

Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2015

1. Outline of Consolidated Financial Results	P.1
2. Highlights of Business Performance	P.2
3. Consolidated Financial Results(actual/forecast)	P.3
4. Main Product Sales Update	P.4
5. Actual and Forecast of Main Subsidiary Companies	P.5
6. Consolidated Financial Results for the Second Quarter and full year forecast	P.6
7. R&D Expenses, Capex & Depreciation	P.7
8. Main R&D Activities	P.8~9
【reference】	
9. Segment information	P.11
10. P&L Summary	P.12~13
11. BS Summary	P.14
12. Financial summary	P.15
13. KYORIN Pharmaceutical result	P.16~19

November 4, 2014
KYORIN Holdings, Inc.

These forecast performance figures are based on information currently available to the Company and may include uncertain factors or risk that affect our future performance. Accordingly, actual business results may materially differ from the forecasted figures due to various factors in the future.



Outline of Consolidated Financial Results for the Second Quarter Ended September 30, 2014



(¥ million)	Sep/2011	Sep/2012	Sep/2013	Sep/2014	% Y/Y	Mar/2015 (revised forecast)	% Y/Y	Mar/2015 (original forecast)	% Y/Y
Net Sales	46,387	47,954	50,851	51,112	+0.5%	111,700	+0.3%	112,200	+0.7%
Operating Income	4,900	6,269	6,213	4,587	-26.2%	13,800	-21.6%	15,800	-10.3%
Ordinary Income	5,253	6,609	6,531	4,898	-25.0%	14,300	-21.8%	16,300	-10.8%
Net Income	3,355	4,295	4,397	3,495	-20.5%	11,600	-3.5%	11,300	-6.0%

Second Quarter Consolidated Financial Ended September 30, 2013

【 Net sales】 Overall net sales increased 0.5% year on year to ¥51.1bn. Sales growth was driven by year on year increased in generic drug sales, despite lower sales in the ethical drug due to drug price revision.

【 Net income】 Gross profit declined 1,982 million yen year on year due to a rise in the cost ratio, mainly reflecting the revision in the National Health Insurance drug pricing and changes in the product sales mix in the Ethical drugs Business.

Meanwhile, operating income amounted to 4,587 million yen (a decrease of 26.2% year on year) despite a fall in selling, general, and administrative expenses (including research and development expenses), and net income stood at 3,495 million yen (down 20.5% year on year).

Consolidated Financial Results for the Fiscal Year Ending March 31, 2014(forecast)

