Corporate Philosophy

Otsuka—people creating new products for better health worldwide

These words embody our commitment to:
- Creating our own unique and innovative products
- Improving human health and well-being
- Contributing to the lives of people worldwide

In keeping with this corporate philosophy and Otsuka’s mottos “JISSHO” (Proof through Execution) and “SOZOSEI” (Creativity), we strive to utilize our Group’s unique assets and skills to develop differentiating scientific solutions which contribute to the lives of people worldwide in the form of innovative and creative products ranging from pharmaceuticals to consumer products.

Otsuka Group is striving to cultivate a culture and a dynamic corporate climate reflecting our vision as a health-care company. As such we are dedicated to achieving global sustainability, to our relationships with local communities and to the protection of the natural environment.

Corporate profile

Company name Otsuka Holdings Co., Ltd.

Established July 8, 2008

President and Representative Tatsuo Higuchi
Director, CEO

Capital JPY 81,690 million

Registered address 2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo 101-0048, Japan

Tokyo headquarters Shinagawa Grand Central Tower, 2-16-4 Konan, Minato-ku, Tokyo 108-8241, Japan

http://www.otsuka.com/en/
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I. Financial Highlights

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</thead>
<tbody>
<tr>
<td>Net sales (Billions of yen)</td>
<td>853.9</td>
<td>928.5</td>
<td>955.9</td>
<td>1,084.3</td>
<td>1,127.6</td>
<td>586.9</td>
<td>590.3</td>
<td>1,150.0</td>
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<tr>
<td>YOY</td>
<td>13.4%</td>
<td>8.7%</td>
<td>3.0%</td>
<td>13.4%</td>
<td>4.0%</td>
<td>6.0%</td>
<td>0.6%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Operating income (Billions of yen)</td>
<td>91.5</td>
<td>118.3</td>
<td>91.5</td>
<td>98.5</td>
<td>126.3</td>
<td>72.9</td>
<td>86.4</td>
<td>145.0</td>
</tr>
<tr>
<td>YOY</td>
<td>55.5%</td>
<td>29.3%</td>
<td>-22.6%</td>
<td>7.6%</td>
<td>28.2%</td>
<td>20.9%</td>
<td>18.4%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Ordinary income (Billions of yen)</td>
<td>114.0</td>
<td>124.1</td>
<td>96.1</td>
<td>109.1</td>
<td>128.4</td>
<td>73.6</td>
<td>85.5</td>
<td>145.0</td>
</tr>
<tr>
<td>YOY</td>
<td>61.3%</td>
<td>8.9%</td>
<td>-22.6%</td>
<td>13.5%</td>
<td>17.7%</td>
<td>13.9%</td>
<td>16.2%</td>
<td>12.9%</td>
</tr>
<tr>
<td>Net income (Billions of yen)</td>
<td>52.9</td>
<td>61.9</td>
<td>47.1</td>
<td>67.4</td>
<td>82.4</td>
<td>53.0</td>
<td>57.2</td>
<td>94.0</td>
</tr>
<tr>
<td>YOY</td>
<td>98.8%</td>
<td>17.0%</td>
<td>-23.9%</td>
<td>43.2%</td>
<td>22.1%</td>
<td>17.1%</td>
<td>7.8%</td>
<td>14.1%</td>
</tr>
<tr>
<td>R&amp;D expenses (Billions of yen)</td>
<td>105.3</td>
<td>101.8</td>
<td>135.9</td>
<td>151.8</td>
<td>164.7</td>
<td>80.2</td>
<td>77.0</td>
<td>165.0</td>
</tr>
<tr>
<td>YOY</td>
<td>1.5%</td>
<td>-3.3%</td>
<td>33.5%</td>
<td>11.7%</td>
<td>8.4%</td>
<td>19.0%</td>
<td>-4.0%</td>
<td>0.2%</td>
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<tr>
<td>Overseas net sales (Billions of yen)</td>
<td>337.6</td>
<td>385.2</td>
<td>395.0</td>
<td>525.5</td>
<td>552.5</td>
<td>281.3</td>
<td>283.3</td>
<td>565.0</td>
</tr>
<tr>
<td>% of net sales</td>
<td>39.5%</td>
<td>41.5%</td>
<td>41.3%</td>
<td>48.4%</td>
<td>49.0%</td>
<td>47.9%</td>
<td>48.0%</td>
<td>49.1%</td>
</tr>
</tbody>
</table>

* The above figures for fiscal years prior to FY2008 are the consolidated results of Osaka Pharmaceutical Co., Ltd.
* From 1Q FY2011, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate to the average exchange rate. The method of presentation for upfront licensing payments received was changed from non-operating income to net sales. Figures for FY2010 have been adjusted retroactively to apply changes above.

- 2 -
Net Sales by Business Segment (1-2Q FY2011)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceutical business</td>
<td>576.1</td>
<td>640.3</td>
<td>651.7</td>
<td>715.9</td>
<td>751.1</td>
<td>12.4%</td>
</tr>
<tr>
<td>Nutraceutical business</td>
<td>27.9</td>
<td>33.7</td>
<td>36.3</td>
<td>41.2</td>
<td>34.9</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Consumer products business</td>
<td>249.2</td>
<td>258.6</td>
<td>261.9</td>
<td>301.4</td>
<td>417.1</td>
<td>38.0%</td>
</tr>
<tr>
<td>Other business</td>
<td>28.6</td>
<td>29.6</td>
<td>34.4</td>
<td>71.3</td>
<td>72.9</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

* Effective April 1, 2009, the business segmentation was modified. The information for FY2008 has been reclassified according to the new segmentation.
* From 1Q FY2011, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate as of the reporting date to the average exchange rate. The method of presentation for upfront licensing payments received was changed from non-operating income to net sales. Figures for FY2010 have been adjusted retrospectively to apply the changes above.

Net Sales by Geographical Segment (1-2Q FY2011)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>546.4</td>
<td>570.9</td>
<td>613.6</td>
<td>597.3</td>
<td>632.3</td>
<td>-3.1%</td>
</tr>
<tr>
<td>North America</td>
<td>255.8</td>
<td>293.2</td>
<td>288.9</td>
<td>369.8</td>
<td>377.0</td>
<td>1.7%</td>
</tr>
<tr>
<td>Others</td>
<td>51.8</td>
<td>63.4</td>
<td>53.4</td>
<td>117.3</td>
<td>127.3</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

* From 1Q FY2011, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate as of the reporting date to the average exchange rate. The method of presentation for upfront licensing payments received was changed from non-operating income to net sales. Figures for FY2010 have been adjusted retrospectively to apply the changes above.

Exchange rates used to translate operating results of overseas subsidiaries

<table>
<thead>
<tr>
<th>Currency</th>
<th>Exchange Rate FY2006</th>
<th>FY2007</th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>119.11</td>
<td>114.15</td>
<td>91.03</td>
<td>92.10</td>
<td>87.79</td>
</tr>
<tr>
<td>Euro</td>
<td>156.80</td>
<td>166.65</td>
<td>127.96</td>
<td>132.00</td>
<td>116.27</td>
</tr>
</tbody>
</table>

Annual dividend per share (yen)

<table>
<thead>
<tr>
<th>Date</th>
<th>ROE (%)</th>
<th>EPS (yen)</th>
<th>Dividend (yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2006</td>
<td>12.6</td>
<td>13.0</td>
<td>16.0</td>
</tr>
<tr>
<td>FY2007</td>
<td>13.0</td>
<td>12.7</td>
<td>16.0</td>
</tr>
<tr>
<td>FY2008</td>
<td>7.2</td>
<td>7.7</td>
<td>16.0</td>
</tr>
<tr>
<td>FY2009</td>
<td>7.7</td>
<td>7.6</td>
<td>16.0</td>
</tr>
<tr>
<td>FY2010</td>
<td>7.9</td>
<td>7.6</td>
<td>16.0</td>
</tr>
</tbody>
</table>

* From 1Q FY2011, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate as of the reporting date to the average exchange rate. Figures for FY2010 have been adjusted retrospectively to apply the changes above.

