NOTICE: For the convenience of capital market participants, Chugai makes efforts to provide English translations of the information disclosed in Japanese, provided that the Japanese original prevails over its English translation in the case of any discrepancy found between documentation.

CHUGAI PHARMACEUTICAL CO., LTD.

A member of the Roche group

CONSOLIDATED FINANCIAL STATEMENTS (Non-Audited)

(for the fiscal year 2011.12, ended December 31, 2011)

Name of Company: Chugai Pharmaceutical Co., Ltd. February 1, 2012
Stock Listing: Tokyo Stock Exchange
Security Code No.: 4519 (URL http://www.chugai-pharm.co.jp/english)
Representative: Osamu Nagayama, President and CEO, Chairman of the Board of Directors
Contact: Nobuyuki Chiba, General Manager of Corporate Communications Department
Phone: +81-(0) 3-3273-0881

Date of General Meeting of Shareholders: March 28, 2012
Date of Submission of Marketable Securities Filings: March 28, 2012
Date on which Dividend Payments to Commence: March 29, 2012
Supplementary Materials Prepared for the Financial Statements: Yes
Presentation Held to Explain the Financial Statements: Yes (for institutional investors and analysts)

1. Consolidated Operating Results for the FY 2011.12, Ended December 31, 2011

(1) Results of operations *Note: Amounts of less than one million yen are omitted.*

	Revenues	% Change	Operating Income	% Change	Ordinary Income	% Change
FY ended Dec. 2011	¥373,516 million	(1.6)	¥62,430 million	(5.7)	¥63,585 million	(2.3)
FY ended Dec. 2010	¥379,509 million	(11.5)	¥66,238 million	(19.8)	¥65,088 million	(28.0)

Notes: Comprehensive income for the year ended December 31, 2011: ¥33,966 million (9.4)%
Comprehensive income for the year ended December 31, 2010: ¥37,505 million —%
Percentages represent changes compared with the same period of the previous fiscal year.

	Net Income	% Change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
FY ended Dec. 2011	¥35,234 million	(15.0)	¥64.75	¥64.72
FY ended Dec. 2010	¥41,433 million	(26.8)	¥76.14	¥76.12

	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Revenues
FY ended Dec. 2011	7.8%	12.2%	16.7%
FY ended Dec. 2010	9.4%	12.4%	17.5%

Reference: Equity-method earnings for the year ended December 31, 2011: ¥— million
Equity-method earnings for the year ended December 31, 2010: ¥— million

(2) Financial conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of Dec. 31, 2011	¥533,482 million	¥459,072 million	85.6%	¥839.50
As of Dec. 31, 2010	¥508,016 million	¥449,394 million	88.0%	¥821.87

Reference: Shareholders' equity for the year ended December 31, 2011: ¥456,848 million
Shareholders' equity for the year ended December 31, 2010: ¥447,256 million

(3) Results of cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalents
FY ended Dec. 2011	¥69,593 million	¥(15,135) million	¥(24,551) million	¥94,474 million
FY ended Dec. 2010	¥15,572 million	¥(20,192) million	¥(23,054) million	¥65,143 million

2. Dividends

	Annual Dividends per Share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Total
FY ended Dec. 2010	—	¥17.00	—	¥23.00	¥40.00
FY ended Dec. 2011	—	¥20.00	—	¥20.00	¥40.00
FY ending Dec. 2012 (Forecast)	—	¥20.00	—	¥20.00	¥40.00

	Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
FY ended Dec. 2010	¥21,767 million	52.5%	4.9%
FY ended Dec. 2011	¥21,767 million	61.8%	4.8%
FY ending Dec. 2012 (Forecast)		44.4%	

3. Consolidated Forecasts for the FY 2012.12, Ending December 31, 2012

	Revenues	% Change	Operating Income	% Change	Ordinary Income	% Change
Second Quarter (YTD)	¥195,500 million	7.5	¥36,500 million	3.7	¥37,000 million	2.3
FY 2012	¥418,500 million	12.0	¥80,000 million	28.1	¥80,500 million	26.6

	Net Income	% Change	Net Income per Share (Basic)
Second Quarter (YTD)	¥22,000 million	28.7	¥40.43
FY 2012	¥49,000 million	39.1	¥90.04

Note: Percentages represent changes compared with the same period of the previous fiscal year.

4. Others

(1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with change in scope of consolidation): None

(2) Changes in principles, procedures, methods of presentation, etc.

(a) Changes accompanying revisions in accounting principles: Yes

(b) Changes other than those in (a) above: None

Note: For further details, please refer to "Changes in Basis of Preparing Consolidated Financial Statements" on page 18.

(3) Number of shares issued (common stock):

(a) Number of shares at the end of the period (including treasury stock):

Fiscal year ended December 31, 2011: 559,685,889

Fiscal year ended December 31, 2010: 559,685,889

(b) Number of treasury shares at the end of the period:

Fiscal year ended December 31, 2011: 15,494,118

Fiscal year ended December 31, 2010: 15,491,466

(c) Average number of shares issued during the period:

Fiscal year ended December 31, 2011: 544,193,122

Fiscal year ended December 31, 2010: 544,194,315

Note: For an explanation of the number of shares used for computing net income per share (consolidated), please refer to "Per Share Information" on page 24-25.

(Reference)

Non-Consolidated Operating Results for the FY 2011.12, Ended December 31, 2011

(1) Non-consolidated results of operations

	Revenues	% Change	Operating Income	% Change	Ordinary Income	% Change
FY ended Dec. 2011	¥363,779 million	(1.0)	¥55,160 million	(4.2)	¥57,546 million	(0.4)
FY ended Dec. 2010	¥367,478 million	(11.5)	¥57,605 million	(20.8)	¥57,786 million	(29.3)

Note: Percentages represent changes compared with the same period of the previous fiscal year.

	Net Income	% Change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
FY ended Dec. 2011	¥35,347 million	(5.1)	¥64.95	¥64.93
FY ended Dec. 2010	¥37,254 million	(29.4)	¥68.46	¥68.44

(2) Non-consolidated financial conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of Dec. 31, 2011	¥503,738 million	¥435,054 million	86.2%	¥797.58
As of Dec. 31, 2010	¥476,219 million	¥423,368 million	88.7%	¥776.55

Reference: Shareholders' equity for the year ended December 31, 2011: ¥434,038 million
Shareholders' equity for the year ended December 31, 2010: ¥422,593 million

Notes:

Items related to the status of the implementation of auditing procedures

At the time of disclosure of these consolidated financial statements, auditing procedures were in progress for the financial statements based on the Financial Instruments and Exchange Act.

Explanation of the appropriate use of performance forecasts and other related items

Portions of this report that refer to performance forecasts or any other future events are believed to be reasonable under information available at the time of the forecasts. Actual financial results may materially differ from these forecasts due to potential risks and uncertainties.

For the specifics of the above forecasts, please refer to the item "1. Business Performance, (1) Analysis concerning Business Performance, 2) Outlook for the Next Fiscal Year" on page 2- 4.

The Company is scheduled to hold a presentation for investors as noted below. The materials used for the presentation, the voice portion, the Q&A, and other related documents will be posted on the Company's website immediately following the conclusion of the presentation.

