

NEWS RELEASE

May 14, 2010

Fiscal Year through March 2010 – Consolidated Results
I. Consolidated results for year ended March 2010 (April 1, 2009 to March 31, 2010)

1) Operating results (JPY million)

	2010	2009	Year-on-year change
Net sales	1,084,291	955,947	13.4%
Operating income	98,481	91,520	7.6%
Ordinary income	109,057	96,103	13.5%
Net income	67,443	47,083	43.2%

2) Financial position (JPY million)

	2010	2009	Year-on-year change
Total assets	1,458,375	1,298,789	12.3%
Net assets	948,456	863,815	9.8%
Equity ratio	64.2%	62.3%	-
Net assets per share*	1,964. ⁷⁰	36,005. ²⁶	9.1%

* Net assets per share: JPY

* On June 30, 2009, Otsuka Holdings Co., Ltd. conducted a one-for-twenty stock split.

3) Statement of cash flow (JPY million)

	2010	2009
Cash flow from operating activities	173,508	58,470
Cash flow from investing activities	(59,014)	(213,610)
Cash flow from financing activities	(28,139)	172,196
Cash and cash equivalents at end of year	321,306	230,104

4) Expenditures (JPY million)

	2010	2009	Year-on-year change
Research and development expenditure	151,848	135,900	11.7%

5) Scope of consolidation

Consolidated subsidiaries: 65

Companies accounted for under the equity method: 12

6) Changes in scope of consolidation

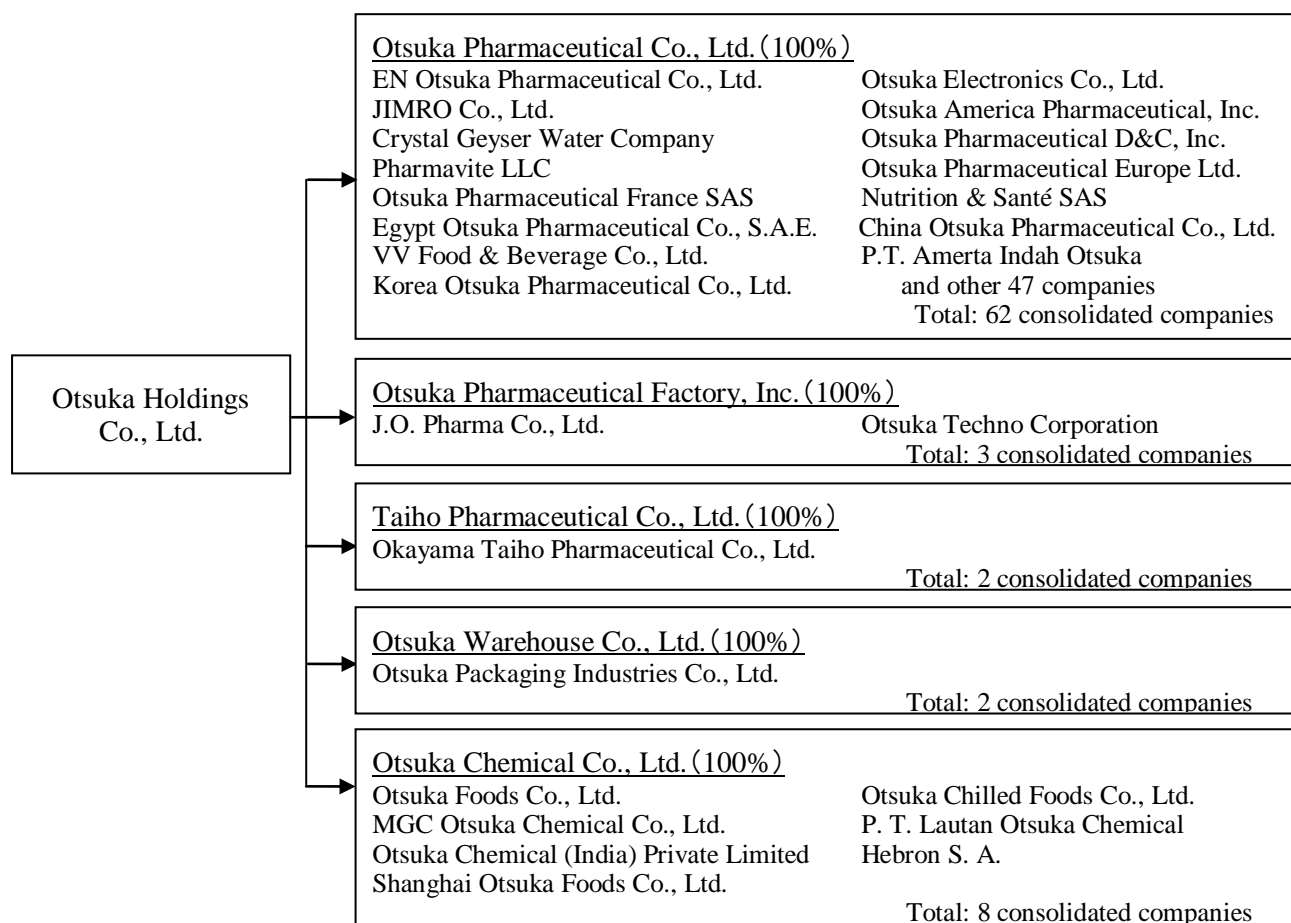
Newly consolidated subsidiaries, including:

