November 1, 2013

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Financial Results of Astellas for the First Six Months of FY2013

Japan, November 1, 2013 – Astellas Pharma Inc. (hereinafter referred to as "the Company") today announced the financial results for the first six months of the fiscal year 2013 (FY2013) ending March 31, 2014.

Consolidated financial results for the first six months of FY2013 (April 1, 2013 – September 30, 2013)

(Millions of yen – fractions dropped)

	First six months of FY2012	**First six months of FY2013**	Change (%)
Net sales	476,833	**556,702**	+79,869 (+16.7%)
Operating income	88,389	**84,543**	-3,845 (-4.4%)
Ordinary income	90,332	**83,067**	-7,265 (-8.0%)
Net income	57,405	**48,195**	-9,209 (-16.0%)

(Note) Comprehensive income **First six months of FY2013** **¥89,732 million** (+498.8%)
First six months of FY2012 ¥14,985 million

Cautionary statement regarding forward-looking information

This press release includes forward-looking statements based on a number of assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual financial results may differ materially depending on a number of factors, including adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launches, the pricing and product initiatives of competitors, the inability of the Company to market existing and new product effectively, interruptions in production, infringement of the Company's intellectual property rights and the adverse outcome of material litigation.

1. Qualitative information on consolidated financial results for the first six months of FY2013

(1) Information on business performance

1) Overview of the first six months of FY2013

Consolidated business performance in the first six months of FY2013 showed an increase in net sales, and decreases in operating income, ordinary income and net income, as follows.

Consolidated financial results

(Millions of yen – fractions dropped)

	First six months of FY2012	**First six months of FY2013**	Change (%)
Net sales	476,833	**556,702**	+79,869 (+16.7%)
Operating income	88,389	**84,543**	-3,845 (-4.4%)
Ordinary income	90,332	**83,067**	-7,265 (-8.0%)
Net income	57,405	**48,195**	-9,209 (-16.0%)

(Note) Comprehensive income **First six months of FY2013 ¥89,732 million** (+498.8%)
First six months of FY2012 ¥14,985 million

Research and development (R&D) expenses

(Millions of yen – fractions dropped)

	First six months of FY2012	**First six months of FY2013**	Change
R&D expenses	83,593	**102,201**	+18,607

Exchange rate

Average rate	First six months of FY2012	**First six months of FY2013**	Change
¥/US$	¥79	**¥99**	¥19 Weakening of yen
¥/€	¥101	**¥130**	¥29 Weakening of yen

Change from beginning to end of period	As of September 30, 2012	**As of September 30, 2013**
¥/US$	¥5 Strengthening of yen	**¥4** **Weakening of yen**
¥/€	¥10 Strengthening of yen	**¥11** **Weakening of yen**

Impact of exchange rate on financial results

The exchange rates for the yen in the first six months of FY2013 are shown in the table above. Looking at average rates during the period, the yen depreciated substantially against both the US dollar and the euro. The resulting impacts were a ¥61.3 billion increase in net sales and a ¥7.7 billion increase in operating income.

Net sales

Consolidated net sales in the first six months of FY2013 increased by 16.7% compared to those in the corresponding period of the previous fiscal year ("year-on-year") to ¥556.7 billion.

- New products contributed to increased sales, including XTANDI for the treatment of prostate cancer, and Betanis / Myrbetriq / BETMIGA for the treatment of overactive bladder (OAB). In addition, sales of Vesicare, for the treatment of OAB, and other products continued to increase. Sales of Prograf, an immunosuppressant, and Harnal for the treatment of functional symptoms of benign prostatic hyperplasia, increased partly due to the foreign exchange rate impact.

Sales by region

*Sales by region calculated according to locations of sellers.

<Japan>

Net sales in Japan decreased by 1.8% year-on-year to ¥264.6 billion. Sales in the Japanese market decreased by 1.8% year-on-year to ¥257.2 billion. Although sales of Betanis and others grew, the impact of generics and other factors caused overall sales to decline compared to those in the corresponding period of the previous fiscal year.