Presentation for institutional investors and analysts: February 2, 2012, Thursday (Japan time)

Index of the Attachment

1. Business Performance

(1) Analysis concerning Business Performance

1) Overview of Fiscal Year 2011.12, ended December 31, 2011

(a) Summary of Business Activities

During the fiscal year under review, the operating environment in the pharmaceutical industry was still difficult as measures continued to be implemented to expand the use of generic pharmaceuticals and to restrain healthcare costs. In addition, the Great East Japan Earthquake, which occurred on March 11, 2011, had a major impact on the Company's production and marketing activities.

Amid these conditions, the Company aggressively continued R&D activities aiming to develop and secure innovative pharmaceuticals. Also, the Group has many innovative new pharmaceuticals, with the goal of promoting the ethical and scientific use of these products, and is conducting academic and promotional activities that will gain the trust of customers.

Consolidated Financial Highlights

The following table provides a summary of the Company's consolidated performance for the fiscal year under review. Decreases were reported in revenues and income compared with the same period of the previous fiscal year.

(Billions of Yen)

	FY 2010.12 (Jan. 1, 2010–Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011–Dec. 31, 2011)	% Change
Revenues	379.5	373.5	(1.6)
Sales (excluding Tamiflu)	357.4	354.9	(0.7)
Cost of sales	162.4	157.5	(3.0)
Gross profit	217.1	216.0	(0.5)
SG&A (excl. R&D) expenses	96.2	97.7	+1.6
R&D expenses	54.7	55.9	+2.2
Operating income	66.2	62.4	(5.7)
Ordinary income	65.1	63.6	(2.3)
Net income	41.4	35.2	(15.0)

Revenues

Domestic Sales (Excluding Tamiflu)

As a result of the Great East Japan Earthquake, which occurred on March 11, 2011, the Utsunomiya plant of Chugai Pharmaceutical Manufacturing Co., Ltd. and plants of certain contract manufacturers were damaged, and shipment adjustments were made through the end of October 2011. Since there were prolonged restraints on marketing activities and this presented an obstacle to activities to expand the use of two new products, namely Edirol (an active vitamin D_3 derivative), which was launched in April 2011, and Mircera (a long-acting erythropoieses-stimulating agent), which was launched in July 2011, domestic sales excluding Tamiflu amounted to ¥315.3 billion (a decrease of 2.8% year on year).

In the oncology field, although sales for the fiscal year under review amounted to ¥141.9 billion (an increase of 0.5% year on year), the rate of growth declined. This was due to a slowdown in expansion of sales of Avastin (an anti-vascular endothelial growth factor (VEGF) receptor humanized monoclonal antibody, anti-cancer agent), which previously had grown at double-digit rates after its launch in 2008, despite its approval for an additional indication of non-small cell lung cancer in November 2009. Factors accounting for this slowdown were the full penetration of the market for colorectal cancer treatment and the difficulty of undertaking sufficient market launch activities because of the effects of the earthquake. In addition, sales of Kytril (a 5-HT3 receptor antagonist, antiemetic agent) declined markedly owing to the effects of the emergence of many generic products.

In the bone and joint disease field, sales amounted to ¥66.2 billion (an increase of 5.8% year on year), thus remaining on an upward trend. This increase was driven by expansion in sales of Actemra (a humanized anti-human IL-6 receptor monoclonal antibody), which received an additional indication in April 2008 for the treatment of rheumatoid arthritis. In addition, sales of Edirol contributed to the rise in sales in this field. However, it was not possible to conduct sufficient promotional activities because it was launched in April 2011 immediately after the earthquake and market penetration has been delayed.

In the renal diseases field, sales amounted to ¥50.7 billion (a decline of 11.7% year on year). Although Mircera was launched in July 2011, market penetration did not proceed as initially planned because the launch was delayed by one month due to the effects of the earthquake, and it was not possible to conduct sufficient marketing promotion. Sales of Epogin (a recombinant human erythropoietin), a major product in the Company's lineup of renal disease treatment for many years, declined largely because of the shift to usage of Mircera.

In the transplant, immunology, and infectious disease fields (excluding Tamiflu), sales were ¥22.8 billion (a decline of

11.6% year on year), as sales of Pegasys (a peginterferon-α-2a) and Copegus (an anti-viral agent) declined owing to the continuing effect of the shrinkage in the market for the treatment of chronic hepatitis C.

Tamiflu (an Anti-influenza Agent)

Sales of Tamiflu for ordinary use for the first half of the fiscal year (mainly for the 2010 and 2011 flu season) amounted to ¥4.1 billion (an increase of 192.9% year on year), and sales for the second half of the fiscal year (mainly for the 2011 and 2012 flu season) were ¥1.3 billion (an increase of 550.0% year on year), bringing the total for the fiscal year to ¥5.4 billion (an increase of 237.5% year on year). Sales to government stockpiles for the fiscal year under review amounted to ¥3.3 billion (a decline of 80.1%).

Overseas Sales

Overseas sales amounted to ¥39.6 billion (an increase of 20.0% year on year). Although sales of Neutrogin (a recombinant human granulocyte-colony stimulating factor (G-CSF)) decreased because of the effects of competition from follow-on biologics and currency fluctuations, exports of Actemra to Roche, which is currently being sold in more than 70 countries, proceeded smoothly and increased.

(b) Financial Results

Gross profit for the fiscal year amounted to ¥216.0 billion (a decrease of 0.5%). This decrease was despite a major rise in other operating revenues that accompanied a lump-sum payment received along with the out-licensing of GC33, an increase in revenues related to Actemra (royalties on overseas sales and the profit-sharing of co-promotion in European countries), and other factors, as sales of Tamiflu and other products declined.

Selling, general and administrative expenses, excluding R&D expenses, were ¥97.7 billion (an increase of 1.6% year on year), owing to promotional activities for new products and other factors. R&D expenses were ¥55.9 billion (an increase of 2.2% year on year), reflecting progress on advanced-stage development themes.

As a result, operating income amounted to ¥62.4 billion (a decrease of 5.7% year on year), and ordinary income was ¥63.6 billion (a decrease of 2.3% year on year). Net income amounted to ¥35.2 billion (a decrease of 15.0% year on year), and comprehensive income was ¥34.0 billion. These figures reflect the reporting of extraordinary losses of ¥6.5 billion, including ¥4.7 billion due to losses in connection with the Great East Japan Earthquake and ¥1.0 billion owing to the application of Accounting Standards for Asset Retirement Obligations for prior years, as well as an increase in income taxes accompanying the governmental decision to reduce the statutory tax rate applicable to income taxes, which resulted in a reversal of deferred tax assets.

Principal non-consolidated and consolidated performance figures, and the ratios between those figures, are as follows.

	Non-Consolidated (A) (Billions of Yen)	Consolidated (B) (Billions of Yen)	B/A (Times)
Revenues	363.8	373.5	1.03
Operating income	55.2	62.4	1.13
Ordinary income	57.5	63.6	1.11
Net income	35.3	35.2	1.00

(c) R&D Activities

In Japan and abroad, the Chugai Group is actively engaged in prescription pharmaceutical R&D activities and is working to develop innovative products with global applications, focusing on the oncology field. In Japan, the Chugai Group’s research bases in Fuji Gotemba and Kamakura are collaborating to develop new pharmaceuticals, and its research facilities in Ukima are conducting industrialization research. Overseas, Chugai Pharma U.S.A., LLC, and Chugai Pharma Europe Ltd. are engaged in clinical development activities in the United States and Europe, respectively.

In the fiscal year under review, R&D expenses totaled ¥55.9 billion.