- Otsuka Pharmaceutical France SAS
- Okayama Taiho Pharmaceutical Co., Ltd.
- Otsuka Chilled Foods Co., Ltd.
- Gunma Otsuka Foods Co., Ltd.
- MGC Otsuka Chemical Co., Ltd.
- P. T. Lautan Otsuka Chemical
- Otsuka Chemical (India) Private Limited
- Hebron S. A.
- Shanghai Otsuka Foods Co., Ltd.

Deconsolidated (deleted) subsidiaries, including:

- Otsuka Beverage Co., Ltd.
- Gunma Otsuka Foods Co., Ltd.
- Otsuka Chemical Holdings Co., Ltd.
- Financiere Nardobel SAS
- and 5 other companies

II. Number of consolidated companies: 78 (including Otsuka Holdings Co., Ltd.)



III. Overview of year ended March 2010

(JPY billion)

	2010	2009	Year-on-year change
Sales	1,084.2	955.9	13.4%
Domestic*	597.2	613.6	-2.7%
International**	487.0	342.3	42.3%
Ordinary income	109.0	96.1	13.5%
Net income	67.4	47.0	43.2%

* Sales by parent company and its subsidiaries in Japan

** Sales by overseas subsidiaries

With a worldwide recession, Japan's economy during the consolidated business year has remained in uncertainty, including a worsening employment situation, a decline in personal consumption, and a continuation of the deflationary spiral.

In this business environment, the Otsuka Group conducted businesses globally, considering our mission is to continue contributing to the health of people around the world with innovative and creative products. Otsuka Holdings converted Otsuka Chemical into its wholly owned subsidiary by the share exchange and strengthened further the Group's management base and cooperation among the Group.

As a result, consolidated Group sales totaled ¥1,084,291 million for the fiscal year, with operating income of ¥98,481 million, ordinary income of ¥109,057 million, and net income of ¥67,443 million..

IV. Financial results by segment

1) Pharmaceuticals business

(JPY billion)

	2010	2009	Year-on-year change
Sales	715.9	677.8	5.6%

In its pharmaceuticals business, sales of anti-psychotic agent *ABILIFY*, developed by Otsuka Pharmaceutical increased steadily. In Japan, *ABILIFY* sales expanded, aided by such factors as the increase in treatment options resulting from the April launch of an additional formulation, *ABILIFY Oral Solution 0.1%*. Also in April, Otsuka Pharmaceutical signed an agreement with US company Bristol-Myers Squibb relating to the extension of the agreed term for the development and commercialization of *ABILIFY* in the United States. In addition to this agreement, those two companies also agreed on the establishment of a global oncology collaboration for two anticancer compounds developed by Bristol-Myers Squibb.

While sales of *Mucosta*, an anti-gastritis and anti-gastric ulcer agent, and anti-platelet agent *Pletal* performed well by the through supply of information on the drug, even though it was expected that *Mucosta* would suffer from the launch of generic agents in the domestic market.