Cash flow information

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2006</th>
<th>FY2007</th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>82.2</td>
<td>117.2</td>
<td>58.5</td>
<td>173.5</td>
<td>87.7</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>-67.6</td>
<td>-75.5</td>
<td>-231.6</td>
<td>-59.0</td>
<td>-131.5</td>
</tr>
<tr>
<td>Net cash provided (used in) by financing activities</td>
<td>-3.2</td>
<td>-16.2</td>
<td>172.2</td>
<td>-28.1</td>
<td>113.6</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>201.5</td>
<td>222.6</td>
<td>230.1</td>
<td>321.3</td>
<td>387.3</td>
</tr>
</tbody>
</table>

* From 1Q FY2011, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate as of the reporting date to the average exchange rate. Figures for FY2010 have been adjusted retrospectively to apply the changes above.
## Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>FY2023</th>
<th>%</th>
<th>FY2022</th>
<th>%</th>
<th>FY2021</th>
<th>%</th>
<th>(Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td></td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>955.9</td>
<td>100.0%</td>
<td>1,084.3</td>
<td>100.0%</td>
<td>1,127.6</td>
<td>100.0%</td>
<td>584.9</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>822.6</td>
<td>85.7%</td>
<td>856.6</td>
<td>79.9%</td>
<td>879.0</td>
<td>78.5%</td>
<td>377.2</td>
</tr>
<tr>
<td>Gross profit</td>
<td>443.4</td>
<td>44.3%</td>
<td>227.7</td>
<td>20.1%</td>
<td>248.6</td>
<td>21.5%</td>
<td>207.7</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>541.8</td>
<td>56.7%</td>
<td>629.2</td>
<td>58.0%</td>
<td>623.3</td>
<td>55.2%</td>
<td>316.7</td>
</tr>
<tr>
<td>Promotion expenses</td>
<td>158.3</td>
<td></td>
<td>194.7</td>
<td></td>
<td>179.6</td>
<td></td>
<td>95.4</td>
</tr>
<tr>
<td>Salaries and bonuses</td>
<td>68.7</td>
<td></td>
<td>77.0</td>
<td></td>
<td>80.3</td>
<td></td>
<td>36.4</td>
</tr>
<tr>
<td>Reserve for bonuses</td>
<td>9.1</td>
<td></td>
<td>9.9</td>
<td></td>
<td>9.6</td>
<td></td>
<td>9.3</td>
</tr>
<tr>
<td>Retirement benefit expenses</td>
<td>6.1</td>
<td>6.7%</td>
<td>7.9</td>
<td>6.7%</td>
<td>7.1</td>
<td>6.7%</td>
<td>3.6</td>
</tr>
<tr>
<td>Provision for directors' retirement benefits</td>
<td>1.5</td>
<td></td>
<td>0.7</td>
<td></td>
<td>0.6</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Provision for directors' bonuses</td>
<td>0.3</td>
<td></td>
<td>0.3</td>
<td></td>
<td>0.3</td>
<td></td>
<td>0.3</td>
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<td>Depreciation</td>
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<td></td>
<td>14.7</td>
<td></td>
<td>14.1</td>
<td></td>
<td>2.2</td>
</tr>
<tr>
<td>Amortization of goodwill</td>
<td>2.9</td>
<td></td>
<td>4.3</td>
<td></td>
<td>4.6</td>
<td></td>
<td>2.2</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>183.9</td>
<td>14.2%</td>
<td>151.8</td>
<td>14.0%</td>
<td>164.7</td>
<td>14.6%</td>
<td>80.2</td>
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<tr>
<td>Other</td>
<td>146.7</td>
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<td>162.0</td>
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<td>161.5</td>
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<td>89.6</td>
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<tr>
<td>Operating income</td>
<td>91.5</td>
<td>9.6%</td>
<td>98.5</td>
<td>9.1%</td>
<td>126.3</td>
<td>11.2%</td>
<td>72.9</td>
</tr>
<tr>
<td>Non-operating income</td>
<td>11.0</td>
<td></td>
<td>14.9</td>
<td></td>
<td>10.8</td>
<td></td>
<td>7.4</td>
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<tr>
<td>Interest income</td>
<td>3.1</td>
<td></td>
<td>1.4</td>
<td></td>
<td>1.3</td>
<td></td>
<td>0.6</td>
</tr>
<tr>
<td>Dividend income</td>
<td>1.0</td>
<td></td>
<td>1.6</td>
<td></td>
<td>1.2</td>
<td></td>
<td>0.6</td>
</tr>
<tr>
<td>Amortization of negative goodwill</td>
<td>2.5</td>
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<td>2.5</td>
<td></td>
<td>2.5</td>
<td></td>
<td>1.3</td>
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<tr>
<td>Equity in earnings of unconsolidated subsidiaries and affiliates</td>
<td>1.8</td>
<td></td>
<td>4.9</td>
<td></td>
<td>3.7</td>
<td></td>
<td>3.8</td>
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<tr>
<td>Revenue related to extension of co-promotion agreement</td>
<td>-</td>
<td></td>
<td>1.8</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
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<tr>
<td>Other</td>
<td>2.7</td>
<td></td>
<td>2.7</td>
<td></td>
<td>2.0</td>
<td></td>
<td>1.2</td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td>6.5</td>
<td></td>
<td>4.3</td>
<td></td>
<td>8.6</td>
<td></td>
<td>6.8</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>1.6</td>
<td></td>
<td>3.2</td>
<td></td>
<td>1.5</td>
<td></td>
<td>0.8</td>
</tr>
<tr>
<td>Foreign exchange loss, net</td>
<td>3.0</td>
<td></td>
<td>6.6</td>
<td></td>
<td>5.7</td>
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<td>5.7</td>
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<tr>
<td>Other</td>
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<td>0.5</td>
<td></td>
<td>1.4</td>
<td></td>
<td>0.3</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>96.1</td>
<td>10.1%</td>
<td>109.1</td>
<td>10.1%</td>
<td>128.4</td>
<td>11.4%</td>
<td>73.6</td>
</tr>
<tr>
<td>Extraordinary income</td>
<td>7.1</td>
<td></td>
<td>6.4</td>
<td></td>
<td>5.6</td>
<td></td>
<td>5.8</td>
</tr>
<tr>
<td>Gain on sales of fixed assets</td>
<td>0.1</td>
<td></td>
<td>-</td>
<td></td>
<td>0.2</td>
<td></td>
<td>0.2</td>
</tr>
<tr>
<td>Gain on change in equity interest</td>
<td>0.3</td>
<td></td>
<td>-</td>
<td></td>
<td>5.6</td>
<td></td>
<td>5.6</td>
</tr>
<tr>
<td>Gain on extinguishment of retirement benefit plan</td>
<td>1.1</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Gain on disposal of recalled products</td>
<td>0.4</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Subsidy</td>
<td>-</td>
<td></td>
<td>0.2</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
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<tr>
<td>Other</td>
<td>0.2</td>
<td></td>
<td>0.1</td>
<td></td>
<td>0.1</td>
<td></td>
<td>0.1</td>
</tr>
<tr>
<td>Extraordinary loss</td>
<td>8.1</td>
<td></td>
<td>7.5</td>
<td></td>
<td>11.3</td>
<td></td>
<td>3.8</td>
</tr>
<tr>
<td>Loss on retirement of fixed assets</td>
<td>1.0</td>
<td></td>
<td>1.1</td>
<td></td>
<td>0.9</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>1.6</td>
<td></td>
<td>2.4</td>
<td></td>
<td>2.8</td>
<td></td>
<td>0.7</td>
</tr>
<tr>
<td>Loss on valuation of investment securities</td>
<td>4.0</td>
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<td>1.6</td>
<td></td>
<td>1.9</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Loss on recall of receivables</td>
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<td></td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Provision of allowance for investment loss</td>
<td>-</td>
<td></td>
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<td>7.3%</td>
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* From 1Q FY2023, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate as of the reporting date to the average exchange rate. The method of presentation for upfront licensing payments received was changed from non-operating income to net sales. Figures for FY2016 have been adjusted retrospectively to apply the changes above.
## Sales to Customers by Market