2) Outlook for the Next Fiscal Year

(a) Forecast Assumptions

In preparing this performance outlook, the Company has assumed exchange rates of ¥85/CHF, ¥109/EUR, and ¥82/USD. The Company has also assumed that that the magnitude of the influenza epidemic will be about the same as the average for the past 10 years, excluding the epidemic of the new strain of influenza in the 2009/2010 season.

(b) Outlook for the Fiscal Year

Revenues

Our outlook for sales of Tamiflu is ¥9.6 billion (an increase of 10.3% year on year), including ¥0.3 billion in orders for government stockpiles.

Domestic sales, excluding Tamiflu, are forecast to be ¥353.9 billion (an increase of 12.2% year on year). Although a National Health Insurance (NHI) reimbursement price revision is expected to have an impact, growth in sales of pharmaceuticals for cancer treatment, such as Avastin, sustained growth in sales of Actemra, and expansion in sales of Edirol and Mircera, launched in the previous fiscal year, will bring a steady rise in domestic product sales. Regarding overseas sales, sales of Neutrogin are forecast to decline because of competition from follow-on biologics, but this will be offset by an increase in exports accompanying growth in Actemra, and overall, overseas sales will amount to ¥40.2 billion (an increase of 1.5% year on year).

Other operating revenues are forecast to rise to ¥14.8 billion (an increase of 49.5% year on year) because of one-time payment received for out-licensing of drugs and co-promotion and royalty income from Roche in connection with Actemra.

Operating Income/Ordinary Income/Net Income

As a consequence of this growth in revenues, gross profit is forecast to rise to ¥240.0 billion (an increase of 11.1% year on year).

However, budgets for both R&D expenses and other SG&A expenses are expected to increase reflecting increased activities to promote the proper use of new products and products with extended indications and progress in development themes as well as the commencement of the activities of Chugai Pharmabody Research Pte. Ltd. Although expenses are expected to increase, we anticipate to achieve operating income of ¥80.0 billion (an increase of 28.2% year on year), which was set in the Medium-Term Business Plan “Sunrise 2012.”

Ordinary income is forecast to rise to ¥80.5 billion (an increase of 26.6% year on year) owing to the growth in operating income; the rate of increase in net income for the next fiscal year is forecast to be even higher due to the fact that loss on disaster was reported in the prior year, and net income will amount to ¥49.0 billion (an increase of 39.2% year on year).

(Billions of Yen)

	Outlook for FY 2012	% Change
Revenues	418.5	+12.0%
Sales excluding Tamiflu	394.1	+11.0%
Operating income	80.0	+28.2%
Ordinary income	80.5	+26.6%
Net income	49.0	+39.2%

Notes: 1. The forecasts outlined above are based on information available at the time these forecasts were formulated, and the Company regards these forecasts as reasonable. The aforementioned forecasts include latent risks and uncertainties, and actual results and performance could vary significantly from the forecasts because of foreign currency fluctuations, trends in influenza infection and other factors.

2. In this item, amounts less than ¥100 million have been rounded off. Figures for changes in amounts and percentage increases and decreases have been calculated using data denominated in ¥100 million units.

(2) Analysis concerning Financial Status

1) Assets, Liabilities, and Net Assets

At the end of the fiscal year under review, total assets on a consolidated basis amounted to ¥533.5 billion, representing an increase of ¥25.5 billion from the end of the previous fiscal year. The principal factor accounting for this increase was a rise of ¥31.0 billion in cash and deposits.

Total liabilities stood at ¥74.4 billion, representing an increase of ¥15.8 billion from the end of the previous fiscal year. The principal factor accounting for this increase was a rise in corporate income taxes payable of ¥10.5 billion.

Total net assets were ¥459.1 billion at the end of the fiscal year, ¥9.7 billion higher than at the end of the previous fiscal year. The principal factor accounting for this increase was a rise in retained earnings of ¥11.9 billion due to the reporting of ¥35.2 billion in net income, after the payment of dividends from retained earnings of ¥23.4 billion and a decrease in foreign currency translation adjustments of ¥1.7 billion.

As a result, the ratio of shareholders' equity to total assets on a consolidated basis was 85.6% at fiscal year-end, compared with 88.0% at the end of the previous fiscal year.

2) Cash Flows

Cash and cash equivalents at the end of the fiscal year under review amounted to ¥94.5 billion (compared with a balance of ¥65.1 billion at the end of the previous fiscal year).

Net cash provided by operating activities amounted to ¥69.6 billion, compared with ¥15.6 billion in the previous fiscal year. Principal factors influencing net cash from operating activities were income before income taxes and minority interests of ¥57.1 billion, depreciation and amortization of ¥15.9 billion, and income taxes paid of ¥11.8 billion.

Net cash used in investing activities was ¥15.1 billion, compared with ¥20.2 billion in the previous fiscal year. Principal factors influencing cash used in investing activities were purchases of noncurrent assets of ¥11.2 billion, net payment of time deposits of ¥2.6 billion, and net purchases of marketable and investment securities of ¥1.3 billion.

Net cash used in financing activities was ¥24.6 billion, compared with ¥23.1 billion in the previous fiscal year. Principal factors influencing net cash used in financing activities were cash dividends paid for the previous fiscal year-end and payment of interim cash dividends for the fiscal year under review, amounting in total to ¥23.4 billion.

Note: In the items (1) and (2), amounts less than ¥100 million have been rounded off. Figures for changes in amounts have been calculated using data denominated in ¥100 million units.

3) Cash Flow Related Materials

	FY 2007.12, ended December 31, 2007	FY 2008.12, ended December 31, 2008	FY 2009.12, ended December 31, 2009	FY 2010.12, ended December 31, 2010	FY 2011.12, ended December 31, 2011
Equity ratio (%)	83.5	82.6	80.0	88.0	85.6
Market value equity ratio (%)	189.9	196.2	175.2	159.6	129.4
Interest-bearing debt to cash flows ratio (%)	1.0	0.4	0.2	0.3	0.2
Interest-coverage ratio (times)	461.9	517.5	4,620.0	8,214.4	20,032.2

Equity ratio:	Shareholders' equity/total assets
Market value equity ratio:	Total market capitalization/total assets
Interest-bearing debt to cash flows ratio:	Interest-bearing debt/cash flows
Interest-coverage ratio:	Cash flows/interest payments

Notes:
1. All of the figures in the aforementioned indices were calculated on a consolidated basis.
2. Total market capitalization was calculated by multiplying the closing stock price at the end of the term by the total number of outstanding shares at the end of the term (excluding treasury stock).
3. Cash flows were shown as an operating cash flow (prior to interest paid and income taxes paid deductions) in the consolidated statements of cash flows.
4. Interest-bearing debt refers to all debt posted in the consolidated balance sheets upon which interest is paid.
5. The amount of interest paid in the consolidated statements of cash flows was treated as an interest payment in the calculations above.

(3) Basic Profit Distribution Principles and Dividends for the Fiscal Year under Review and the Following Fiscal Year

With regard to income distribution, the Company aims to stabilize the return of profit for all shareholders. Taking account of strategic funding needs and earnings prospects, the Company aims for a consolidated dividend payout ratio of 40% or more on average.

In addition, internal reserves will be used to fund R&D activities in Japan and around the world as well as for making capital investments related to new products to further enhance corporate value.

Note that year-end regular dividends for the fiscal year ended December 31, 2011, are ¥20 per share. As a result, total dividends paid during the year continue to be ¥40 per share, and the consolidated dividend payout ratio is 61.8% (an average of 47.2% for the past five years).

