
Financial Results Presentation

Q1 FY2011

(Three Months Ending June 30, 2011)

August 9, 2011
Atsumasa Makise
Senior Managing Director
Otsuka Holdings Co., Ltd.

- 1 Restated FY2010 Q1 Results (Due to Changes in Accounting Policies)**
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1. Restated FY2010 Q1 Results (Due to Changes in Accounting Policies)

Changes in Accounting Policies

- 1) Method of translating revenue and expense accounts of foreign subsidiaries was changed from the “closing exchange rate” to the “average exchange rate”
- 2) Classification of upfront licensing payments received (including Abilify upfront payments) was changed from “non-operating income” to “net sales”

(100 million yen)

	FY2010 Q1 Originally reported	FY2010 Q1 Restated	Effect of changes in accounting policies	(Details)	
				1) Change in method of translation	2) Change in method of presentation
Net Sales	2,817	2,805	-12	-30	18
Operating income	356	366	10	-9	18
Ordinary income	363	354	-9	-9	-
Net income	217	212	-5	-5	-

R&D expenses	383	383	0	0	-
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	Closing rate	Average rate
USD	93.04	90.69
EURO	124.92	125.49

2. FY2011 Q1 Consolidated Financial Results

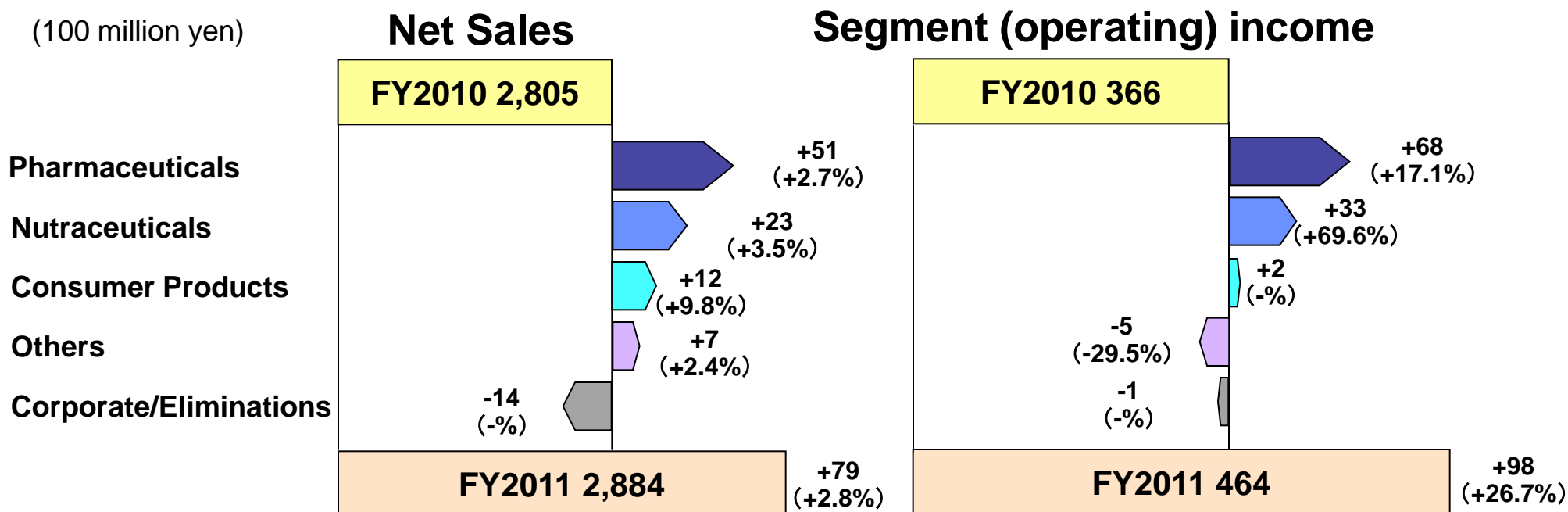
(100 million yen)

	FY2010 Q1 Restated	FY2011 Q1	Change	% Change
Net Sales	2,805	2,884	79	2.8%
Operating Income	366	464	98	26.7%
Ordinary Income	354	463	109	30.7%
Net Income	212	312	100	47.1%
R&D Expenses	383	385	2	0.5%