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<td>640.3</td>
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<td>715.9</td>
<td>753.1</td>
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### Net Sales and Operating Income by Geographical and Business Segment

#### (1) Geographical segment

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<th>FY2007</th>
<th>FY2008</th>
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<th>FY2010</th>
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<th>Change</th>
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<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>853.9</td>
<td>928.5</td>
<td>959.9</td>
<td>1,084.3</td>
<td>1,127.6</td>
<td>580.0</td>
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#### (2) Business segment

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<td><strong>Net sales</strong></td>
<td>853.9</td>
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<td><strong>Eliminations/corporate</strong></td>
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#### Notes:
- From 1Q FY2011, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate to an average exchange rate. The method of presentation for upfront licensing payments received was changed from non-operating income to net sales. Figures for FY2010 have been retrospectively adjusted. Errors above.
### 2. Sales of Major Products

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* The segment classification of quasi-drugs and nutritional products was changed from the pharmaceutical business to the antineoplastic business in July 2008.

* FY2008 results for Taiho Pharmaceutical are for the 15-month period from January 2008 through March 2009 because of the change in fiscal year end.

* From 1Q FY2011, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate as of the reporting date to the average exchange rate. The method of presentation for upfront licensing payments received was changed from non-operating income to net sales. Figures for FY2010 have been adjusted retrospectively to apply the changes above.
### Nutraceutical business

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<tr>
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<td>423</td>
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* FY2008 results for Taiho Pharmaceutical are for the 15-month period from January 2008 through March 2009 because of a change in the fiscal year end.
* Overseas sales include sales of consolidated subsidiaries only.

### Consumer products business

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<tbody>
<tr>
<td>Bottled Water</td>
<td>Otsuka Foods</td>
<td>1,178</td>
<td>1,300</td>
<td>1,102</td>
<td>840</td>
<td>674</td>
<td>429</td>
<td>454</td>
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<td></td>
<td></td>
<td>Overseas</td>
<td>335</td>
<td>334</td>
<td>321</td>
<td>332</td>
<td>371</td>
<td>287</td>
<td>14.3%</td>
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<tr>
<td>NESCAFÉ</td>
<td>Otsuka Foods</td>
<td>1,187</td>
<td>1,033</td>
<td>818</td>
<td>676</td>
<td>680</td>
<td>332</td>
<td>335</td>
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<td>334</td>
<td>321</td>
<td>332</td>
<td>371</td>
<td>287</td>
<td>14.3%</td>
</tr>
<tr>
<td>Match</td>
<td>Otsuka Foods</td>
<td>288</td>
<td>334</td>
<td>321</td>
<td>332</td>
<td>371</td>
<td>251</td>
<td>287</td>
<td>14.3%</td>
</tr>
<tr>
<td>1 case: 24 bottles</td>
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<td>Japan</td>
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<td>Overseas</td>
<td>335</td>
<td>334</td>
<td>321</td>
<td>332</td>
<td>371</td>
<td>287</td>
<td>14.3%</td>
</tr>
<tr>
<td>Other (tea drinks and others)</td>
<td>Otsuka Foods</td>
<td>359</td>
<td>402</td>
<td>361</td>
<td>390</td>
<td>267</td>
<td>140</td>
<td>169</td>
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<tr>
<td>1 case: 24 bottles</td>
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<td>Japan</td>
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<td></td>
<td></td>
<td>Overseas</td>
<td>335</td>
<td>334</td>
<td>321</td>
<td>332</td>
<td>371</td>
<td>287</td>
<td>14.3%</td>
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### Other business

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<tr>
<td>Functional chemicals</td>
<td>Otsuka Chemical</td>
<td>28.0</td>
<td>28.8</td>
<td>27.0</td>
<td>23.2</td>
<td>26.3</td>
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<td>14.3</td>
<td>7.6%</td>
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<tr>
<td>Fine chemicals</td>
<td>Otsuka Chemical</td>
<td>13.2</td>
<td>13.3</td>
<td>14.6</td>
<td>13.7</td>
<td>12.4</td>
<td>7.1</td>
<td>4.2</td>
<td>-41.0%</td>
<td>13.3</td>
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## II-3. Selling, General and Administrative Expenses

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<tr>
<td>Net sales</td>
<td>823.9</td>
<td>928.5</td>
<td>955.9</td>
<td>1,084.3</td>
<td>1,127.0</td>
<td>540.9</td>
<td>590.3</td>
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<td>1,150.0</td>
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<td>Selling, general and administrative expenses</td>
<td>450.6</td>
<td>478.9</td>
<td>541.8</td>
<td>629.2</td>
<td>622.3</td>
<td>316.7</td>
<td>306.8</td>
<td>-3.1%</td>
<td>618.0</td>
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<td>(% of net sales)</td>
<td>54.8%</td>
<td>51.0%</td>
<td>56.7%</td>
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<td>55.2%</td>
<td>54.0%</td>
<td>52.0%</td>
<td>3.7%</td>
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<td>Promotion expenses</td>
<td>127.6</td>
<td>150.1</td>
<td>158.1</td>
<td>108.7</td>
<td>170.6</td>
<td>95.4</td>
<td>88.4</td>
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<td>Personnel expenses</td>
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<td>78.6</td>
<td>85.7</td>
<td>96.7</td>
<td>87.9</td>
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<td>Advertising expenses</td>
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<td>30.1</td>
<td>35.2</td>
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<td>15.3</td>
<td>13.9</td>
<td>-10.1%</td>
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<td>Research and development expenses</td>
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<td>135.9</td>
<td>151.8</td>
<td>164.7</td>
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<tr>
<td>(% of net sales)</td>
<td>12.3%</td>
<td>11.0%</td>
<td>14.2%</td>
<td>14.0%</td>
<td>14.9%</td>
<td>13.7%</td>
<td>13.0%</td>
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<td>96.5</td>
<td>131.9</td>
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<td>153.4</td>
<td>74.4</td>
<td>72.1</td>
<td>-3.1%</td>
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* From 1Q FY2011, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate as of the reporting date to the average exchange rate. The method of presentation for upfront licensing payments received was changed from non-operating income to net sales. Figures for FY2010 have been adjusted retrospectively to apply the changes above.