For the following fiscal year, ending December 31, 2012, the Company expects to pay total dividends of ¥40 per share (the same as in fiscal 2011), including ¥20 for the interim period, and the consolidated dividend payout ratio will be 44.4% (an average of 47.7% for the most recent five years).

(4) Business Risks

The Chugai Group's corporate performance is subject to major impact from a range of possible future events. Below are listed what are considered to be the Group's principal sources of risk for the development of its business. The Group recognizes the possibility of these risk events actually occurring and has prepared policies to forestall such risks and take appropriate measures when they do occur.

The future risks identified in this section are based on assessments made by the Company as of the end of the consolidated fiscal year under review.

1) New Product Development

With the goal of becoming a top Japanese pharmaceutical enterprise capable of continuously delivering innovative new medicines, the Chugai Group aggressively pursues R&D in Japan and overseas. The Group's development pipeline is well stocked, especially in the field of oncology. However, bringing all of these drugs smoothly through to the market from the R&D stages may not be possible, and the Group expects to have to abandon development in some cases. When such a situation occurs, there is a possibility of a major impact on the Group's business performance and financial position, depending on the product under development.

2) Changes in Product Environments

In recent years, there have been rapid technological advancements in the pharmaceutical industry, and the Chugai Group faces fierce competition from pharmaceutical companies in Japan and overseas. The Group's business performance and financial position may be significantly affected by changes in product environments caused by the sale of competing products and generic products and also by changes in contracts concluded by the Group for marketing agreements or the licensing of technologies.

3) Side Effects

Medical products are approved in Japan by the Ministry of Health, Labour and Welfare after stringent screening. However, when drugs go into general usage, even if thorough safety measures are implemented, it is difficult to fully prevent side effects. When the Group's pharmaceuticals go into use, and side effects, particularly new and serious ones, are discovered, there is a risk of significant impact on the Group's business performance and financial position.

4) Reform of Japan's Medical Insurance System

Japan's medical insurance system is being reformed against a backdrop of rapid demographic change, with a falling birthrate and increasing numbers of aged citizens. As part of this process, measures are being taken to curb medical expenses. Revisions have been made to the system of reimbursement of medical fees, and debate is continuing in such areas as the NHI drug price reform. The Group's business performance and financial position could be significantly affected by future developments in medical system reform, including the NHI drug price reform.

5) Intellectual Property (IP) Rights

The Chugai Group recognizes that it applies intellectual property rights in pursuing its business activities and takes care to distinguish its own proprietary intellectual property rights and licensing arrangements recognized under law. However, the possibility remains that the Group may infringe on third-party intellectual property rights without being aware of this fact. Major disputes related to intellectual property rights relating to the Group's business could have a major impact on the Group's business performance and financial position.

6) Strategic Alliance with Roche

In line with its strategic alliance with Roche, the Group is the only pharmaceutical partner of Roche in the Japanese market and has introduced and out-licensed many products and projects from and to Roche. In the event that Group's strategic alliance with Roche is changed for some reason, such circumstances could have a major impact on the Group's business performance and financial position.

7) International Business Activities

The Chugai Group engages aggressively in international business activities with the aim of providing a continuous flow of new medicines domestically and internationally. These activities include sales of pharmaceuticals and R&D activities overseas as well as exporting and importing of bulk pharmaceuticals. In these international business activities, the Group may confront changes in laws and regulations, political instability, uncertainties regarding economic trends, issues related to relationships with labor in local markets, changes in tax systems and diversity in interpretation of such systems, fluctuations in foreign currency rates, differences in business practices, and other risks. Such circumstances could have a major impact on the Group's business performance and financial position.

8) Effects of Major Disasters and Other Contingencies

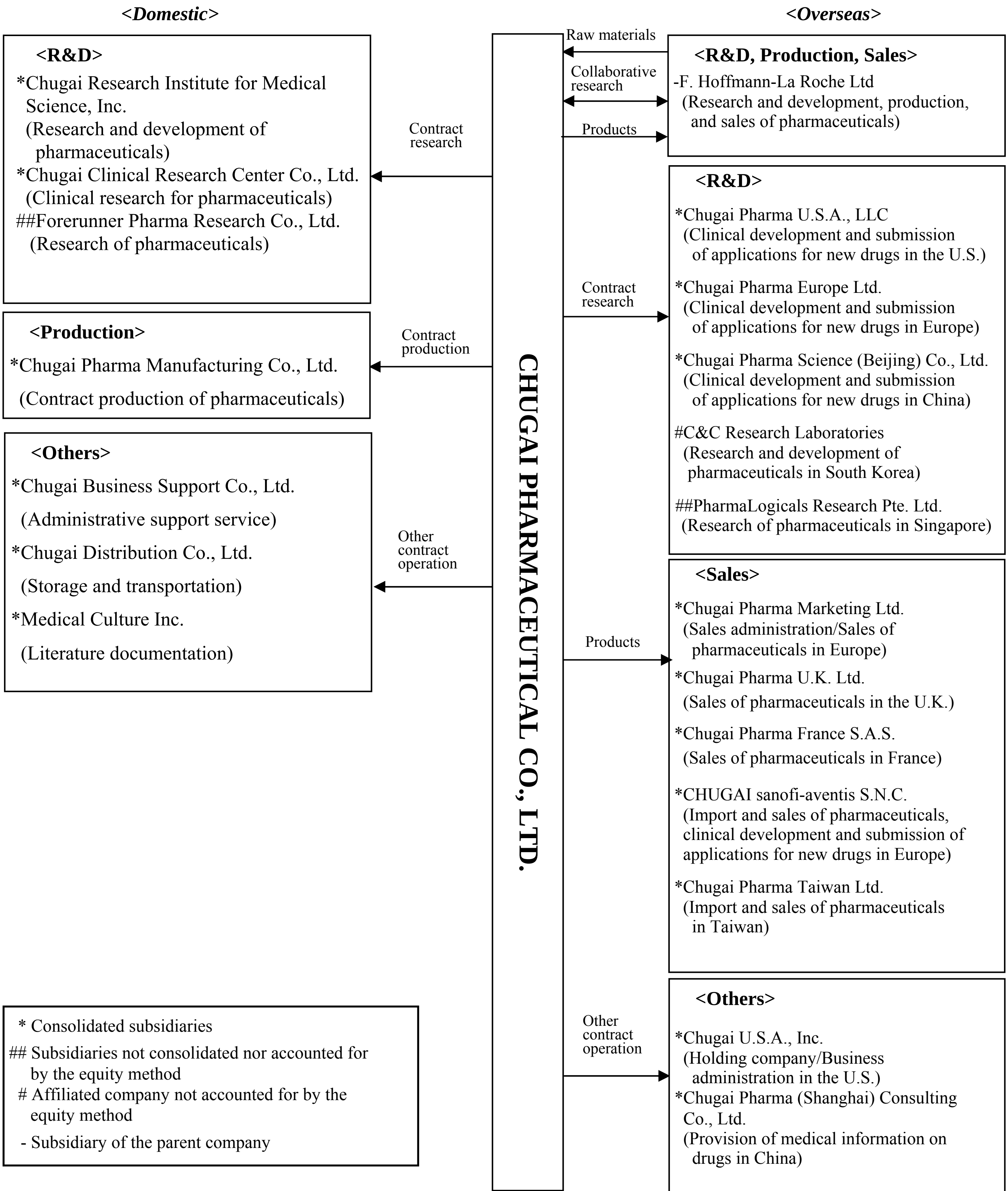
In the event of natural disasters, such as earthquakes and typhoons; accidents, such as fires and other contingencies, the Group's business sites and marketing locations as well as those of its business partners may suffer serious damage and operations may become stagnant. Also, major expenditures may have to be made to repair equipment and other assets that suffer damage. Such circumstances could have a major impact on the Group's business performance and financial position.