Effect of appreciation of the Yen: Net Sales -130, Operating Income -40, Net Income -20

3. FY2011 Q1 Business Segment Analysis

(100 million yen)



*Parentheses represent % increase

Net Sales	FY2010	FY2011	Change
Pharma	1,850	1,901	51
NC	646	669	23
Consumer	128	140	12
Others	273	279	7
Corp/Elim	-91	-105	-14
Consolidated	2,805	2,884	79

Op income	FY2010	FY2011	Change
Pharma	399	467	68
NC	48	81	33
Consumer	0	2	2
Others	17	12	-5
Corp/Elim	-97	-98	-1
Consolidated	366	464	98

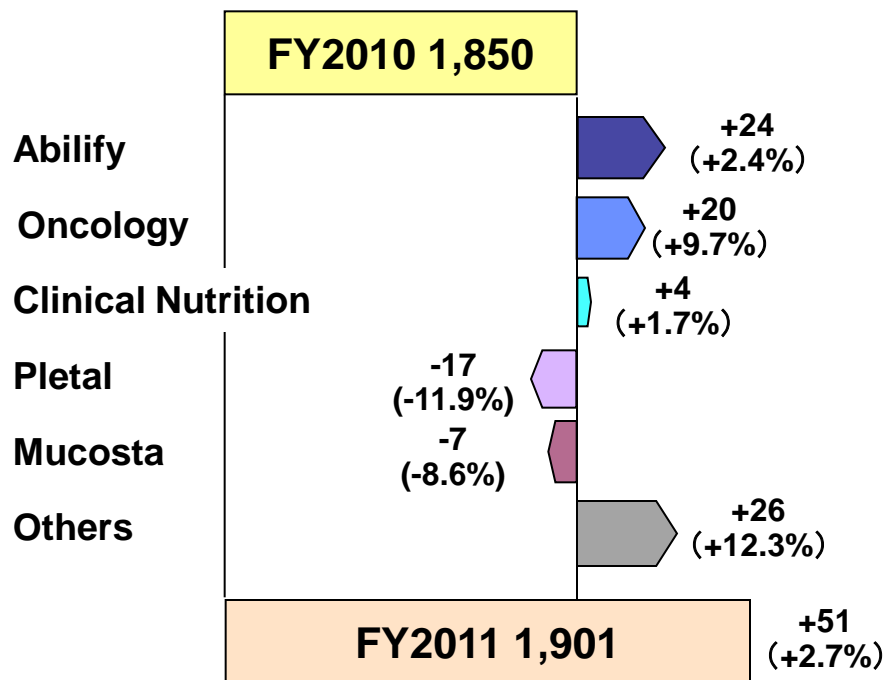
<Operating margin (%)>

FY2010	FY2011
21.5	24.5
7.4	12.2
-0.3	1.2
6.3	4.3
—	—
13.0	16.1

4. FY2011 Q1 Pharmaceutical Segment Analysis

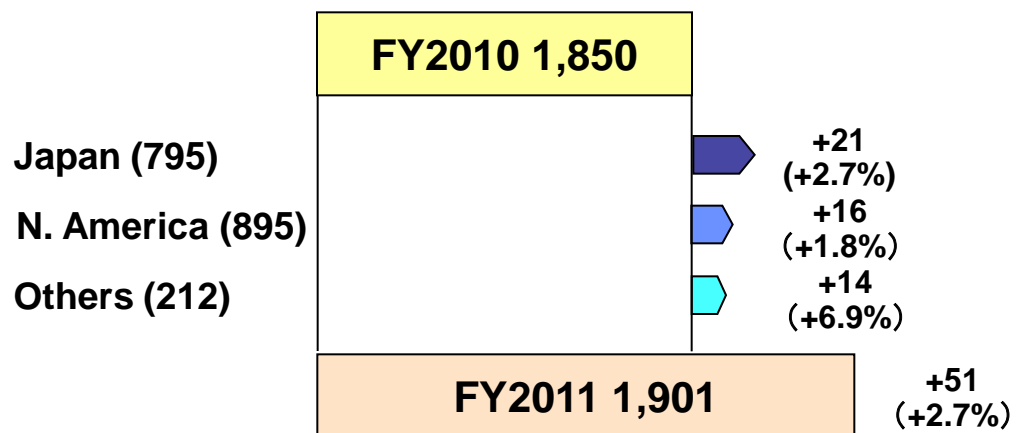
Net Sales

(100 million yen)