Following the launch of *SAMSCA*, an oral selective vasopressin V₂-receptor antagonist, in the United States in June, prescriptions have been growing steadily. In Europe, sales of *SAMSCA* began in September.

Taiho Pharmaceutical launched *TS-1 Combination Granule*, a new formulation of its anticancer drug *TS-1*, in Japan in June and sales increased steadily. *TS-1* was launched in China in July, and in Singapore sales began in August through local licensing partner Pharmaforte. New take-up of *Uzel*, a reduced folic acid formulation, was boosted by the addition of a smaller tablet form that made the drug easier to administer, and sales of the formulation increased.

Sales of antiulcerogenic product *Protecadin*, which uses H₂-receptor antagonist action, remained steady. Beta-lactamase inhibitor *Zosyn*, an injectable antibiotic containing the active ingredient *tazobactam*, is sold in more than 90 countries worldwide through overseas licensing partner Pfizer Inc. *Zosyn* sales in Japan through licensing partner Taisho Toyama Pharmaceutical are also contributing to sales.

In the clinical nutrition area, Otsuka Pharmaceutical Factory launched, in September, the world's first high-calorie solutions *ELNEOPA No. 1 Injection* and *ELNEOPA No. 2 Injection*, formulated with five types of trace elements. Containing a complement of glucose, electrolytes, amino acids, multi-vitamins, and trace elements, these new products contributed to results.

Anticoagulant Heparin solutions also continued to perform well.

In the diagnostics area, demand for Otsuka Pharmaceuticals' influenza virus kit *Quick-Navi Flu* grew rapidly as a result of the effects of the spread of influenza.

These results contributed to pharmaceuticals business sales of ¥715,901 million for the period.

2) Nutraceuticals and related business

	2010	(JPY billion) <i>Reference*</i>
Sales	246.9	217.9

*Reference: Pro-forma amount for 2009.

Otsuka Pharmaceutical's nutritional *SOYJOY* fruit soy bar is currently sold in seven countries and regions, and Otsuka is working to turn it into a global product. With the Japan launch of *SOYJOY Banana Ca Plus* in April and *SOYJOY Blueberry* in September, the *SOYJOY* lineup has been expanded to 11 products.

Pocari Sweat is finding new markets in Asia and overseas brand building is progressing steadily. Sales of *Pocari Sweat* have expanded particularly well in Indonesia. In Japan, sales of a new 900-ml PET "ecobottle" with an approximately 30% lighter filled weight than its predecessor began in August.

The range of the nutritionally balanced *CalorieMate Blocks* was extended by the addition of a new flavor, Maple, in September which contributed to results.

In the Cosmetics* sector, the expansion of the *UL-OS* face and body skincare line-up and vigorous promotion of the brand increased awareness and boosted numbers of users.

Sales of Taiho Pharmaceutical mainstay *Tiovita* brand grew across the brand range as aggressive marketing activities overcame the continuing weakness in the drinks market.

As a result of these efforts, nutraceuticals and related business sales reached ¥246,969 million.

*Cosmetics: Products based on the unique concept of 'health of skin'

3) Consumer products business

	2010	(JPY billion)
Sales	50.1	Reference*
		51.9

*Reference: Pro-forma amount for 2009.

Otsuka Foods sought to expand the market for the calorie control food *MannenHikari*, developing new sales routes for commercial and institutional use to boost sales of the product.

Otsuka Beverage continued marketing activities aimed at gaining greater market acceptance for *Sinvino Java Tea Straight* while working to strengthen the *Crystal Geyser* brand.

Otsuka Foods and Otsuka Beverage signed a merger agreement by which Otsuka Beverage was merged into Otsuka Foods effective as of January 1, 2010, with the aim of further business expansion by integrating each company's resources.

Despite these efforts, a persistent downturn in consumption held consumer product sales down to ¥50,113 million.

4) Other businesses

	2010	2009	(JPY billion)
Sales	71.3	30.0	Year-on-year change 137.2%

On July 1, 2009, Otsuka Chemical has made a new start as a wholly-owned subsidiary of Otsuka Holdings. From the second half of the period, Otsuka Chemical saw a remarkable recovery in demand for its functional chemical products, mainly from automakers and electronic component producers — the principal users of these products — and over the fiscal period, sales remained at approximately the same level as the previous year. In the fine chemicals area, cost savings were achieved through synergies between plants in Japan and India, and sales remained steady.