2. Outline of Chugai Group

The Group consists of the Company submitting the consolidated financial statements, 18 subsidiaries, one affiliated company, and one subsidiary of the parent company. The major businesses conducted by the Group and how companies in the Group are positioned in relation to those businesses are summarized in the diagram below.

PHARMACEUTICAL SEGMENT

(As of Dec. 31, 2011)



- There is no affiliated company listed on a stock exchange.
- We have omitted disclosure about the status of affiliated companies since there have not been any material changes since we disclosed the status of affiliated companies in our most recent report on securities filed on March 24, 2011.

3. Management Principles and Goals

(1) Basic Management Principles

In line with its strategic alliance with the world-leading pharmaceutical company Roche, the Chugai Group has established "dedicating itself to adding exceptional value through the creation of innovative medical products and services for the benefit of the medical community and human health around the world" as its mission and "becoming a top Japanese pharmaceutical company by providing a continuous flow of innovative new medicines domestically and internationally" as its fundamental management objective.

As the Group works to achieve these goals, it will carry out its business activities in line with its core values of "putting patients and customers first" and "committing to the highest ethical and moral standards as befits a corporate group involved in the healthcare industry."

The Chugai Group believes that putting these Basic Management Principles into practice and raising the quality of all its business activities are the best ways to boost the corporate value of the Group and meet the expectations of customers, shareholders, and other stakeholders, and will redouble its efforts to become a top pharmaceutical company.

(2) Target Management Indices

Under the Medium-Term Business Plan "Sunrise 2012," which covers the period from fiscal 2008 through fiscal 2012, the Group has set targets for fiscal 2012 of ¥460 billion in consolidated revenues and ¥80 billion in consolidated operating income. Under this plan, the Group is planning to create a strong base for future growth by building on its core of existing major products, including Epogin, Neutrogin, and other drugs, and expanding other major drug groups, including Actemra, Avastin, Tarceva, Xeloda, Pegasys, Copegus, and others. Thus far, the Group has marketed Actemra, Avastin, and other drugs and increased their market penetration and, thereby, made major contributions to profitability.

Due to changes in operating environment surrounding the Group, consolidated revenues for fiscal 2012, the final year of the Medium-Term Business Plan "Sunrise 2012," are forecast to be lower than the original target. However, by continuing to substantially further strengthen its foundation for growth and steadily increase profitability, the outlook is for reaching the objective for operating income, which was set in the Medium-Term Business Plan "Sunrise 2012," of ¥80.0 billion.

(3) Medium-Term Business Strategy

As a tightly focused prescription pharmaceutical company, the Chugai Group is concentrating on reinforcing its unique foundation in R&D, driven by the most-advanced technologies. At the same time, the Group's efforts to build a top-caliber competitive franchise in Japan by working with its strategic partner Roche to enhance its clinical development pipeline and product lineup are moving forward.

The Chugai Group's Medium-Term Business Plan "Sunrise 2012" aims to enhance and expand the Group's competitive advantage by leveraging its strengths and close collaborative relationship with Roche as well as to further expand business through the development and marketing of innovative medical products in Japan and overseas.

In addition, the Group regards achieving the objectives of its Medium-Term Business Plan "Sunrise 2012" as points along the way to becoming a top Japanese pharmaceutical company by the latter half of the second decade of the 21st century. The phrase "top pharmaceutical company," means that each staff member will have an awareness and the sense of responsibility appropriate for being a member of a leading company and, by conducting substantive business operations from a global perspective, provide each of the Group's stakeholders with a high level of satisfaction and become an enterprise that receives the active support and confidence of its stakeholders. To this end, in the oncology field, where the Group has gained leading market shares, and in strategic fields, including renal disease and bone and joint disease, it will be essential for the Group to make high-quality contributions to patients and the medical community. In addition, to maintain the quality of its corporate activities in a manner appropriate for a top pharmaceutical company, it will actively work to maintain high standards of internal controls, corporate ethics, and compliance as well as conduct activities that preserve the natural environment and contribute to the community.

(4) Future Tasks

To attain the goal of becoming a top Japanese pharmaceutical company, the Chugai Group aims to dramatically bolster the competitiveness of its R&D, manufacturing, marketing, and sales operations as well as to achieve a high rate of growth. The Group has identified (1) continued development and acquisition of innovative new medicines, (2) the maximization of product value, and (3) overseas expansion as key tasks.

1) Continued Development and Acquisition of Innovative New Medicines

The Chugai Group has worked to create innovative medical products through research into biopharmaceuticals and antibody drugs, which is one of the strengths of the Group, and also by leveraging its alliance with Roche to search for new small-molecular drugs.

Going forward, the Group intends to turn its strengths to advantage in creating innovative medicines and further improving its technical standards through measures that include the strengthening of networks with academic institutions, venture companies, and other pioneering companies. In addition, the Group will work toward the further development of its product pipeline by aggressively introducing promising development candidates from Roche.

2) The Maximization of Product Value

Under its alliance with Roche, the Chugai Group has built a strong position in the domestic market, especially in the oncology and renal disease fields. Going forward, the Group will further strengthen its strategic marketing efforts and pursue an integrated approach to meeting the needs of the medical community, from the early stages of R&D through the post-launch of products, as it works to maximize product value and further increase its presence in such priority fields as oncology.

3) Overseas Expansion

For accelerating the Chugai Group's future growth, overseas expansion becomes the key challenge. Regarding Actemra, an innovative medicine developed by the Group, approval was received for this medicine from the U.S. Food and Drug Administration in January 2010, and it is currently being sold in more than 70 countries around the world, including Japan, the United States, and countries in Europe.

Going forward, the Group will work to develop its position in overseas markets through the continuing development and introduction of such innovative new medicines as Actemra.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of December 31, 2010	As of December 31, 2011
Assets		
Current assets:		
Cash and deposits	76,212	107,163
Trade notes and accounts receivable	113,391	110,913
Marketable securities	59,699	60,995
Merchandise and finished goods	89,447	87,240
Work in process	20	24
Raw materials and supplies	15,417	17,719
Deferred tax assets	19,926	22,742
Other	12,427	12,634
Reserve for doubtful accounts	(5)	(3)
Total current assets	386,537	419,429
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	125,873	120,013
Accumulated depreciation	(75,589)	(72,167)
Buildings and structures (net)	50,284	47,846
Machinery and vehicles	87,198	84,615
Accumulated depreciation	(68,004)	(68,693)
Machinery and vehicles (net)	19,193	15,922
Furniture and fixtures	40,313	41,821
Accumulated depreciation	(33,773)	(35,587)
Furniture and fixtures (net)	6,539	6,234
Land	9,893	10,176
Construction in progress	2,010	2,717
Other	45	61
Accumulated depreciation	(13)	(23)
Other (net)	32	37
Total property, plant and equipment	87,954	82,935
Intangible assets:		
Software	639	327
Other	1,723	1,633
Total intangible assets	2,362	1,961
Investments and other assets:		
Investment securities	7,587	6,431
Long-term loans	19	7
Deferred tax assets	14,939	14,033
Other	8,802	8,855
Reserve for doubtful accounts	(186)	(172)
Total investments and other assets	31,161	29,156
Total noncurrent assets	121,478	114,053
Total assets	508,016	533,482

