidation.

2. Application of the Equity Method

(1) Non-consolidated subsidiary accounted for by the equity method

Otsuka Pakistan Ltd.

(2) Affiliated companies accounted for by the equity method: 13

Significant companies:

Earth Chemical Co., Ltd.	ALMA S.A.	CG Roxane, LLC
VV Food & Beverage Co., Ltd.	China Otsuka Pharmaceutical Co., Ltd.	

Crystal Geyser Brand Holdings, LLC was newly established and has been included in the affiliated companies accounted for by the equity method from the fiscal year ended March 31, 2013.

(3) Non-consolidated subsidiaries and affiliated companies not accounted for by the equity method

Significant companies:

Otsuka Pharmaceutical (H.K.) Ltd.	Interpharma Praha, a.s.

Based on the Company’s ownership share of net income and retained earnings, and other factors, non-consolidated subsidiaries and affiliated companies that have not been accounted for by the equity method do not have a material effect on the consolidated financial statements.

(4) The fiscal year end date of certain companies accounted for by the equity method are different from the consolidated fiscal year end date. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year end date.

The fiscal year of Otsuka Pakistan Ltd. ends on June 30. The tentative financial statements as of December 31 are used for the preparation of the consolidated financial statements.

3. Fiscal Year End Date of Consolidated Subsidiaries

Otsuka Pharmaceutical Co., Ltd., Otsuka Pharmaceutical Factory, Inc., Taiho Pharmaceutical Co., Ltd., Otsuka Warehouse Co., Ltd. and 13 other subsidiaries have a fiscal year ending March 31. Other than Giant Harvest Limited which has a fiscal year ending July 31, 53 other consolidated subsidiaries have a fiscal year ending December 31.

In preparing the consolidated financial statements, other than Giant Harvest Limited, the Company uses the financial statements as of the subsidiary's respective fiscal year end date. The Company uses the tentative financial statements as of January 31 for Giant Harvest Limited.

For major transactions which occurred between the fiscal year end of those companies and March 31, appropriate adjustments have been made in the consolidated financial statements.

4. Accounting Standards

(1) Valuation of major assets

a. Inventories

-Finished products, work-in-process and raw materials are valued at the lower of cost or net selling value, determined mainly by the gross average method.

-Merchandise and supplies are valued at the lower of cost or net selling value, determined mainly by the first-in, first-out method.

b. Securities

-Held-to-maturity securities are valued at amortized cost (straight-line method.)

-Marketable securities classified as available-for-sale are valued at fair value with unrealized gain or losses, net of applicable taxes, stated in a separate component of equity and cost of security sold is primarily calculated using the moving average method.

-Non-marketable securities classified as available-for-sale are valued at cost, determined mainly by the moving average method.

c. Derivatives

-Derivatives are valued at fair value.

(2) Method of Depreciation for Major Fixed Assets

a. Tangible fixed assets (excluding lease assets)

-The Company and its domestic subsidiaries primarily use the declining-balance method. However, for buildings (excluding attached facilities) acquired on or after April, 1998, the straight-line method is employed. Foreign consolidated subsidiaries outside Japan primarily use the straight-line method.

-Estimated useful lives for the major fixed assets are as follows:

Buildings and structures: 2-65 years

Machinery and equipment: 2-25 years

b. Intangible fixed assets (excluding lease assets)

-The Company mainly uses the straight-line method over their estimated useful lives. Software for internal use are depreciated by the straight-line method based on internal guidelines (3 to 5 years.)

c. Lease assets

- The Company uses the straight-line method over the terms of their respective leases with a zero residual value.

(3) Major reserves

a. Allowance for doubtful receivables

-To protect against potential losses from uncollectable notes and accounts receivables, a provision is made on general receivables based on historical rates and specific cases are evaluated individually.

b. Reserve for employees' bonuses

-To appropriate funds for the payment of bonuses to employees, the Company and its domestic subsidiaries set up a reserve in the amount of estimated bonuses, which are attributable to the corresponding fiscal year.

c. Provision for directors' bonuses

- To appropriate funds for the payment of bonuses to directors, the Company and its certain domestic subsidiaries set up a provision in the amount of estimated bonuses, which are attributable to the corresponding fiscal year.

d. Provision for sales returns

-To protect against potential losses from sales returns, certain domestic subsidiaries set up a provision based on historical return rates and profit margins.

e. Provision for loss on business liquidation

-To reserve for loss on business liquidation, provisions have been made based on the estimated amount of possible loss.