Otsuka Warehouse worked toward efficient and environment-friendly logistics.

These results contributed to sales of ¥71,308 million for this sector.

V. **Research and development overview**

Focusing on prevention, diagnosis, and treatment of diseases, and maintaining and improving daily health, R&D activities of the Otsuka Group target development of innovative products that benefit the health of people all over the world. Total R&D expenditure in the consolidated accounting year was ¥151,848 million.

(Please see attached separate sheet for pharmaceuticals pipeline information)

Consolidated Financial Statements

【Consolidated balance sheets】

	As of March 31, 2009 Millions of yen	As of March 31, 2010 Millions of yen
Assets		
Current assets		
Cash and deposits	235,839	300,668
Notes and accounts receivable-trade	225,766	231,734
Short-term investment securities	12,240	50,211
Merchandise and finished goods	55,284	64,163
Work in process	19,472	22,948
Raw materials and supplies	29,250	28,308
Deferred tax assets	19,865	28,290
Other	25,058	25,588
Allowance for doubtful accounts	-490	-397
Total current assets	622,287	751,515
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	255,513	275,703
Accumulated depreciation	-168,890	-175,960
Buildings and structures, net	86,623	99,743
Machinery, equipment and vehicles	252,794	271,308
Accumulated depreciation	-203,498	-217,705
Machinery, equipment and vehicles, net	49,295	53,603
Tools, furniture and fixtures	61,498	66,232
Accumulated depreciation	-50,634	-54,799
Tools, furniture and fixtures, net	10,864	11,433
Land	69,980	75,816
Lease assets	12,808	16,159
Accumulated depreciation	-3,678	-5,920
Lease assets, net	9,129	10,238
Construction in progress	5,340	10,099
Other	13,092	
Total property, plant and equipment	244,326	260,935
Intangible assets		
Goodwill	41,648	44,751
Other	44,800	43,647
Total intangible assets	86,449	88,399
Investments and other assets		
Investment securities	273,074	278,522
Investments in capital	23,616	24,349
Long-term loans receivable	4,075	3,335
Deferred tax assets	27,981	33,974
Other	19,659	20,012
Allowance for investment loss	-1,336	-2,445
Allowance for doubtful accounts	-1,371	-286
Total investments and other assets	345,698	357,463
Total noncurrent assets	676,474	706,797
Deferred assets	27	62
Total assets	1,298,789	1,458,375

	As of March 31, 2009 Millions of yen	As of March 31, 2010 Millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	84,210	93,967
Short-term loans payable	37,422	62,707
Lease obligations	3,585	3,592
Income taxes payable	9,271	35,331
Provision for bonuses	15,983	16,153
Provision for directors' bonuses	302	289
Provision for sales returns	169	160
Other	82,341	99,606
Total current liabilities	233,287	311,809
Noncurrent liabilities		
Long-term loans payable	92,848	62,388
Lease obligations	5,590	7,601
Deferred tax liabilities	15,564	13,193
Provision for retirement benefits	40,614	45,081
Provision for directors' retirement benefits	3,212	3,313
Negative goodwill	33,861	31,397
Other	9,995	35,133
Total noncurrent liabilities	201,686	198,109
Total liabilities	434,973	509,919
Net assets		
Shareholders' equity		
Capital stock	42,946	42,946
Capital surplus	355,816	432,482
Retained earnings	468,065	532,032
Treasury stock	-22,073	-45,354
Total shareholders' equity	844,753	962,105
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-715	4,258
Deferred gains or losses on hedges	-	-14
Foreign currency translation adjustment	-34,608	-30,059
Total valuation and translation adjustments	-35,324	-25,816
Minority interests	54,385	12,166
Total net assets	863,815	948,456
Total liabilities and net assets	1,298,789	1,458,375