- In addition to Betanis, products such as Micardis, an antihypertensive drug (including its combination drugs, Micombi and Micamlo), Celecox, an anti-inflammatory and anti-pain drug, Symbicort for the treatment of bronchial asthma and Bonoteo for the treatment of osteoporosis showed growth in sales. There were also contributions from sales of new products including Quattrovac, a combined vaccine for the prevention of pertussis, diphtheria, tetanus, and poliomyelitis; Cimzia for the treatment of adult patients with rheumatoid arthritis; and Gonax for the treatment of prostate cancer.
- Sales of products declined, including Lipitor for the treatment of hypercholesterolemia, Seroquel for the treatment of schizophrenia, Myslee for the treatment of insomnia, and Gaster for the treatment of peptic ulcer and gastritis, mainly due to the impact of generics.

- Micamlo BP (Combination Tablet) for the treatment of hypertension and Acofide for the treatment of functional dyspepsia were launched in May and June 2013, respectively. Bisono Tape, a transdermal hypertension medication, was launched in September 2013.

<Outside of Japan>

Net sales in the Americas increased by 50.0% year-on-year to ¥140.4 billion. The sales on a U.S. dollar basis increased by 20.5% year-on-year to US$1,420 million.

- There was a contribution to the sales increase from XTANDI and Myrbetriq launched in the US in September and October 2012, respectively.
- In addition, products, such as VESIcare, and Lexiscan, a pharmacologic stress agent, continuously grew. Also, income from anticancer drug Tarceva increased.
- Sales of Prograf declined mainly due to the impact of generics.

Net sales in Europe* increased by 32.5% year-on-year to ¥123.7 billion. The sales on a euro basis increased by 2.6% year-on-year to €951 million.

* This category includes sales from the Middle and Near East, and Africa in addition to Europe.

- Sales of Vesicare and the Candin-type antifungal agent Mycamine grew, while XTANDI, which was launched in July 2013, also contributed to an overall increase in sales. Furthermore, sales of Prograf, Harnal and prostate cancer treatment Eligard increased partly because of the foreign exchange rate impact.

Net sales in Asia* increased by 37.2% year-on-year to ¥27.9 billion.

* This category includes sales from Oceania in addition to Asia.

- Products such as Prograf, Harnal and Vesicare showed growth in sales, resulting in an increase in revenue.

Operating income

Consolidated operating income in the first six months of FY2013 decreased by 4.4% year-on-year to ¥84.5 billion.

- The increase in net sales and a fall in the cost-to-sales ratio resulted in a gross profit of ¥387.2 billion, up 18.6% year-on-year. The cost-to-sales ratio fell 1.1 percentage points year-on-year to 30.4%, owing to changes in product mix and other factors.
- Selling, general and administrative expenses, which included a foreign exchange rate impact, increased by 27.1% year-on-year to ¥302.7 billion.
- Research and development (R&D) expenses included therein were ¥102.2 billion, up 22.3% year-on-year, which in addition to the foreign exchange rate impact, was partly because of an increase in upfront and milestone payments associated with in-licensing. The R&D cost-to-sales ratio was up 0.8 percentage points year-on-year to 18.4%.
- Selling, general and administrative expenses, excluding R&D expenses, increased by 29.7% year-on-year to ¥200.5 billion, which in addition to the foreign exchange rate impact, was partly due to increased expenditures related to the oncology business in the US and Europe, including payment for co-promotion of XTANDI in the US.

Ordinary income

Consolidated ordinary income in the first six months of FY2013 decreased by 8.0% year-on-year to ¥83.0 billion.

- Non-operating income decreased by ¥0.6 billion and non-operating expenses increased by ¥2.7 billion year-on-year. This was mainly due to the recording of exchange loss of ¥2.6 billion during the first six months of FY2013, compared to the ¥0.7 billion of exchange gain that was recorded during the corresponding period of the previous fiscal year.

Net income

Consolidated net income in the first six months of FY2013 decreased by 16.0% year-on-year to ¥48.1 billion.