### Number of employees (consolidated)

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<th>FY2006</th>
<th>FY2007</th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
<th>Change</th>
<th>(Persons)</th>
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<td>Japan</td>
<td>11,786</td>
<td>12,088</td>
<td>13,657</td>
<td>14,174</td>
<td>14,030</td>
<td>-144</td>
<td>743</td>
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<td>Overseas</td>
<td>7,712</td>
<td>7,948</td>
<td>9,271</td>
<td>10,415</td>
<td>11,158</td>
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<tr>
<td>Pharmaceutical business</td>
<td>13,383</td>
<td>13,857</td>
<td>14,269</td>
<td>13,901</td>
<td>14,662</td>
<td>701</td>
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<tr>
<td>Number of sales representatives (Japan)</td>
<td>1,880</td>
<td>1,930</td>
<td>1,992</td>
<td>2,099</td>
<td>2,240</td>
<td>141</td>
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<tr>
<td>Nutraceutical business *</td>
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<td>-</td>
<td>5,854</td>
<td>5,740</td>
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<td>Consumer products business*</td>
<td>4,094</td>
<td>4,121</td>
<td>5,825</td>
<td>928</td>
<td>855</td>
<td>-73</td>
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<td>Other business</td>
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<td>Corporate</td>
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* Effective April 1, 2009, the business segmentation was modified.

### Capital expenditures

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<tbody>
<tr>
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<td>19.1</td>
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<td>45.9</td>
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<td>-28.4%</td>
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<tr>
<td>Nutraceutical business *</td>
<td>-</td>
<td>-</td>
<td>36.8</td>
<td>23.1</td>
<td>11.9</td>
<td>6.5</td>
<td>5.6</td>
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</tr>
<tr>
<td>Consumer products business*</td>
<td>13.2</td>
<td>6.9</td>
<td>0.5</td>
<td>0.8</td>
<td>0.8</td>
<td>0.6</td>
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<td>63.0%</td>
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</tr>
<tr>
<td>Other business</td>
<td>1.4</td>
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<td>2.6</td>
<td>7.7</td>
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<td>2.1</td>
<td>64.3%</td>
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<td>2.1</td>
<td>1.1</td>
<td>-48.9%</td>
<td></td>
</tr>
</tbody>
</table>

* Effective April 1, 2009, the business segmentation was modified. The information for FY2008 has been reclassified according to the new segmentation.

### Depreciation

<table>
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<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
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<td>40.3</td>
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<td>10.4</td>
<td>10.0</td>
<td>4.1%</td>
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<tr>
<td>Nutraceutical business *</td>
<td>-</td>
<td>-</td>
<td>10.5</td>
<td>15.1</td>
<td>16.3</td>
<td>7.9</td>
<td>6.5</td>
<td>-18.2%</td>
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<tr>
<td>Consumer products business*</td>
<td>5.1</td>
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<td>0.7</td>
<td>1.1</td>
<td>0.9</td>
<td>0.5</td>
<td>1.1</td>
<td>134.5%</td>
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<td>Other business</td>
<td>1.3</td>
<td>1.5</td>
<td>2.5</td>
<td>5.3</td>
<td>5.2</td>
<td>2.4</td>
<td>2.5</td>
<td>0.4%</td>
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</tr>
<tr>
<td>Eliminations/corporate</td>
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<td>2.6</td>
<td>4.3</td>
<td>4.7</td>
<td>4.8</td>
<td>2.2</td>
<td>2.4</td>
<td>9.1%</td>
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</table>