【Consolidated statements of income】

	As of March 31, 2009	As of March 31, 2010
	Millions of yen	Millions of yen
Net sales	955,947	1,084,291
Cost of sales	322,596	356,607
Gross profit	633,351	727,683
Selling, general and administrative expenses		
Promotion expenses	158,259	198,682
Salaries and bonuses	68,723	78,261
Provision for bonuses	9,100	9,542
Retirement benefit expenses	6,127	7,891
Provision for directors' retirement benefits	1,454	711
Provision for directors' bonuses	268	289
Depreciation	12,401	14,661
Amortization of goodwill	2,919	4,284
Research and development expenses	135,900	151,848
Other	146,674	163,028
Total selling, general and administrative expenses	541,830	629,202
Operating income	91,520	98,481
Non-operating income		
Interest income	3,065	1,380
Dividends income	994	1,568
Amortization of negative goodwill	2,464	2,464
Equity in earnings of affiliates	1,782	4,922
Recognized gain related to extension of co-promotion		1,830
Other	2,738	2,693
Total non-operating income	11,045	14,859
Non-operating expenses		
Interest expenses	1,560	3,167
Foreign exchange losses	2,951	595
Other	1,950	519
Total non-operating expenses	6,462	4,282
Ordinary income	96,103	109,057
Extraordinary income		
Gain on prior period adjustment		
Gain on sales of noncurrent assets	77	43
Gain on change in equity	331	
Gain on abolishment of retirement benefit plan	1,097	
Revaluation gain previously recalled product	428	
Subsidy		237
Other	198	89
Total extraordinary income	2,133	370
Extraordinary loss		
Loss on retirement of noncurrent assets	951	1,121
Impairment loss	1,565	2,359
Loss on valuation of investment securities	4,016	1,559
Loss on recall of merchandise	1,006	
Provision of allowance for investment loss		1,458
Other	578	988
Total extraordinary losses	8,118	7,488
Income before income taxes and minority interests	90,117	101,939
Income taxes-current	35,601	52,642
Income taxes-deferred	548	-19,157
Total income taxes	36,149	33,485
Minority interests in income	6,884	1,011
Net income	47,083	67,443

【Consolidated statements of cash flows】

	As of March 31, 2009	As of March 31, 2010
	Millions of yen	Millions of yen
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	90,117	101,939
Depreciation and amortization	37,470	42,796
Impairment loss	1,565	2,359
Amortization of goodwill	455	1,820
Increase (decrease) in provision for retirement benefits	131	4,215
Increase (decrease) in allowance for doubtful accounts	72	-26
Interest and dividends income	-4,060	-2,949
Interest expenses	1,560	3,167
Equity in (earnings) losses of affiliates	-1,782	-4,922
Loss (gain) on change in equity	-331	
Decrease (increase) in notes and accounts receivable-	-7,292	193
Decrease (increase) in inventories	-9,264	-7,375
Increase (decrease) in notes and accounts payable-trade	-5,221	5,296
Increase (decrease) in long-term unearned revenue		29,896
Other, net	4,967	19,096
Subtotal	108,388	195,507
Interest and dividends income received	6,862	8,895
Interest expenses paid	-1,535	-3,216
Income taxes paid	-55,244	-27,677
Net cash provided by (used in) operating activities	58,470	173,508
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-30,187	-39,719
Proceeds from sales of property, plant and equipment	748	158
Purchase of investment securities	-149,459	-28,764
Proceeds from sales and redemption of investment	11,178	15,718
Payments for investments in capital	-2,750	
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-34,469	
Payments of loans receivable	-1,528	-1,367
Collection of loans receivable	136	111
Payments into time deposits	-9,078	-8,996
Proceeds from withdrawal of time deposits	3,518	8,704
Other, net	-1,717	-4,858
Net cash provided by (used in) investing activities	-213,610	-59,014
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	19,334	13,468
Proceeds from long-term loans payable	73,556	3,472
Repayment of long-term loans payable	-6,353	-27,607
Redemption of bonds		-7,591
Proceeds from issuance of common stock	94,904	
Cash dividends paid	-4,066	-5,879
Cash dividends paid to minority shareholders	-1,048	-914
Other, net	-4,130	-3,087
Net cash provided by (used in) financing activities	172,196	-28,139
Effect of exchange rate change on cash and cash equivalents	-9,695	958
Net increase (decrease) in cash and cash equivalents	7,361	87,313
Cash and cash equivalents at beginning of period	222,647	230,104
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	95	3,889
Cash and cash equivalents at end of period	230,104	321,306