(Millions of Yen)

	As of December 31, 2010	As of December 31, 2011
Liabilities		
Current liabilities:		
Trade notes and accounts payable	19,489	17,350
Accrued payables	5,933	7,887
Income taxes payable	3,679	14,156
Accrued consumption taxes	524	1,693
Accrued expenses	16,226	18,687
Reserve for bonuses to employees	4,588	5,277
Reserve for bonuses to directors	216	186
Reserve for sales rebates	2,434	1,988
Provision for environmental measures	—	28
Provision for loss on disaster	—	65
Other	1,488	1,501
Total current liabilities	54,580	68,822
Noncurrent liabilities:		
Deferred tax liabilities	—	104
Reserve for employees' retirement benefits	2,596	2,598
Reserve for officers' retirement benefits	729	729
Provision for environmental measures	—	174
Other	716	1,981
Total noncurrent liabilities	4,041	5,587
Total liabilities	58,621	74,410
Net assets		
Shareholders' equity:		
Common stock	72,966	72,966
Additional paid-in capital	92,815	92,815
Retained earnings	327,642	339,476
Treasury stock, at cost	(36,256)	(36,260)
Total shareholders' equity	457,167	468,998
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,341	842
Foreign currency translation adjustments	(11,252)	(12,992)
Total accumulated other comprehensive income	(9,911)	(12,150)
New share warrants	775	1,015
Minority interests	1,363	1,208
Total net assets	449,394	459,072
Total liabilities and net assets	508,016	533,482

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

Consolidated Statements of Income

(Millions of Yen)

	FY 2010.12 (Jan. 1, 2010 - Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011 - Dec. 31, 2011)
Revenues:		
Sales	375,559	363,621
Other operating revenues	3,949	9,895
Total revenues	379,509	373,516
Cost of sales:	162,417	157,506
Gross profit	217,091	216,010
Selling, general and administrative expenses:		
Sales promotion expenses	15,902	16,003
Salaries and allowances	32,189	31,850
Reserve for bonuses	2,721	3,254
R&D expenses	54,702	55,856
Retirement benefits	2,703	2,390
Other	42,633	44,224
Total selling, general and administrative expenses	150,853	153,580
Operating income	66,238	62,430
Non-operating income:		
Interest income	320	380
Dividend income	128	120
Gain on foreign exchange	877	566
Life insurance dividend income	—	341
Other	1,065	932
Total non-operating income	2,393	2,341
Non-operating expenses:		
Interest expenses	4	4
Loss on retirement of noncurrent assets	209	658
Loss on valuation of derivatives	2,762	34
Loss on abandonment of noncurrent assets	—	191
Other	566	297
Total non-operating expenses	3,542	1,186
Ordinary income	65,088	63,585

(Millions of Yen)

	FY 2010.12 (Jan. 1, 2010 - Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011 - Dec. 31, 2011)
Extraordinary gains:		
Gain on sales of noncurrent assets	18	0
Restructuring and liquidation gains	480	—
Gain on sales of investment securities	95	—
Subsidy income	50	—
Total extraordinary gains	644	0
Extraordinary losses:		
Loss on sales of noncurrent assets	0	7
Impairment loss	41	145
Loss on disaster	—	4,723
Loss on sales of investment securities	2	—
Loss on valuation of investment securities	1	217
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,002
Provision for environmental measures	—	280
Restructuring loss	—	69
Loss on valuation of golf club membership	—	8
Total extraordinary losses	46	6,453
Income before income taxes and minority interests	65,686	57,131
Income taxes—current	22,129	22,211
Income taxes—deferred	966	(1,355)
Total income taxes	23,096	20,856
Income before minority interests	—	36,274
Minority interests in income	1,157	1,039
Net income	41,433	35,234

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	FY 2010.12 (Jan. 1, 2010 - Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011 - Dec. 31, 2011)
Income before minority interests	—	36,274
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(498)
Foreign currency translation adjustments	—	(1,809)
Total other comprehensive income	—	*2 (2,307)
Comprehensive income	—	*1 33,966
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	—	32,995
Comprehensive income attributable to minority interests	—	971

(3) Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	FY 2010.12 (Jan. 1, 2010 - Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011 - Dec. 31, 2011)
Shareholders' equity		
Common stock		
Balance as of the end of the previous year	72,966	72,966
Changes during the period		
Net change during the period	—	—
Balance as of the end of the year	72,966	72,966
Additional paid-in capital		
Balance as of the end of the previous year	92,815	92,815
Changes during the period		
Net change during the period	—	—
Balance as of the end of the year	92,815	92,815
Retained earnings		
Balance as of the end of the previous year	307,984	327,642
Changes during the period		
Dividends paid	(21,767)	(23,400)
Net income	41,433	35,234
Deposition of treasury stock	(8)	(0)
Net change during the period	19,657	11,834
Balance as of the end of the year	327,642	339,476
Treasury stock, at cost		
Balance as of the end of the previous year	(36,274)	(36,256)
Changes during the period		
Purchase of treasury stock	(9)	(3)
Deposition of treasury stock	27	0
Net change during the period	17	(3)
Balance as of the end of the year	(36,256)	(36,260)
Total shareholders' equity		
Balance as of the end of the previous year	437,492	457,167
Changes during the period		
Dividends paid	(21,767)	(23,400)
Net income	41,433	35,234
Purchase of treasury stock	(9)	(3)
Deposition of treasury stock	19	0
Net change during the period	19,674	11,830
Balance as of the end of the year	457,167	468,998

(Millions of Yen)

	FY 2010.12 (Jan. 1, 2010 - Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011 - Dec. 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance as of the end of the previous year	1,636	1,341
Changes during the period		
Net changes except for shareholders' equity (net)	(295)	(498)
Net change during the period	(295)	(498)
Balance as of the end of the year	1,341	842
Foreign currency translation adjustments		
Balance as of the end of the previous year	(6,767)	(11,252)
Changes during the period		
Net changes except for shareholders' equity (net)	(4,485)	(1,740)
Net change during the period	(4,485)	(1,740)
Balance as of the end of the year	(11,252)	(12,992)
Total accumulated other comprehensive income		
Balance as of the end of the previous year	(5,131)	(9,911)
Changes during the period		
Net changes except for shareholders' equity (net)	(4,780)	(2,239)
Net change during the period	(4,780)	(2,239)
Balance as of the end of the year	(9,911)	(12,150)
New share warrants		
Balance as of the end of the previous year	536	775
Changes during the period		
Net changes except for shareholders' equity (net)	238	240
Net change during the period	238	240
Balance as of the end of the year	775	1,015
Minority interests in income		
Balance as of the end of the previous year	1,788	1,363
Changes during the period		
Net changes except for shareholders' equity (net)	(425)	(154)
Net change during the period	(425)	(154)
Balance as of the end of the year	1,363	1,208
Total net assets		
Balance as of the end of the previous year	434,686	449,394
Changes during the period		
Dividends paid	(21,767)	(23,400)
Net income	41,433	35,234
Purchase of treasury stock	(9)	(3)
Deposition of treasury stock	19	0
Net changes except for shareholders' equity (net)	(4,966)	(2,152)
Net change during the period	14,708	9,678
Balance as of the end of the year	449,394	459,072