- ¥15.4 billion of special losses were recorded. These included ¥7.2 billion of loss on impairment of fixed assets mainly from loss on patents due to the discontinuation of development projects and ¥7.0 billion of restructuring costs as a result of reshaping our research framework and succession of Fuji Plant Business to Nichi-Iko Pharmaceutical Co., Ltd.

2) Other

R&D activities

The Company is aiming for mid- to long-term sustainable growth through the continuous and early creation of new pharmaceuticals that are innovative and useful in therapeutic areas where no effective drugs are available and unmet medical needs exist. To achieve this, we have made it our top priority to strengthen our ability to generate new drugs.

[Drug discovery research]

Astellas' five focus therapeutic areas in research are Urology, Immunology (including Transplantation) and Infectious Diseases, Oncology, Neuroscience and Diabetes Mellitus (DM) Complications and Kidney Diseases, in which we are concentrating management resources.
In drug discovery research, we aim to create innovative new drugs, promoting the Precision Medicine approach, which is based on the molecular target and diagnostic workup, and proactively making use of leading-edge technologies and knowhow through alliances with outside organizations. Since establishing the Disease Frontier Research Laboratory in April 2012, we have been exploring new opportunities for drug discovery research to meet unmet medical needs in areas other than the above therapeutic areas. In the field of regenerative medicine, where we were previously focusing on the exploration of drugs which can act on cells (regenerative drugs) and the application of induced pluripotent stem (iPS) cells to drug discovery, we have expanded the scope of research to utilize cells themselves as remedies.

In May 2013, we decided to reshape our research framework and introduce new initiatives. By optimizing the allocation of resources for our research and development capabilities through this reform, we aim to achieve the following objectives: i) to utilize more external capabilities and resources, ii) to undertake initiatives related to new therapeutic areas and innovative technologies including regenerative medicine and vaccines, iii) to accelerate development of our promising preclinical pipeline, and iv) to ensure sufficient investment in the late-stage clinical pipeline. Among these activities, we established Astellas Innovation Management in October 2013 in order to enhance the process of identifying and obtaining external opportunities to strengthen innovation during the preclinical development stage. In addition, we are pushing ahead with strengthening our research management framework and promoting a "Multi-Track R&D" approach. Furthermore, in order to facilitate the strategic reallocation of resources and to enhance our operational excellence, we are reorganizing our research functions and structures in a sequential manner. This includes closing and scaling back research institutes and transferring certain functions.

[Manufacturing /Technology development]

With the aim of ensuring a stable supply of active pharmaceutical ingredients with high pharmacological activities, for which demand is expected to increase in line with expansion of the development pipeline primarily on oncology, construction of Building No. 8 at Takahagi Technology Center of Astellas Pharma Tech Co., Ltd. was completed in August 2013.

[Clinical development]

In tandem with moves to further reinforce its global development framework, the Company plans to accelerate the pace of product development by channeling resources into high-priority projects. The followings are the main development advances made during the first six months of FY2013.

(Clinical development in Japan)

- For enzalutamide (generic name / development code: MDV3100), an oral androgen receptor inhibitor under joint development with Medivation, Inc. of the US, an application for approval was submitted for the indication of prostate cancer in May 2013.
- The Company obtained approval in June 2013 for Prograf capsules (generic name: tacrolimus hydrate), an immunosuppressant, for the additional indication of interstitial pneumonia associated with polymyositis/dermatomyositis.
- With respect to the orally disintegrating tablet that is being developed as an additional formulation of Irribow (generic name: ramosetron hydrochloride), for the indication of diarrhea-predominant irritable bowel syndrome in males, the Company obtained approval in August 2013 (brand name: Irribow OD Tablets).