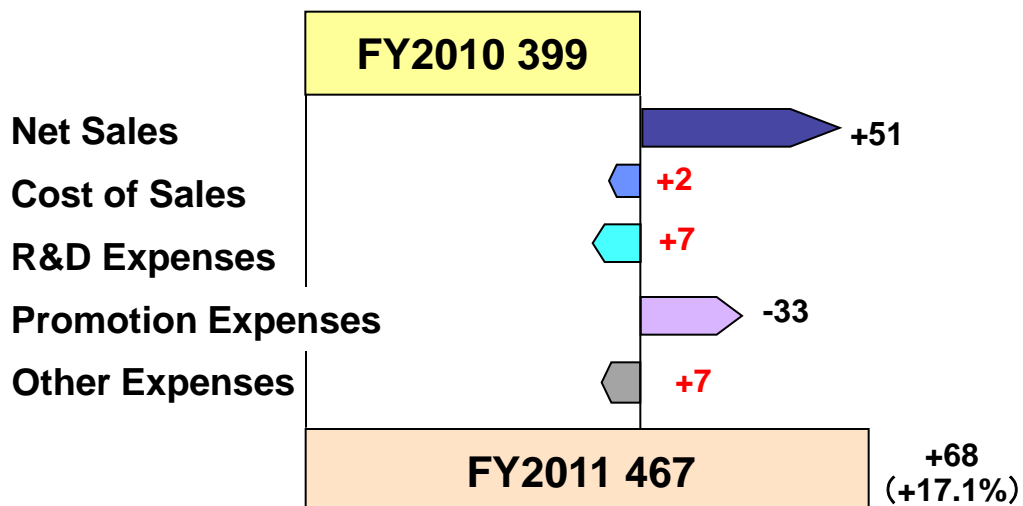


Products	2010 1Q	2011 1Q	Change	% Change
Abilify	982	1,006	24	2.4%
Oncology	210	231	20	9.7%
Clinical Nutrition	227	231	4	1.7%
Pletal	140	124	-17	-11.9%
Mucosta	78	72	-7	-8.6%
Others	212	238	26	12.3%
Pharma Total	1,850	1,901	51	2.7%

Net Sales by Market



Segment (operating) income



5. FY2011 Q1 Abilify Sales

(100 million yen)

	FY2010 Q1	FY2011 Q1	Change	% Change
Abilify	982	1,006	24	2.4%
US	764	738	-26	-3.5%
<Million USD>	<843>	<897>	<54>	6.4%
Japan	55	58	3	6.3%
Other	163	210	47	28.6%