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY 2010.12 (Jan. 1, 2010 - Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011 - Dec. 31, 2011)
Cash flows from operating activities:		
Income before income taxes and minority interests	65,686	57,131
Depreciation and amortization	17,982	15,900
Impairment loss	41	145
Increase (decrease) in reserve for employees' retirement benefits	(106)	244
Interest and dividend income	(449)	(501)
Interest expense	4	4
Loss on retirement of noncurrent assets	209	658
Loss (gain) on sales of noncurrent assets	(17)	7
Loss (gain) on sales and valuation of investment securities	(90)	217
Loss on disaster	—	4,723
Decrease in trade notes and accounts receivable	7,896	2,357
(Increase) in inventories	(12,715)	(1,876)
(Decrease) in trade notes and accounts payable	(14,676)	(1,949)
Increase (decrease) in accrued consumption tax	(3,802)	1,925
Other	(5,947)	2,340
Subtotal	54,012	81,328
Interest and dividends received	432	500
Interest paid	(6)	(4)
Proceeds from insurance income	—	2,966
Payments for loss on disaster	—	(3,383)
Income taxes paid	(38,865)	(11,813)
Net cash provided by operating activities	15,572	69,593
Cash flows from investing activities:		
Payment into time deposits	(23,363)	(22,392)
Proceeds from withdrawal of time deposits	22,511	19,768
Purchase of marketable securities	(125,383)	(119,989)
Proceeds from sales of marketable securities	117,900	118,700
Purchase of investment securities	(5)	(5)
Proceeds from sales of investment securities	1,612	—
Purchases of noncurrent assets	(13,565)	(11,238)
Proceeds from sales of noncurrent assets	88	12
Other	11	10
Net cash (used in) investing activities	(20,192)	(15,135)
Cash flows from financing activities:		
Net (increase) decrease in treasury stocks	(9)	(3)
Cash dividends paid	(21,759)	(23,396)
Cash dividends paid to minority interests	(1,276)	(1,125)
Other	(9)	(25)
Net cash (used in) financing activities	(23,054)	(24,551)
Effect of exchange rate changes on cash and cash equivalents	(1,659)	(576)
Net increase (decrease) in cash and cash equivalents	(29,334)	29,330
Cash and cash equivalents at beginning of year	94,478	65,143
Cash and cash equivalents at end of the period	65,143	94,474

(5) Events or Circumstances that Cast Major Doubt on the Assumption of Continued Operations

None

(6) Changes in Basis of Preparing Consolidated Financial Statements

FY 2010.12 (Jan. 1, 2010 - Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011 - Dec. 31, 2011)
-----------------	Accounting Standards for Asset Retirement Obligations Beginning with the fiscal year ended December 31, 2011, "Accounting Standards for Asset Retirement Obligations" (Accounting Standards Board of Japan (ASBJ) Statement No. 18, issued on March 31, 2008) and "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21, issued on March 31, 2008) have been applied. As a result, consolidated operating income and consolidated ordinary income for the fiscal year under review were both ¥89 million lower than they would have been otherwise, and income before income taxes and minority interests was ¥1,092 million lower than it would have in the absence of this change.
-----------------	Accounting Standards for Business Combinations and Related Matters Beginning with the fiscal year ended December 31, 2011, the Company has applied the following accounting standards. All of these accounting standards, partial amendments to existing accounting standards, and guidance were issued by the ASBJ on December 26, 2008. • "Accounting Standard for Business Combinations" (ASBJ Statement No. 21) • "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22) • "Partial Amendments to the Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23) • "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7) • "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16) • "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10) As a result, the method of accounting for the assets and liabilities of consolidated subsidiaries was changed from the partial fair market value method to the all-fair market value method. Please note that there was no effect of this accounting change on the consolidated financial statements.

(7) Changes in Presentation

FY 2010.12 (Jan. 1, 2010 - Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011 - Dec. 31, 2011)
-----------------	Consolidated Statements of Income 1. Accompanying the application of revisions in certain rules for the presentation of financial statements, as contained in a Cabinet order (Cabinet Office Ordinance No. 5, issued on March 24, 2009), which are based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008), the Company has included the item “Income before minority interests” in the consolidated financial statements of the fiscal year ended December 31, 2011. 2. “Loss on abandonment of noncurrent assets,” which was presented in the “Other” item among consolidated non-operating expenses in the previous fiscal year, has been reported as a separate item for the fiscal year under review because it exceeded 10% of the value of total non-operating expenses. “Loss on abandonment of noncurrent assets” presented in the “Other” item in the previous year amounted to ¥135 million.

(8) Notes to the Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

For the year ended Dec. 31, 2011 (Jan. 1, 2011 - Dec. 31, 2011)

		(Millions of Yen)
*1	Comprehensive income for the fiscal year immediately prior to the year under review	
	Comprehensive income attributable to owners of the parent	36,652
	Comprehensive income attributable to minority interests	852
	Total	37,505
*2	Other comprehensive income for the fiscal year immediately prior to the year under review	
	Valuation difference on available-for-sale securities	(295)
	Foreign currency translation adjustments	(4,789)
	Total	(5,084)

Segment Information

(1) Business Segments

For the year ended Dec. 31, 2010 (Jan. 1, 2010 - Dec. 31, 2010)

As the Company and its consolidated subsidiaries have been comprised of a single business segment, Pharmaceutical business, the disclosure of business segment information has been omitted.

(2) Geographical Segments

For the year ended Dec. 31, 2010 (Jan. 1, 2010 - Dec. 31, 2010)

As revenues and total assets of the foreign consolidated subsidiaries constituted less than 10% of consolidated totals, the disclosure of geographical segment information has been omitted.

(3) Overseas Revenues

For the year ended Dec. 31, 2010 (Jan. 1, 2010 - Dec. 31, 2010)

As overseas revenues (¥36,567 million) were less than 10% of consolidated totals, the disclosure of overseas revenues in countries or regions outside Japan has been omitted.

(4) Segment Information

For the year ended Dec. 31, 2011 (Jan. 1, 2011 - Dec. 31, 2011)

As the Chugai Group has been comprised of a single business segment, Pharmaceutical business, the disclosure of segment information has been omitted.

(5) Relative Information

For the year ended Dec. 31, 2011 (Jan. 1, 2011 - Dec. 31, 2011)

1. Information by product and service

(Millions of Yen)

	Avastin (Sales)	Actemra (Sales)	Other	Total
Revenues from external customers	56,367	38,041	279,108	373,516

2. Information by geographical area

1) Revenues

(Millions of Yen)

Japan	Europe	Other	Total
327,874	42,578	3,063	373,516

Note: Renenues are recognized as taking place in the regions where customers are located, and then classified by country and region.

2) Property, plant and equipment

As the value of the property, plant and equipment of the Group that are located in Japan accounts for more than 90% of the Group's total consolidated property, plant and equipment, disclosure of geographical segment information has been omitted.

3. Information on Principal Customers

(Millions of Yen)

Corporate appellations	Revenue	Relevant company segment
Alfresa Corporation	87,817	Pharmaceuticals
Mediceo Corporation	73,919	Pharmaceuticals
Suzuken Co., Ltd.	44,969	Pharmaceuticals
Toho Pharmaceutical Co., Ltd.	37,917	Pharmaceuticals

(6) Information on Impairment Losses on Noncurrent Assets by Reporting Segment

For the year ended Dec. 31, 2011 (Jan. 1, 2011 - Dec. 31, 2011)

As the Chugai Group has been comprised of a single business segment, Pharmaceutical business, the disclosure of segment information has been omitted.