(Clinical development overseas)

- For the HER1/EGFR tyrosine kinase inhibitor Tarceva (generic name: erlotinib), the Company obtained approval in the US in May 2013 for the additional indication of first-line treatment of patients with metastatic non-small cell lung cancer whose tumors have certain epidermal growth factor receptor activating mutations as detected by an FDA-approved test.
- In May 2013, the Company obtained approval in the Netherlands for a combination drug (development code: EC905) containing the overactive bladder treatment solifenacin succinate (generic name) and the benign prostatic hyperplasia treatment tamsulosin hydrochloride (generic name). The approval is for the indication of treatment of moderate to severe storage symptoms (urgency, increased micturition frequency) and voiding symptoms associated with benign prostatic hyperplasia in men who are not adequately responding to treatment with monotherapy. The product was launched under the brand name VESOMNI in September 2013.
- For enzalutamide (generic name / development code: MDV3100), approval was obtained in Europe in June 2013 for the treatment of adult men with metastatic castration-resistant prostate cancer whose disease has progressed on or after docetaxel therapy. The product was launched in the UK the following month under the brand name XTANDI.
- The Company obtained approval in the US in June 2013 for Mycamine (generic name: micafungin sodium), a Candin-type antifungal agent, for additional indication. The indication is for injection by intravenous infusion for the treatment of pediatric patients four months and older with candidemia, acute disseminated candidiasis, candida peritonitis and abscesses, esophageal candidiasis, and the prophylaxis of candida infections in patients undergoing hematopoietic stem cell transplantation.

- The Company obtained approval in the US in July 2013 for extended release capsules of tacrolimus hydrate (generic name), an immunosuppressant, for the indication of prophylaxis of organ rejection in patients receiving a kidney transplant. The product was launched the following month under the brand name ASTAGRAF XL.

[Initiatives to optimize the allocation of management resources in R&D]

- In April 2013, the Company entered into a collaboration agreement with Ambrx Inc. of the US regarding technology for next-generation antibody drug conjugates ("ADCs") in the field of oncology. Under the agreement, the Company received worldwide rights to develop and commercialize ADCs for oncology.
- The Company is proactively promoting utilization of the "Multi-Track" process. This approach includes having multiple strategies at every stage of the R&D process and promoting the uptake of innovative research, as well as constructing a high-quality and robust pipeline for the Company while at the same time managing risks and costs through the effective use of outside resources. As part of this approach, in April 2013 the Company entered into an exclusive license agreement with Tacurion Pharma, Inc., a company operated by Drais Pharmaceuticals, Inc. ("Drais") of the US, regarding ASP7035, which is currently developed for the treatment of nocturia.
- In May 2013, the Company entered into an agreement for a strategic alliance in Japan with Amgen Inc. of the US. The alliance consists of two elements. The first element is a long-term collaboration between the two companies that will focus on the co-development and co-commercialization in Japan of five Amgen pipeline medicines, which are mainly biological products. The five medicines are a hyperlipidemia treatment (AMG145), an osteoporosis treatment (AMG785), and three treatments for cancer (AMG102, AMG337, and AMG103). The second element is the establishment of a joint venture company (Amgen Astellas BioPharma KK), through which the two companies will work together. Having started operations in October 2013, Amgen Astellas BioPharma KK will work with the Company on the co-development and co-commercialization in Japan of the above-mentioned five pipeline medicines.
- In June 2013, the Company entered into a collaboration agreement with Cytokinetics, Incorporated of the US focusing on the research, development and commercialization of skeletal muscle activators. Under the agreement, the two companies will jointly conduct research and development in the area of skeletal muscle activation with the primary aim of providing new therapies for diseases and medical conditions associated with skeletal muscle weakness.
- In March 2013, the Company exercised its right to terminate a worldwide license agreement with Ambit Biosciences Corporation of the US concluded in 2009 for the joint development and commercialization of FLT3 kinase inhibitors including quizartinib (generic name / development code: AC220). The agreement, which the Company exercised its right to terminate for strategic reasons, came to an end on September 3, 2013.

- For tivozanib (generic name / development code: ASP4130), an inhibitor of all three vascular endothelial growth factor receptors 1, 2 and 3 under joint development with AVEO Pharmaceuticals Inc. of the US, AVEO received a Complete Response Letter from the US Food and Drug Administration (FDA) in June 2013, informing the company that the FDA cannot approve the application in its present form for the indication of advanced renal cell carcinoma (RCC), for which an application for approval was submitted in September, 2012. The development for this indication has been discontinued.