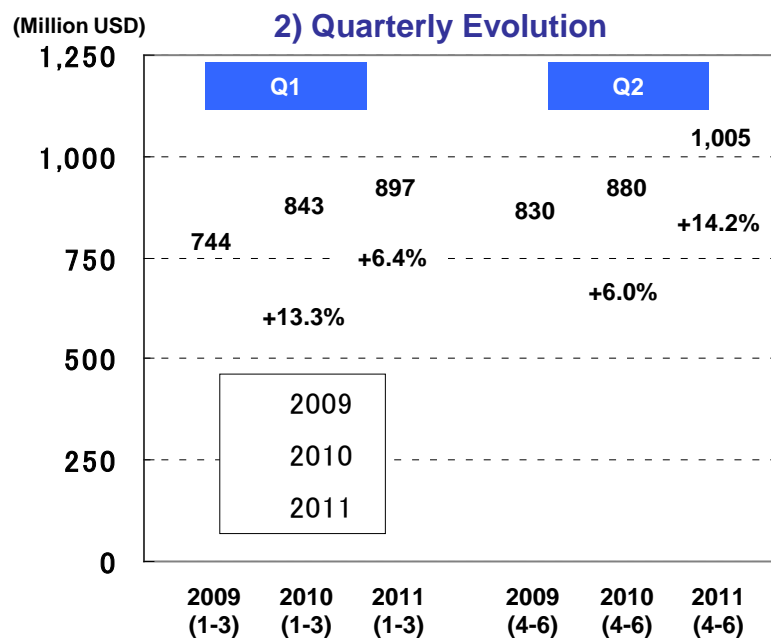
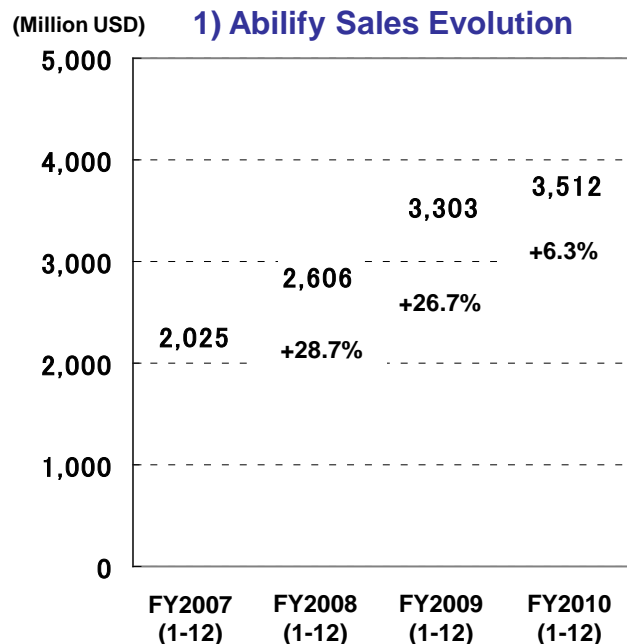
Abilify sales in the US

- Although the growth rate slowed down in FY2010 due to the effects of the US healthcare reform (graph 1), sales increased by 6.4% in FY2011 Q1 (Jan-Mar) and 14.2% in FY2011 Q2 (Apr-Jun) compared to the same period of the previous year (graph 2)
- In prescription terms, Abilify is exceeding the total market (graph 3)

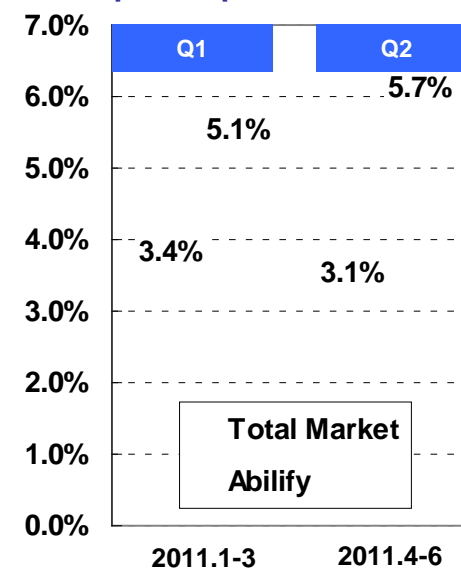
Other sales

- The increase in “Other” is due to the advance shipments of Abilify bulk tablets to BMS after the Great East Japan Earthquake on March 11
- Of the advance shipments, the Company recognizes sales for the portion sold solely by BMS

Abilify in the US Market



3) Atypical antipsychotic prescription market



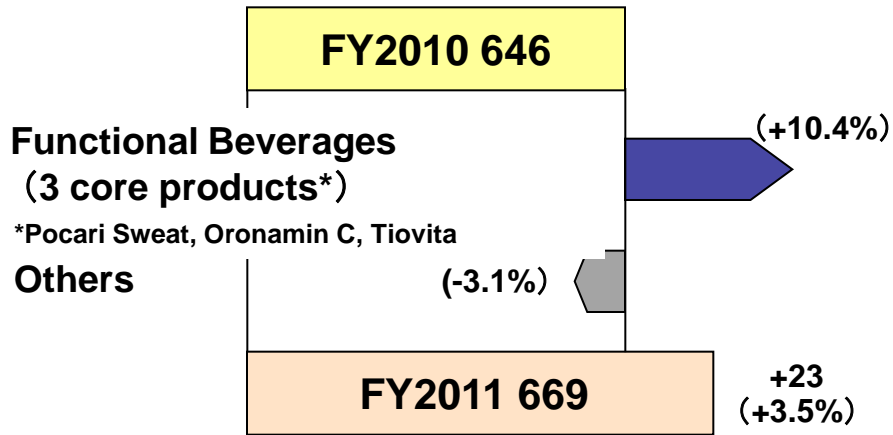
Source: Wolter Kluwer, pharmacy data (June 2011) ⁶