* Effective April 1, 2009, the business segmentation was modified. The information for FY2008 has been reclassified according to the new segmentation.
## III. Consolidated Statements of Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2010 1-3Q</th>
<th>FY2011 1-3Q</th>
<th>Change</th>
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<tr>
<td><strong>Operating activities:</strong></td>
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</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>90.1</td>
<td>101.9</td>
<td>123.0</td>
<td>75.6</td>
<td>83.8</td>
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<tr>
<td>Depreciation</td>
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<td>42.8</td>
<td>43.5</td>
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<td>Impairment loss</td>
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<td>2.4</td>
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<td>Amortization of goodwill</td>
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<td>0.2</td>
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<td>0.7</td>
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<tr>
<td>Increase (decrease) in allowance for doubtful receivables</td>
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<td>0.0</td>
<td>-0.1</td>
<td>0.2</td>
<td>0.0</td>
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<tr>
<td>Interest and dividend income</td>
<td>4.1</td>
<td>-3.0</td>
<td>-2.5</td>
<td>-1.2</td>
<td>-1.1</td>
<td>-0.1</td>
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<tr>
<td>Interest expenses</td>
<td>1.6</td>
<td>3.2</td>
<td>1.5</td>
<td>0.8</td>
<td>1.9</td>
<td>0.1</td>
</tr>
<tr>
<td>Equity in earnings of unconsolidated subsidiaries and affiliates</td>
<td>-1.8</td>
<td>-4.9</td>
<td>-3.7</td>
<td>-3.8</td>
<td>-2.1</td>
<td>1.7</td>
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<tr>
<td>Gain on change in equity interest</td>
<td>0.3</td>
<td>-5.6</td>
<td></td>
<td>-5.6</td>
<td>-6.0</td>
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<tr>
<td>Loss on transfer of business</td>
<td></td>
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<td>1.9</td>
<td>1.9</td>
<td>0.6</td>
<td>-1.3</td>
</tr>
<tr>
<td>Decrease (increase) in accounts receivables-trade</td>
<td>-7.3</td>
<td>0.2</td>
<td>-17.0</td>
<td>-16.5</td>
<td>-7.2</td>
<td>9.3</td>
</tr>
<tr>
<td>Increase in inventories</td>
<td>-0.3</td>
<td>-7.4</td>
<td>-7.4</td>
<td>-9.7</td>
<td>-12.7</td>
<td>2.9</td>
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<td>Decrease (increase) in accounts payable-trade</td>
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<td>5.3</td>
<td>2.1</td>
<td>11.1</td>
<td>28.6</td>
<td>15.7</td>
</tr>
<tr>
<td>Increase (decrease) in long-term unearned revenue</td>
<td>-</td>
<td>-29.9</td>
<td>-7.3</td>
<td>-3.7</td>
<td>-3.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Other, net</td>
<td>-5.0</td>
<td>19.1</td>
<td>8.1</td>
<td>-4.2</td>
<td>-5.5</td>
<td>-1.4</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>108.4</td>
<td>155.5</td>
<td>141.7</td>
<td>68.4</td>
<td>102.4</td>
<td>34.0</td>
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<tr>
<td>Interest and dividends received</td>
<td>6.9</td>
<td>8.9</td>
<td>7.9</td>
<td>4.9</td>
<td>4.4</td>
<td>-0.5</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-1.5</td>
<td>-3.2</td>
<td>-1.8</td>
<td>-0.9</td>
<td>-1.1</td>
<td>-0.2</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-55.2</td>
<td>27.7</td>
<td>-59.9</td>
<td>-37.1</td>
<td>-15.2</td>
<td>21.9</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>58.5</td>
<td>175.5</td>
<td>87.7</td>
<td>35.3</td>
<td>90.6</td>
<td>55.3</td>
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<td><strong>Investing activities:</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of property, plant and equipment</td>
<td>-10.2</td>
<td>-39.7</td>
<td>-35.4</td>
<td>-19.8</td>
<td>-14.8</td>
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</tr>
<tr>
<td>Proceeds from sales of property, plant and equipment</td>
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<td>0.2</td>
<td>0.5</td>
<td>0.3</td>
<td>0.4</td>
<td>0.1</td>
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<td>Purchases of investment securities</td>
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<td>-28.8</td>
<td>-33.2</td>
<td>-19.0</td>
<td>-12.5</td>
<td>6.5</td>
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<tr>
<td>Proceeds from sales and redemption of investment securities</td>
<td>12.2</td>
<td>12.7</td>
<td>27.7</td>
<td>17.7</td>
<td>2.4</td>
<td>-9.3</td>
</tr>
<tr>
<td>Increase (decrease) in marketable securities</td>
<td>-</td>
<td>-</td>
<td>0.7</td>
<td>-</td>
<td>-6.4</td>
<td>-6.4</td>
</tr>
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<td>Payments for investments in capital</td>
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<td>-1.8</td>
<td>-0.7</td>
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<td>0.7</td>
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<tr>
<td>Purchase of investments in subsidiaries resulting in change in scope of consolidation</td>
<td>-34.5</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Proceeds from transfer of business</td>
<td>-</td>
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<td>2.1</td>
<td>2.1</td>
<td>1.5</td>
<td>-0.6</td>
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<td>Payments for transfer of business</td>
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<td>-1.3</td>
<td>-1.3</td>
<td>-1.3</td>
</tr>
<tr>
<td>Payments of loans receivables</td>
<td>-1.5</td>
<td>-1.4</td>
<td>0.3</td>
<td>0.1</td>
<td>0.5</td>
<td>-0.5</td>
</tr>
<tr>
<td>Proceeds from collection of loans receivables</td>
<td>0.1</td>
<td>0.1</td>
<td>0.4</td>
<td>0.2</td>
<td>0.1</td>
<td>-0.1</td>
</tr>
<tr>
<td>Payments into time deposits</td>
<td>-5.6</td>
<td>-0.3</td>
<td>85.8</td>
<td>-2.1</td>
<td>-25.3</td>
<td>-23.2</td>
</tr>
<tr>
<td>Other, net</td>
<td>-1.7</td>
<td>-4.9</td>
<td>-6.5</td>
<td>-4.1</td>
<td>-0.8</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>-213.6</td>
<td>-59.0</td>
<td>-131.5</td>
<td>-25.4</td>
<td>-51.2</td>
<td>-25.8</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in short-term debt net</td>
<td>19.3</td>
<td>13.5</td>
<td>-6.7</td>
<td>-3.8</td>
<td>5.3</td>
<td>9.0</td>
</tr>
<tr>
<td>Proceeds from long-term debt</td>
<td>-</td>
<td>-</td>
<td>2.6</td>
<td>2.0</td>
<td>0.2</td>
<td>-1.8</td>
</tr>
<tr>
<td>Repayments of long-term debt</td>
<td>-6.4</td>
<td>-27.6</td>
<td>-33.8</td>
<td>-28.1</td>
<td>-5.5</td>
<td>22.6</td>
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<tr>
<td>Redemption of bonds</td>
<td>-</td>
<td>-</td>
<td>7.6</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Proceeds from issuance of common stock</td>
<td>-</td>
<td>-</td>
<td>77.5</td>
<td>-</td>
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<td>Proceeds from disposal of treasury stock</td>
<td>74.9</td>
<td>-</td>
<td>85.2</td>
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<td>Dividends paid</td>
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<td>-6.0</td>
<td>-6.0</td>
<td>-15.6</td>
<td>-9.7</td>
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<tr>
<td>Dividends paid to minority interest in consolidated subsidiaries</td>
<td>-1.0</td>
<td>-0.9</td>
<td>-0.4</td>
<td>-0.1</td>
<td>0.2</td>
<td>-0.3</td>
</tr>
<tr>
<td>Other, net</td>
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<td>-3.1</td>
<td>-4.9</td>
<td>-1.0</td>
<td>-1.2</td>
<td>0.7</td>
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<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>172.3</td>
<td>-28.1</td>
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<td>-17.0</td>
<td>20.0</td>
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<td>Foreign currency translation adjustment on cash and cash equivalents</td>
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<td>-3.0</td>
<td>1.4</td>
<td>1.4</td>
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<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>7.4</td>
<td>87.3</td>
<td>64.5</td>
<td>-31.1</td>
<td>21.0</td>
<td>52.0</td>
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<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>226.2</td>
<td>236.1</td>
<td>321.3</td>
<td>321.3</td>
<td>387.3</td>
<td>66.0</td>
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<tr>
<td>Increase in cash and cash equivalents resulting from change of scope of consolidation</td>
<td>0.1</td>
<td>3.0</td>
<td>1.5</td>
<td>1.5</td>
<td>0.7</td>
<td>-2.2</td>
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<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>0.1</td>
<td>3.0</td>
<td>1.5</td>
<td>1.5</td>
<td>0.7</td>
<td>-2.2</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>226.2</td>
<td>236.1</td>
<td>321.3</td>
<td>321.3</td>
<td>387.3</td>
<td>66.0</td>
</tr>
</tbody>
</table>

*From 1Q FY2011, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate as of the reporting date to the average exchange rate. Figures for FY2010 have been adjusted retrospectively to apply the changes above.*
## Consolidated Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>As of March 31, 2009</th>
<th>As of March 31, 2010</th>
<th>As of March 31, 2011</th>
<th>As of Sep 30, 2010</th>
<th>As of Sep 30, 2011</th>
<th>Composition</th>
<th>Change</th>
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<tbody>
<tr>
<td><strong>Current assets</strong></td>
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<tr>
<td>Cash and deposits</td>
<td>235.8</td>
<td>300.7</td>
<td>387.3</td>
<td>286.6</td>
<td>437.1</td>
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<td>Notes and accounts receivable-trade</td>
<td>225.8</td>
<td>231.7</td>
<td>239.6</td>
<td>241.5</td>
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<td>Marketable securities</td>
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<td>50.2</td>
<td>122.3</td>
<td>38.9</td>
<td>128.6</td>
<td>7.7%</td>
<td>89.6</td>
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<td>Finished products and merchandise</td>
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<td>Work-in process</td>
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<td>24.5</td>
<td>24.2</td>
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<td>Raw materials and supplies</td>
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<td>28.9</td>
<td>28.7</td>
<td>32.3</td>
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<td>Deferred tax assets</td>
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<td>24.6</td>
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<td>-</td>
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<td>-</td>
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<tr>
<td>Other</td>
<td>25.1</td>
<td>25.6</td>
<td>32.4</td>
<td>63.1</td>
<td>64.5</td>
<td>3.9%</td>
<td>1.4</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>-0.5</td>
<td>-0.4</td>
<td>-0.4</td>
<td>-0.3</td>
<td>-0.4</td>
<td>0.0%</td>
<td>-0.1</td>
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<td><strong>Fixed assets</strong></td>
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</tr>
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<td>Property, plant and equipment</td>
<td>244.3</td>
<td>260.9</td>
<td>256.8</td>
<td>260.9</td>
<td>259.0</td>
<td>15.5%</td>
<td>-1.9</td>
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<td>Intangible fixed assets</td>
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<td>88.4</td>
<td>77.1</td>
<td>82.4</td>
<td>73.1</td>
<td>4.4%</td>
<td>-9.3</td>
</tr>
<tr>
<td>Goodwill</td>
<td>41.6</td>
<td>44.8</td>
<td>41.4</td>
<td>43.9</td>
<td>39.1</td>
<td>2.3%</td>
<td>-4.8</td>
</tr>
<tr>
<td>Other intangible fixed assets</td>
<td>44.8</td>
<td>43.6</td>
<td>35.6</td>
<td>38.4</td>
<td>33.9</td>
<td>2.0%</td>
<td>-4.5</td>
</tr>
<tr>
<td>Investments and Other assets</td>
<td>345.7</td>
<td>357.5</td>
<td>334.3</td>
<td>345.3</td>
<td>336.7</td>
<td>20.1%</td>
<td>-8.8</td>
</tr>
<tr>
<td>Investment securities</td>
<td>273.1</td>
<td>278.5</td>
<td>261.2</td>
<td>271.6</td>
<td>263.8</td>
<td>15.7%</td>
<td>-7.9</td>
</tr>
<tr>
<td>Investments in capital</td>
<td>23.6</td>
<td>24.3</td>
<td>22.0</td>
<td>22.4</td>
<td>22.5</td>
<td>1.3%</td>
<td>0.1</td>
</tr>
<tr>
<td>Long-term loans receivable</td>
<td>4.1</td>
<td>3.3</td>
<td>0.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>28.0</td>
<td>34.0</td>
<td>32.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>19.7</td>
<td>20.0</td>
<td>21.3</td>
<td>54.4</td>
<td>51.6</td>
<td>3.1%</td>
<td>-2.8</td>
</tr>
<tr>
<td>Allowance for investment loss</td>
<td>-1.3</td>
<td>-2.4</td>
<td>-2.8</td>
<td>-2.7</td>
<td>-1.0</td>
<td>-0.1%</td>
<td>1.7</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>-1.4</td>
<td>-0.3</td>
<td>-0.1</td>
<td>-0.1</td>
<td>-0.1</td>
<td>0.0%</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Deferred assets</strong></td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0%</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,298.8</td>
<td>1,458.4</td>
<td>1,589.7</td>
<td>1,438.6</td>
<td>1,675.5</td>
<td>100.0%</td>
<td>236.9</td>
</tr>
</tbody>
</table>