Commercial partnerships

- In August 2013, the Company and MSD K.K. entered into a co-promotion agreement in Japan for ipragliflozin L-proline (generic name / development code: ASP1941), a SGLT2 inhibitor for which the Company has filed an application for approval in Japan for the indication of type 2 diabetes. Under the agreement, the manufacture and sale of the drug will be carried out by the Company, while the Company, MSD and Kotobuki Pharmaceutical Co., Ltd. will co-promote it.

Other initiatives to enhance operational excellence

To realize sustainable growth while responding to a rapidly changing business environment, the Company is always working to enhance operational excellence.

- In the areas of production and technology, the Company will work to enhance its own capabilities while also actively pursuing alliances with external partners. By these means, we will work to establish a stable production system that would efficiently realize “steady supply of high-quality drugs” in changing environment. As part of these efforts, in September 2013, we entered into a basic agreement with Nichi-Iko Pharmaceutical Co., Ltd. under which that company will succeed to the pharmaceutical manufacturing business at the Fuji Plant of Astellas Pharma Tech Co., Ltd.

- In September 2013, we signed an agreement with Accenture Japan Ltd. on Business Process Outsourcing in multiple business areas of the Company and its domestic subsidiaries. By working with a specialist external partner, we aim to obtain high quality services and promote efficiency, while allocating resources to businesses that contribute to the Company’s competitive advantage.

(2) Information on financial conditions

1) Assets, liabilities and net assets

An overview of the consolidated balance sheets as of September 30, 2013 and the main changes from the end of the previous fiscal year are shown below.

Assets

Total assets as of September 30, 2013 saw an increase of ¥51.5 billion compared to those as of the end of the previous fiscal year to ¥1,497.1 billion.

<Current assets> ¥884.3 billion (an increase of ¥57.1 billion)

- Cash on hand and in banks, marketable securities and inventories increased by ¥24.8 billion, ¥10.3 billion and ¥19.7 billion, respectively.

<Fixed assets> ¥612.7 billion (a decrease of ¥5.5 billion)

- Property, plant and equipment increased by ¥0.4 billion compared to those as of the end of the previous fiscal year to ¥218.9 billion.
- Intangible fixed assets decreased by ¥11.4 billion compared to those as of the end of the previous fiscal year to ¥283.4 billion.
- Investments and other assets increased by ¥5.3 billion compared to those as of the end of the previous fiscal year to ¥110.3 billion.

Liabilities

Liabilities decreased by ¥9.0 billion compared to those as of the end of the previous fiscal year to ¥374.4 billion.

<Current liabilities> ¥307.6 billion (a decrease of ¥5.8 billion)

<Long-term liabilities> ¥66.8 billion (a decrease of ¥3.1 billion)

Net assets

Net assets increased by ¥60.6 billion compared to those as of the end of the previous fiscal year to ¥1,122.6 billion, making the equity ratio 74.9%.

- While net income stood at ¥48.1 billion, the Company paid ¥29.3 billion of dividends of surplus.
- Cancellation of treasury stock totaling ¥47.3 billion (11,000,000 shares) was carried out on May 31, 2013.
- In addition, the change in foreign currency translation adjustments of ¥37.7 billion had the effect of increasing net assets by the same amount.

2) Cash flow

Cash flows from operating activities

Net cash provided by operating activities increased year-on-year by ¥39.3 billion to ¥89.3 billion.

- Income before income taxes and minority interests decreased year-on-year by ¥10.1 billion to ¥69.2 billion and income taxes paid was ¥14.8 billion, a decrease in outflow of ¥12.5 billion year-on-year.

Cash flows from investing activities

Net cash used in investing activities was ¥22.3 billion, a decrease in outflow of ¥10.5 billion year-on-year.

- Purchases of property, plant and equipment used cash of ¥13.0 billion and purchases of intangible fixed assets used cash of ¥10.7 billion.

Cash flows from financing activities

Net cash used in financing activities was ¥29.5 billion, a decrease in outflow of ¥0.6 billion year-on-year.

- The Company recorded cash dividends paid of ¥29.3 billion.

As a result of the above, cash and cash equivalents totaled ¥315.2 billion as of September 30, 2013, an increase of ¥50.3 billion compared to those as of March 31, 2013.