6. FY2011 Q1 Nutraceutical Segment Analysis

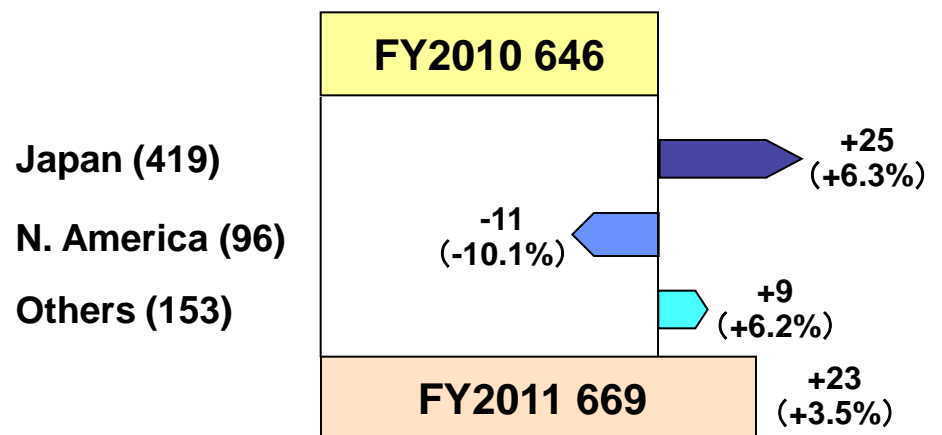


(100 million yen)