*From 1Q FY2011, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate as of the reporting date to the average exchange rate. Figures for FY2010 have been adjusted retrospectively to apply the changes above.*
### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>As of March 31, 2009</th>
<th>As of March 31, 2010</th>
<th>As of March 31, 2011</th>
<th>As of Sep 30, 2010</th>
<th>As of Sep 30, 2011</th>
<th>Composition</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>435.0</td>
<td>509.9</td>
<td>426.4</td>
<td>457.7</td>
<td>467.3</td>
<td>37.04%</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>233.3</td>
<td>311.8</td>
<td>275.6</td>
<td>279.4</td>
<td>323.3</td>
<td>19.3%</td>
<td>43.9</td>
</tr>
<tr>
<td>Notes and accounts payable-trade</td>
<td>84.2</td>
<td>94.0</td>
<td>88.1</td>
<td>100.6</td>
<td>115.4</td>
<td></td>
<td>14.8</td>
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<tr>
<td>Short-term borrowings</td>
<td>37.4</td>
<td>62.7</td>
<td>53.2</td>
<td>42.5</td>
<td>59.6</td>
<td></td>
<td>17.1</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>3.6</td>
<td>3.6</td>
<td>3.4</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>9.3</td>
<td>35.3</td>
<td>13.3</td>
<td>19.3</td>
<td>25.6</td>
<td></td>
<td>6.3</td>
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<tr>
<td>Reserve for bonuses</td>
<td>16.0</td>
<td>16.2</td>
<td>15.9</td>
<td>15.8</td>
<td>15.1</td>
<td></td>
<td>-0.7</td>
</tr>
<tr>
<td>Provision for directors’ bonuses</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Provision for sales returns</td>
<td>0.2</td>
<td>0.2</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>82.3</td>
<td>99.6</td>
<td>101.2</td>
<td>101.2</td>
<td>107.5</td>
<td></td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td>201.7</td>
<td>198.1</td>
<td>150.8</td>
<td>178.2</td>
<td>144.0</td>
<td>8.6%</td>
<td>-34.2</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>92.8</td>
<td>62.4</td>
<td>28.8</td>
<td>47.9</td>
<td>28.0</td>
<td></td>
<td>-20.0</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>5.6</td>
<td>7.6</td>
<td>7.1</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>15.6</td>
<td>13.2</td>
<td>10.8</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Liability for employee’s retirement benefits</td>
<td>40.6</td>
<td>45.1</td>
<td>44.3</td>
<td>44.9</td>
<td>45.0</td>
<td></td>
<td>0.1</td>
</tr>
<tr>
<td>Provision for directors’ retirement benefits</td>
<td>3.2</td>
<td>3.3</td>
<td>3.4</td>
<td>3.2</td>
<td>3.3</td>
<td></td>
<td>0.0</td>
</tr>
<tr>
<td>Negative goodwill</td>
<td>33.9</td>
<td>31.4</td>
<td>28.9</td>
<td>30.2</td>
<td>27.7</td>
<td></td>
<td>-2.5</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>10.0</td>
<td>35.1</td>
<td>27.5</td>
<td>52.1</td>
<td>40.2</td>
<td></td>
<td>-11.9</td>
</tr>
</tbody>
</table>

### Net Assets

<table>
<thead>
<tr>
<th></th>
<th>As of 31 March 2009</th>
<th>As of 31 March 2010</th>
<th>As of 31 March 2011</th>
<th>As of 30 Sep 2010</th>
<th>As of 30 Sep 2011</th>
<th>Royalty subtraction adjustments</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total net assets</strong></td>
<td>883.8</td>
<td>948.5</td>
<td>1,163.3</td>
<td>980.9</td>
<td>1,208.2</td>
<td>72.1%</td>
<td>227.3</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>844.8</td>
<td>962.1</td>
<td>1,202.3</td>
<td>1,011.3</td>
<td>1,243.9</td>
<td>74.2%</td>
<td>232.6</td>
</tr>
<tr>
<td>Common stock</td>
<td>42.9</td>
<td>42.9</td>
<td>81.7</td>
<td>42.9</td>
<td>81.7</td>
<td>38.7</td>
<td></td>
</tr>
<tr>
<td>Capital surplus</td>
<td>355.8</td>
<td>432.5</td>
<td>510.6</td>
<td>432.5</td>
<td>510.6</td>
<td>78.2</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>468.1</td>
<td>532.0</td>
<td>610.0</td>
<td>581.2</td>
<td>651.6</td>
<td>70.4</td>
<td></td>
</tr>
<tr>
<td>Treasury stock</td>
<td>-22.1</td>
<td>-45.4</td>
<td>-0.0</td>
<td>-45.4</td>
<td>-0.0</td>
<td>45.3</td>
<td></td>
</tr>
<tr>
<td>Royalty subtraction adjustments</td>
<td>-35.3</td>
<td>-25.8</td>
<td>-52.1</td>
<td>-42.7</td>
<td>-50.5</td>
<td>-3.0%</td>
<td>-7.8</td>
</tr>
<tr>
<td>Unrealized gain/loss on available-for-sale securities</td>
<td>-0.7</td>
<td>4.3</td>
<td>0.4</td>
<td>2.3</td>
<td>-1.5</td>
<td>-3.8</td>
<td></td>
</tr>
<tr>
<td>Deferred loss on derivatives under hedge accounting</td>
<td>-</td>
<td>-0.0</td>
<td>-0.0</td>
<td>-0.9</td>
<td>-0.0</td>
<td>-0.0</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>-34.6</td>
<td>-30.1</td>
<td>-52.4</td>
<td>-45.1</td>
<td>-49.0</td>
<td>-3.9</td>
<td></td>
</tr>
<tr>
<td>Stock acquisition rights</td>
<td>-</td>
<td>-0.5</td>
<td>-</td>
<td>0.1</td>
<td>0.8</td>
<td>0.0%</td>
<td>0.7</td>
</tr>
<tr>
<td>Minority interests</td>
<td>54.4</td>
<td>12.2</td>
<td>12.7</td>
<td>12.2</td>
<td>14.0</td>
<td>0.8%</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>1,298.8</td>
<td>1,458.4</td>
<td>1,589.7</td>
<td>1,438.6</td>
<td>1,675.5</td>
<td>100.0%</td>
<td>235.9</td>
</tr>
</tbody>
</table>