f. Liability for employees' retirement benefits

- To prepare for payments of retirement benefits to employees, provisions have been made based on an estimate of the projected retirement benefit obligation and the fair value of the pension fund assets.
- Transitional provisions are recognized as an expense on a straight-line basis over 5 to 10 years.
- Prior service cost is amortized by the straight-line method over a fixed number of years (5 to 23 years) which is within the average remaining service period at the time of occurrence.
- Unrecognized net actuarial gains and losses are amortized starting in the period following the period of occurrence, by the straight-line method over a fixed number of years (5 to 15 years) which is within the average remaining service period at the time of occurrence.

g. Retirement benefits for directors and audit & supervisory members

-Retirement benefits for directors and audit & supervisory members of certain consolidated subsidiaries are recorded to state the liability at the amount that would be required if all directors and members retired at the balance sheet date.

h. Allowance for investment loss

-To protect against potential future losses on non-marketable securities, the Company recognizes a reserve as deemed necessary.

(4) Translation of major assets and liabilities denominated in foreign currencies

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates as of the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income.

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

(5) Principal Methods of Hedge Accounting

a. Methods of Hedge Accounting

-Hedging activities are principally accounted for under the deferral hedge accounting.

-Designation is applied to forward exchange contracts and other foreign exchange contracts, and designated exceptional accounting to interest-rate swaps that meet their respective requirements.

b. Hedging instruments, hedged items and hedging policies

-Certain consolidated subsidiaries use foreign currency forward contracts, foreign currency option contracts, interest rate swaps to reduce foreign currency exchange risk and interest rate risks.

c. Evaluation of effectiveness of hedges

-Evaluation of the effectiveness of hedges are omitted as hedging instruments and hedged items are the same currencies or are under the same conditions and changes in the cash flow are expected to completely offset.

(6) Amortization of goodwill

Goodwill and negative goodwill are amortized on a straight-line basis over a period of 5 or 20 years.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, demand deposit and short-term investments, which mature within three months of the date of acquisition, that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

(8) Other

Consumption taxes are excluded from revenues and expenses.

(Changes in Accounting Policies)

(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 for the year ended March 31, 2013.

(Accounting Standards Issued but Not Yet Adopted)

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 May 17, 2012)

"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 May 17, 2012)

1. Overview

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits). The revised standard admits the choice of straight-line basis or benefit formula basis for the method of attributing expected benefit to periods. Furthermore, calculation method of discount rate was amended.

2. Expected Application Date

The Company expects to apply these accounting standards to the consolidated financial statements as of March 31, 2014. On the other hand, the Company applies the amendment to the method of attributing expected benefit to periods from the fiscal year beginning April 1, 2014.

3. Effect of Application of Accounting Standards

The Company is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

(Changes in Method of Presentation)

(Change in the method of presentation for a component of cash flows)

Previously, "Gain on change in equity interest" was stated separately in operating activities of consolidated statements of cash flows. However, since it is immaterial in the current year, the gain is included in "Other, net" of operating activities. As a result of the change, in the consolidated statement of cash flows for the prior fiscal year, ¥ (322) million was reclassified into ¥16,971 million of "Other,net".

Previously, "Payment for purchase of treasury stock" was summarized into "Other,net" in financing activities of consolidated statements of cash flows. However, since it is material in the current year, the payment is stated separately in financing activities. As a result of the change, in the consolidated statement of cash flows for the prior fiscal year, ¥ 4,459 million was separated into ¥(4) million of "Payment for purchase of treasury stock" and ¥4,463 million of "Other, net" of financing activities.

(Additional Information)

(Amendment of Pension plan)

Certain domestic consolidated subsidiaries determined in January 2013 that they amended their pension benefit levels effective after April 1, 2013 in response to introduction of continued employment systems. Due to this amendment, ¥13,134 million of an unrecognized prior service cost (reduced obligation) occurred and it has been amortized by the straight-line method over a fixed number of years which is within the average remaining service period. As a result, operating income, ordinary income and income before income taxes and minority interests increased by ¥414 million for the year ended March 31, 2013.

(Segment Information)

a. Reporting Segments

1. Overview

The Group's reporting segments are the constituent units of the Group for which separate financial information is available and which are subject to periodic reviews by the Board of Directors, in order to make decisions on allocation of business resources and to evaluate the business performances of the respective segments.

The Group's core business is in healthcare and the Group categories the "Pharmaceuticals", "Nutraceuticals", "Consumer products" and "Other" businesses as the four reporting segments.