(3) Information on consolidated business forecasts for FY2013 and other forward-looking statements

Consolidated full-year business forecasts

(Millions of yen – fractions dropped)

	FY2012 Full-year results	**FY2013 Full-year forecasts**	Change (%)
Net sales	1,005,611	**1,155,000**	+149,388 (+14.9%)
Operating income	153,867	**170,000**	+16,132 (+10.5%)
Ordinary income	157,156	**170,000**	+12,843 (+8.2%)
Net income	82,851	**100,000**	+17,148 (+20.7%)

(Notes)

1. **Expected exchange rate for FY2013** **¥99/US$** **¥130/€**
   Expected exchange rate for the last six months of FY2013 ¥100/US$ ¥130/€
   Exchange rate for FY2012 ¥83/US$ ¥107/€
2. Although the Company will voluntarily adopt the International Financial Reporting Standards (IFRS) from the consolidated financial statements for the fiscal year ending March 31, 2014, the consolidated business forecasts presented here continue to be based on the Japanese Generally Accepted Accounting Principles.

Consolidated full-year business forecasts are shown in the table above.

The Company has left its forecasts for operating income and ordinary income unchanged from the figures released in May 2013 (“initial forecasts”). On the other hand, the forecasts for net sales and net income have each been revised downward.

The Company forecasts consolidated net sales of ¥1,155.0 billion (a downward revision of ¥15.0 billion compared with initial forecasts).

Looking at sales by region, net sales are projected to exceed initial forecasts in the Americas. Net sales in the Japanese market, however, are projected to be below initial forecasts, due to the impact of generics and other factors. In Europe and Asia, net sales are expected to be roughly the same level as initial forecasts.

The cost-to-sales ratio is projected to be below the Company’s initial estimation because of changes in product mix and other factors. Even so, gross profit is projected to be below the initial estimation because net sales are expected to be lower than initial forecasts. Selling, general and administrative expenses are also projected to be below the Company’s initial estimation. Within that total, the Company forecasts R&D expenses of ¥212.0 billion (unchanged from initial forecasts).

As a result of the above, the Company forecasts operating income of ¥170.0 billion (unchanged from initial forecasts).

The Company forecasts ordinary income of ¥170.0 billion (unchanged from initial forecasts). In addition, the Company forecasts net income of ¥100.0 billion (a downward revision of ¥10.0 billion compared with initial forecasts). This partly reflects the recording, under special losses, of restructuring costs mainly as a result of reshaping the research framework and loss on impairment of patents.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(All amounts are in millions of yen and amounts less than one million have been omitted.)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash on hand and in banks	¥233,814	¥258,659
Trade notes and accounts receivable	286,068	289,060
Marketable securities	78,862	89,242
Inventories	128,180	147,909
Other	102,190	101,517
Allowance for doubtful receivables	(1,926)	(2,049)
Total current assets	827,189	884,340
Fixed assets		
Property, plant and equipment	218,478	218,974
Intangible fixed assets		
Goodwill	95,977	95,957
Patents	138,069	130,416
Other	60,793	57,051
Total intangible fixed assets	294,841	283,425
Investments and other assets		
Investment securities	61,646	64,372
Other	43,427	46,021
Allowance for doubtful receivables	(22)	(12)
Total investments and other assets	105,051	110,382
Total fixed assets	618,371	612,782
Total assets	¥1,445,561	¥1,497,122

(All amounts are in millions of yen and amounts less than one million have been omitted.)

	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current liabilities		
Trade notes and accounts payable	¥102,834	¥108,381
Provision	4,474	4,320
Other	206,226	194,954
Total current liabilities	313,536	307,656
Long-term liabilities		
Accrued retirement benefits for employees	18,273	18,207
Other	51,726	48,610
Total long-term liabilities	69,999	66,818
Total liabilities	383,535	374,474
Net assets		
Shareholders' equity		
Common stock	103,000	103,000
Capital surplus	176,821	176,821
Retained earnings	917,511	888,956
Treasury stock	(72,284)	(24,748)
Total shareholders' equity	1,125,048	1,144,030
Accumulated other comprehensive income		
Unrealized holding gains on securities	15,966	19,780
Foreign currency translation adjustments	(80,925)	(43,203)
Total accumulated other comprehensive income	(64,959)	(23,422)
Stock subscription rights	1,936	2,039
Total net assets	1,062,025	1,122,647
Total liabilities and net assets	¥1,445,561	¥1,497,122

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

(Consolidated Statements of Income)

(All amounts are in millions of yen and amounts less than one million have been omitted.)