*From Q1 FY 2011, the method of translating revenue and expense accounts of foreign subsidiaries was changed from the spot rate as of the reporting date to the average exchange rate. Figures for FY2010 have been adjusted retrospectively to apply the changes above.*
V. Shareholders

(Classification of shareholders) (As of September 30, 2011)

<table>
<thead>
<tr>
<th>Classification</th>
<th>National and local government</th>
<th>Financial institutions</th>
<th>Financial instruments firms</th>
<th>Other institutions</th>
<th>Foreign investors</th>
<th>Private investors and others</th>
<th>Total</th>
<th>Less than trading unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shareholders</td>
<td>—</td>
<td>78</td>
<td>39</td>
<td>624</td>
<td>367</td>
<td>19</td>
<td>46,510</td>
<td>47,637</td>
</tr>
<tr>
<td>Number of shares held (shares)</td>
<td>—</td>
<td>1,699,529</td>
<td>16,495</td>
<td>1,381,220</td>
<td>540,229</td>
<td>310</td>
<td>1,938,665</td>
<td>5,576,448</td>
</tr>
<tr>
<td>% of outstanding shares</td>
<td>—</td>
<td>30.48</td>
<td>0.30</td>
<td>24.76</td>
<td>9.68</td>
<td>0.01</td>
<td>34.79</td>
<td>100.00</td>
</tr>
</tbody>
</table>

*Out of 3,420 shares of treasury stock, 34 share units are included in "Private investors and others", and 26 shares are included in "Less than trading unit"*

[Principal shareholders] (As of September 30, 2011)

<table>
<thead>
<tr>
<th>Names</th>
<th>Address</th>
<th>Number of shares held (thousand shares)</th>
<th>% of outstanding shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Nomura Trust &amp; Banking Co.</td>
<td>2-2-2 Otemachi, Chiyoda-ku, Tokyo</td>
<td>64,981</td>
<td>11.64</td>
</tr>
<tr>
<td>Osaka Founders Shareholding Fund Trust Account</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan Trustees Services Bank, Ltd.</td>
<td>8-11 Harumi 1-Chome, Chuo-ku, Tokyo</td>
<td>50,891</td>
<td>9.12</td>
</tr>
<tr>
<td>(Trust Account)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Osaka Estate Limited</td>
<td>3-3-3 Ote-Dori, Chuo-ku, Osaka</td>
<td>40,629</td>
<td>7.28</td>
</tr>
<tr>
<td>Osaka Group Employee Shareholding Fund</td>
<td>2-16-4 Konan, Minato-ku, Tokyo</td>
<td>29,588</td>
<td>5.30</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Co., Ltd.</td>
<td>2-11-3 Hamamatsucho, Minato-ku, Tokyo</td>
<td>18,285</td>
<td>3.27</td>
</tr>
<tr>
<td>(Trust Account)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Osaka Asset Co., Ltd.</td>
<td>17-4 Azu Fukukake, Tosadowanaiura, Naruto-cho, Naruto, Tokushima</td>
<td>12,000</td>
<td>2.15</td>
</tr>
<tr>
<td>The Awa Bank, Limited</td>
<td>2-24-1 Nishiasemba-cho, Tokushima</td>
<td>10,970</td>
<td>1.96</td>
</tr>
<tr>
<td>Nomura Holdings, Inc.</td>
<td>1-9-1 Nihonbashi, Chuo-ku, Tokyo</td>
<td>8,943</td>
<td>1.60</td>
</tr>
<tr>
<td>TOHO HOLDINGS CO., LTD.</td>
<td>5-2-1, Daizawa, Setagaya Ward, Tokyo</td>
<td>7,670</td>
<td>1.37</td>
</tr>
<tr>
<td>Resona Bank, Ltd.</td>
<td>2-2-1 Birgomaschi, Chuo-ku, Osaka</td>
<td>5,064</td>
<td>0.90</td>
</tr>
<tr>
<td>Total</td>
<td>—</td>
<td>249,025</td>
<td>44.64</td>
</tr>
</tbody>
</table>
VI. Pipeline Information
<table>
<thead>
<tr>
<th>Code/Brand name</th>
<th>Generic name</th>
<th>Origin</th>
<th>Category</th>
<th>Indication/Dosage form</th>
<th>Country/Region</th>
<th>Development status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central nervous system</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPC-14597 (ABILIFY®)</td>
<td>aripiprazole</td>
<td>Otsuka Pharmaceutical</td>
<td>Dopamine partial agonist</td>
<td>Manic episode associated with bipolar disorder/Oral</td>
<td>JP</td>
<td>Submitted</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Tic disorder and Tourette's disorder/Oral</td>
<td>Asia</td>
<td>Submitted</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Schizophrenia/Depot injection</td>
<td>US, EU, JP</td>
<td>Phase III</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Adjuvant therapy for major depressive disorder/Oral</td>
<td>JP</td>
<td>Phase III</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Major depressive disorder/Combination of aripiprazole and antidepressants</td>
<td>US</td>
<td>Phase III</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Tourette's disorder/Once-weekly tablet</td>
<td>US</td>
<td>Phase III</td>
</tr>
<tr>
<td>L059 (KEPPRA®)</td>
<td>levetiracetam</td>
<td>UCB</td>
<td>Anti-epileptic drug</td>
<td>Epilepsy (partial onset seizures for pediatric patients)/Oral</td>
<td>JP</td>
<td>Phase III</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Epilepsy (generalized onset seizures)/Oral</td>
<td>JP</td>
<td>Phase III</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Epilepsy (generalized onset seizures)/Injection</td>
<td>JP</td>
<td>Phase III</td>
</tr>
<tr>
<td>SPN-812 (NEUPAT®)</td>
<td>ropatone</td>
<td>UCB</td>
<td>Dopamine agonist</td>
<td>Parkinson's disease/Hatch</td>
<td>JP</td>
<td>Phase III</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Restless legs syndrome/Hatch</td>
<td>JP</td>
<td>Phase III</td>
</tr>
<tr>
<td>OPC-34712</td>
<td></td>
<td>Otsuka Pharmaceutical</td>
<td>Dopamine partial agonist</td>
<td>Adjunctive therapy for major depressive disorder/Oral</td>
<td>US</td>
<td>Phase III</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Schizophrenia/Oral</td>
<td>US, EU</td>
<td>Phase III</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>ADHD (Adults)/Oral</td>
<td>US</td>
<td>Phase II</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Schizophrenia/Oral</td>
<td>JP</td>
<td>Phase I</td>
</tr>
</tbody>
</table>
# Otsuka Group - Pipeline Information