The Group defines the reporting segments as follows:

- Pharmaceuticals, which is comprised of research and development, production and sales of prescription drugs and clinical nutrition.
- Nutraceuticals, which is comprised of production and sales of functional foods, over-the-counter drugs and supplements.
- Consumer products, which is comprised of mineral water, beverages and food products.
- Other, which encompasses other operations, comprised of logistics, warehousing, chemical products and electronics.

2. Calculation methods for sales, income (or loss), assets, and other items

Methods of accounting procedures for reported business segments are the same as those for statements in "Basis of Presenting Consolidated Financial Statements."

Income of reported segments is the figure based on operating income. Intersegment profit or transfer is based on market prices.

3. Sales, income (or loss), assets, and other items by segment

(For the fiscal year ended March 31, 2012)

(Millions of yen)

	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Total	Adjustments	Consolidated
Net sales							
Sales to customers	782,248	251,281	47,990	73,054	1,154,573	—	1,154,573
Intersegment sales	—	3,543	1,216	35,548	40,309	△40,309	—
Total	782,248	254,825	49,206	108,602	1,194,883	△40,309	1,154,573
Segment income (loss)	168,480	22,143	△2,309	1,943	190,258	△41,597	148,661
Segment asset	501,029	184,461	130,707	121,391	937,590	729,176	1,666,767
Other items							
Depreciation	19,939	11,276	1,953	4,945	38,115	5,279	43,394
Goodwill amortization	2,748	1,702	74	141	4,667	—	4,667
Investment in equity method companies	17,543	8,637	102,761	10,715	139,657	—	139,657
Increase in tangible and intangible fixed assets	20,810	11,501	1,970	4,556	38,839	4,462	43,302

(For the fiscal year ended March 31, 2013)

(Millions of yen)

	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Total	Adjustments	Consolidated
Net sales							
Sales to customers	850,861	246,928	45,237	75,027	1,218,055	—	1,218,055
Intersegment sales	—	4,844	1,652	36,636	43,132	△43,132	—
Total	850,861	251,772	46,889	111,663	1,261,187	△43,132	1,218,055
Segment income (loss)	187,853	21,367	△2,446	3,918	210,692	△41,032	169,660
Segment asset	589,861	207,679	133,677	124,190	1,055,408	723,799	1,779,207
Other items							
Depreciation	18,994	10,222	1,756	4,493	35,466	5,148	40,614
Goodwill amortization	2,807	1,851	62	126	4,848	—	4,848
Investment in equity method companies	21,456	10,121	104,963	10,914	147,456	—	147,456
Increase in tangible and intangible fixed assets	37,950	14,938	2,735	3,973	59,598	3,657	63,256

(Notes)

1. Adjustments to segment income (loss) and asset are as follows;

(Millions of yen)

Segment income (loss)	FY2011 (From April 1, 2011 to March 31, 20112012)	FY2012 (From April 1, 2012 to March 31, 2013)
Intersegment eliminations	594	638
Unallocated expenses	(42,191)	(41,671)
Total	(41,597)	(41,032)

Unallocated expenses are primarily costs associated with headquarter of the Company and certain consolidated subsidiaries.

(Millions of yen)

Segment asset	FY2011 (From April 1, 2011 to March 31, 2012)	FY2012 (From April 1, 2012 to March 31, 2013)
Intersegment eliminations	(6,303)	(7,370)
Corporate assets	735,480	731,169
Total	729,176	723,799

Corporate assets are primarily assets associated with headquarter and basic research functions of the Company and certain consolidated subsidiaries.

Other item

Depreciation;

Adjustments to depreciation include depreciation and amortization of tangible and intangible fixed assets and long-term prepaid expenses as assets associated with headquarter of the Company and certain consolidated subsidiaries.

Increase in tangible and intangible fixed assets;

Adjustments to increase in tangible and intangible fixed assets include assets associated with headquarter and basic research functions of the Company and certain consolidated subsidiaries.

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

b. Other information

(For the fiscal year ended March 31, 2012)

1. Net sales by product

(Millions of yen)

	ABILIFY	Others	Total
Sales to customers	411,565	743,008	1,154,573

2. Territory information

(1) Net Sales

(Millions of yen)

Japan	North America	Others	Total
574,869	413,508	166,195	1,154,573

(Note) Net sales are based on the location of the customers and are classified by their country or region.

(2) Tangible fixed assets

(Millions of yen)

Japan	Others	Total
206,442	49,072	255,515

3. Major customers

(Millions of yen)

Customer	Net sales	Segment
Cardinal Health Inc	122,488	Pharmaceuticals
McKesson Corporation	117,590	Pharmaceuticals

(For the fiscal year ended March 31, 2013)

1. Net sales by product

(Millions of yen)

	ABILIFY	Others	Total
Sales to customers	438,513	779,541	1,218,055

2. Territory information

(1) Net Sales

(Millions of yen)

Japan	North America	Others	Total
595,308	445,678	177,068	1,218,055

(Note) Net sales are based on the location of the customers and are classified by their country or region.