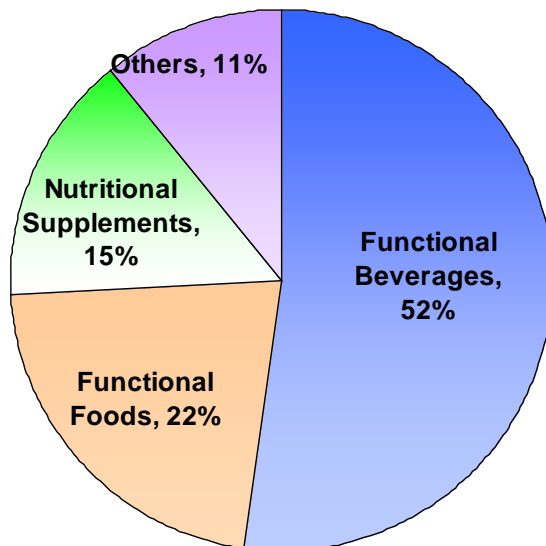
Net Sales



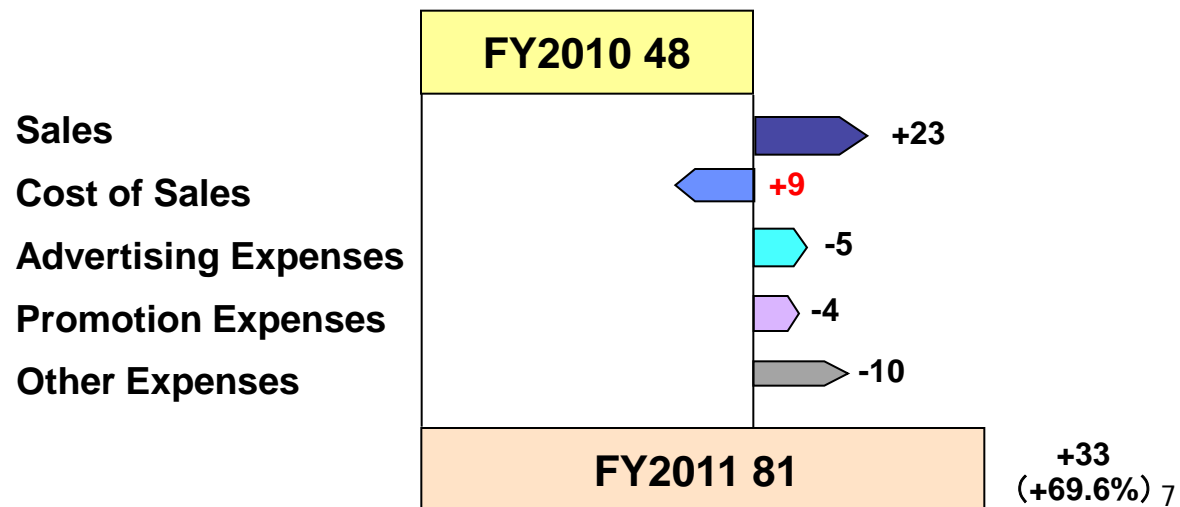
Net Sales by Market



Sales by Category



Segment (operating) income



7. FY2011 Q1 Non-operating and Extraordinary Items

(100 million yen)

	<FY2011>	Net Income FY2010 212	<Change>
Operating Income	464		+98
Non-operating			
Equity in earnings	3		-4
1) Foreign exchange loss	-18		-13
Other, net	15		+2
Extraordinary			
Impairment loss	-1		-6
Other, net	-9		+3
Income taxes			
Income taxes	138		+10
Minority interest	4		+1
		Net Income FY2011 312	+100 (+47.1%)

1) Foreign exchange loss

• Foreign exchange loss of 31 was incurred for FY2010 Q1 as a result of the severe appreciation of the yen during the quarter.

• Foreign exchange loss for the current year was 18 as the exchange rates were relatively stable. (decrease of 13 compared to the same period of the previous year)

8. FY2011 Forecast

(100 million yen)

	FY2010 Q1 Restated	FY2011 Q1 Actual	Change	FY2011 Full-Year Forecast	Progress-to- date
Net Sales	2,805	2,884	79	11,700	25%
Operating Income	366	464	98	1,200	39%
Ordinary Income	354	463	109	1,270	36%
Net Income	212	312	100	820	38%
R&D Expenses	383	385	2	1,890	20%
Earnings Per Share (Yen)	44.45	55.85	11.40	146.99	
Dividends Per Share (Yen)	-	-	-	45.00	
Exchange Rate (USD)	90.69	82.31	-8.38	85.00	
Exchange Rate (EUR)	125.49	112.66	-12.83	115.00	

Pharmaceutical Development Update

August 9, 2011

Kuniaki Natsume, Ph.D.

Senior Operating Officer

Business Development and Planning

Otsuka Holdings Co., Ltd

□ **Development Progress in 1Q/FY2011**

➤ **Major Development Projects**

➤ **Development Updates in 1Q/FY2011 (as of June 30th)**

- ✓ Approvals

- ✓ NDA Filings

- ✓ Advancement to Next Phase

- ✓ Key Alliances

➤ **Publication of Clinical Trial Results**

Major Development Projects (as of June 30th, 2011)