(as of Sep 30, 2011)

<table>
<thead>
<tr>
<th>Code/Brand name</th>
<th>Generic name</th>
<th>Origin</th>
<th>Category</th>
<th>Indication/Dosage form</th>
<th>Country/Region</th>
<th>Development status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Anti-cancer and cancer-supportive care</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S-1</td>
<td>tegafur, gimeracil, oteracil potassium</td>
<td>Taiho Pharmaceutical</td>
<td>Anti-cancer (Anti-metabolite)</td>
<td>Gastric cancer, Oral</td>
<td>US</td>
<td>Phase III</td>
</tr>
</tbody>
</table>

| ASI-007 (Alisertib) | panobinostat protein-bound particle for injectable suspension | Celgene (Abaxis Bioscience) | Anti-cancer (kinase inhibitor) | NSCLC Injection | JP | Phase III |

| OVF | tintinyl citrate | Capfloxin (Cena) | Noninfectious analgesic | Cancer pain, Oral | JP | Phase III |

| TSU-68 | Olamibib | (Sagen) | Anti-cancer (Molecular targeted drug) | Hepatocellular carcinoma, Oral | JP, Asia | Phase II |

| SATIVEX** | tetrahydrouridine | GW Pharmaceuticals | Cannabinoid (THC, CBD) | Cancer pain, Oral or oral spray | US | Phase III in Preparation |

| OTS-102 | olapalide | Otsuka Therapeutics | Therapeutic cancer vaccine | Pancreatic cancer, Injection | JP | Phase III |

| OCV-161 | Otsuka Therapeutics | Therapeutic cancer vaccine | Pancreatic cancer, Injection | JP | Phase II |

| TAS-102 | Taiho Pharmaceutical | Anti-cancer (Anti-metabolite) | Colorectal cancer, Oral | JP | Phase II |

| TAS-106 | Taiho Pharmaceutical | Anti-cancer (Anti-metabolite) | Solid tumor, Injection | US | Phase I/II |

| ET-743 | irbesartan | PharmaMer | Anti-cancer | Malignant soft tissue sarcoma, Injection | JP | Phase I |

| OFB-31121 | Otsuka Pharmaceutical | Anti-cancer | Pancreatic cancer, Oral | JP, Asia | Phase I |

| OFB-51602 | Otsuka Pharmaceutical | Anti-cancer | Pancreatic cancer, Oral | US, JP, Asia | Phase I |

| OFB-111001 | Otsuka Pharmaceutical | Anti-cancer | Prostate cancer, Oral | JP | Phase I |

| SPRYCEL | dasatinib | BMS | Anti-cancer | Pancreatic cancer, Oral | US, EU | Phase II |

| OCV-105 | Otsuka Therapeutics | Therapeutic cancer vaccine | Pancreatic cancer, Injection | JP | Phase I |
# Otsuka Group - Pipeline Information

(as of Sep 30, 2011)

<table>
<thead>
<tr>
<th>Codal/Brand name</th>
<th>Genomic name</th>
<th>Origin</th>
<th>Category</th>
<th>Indication/Dosage form</th>
<th>Country/Region</th>
<th>Development status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cardiovascular</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPC-41061 (SAM6CA&lt;sup&gt;®&lt;/sup&gt;)</td>
<td>Yohayplan</td>
<td>Otsuka Pharmaceutical</td>
<td>Vasopressin V&lt;sub&gt;2&lt;/sub&gt;-receptor antagonist</td>
<td>Hypotension/Oral</td>
<td>Asia</td>
<td>Approved (China) (Korea)</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Canada</td>
<td>Approved</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>USA, EU, JP</td>
<td>Phase II - III&lt;sup&gt;®&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>JP, Asia</td>
<td>Phase III</td>
</tr>
<tr>
<td><strong>Other areas</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>OPC-12759E (Mucost® Ophthalmic Suspension)</td>
<td>rebamipide</td>
<td>Otsuka Pharmaceutical</td>
<td>Main production enhancing agent</td>
<td>Dry eyes/Eye drops</td>
<td>JP</td>
<td>Approved</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>US</td>
<td>Phase II</td>
</tr>
<tr>
<td>YP-18 (ZOSYNT)</td>
<td>piperocin sodium, tazobactam sodium</td>
<td>Taiho Pharmaceutical</td>
<td>β-lactamase inhibitor-antibiotic agent</td>
<td>Pantomato, intra-abdominal abscess, liver abscess, cholecystitis, cholangitis</td>
<td>JP</td>
<td>Phase III</td>
</tr>
<tr>
<td>CDP-870 (DIMZ&lt;sup&gt;®&lt;/sup&gt;)</td>
<td>cerotinib pegol</td>
<td>UCB</td>
<td>PE&lt;sub&gt;Gly&lt;/sub&gt;lated anti-TNF α drug</td>
<td>Rheumatoid arthritis/injection</td>
<td>JP</td>
<td>Phase III</td>
</tr>
<tr>
<td>ONGLYZA&lt;sup&gt;®&lt;/sup&gt;</td>
<td>naranilipin</td>
<td>Bristol-Myers Squibb</td>
<td>DPP-IV inhibitor</td>
<td>Type2 diabetes mellitus/Oral</td>
<td>JP</td>
<td>Phase III</td>
</tr>
<tr>
<td>OPC-6555</td>
<td>tolbutamid</td>
<td>Otsuka Pharmaceutical</td>
<td>Anti-inflammatory agent</td>
<td>Crone's disease/Oral</td>
<td>JP, Asia</td>
<td>Phase III</td>
</tr>
<tr>
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<td></td>
<td>JP, US, Asia</td>
<td>Phase II</td>
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<tr>
<td>OPA-6266</td>
<td>Otsuka Pharmaceutical</td>
<td>Adenosine A&lt;sub&gt;2A&lt;/sub&gt; receptor agonist</td>
<td>Glaucoma/Eye Drop</td>
<td>US</td>
<td>Phase III</td>
<td></td>
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<tr>
<td>ACU-4429</td>
<td>Aucocel</td>
<td>Visual cycle modulator</td>
<td>Dry AMD/Oral</td>
<td>US</td>
<td>Phase II</td>
<td></td>
</tr>
<tr>
<td>TAC-201</td>
<td>Meprin (Meg Dairen Corporation)</td>
<td>Recombinant peptide for immunotherapy of Japanese cedar pollinosis</td>
<td>Geder pollen allergy/injection</td>
<td>JP</td>
<td>Phase II</td>
<td></td>
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<tr>
<td>NSI-141</td>
<td>Nippon Shinyaku</td>
<td>Anti-punxa agent</td>
<td>Phthalis in atopic dermatitis/external</td>
<td>JP</td>
<td>Phase II</td>
<td></td>
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</tbody>
</table>

**Diagonoses**

| CODK-0002 | H. influenzae ELISA kit (Otsuka<sup>®</sup>) | Otsuka Pharmaceutical | Diagnostic aid for H. influenzae infection | In-vitro diagnostic agent | JP | Filed |

Note 1: In general, we disclose compounds that are in Phase II or later stage of development, although some compounds in Phase I are disclosed in the above table.
Note 2: Product names with asterisks ** are the names used outside Japan.
Note 3: ** Preparation for additional study.