(7) Information Related to the Amount of Amortization of Goodwill and the Unamortized Amount of Goodwill by Reporting Segment

For the year ended Dec. 31, 2011 (Jan. 1, 2011 - Dec. 31, 2011)

None

(8) Information on Profit Arising from Negative Goodwill by Reporting Segment

For the year ended Dec. 31, 2011 (Jan. 1, 2011 - Dec. 31, 2011)

None

Supplementary Information

For the year ended Dec. 31, 2011 (Jan. 1, 2011 - Dec. 31, 2011)

Beginning with the fiscal year ended December 31, 2011, “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, issued on March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, issued on March 21, 2008) have been applied.

Information on Related Parties

For the year ended Dec. 31, 2010 (Jan. 1, 2010 - Dec. 31, 2010)

1. Transactions with related parties

Companies with the Same Parent as the Company (which is submitting the consolidated financial statements) and Subsidiaries of Other Companies Affiliated with the Company

Type of relationship	Name	Address	Capital and investments	Business content or occupation	Rate of ownership of voting	Relationship	Transaction	Amount of transaction (*)	Account	Ending balance (*)
Company with the same parent company	F. Hoffmann-La Roche Ltd	Basel, Switzerland	Swiss francs 150,000,000	Production and sales of drugs	—	Purchase of drug materials, etc. Interlocking directors	Purchase of drug materials	87,840	Accounts payable	11,874
							Sales of drugs	15,537	Accounts receivable	3,161
							Sharing of co-development costs (Receipt)	5,931	Accrued receivable	4,922

(*): Millions of yen

Notes: 1. “Amount of transaction” and “Ending balance” are reported net of consumption taxes.

2. Guideline of determination for business conditions, etc.

(1) Business transactions are determined as the same as the general transactions when considering market value.

(2) Sharing of co-development costs is determined based on the license contracts concluded with F. Hoffmann-La Roche Ltd.

2. Notes related to the parent company or material related companies

(1) Information on the parent company

Roche Holding Ltd (Listed on SIX Swiss Exchange)

Roche Finance Ltd. (Unlisted)

Roche Pharmholding B.V. (Unlisted)

(2) Summary of material financial information for related companies

None

For the year ended Dec. 31, 2011 (Jan. 1, 2011 - Dec. 31, 2011)

1. Transactions with related parties

Companies with the Same Parent as the Company (which is submitting the consolidated financial statements) and Subsidiaries of Other Companies Affiliated with the Company

Type of relationship	Name	Address	Capital and investments	Business content or occupation	Rate of ownership of voting	Relationship	Transaction	Amount of transaction (*)	Account	Ending balance (*)
Company with the same parent company	F. Hoffmann-La Roche Ltd	Basel, Switzerland	Swiss francs 150,000,000	Production and sales of drugs	—	Purchase of drug materials, etc. Interlocking directors	Purchase of drug materials	75,741	Accounts payable	9,914
							Sales of drugs	25,678	Accounts receivable	6,000
							Sharing of co-development costs (Receipt)	5,334	Accrued receivable	5,311

(*): Millions of yen

Notes: 1. "Amount of transaction" and "Ending balance" are reported net of consumption taxes.
2. Guideline of determination for business conditions, etc.
(1) Business transactions are determined as the same as the general transactions when considering market value.
(2) Sharing of co-development costs is determined based on the license contracts concluded with F. Hoffmann-La Roche Ltd.

2. Notes related to the parent company or material related companies

(1) Information on the parent company

Roche Holding Ltd (Listed on SIX Swiss Exchange)
Roche Finance Ltd. (Unlisted)
Roche Pharmholding B.V. (Unlisted)

Note: The company's parent company has changed as of December 13, 2011. Roche Finance Ltd. and Roche Pharmholding B. V. are no longer the company's parent company.

(2) Summary of material financial information for related companies

None

Per Share Information

(Yen)

	FY 2010.12 (Jan. 1, 2010 - Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011 - Dec. 31, 2011)
Net assets per share	¥821.87	839.50
Net income per share (basic)	76.14	64.75
Net income per share after adjustment for latent stock	76.12	64.72

Note: Basis for calculations of net income per share and net income per share after adjustment for latent stock are as follows:

	FY 2010.12 (Jan. 1, 2010 - Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011- Dec. 31, 2011)
Net income per share		
Net income	¥41,433 million	35,234 million
Value not attributed to common stock	— million	— million
Net income attributed to common stock	41,433 million	35,234 million
Average number of outstanding common stock during the period	544,194,315 shares	544,193,122 shares
Net income per share after adjustment for latent stock		
Net income adjustment value	¥— million	¥— million
Increase in number of outstanding common stock	124,760 shares	187,361 shares
(Including new share warrants)	(124,760) shares	(187,361) shares

	FY 2010.12 (Jan. 1, 2010 - Dec. 31, 2010)	FY 2011.12 (Jan. 1, 2011- Dec. 31, 2011)
Details of latent shares that were not included in the calculation of net income per share assuming dilution because of the absence of a dilutive effect	Rights to purchase new shares: 6 types Resolution by the General Meeting of Shareholders on March 25, 2004: Number of latent shares: 206,900 shares Number of rights to purchase new shares: 2,069 rights Resolution by the General Meeting of Shareholders on March 23, 2005: Number of latent shares: 245,200 shares Number of rights to purchase new shares: 2,452 rights Resolution by the General Meeting of Shareholders on March 23, 2006: Number of latent shares: 333,000 shares Number of rights to purchase new shares: 3,330 rights Resolution by the Board of Directors on March 23, 2007: Number of latent shares: 345,000 shares Number of rights to purchase new shares: 3,450 rights Resolution by the Board of Directors on March 25, 2009: Number of latent shares: 328,000 shares Number of rights to purchase new shares: 3,280 rights Resolution by the Board of Directors on April 23, 2010: Number of latent shares: 324,000 shares Number of rights to purchase new shares: 3,240 rights	Rights to purchase new shares: 8 types Resolution by the General Meeting of Shareholders on June 25, 2003: Number of latent shares: 106,400 shares Number of rights to purchase new shares: 1,064 rights Resolution by the General Meeting of Shareholders on March 25, 2004: Number of latent shares: 206,900 shares Number of rights to purchase new shares: 2,069 rights Resolution by the General Meeting of Shareholders on March 23, 2005: Number of latent shares: 245,200 shares Number of rights to purchase new shares: 2,452 rights Resolution by the General Meeting of Shareholders on March 23, 2006: Number of latent shares: 333,000 shares Number of rights to purchase new shares: 3,330 rights Resolution by the Board of Directors on March 23, 2007: Number of latent shares: 345,000 shares Number of rights to purchase new shares: 3,450 rights Resolution by the Board of Directors on March 25, 2009: Number of latent shares: 328,000 shares Number of rights to purchase new shares: 3,280 shares Resolution by the Board of Directors on April 23, 2010: Number of latent shares: 324,000 shares Number of rights to purchase new shares: 3,240 rights Resolution by the Board of Directors on May 27, 2011: Number of latent shares: 325,000 shares Number of rights to purchase new shares: 3,250 rights

Material Subsequent Event

None