Phase	P-1	P-2	P-3	NDA
CNS	ABILIFY Tourette's/US OPC-34712 Schiz./JP	OPC-34712 MDD/JP OPC-34712 Schiz./US, EU OPC-34712 ADHD/US	IM Depot Schiz./US, EU, JP ABILIFY MDD/JP ABILIFY/Comb. MDD/US KEPPRA Epilepsy (partial for pediatric, generalized)/JP NEUPRO PD.RLS/JP	ABILIFY Bipolar/JP ABILIFY Tic, Tourette's/Asia
	TSU-68 NSCLC/JP OPB-31121 Anti-cancer/US, JP, Asia OPB-51602 Anti-cancer/US, JP, Asia OCV-105 Pancreatic/JP	TS-1 Prostate, Renal/JP ABI-007 Gastric/JP TSU-68 Breast/JP, Asia TSU-68 Gastric/JP TSU-68 Colorectal/Asia OTS102 Biliary/JP OCV-101 Pancreatic/JP TAS-102 Colorectal/JP	TS-1 Gastric/US TS-1 Uterocervical/JP, Asia TS-1 HCC/JP ABI-007 NSCLC/JP OVF Cancer pain/JP TSU-68 HCC/JP, Asia SATIVEX Cancer pain/US	
		TAS-106 Solid cancer/US ET-743 STS/JP	OTS102 Pancreatic/JP	
Cardiovascular			SAMSCA PKD-US, EU, JP SAMSCA Hepatic edema/JP, Asia	SAMSCA Hyponatremia/Asia
Others/ Diagnostics		OPC-12759E Dry eyes/US	YP-18 Peritonitis, others/JP	OPC-12759E Dry eyes/JP
			CIMZIA RA/JP	ODK-0901 S.pneumoniae/JP *; Approved
			ONGLYZA Diabetes/JP	ODK-0902 H.influenzae/JP
		OPC-6535 COPD/JP, US, Asia	OPC-6535 Crohn's/JP, Asia	
		OPC-67683 MR-tuberculosis/EU, JP, US ACU-4429 AMD/US TAC-201 Cedar pollen allergy/JP NST-141 Pruritus/JP		

Blue column indicates the changes in 1Q

① Key Development Updates

- Two new approvals

Product Name	Country/Area	Details
RAPIRUN S. pneumoniae HS (Otitis media/Sinusitis)	Japan	Approved for manufacturing and marketing on June 13th Higher sensitivity, and shorter detection time (15 min) compared with existing products.
SPRYCEL®	Japan	Approved as the first-line treatment of chronic myeloid leukemia on Jun. 16.

- One NDA submission

Generic Name	Country/Area	Indication
aripiprazole	Asia	Chronic tic and Tourette's syndrome

②Key Development Progress

● Advanced to Phase I

Development Code	Country/Area	Indication
OCV-105	Japan	Pancreatic cancer (News release on June 13th)

● Two alliances in oncology

Product Name	Country/Area	Partner Company	Details
Vorinostat	Japan	MSD (Japan)	Distribution agreement to market Vorinostat* in Japan. *Approved for Cutaneous T-cell lymphomas on July 1st. (News release on June 14th)
Teysuno™ (TS-1)	EU	Nordic Group B.V. (Netherlands)	Development and Commercialization agreement for Teysuno™, which was recently approved by the EMA for the 1 st line treatment of advanced gastric cancer when given in combination with CDDP. (News release on July 19th)

Publication of Clinical Trial Results

● Clinical trial results of major development projects

Product /Generic Name/ Development Code	Conference	Details
TS-1	ASCO (June)	<ul style="list-style-type: none"> • A Phase II/III study of CPT-11/5-FU/I-LV (FOLFIRI)(n=213) vs CPT-11/TS-1 (IRIS) as 2nd- Line Chemotherapy for metastatic Colorectal Cancer (n=213) • Median OS: 17.8 months vs 17.4 months [HR=0.90, p=0.0003]
TS-1	ASCO (June)	<ul style="list-style-type: none"> • A Phase III study of TS-1 vs gemcitabine, TS-1+gemcitabine vs gemcitabine for Advanced Pancreatic Cancer (n=834) • Median OS: 9.7 months vs 8.8 months [HR=0.957, p=0.0003] • Median OS: 10.1 months vs 8.8 months [HR=0.875, p=0.1496]
rotigotine	MDS (June)	<ul style="list-style-type: none"> • A Phase III study in Advanced-stage Parkinson's Disease Patients (n=420) • 16-week dosing period, a three-group comparison study • Showed statistically significant superiority to placebo and non-inferiority to ropinirole
TAS-102	JSMO (July)	<ul style="list-style-type: none"> • TAS-102 group; n=112 vs Placebo group ; n=57 • Median OS: 9.0 months vs 6.6months [HR=0.56, p=0.0011] • One of the main side effects is neutropenia.

Note)

- ASCO --American Society of Clinical Oncology
- MDS --The movement disorder society
- JSMO --Japanese Society of Medical Oncology