	For the six months ended September 30, 2012	For the six months ended September 30, 2013
Net sales	¥476,833	¥556,702
Cost of sales	150,238	169,432
Gross profit	326,594	387,269
Selling, general and administrative expenses	238,205	302,725
Operating income	88,389	84,543
Non-operating income		
Interest income	380	327
Dividend income	589	512
Equity in earnings of affiliates	17	347
Exchange gain	733	—
Other	496	353
Total non-operating income	2,218	1,541
Non-operating expenses		
Exchange loss	—	2,643
Other	274	374
Total non-operating expenses	274	3,017
Ordinary income	90,332	83,067
Special gains		
Gain on sales of fixed assets	226	245
Gain on sales of investment securities	108	1,278
Other	118	33
Total special gains	452	1,557
Special losses		
Loss on sales and disposal of fixed assets	383	254
Loss on impairment of fixed assets	9,820	7,236
Restructuring costs	—	7,099
Other	1,206	817
Total special losses	11,410	15,408
Income before income taxes and minority interests	79,375	69,215
Income taxes	21,969	21,019
Income before minority interests	57,405	48,195
Net income	¥57,405	¥48,195

(Consolidated Statements of Comprehensive Income)

(All amounts are in millions of yen and amounts less than one million have been omitted.)

	For the six months ended September 30, 2012	For the six months ended September 30, 2013
Income before minority interests	¥57,405	¥48,195
Other comprehensive income		
Unrealized holding gains on securities	(635)	3,814
Foreign currency translation adjustments	(41,783)	37,722
Total other comprehensive income	(42,419)	41,536
Comprehensive income	¥14,985	¥89,732
- attributable to owners of the parent	¥14,985	¥89,732
- attributable to minority interests	—	—

(3) Consolidated Statements of Cash Flows

(All amounts are in millions of yen and amounts less than one million have been omitted.)

	For the six months ended September 30, 2012	For the six months ended September 30, 2013
Cash flows from operating activities		
Income before income taxes and minority interests	¥79,375	¥69,215
Depreciation and amortization	22,402	29,960
Loss on impairment of fixed assets	9,820	7,236
Amortization of goodwill	5,790	2,921
Interest and dividend income	(970)	(840)
Net loss on sales and disposal of fixed assets	157	9
(Increase) decrease in trade notes and accounts receivable	(7,581)	7,312
Increase in inventories	(6,041)	(13,057)
(Decrease) increase in trade notes and accounts payable	(15,811)	492
Other	(10,748)	69
Subtotal	76,391	103,320
Interest and dividends received	974	841
Income taxes paid	(27,388)	(14,831)
Net cash provided by operating activities	49,977	89,331
Cash flows from investing activities		
Purchases of property, plant and equipment	(18,562)	(13,034)
Proceeds from sales of property, plant and equipment	227	883
Purchases of intangible fixed assets	(23,846)	(10,758)
Purchases of investment securities	(534)	(744)
Proceeds from sales of investment securities	446	1,968
Other	9,334	(657)
Net cash used in investing activities	(32,935)	(22,343)
Cash flows from financing activities		
Purchases of treasury stock	(8)	(27)
Cash dividends paid	(30,024)	(29,326)
Other	(184)	(174)
Net cash used in financing activities	(30,216)	(29,528)
Effects of exchange rate changes on cash and cash equivalents	(16,455)	12,874
(Decrease) increase in cash and cash equivalents	(29,630)	50,333
Cash and cash equivalents at beginning of period	252,379	264,912
Cash and cash equivalents at end of period	¥222,749	¥315,245