(2) Tangible fixed assets

(Millions of yen)

Japan	Others	Total
211,888	64,079	275,967

3. Major customers

(Millions of yen)

Customer	Net sales	Segment
McKesson Corporation	133,693	Pharmaceuticals
Cardinal Health Inc	128,931	Pharmaceuticals

c. **Impairment loss**

(For the fiscal year ended March 31, 2012)

(Millions of yen)

	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Corporate/ Eliminations	Consolidated
Impairment loss	650	946	—	796	291	2,684

(For the fiscal year ended March 31, 2013)

(Millions of yen)

	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Corporate/ Eliminations	Consolidated
Impairment loss	1,131	953	213	201	70	2,571

d. **Goodwill**

(For the fiscal year ended March 31, 2012)

(Millions of yen)

	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Corporate/ Eliminations	Consolidated
Current year amortization	2,748	1,702	74	141	—	4,667
Unamortized balance	5,166	28,868	600	2,189	—	36,825

The amortization amount and unamortized balance of the negative goodwill acquired before April 1, 2010 are as follow:

(Millions of yen)

	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Corporate/ Eliminations	Consolidated
Current year amortization	2,207	—	—	257	—	2,464
Unamortized balance	23,871	—	—	2,597	—	26,469

(For the fiscal year ended March 31, 2013)

(Millions of yen)

	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Corporate/ Eliminations	Consolidated
Current year amortization	2,807	1,851	62	126	—	4,848
Unamortized balance	7,101	28,085	538	2,062	—	37,787

The amortization amount and unamortized balance of the negative goodwill acquired before April 1, 2010 are as follow:

(Millions of yen)

	Pharma-ceuticals	Nutra-ceuticals	Consumer products	Others	Corporate/ Eliminations	Consolidated
Current year amortization	2,207	—	—	256	—	2,464
Unamortized balance	21,663	—	—	2,341	—	24,005

(Per Share Information)

	FY2011 (From April 1, 2011 To March 31, 2012)	FY2012 (From April 1, 2012 to March 31, 2013)
Net assets per share Net income per share (basic) Net income per share (diluted)	¥2,166.55 ¥165.20 ¥164.73	¥2,381.64 ¥221.90 ¥221.41

Basis for the calculation of basic net income per share and diluted net income per share

(Millions of yen)

	FY2011 (From April 1, 2011 To March 31, 2012)	FY2012 (From April 1, 2012 to March 31, 2013)
Basic net income per share		
Net income	92,174	122,429
Net income attributable to common stock	92,156	122,411
Amounts not attributable to common stock	17	18
Average number of common stock outstanding during the year	557,832,368 shares	551,639,623 shares
Diluted net income per share		
Adjustments to net income	(173)	(152)
(including minority interest)	(173)	(152)
Increase in number of common stocks	551,871 shares	524,511 shares
(including stock acquisition rights)	(551,871shares)	(524,511shares)
Residual securities that were not used in calculating diluted net income per share due to the lack of dilutive effects	—	—

(Subsequent events)
For the fiscal year ended March 31, 2013

On May 14, 2013, the board of directors resolved a share repurchase to ensure a flexible capital policy in response to changes in business environment.

(1) Class of shares to be acquired: Common stock
(2) Total number of shares to be acquired: 9 million shares (maximum)
(1.64% of total shares outstanding, excluding treasury stock)
(3) Aggregate amount of acquisition cost: 30,000 million yen (maximum)
(4) Period of acquisition: From May15, 2013 to August 30, 2013

5. Other

(1) Changes in Officers (as of June 27, 2013)

1. Changes in Representatives
Not applicable

2. Changes in other officers
・Prospective New Directors
Director Yasuyuki Hirotomi
Director Juichi Kawaguchi

(Note) Yasuyuki Hirotomi and Juichi Kawaguchi both are independent directors

・Prospective New Audit and Supervisory Member
(Standing) Audit and Supervisory Member Sadanobu Tobe (incumbent but scheduled to resign Vice Chairman and Director of Otsuka Foods Co., Ltd.)

・Audit and Supervisory Member Scheduled to Resign
(Standing) Audit and Supervisory Member Masatoshi Taniguchi

3. Scheduled Date of Assuming Office
June 27, 2013