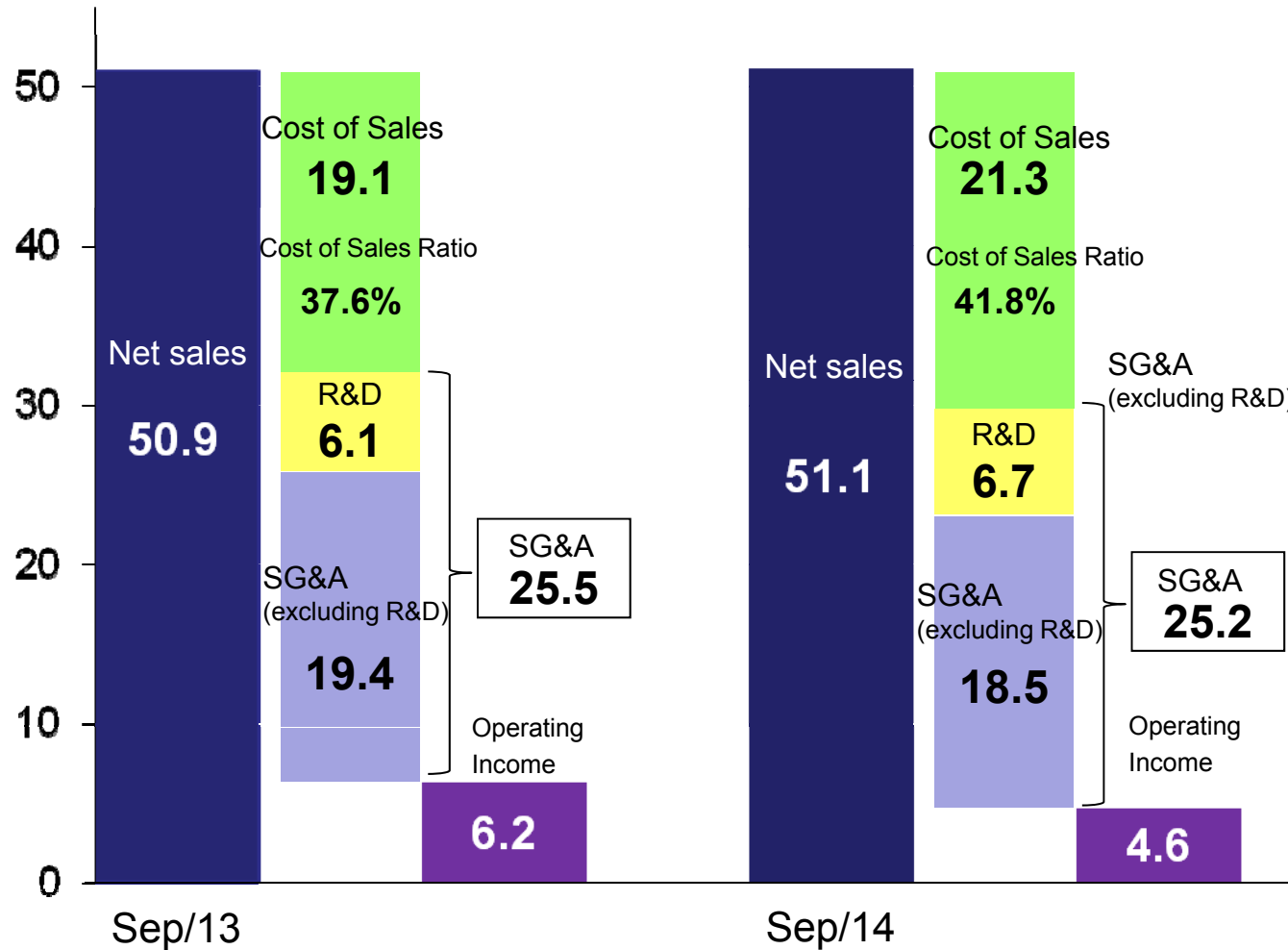
【 Net sales】 We expect sales fall below original forecast in our new ethical drugs. Therefore we revised original forecast of fiscal year 2014 downward to ¥1,117bn(¥-0.5bn).

【 Net income】 We have revised our forecasts for operating income and ordinary income downward to 13.8 billion yen (down 2.0 billion yen) and 14.3 billion yen (down 2.0 billion yen), respectively. This reflects the expectation that gross profit will decline due to a rise in the cost of sales, mainly as a result of changes in the product sales mix in the Ethical drugs Business and the expected increase of about 1.1 billion yen in research and development expenses, primarily attributable to the generation of a lump-sum payment for license agreements. For net income, we have made an upward revision to 11.6 billion yen (up 0.3 billion yen) as we anticipate extraordinary income of about 4.5 billion yen for the transfer of the land and building of the former head office building and extraordinary losses of about 1.6 billion yen for the use of the vacant lot of the Pharmaceutical Discovery Research Laboratories in the second half.

◇The full year forecast of consolidated results for the year ending March 31, 2015, released on May 9, 2014, has been revised in this document.

Highlights of Business Performance

(Units: ¥billion)



➢ **Net Sales increased ¥0.2billion year on year.**

- decrease of new ethical drugs sales.
- increase of generic drugs sales.

➢ **Cost of Sales increased ¥2.2 billion. (Cost of sales ratio increased 4.2%)**

- Drug price revisions
- Sales of generic drugs increased
- Sales of ethical drug overseas decreased

■ **Gross Profit decreased ¥2.0billion year on year**

➢ **SG&A expenses decreased ¥0.3billion year on year.**

- R&D expenses increased ¥0.6billion (up front payment)
- SG&A(excluding R&D) decreased ¥0.9billion

■ **Operating Income decreased ¥1.6billion year on year.**

Consolidated Financial Results

for the Second Quarter Ended September 30, 2014



(unit : ¥billion)

	Sep/2013 (actual)	Sep/2014 (actual)	change
Net Sales (total)	50.9	51.1	+0.2
Ethical drugs Business	50.0	50.5	+0.5
◆Sales of new ethical drugs	42.9	40.8	-2.1
○Japan	41.7	40.4	-1.3
○Overseas	1.2	0.3	-0.9
◆Generic drugs	5.2	7.8	+2.6
◆Over-the-counter drugs	2.0	2.0	0.0
Healthcare (Skin care) Business	0.8	0.6	-0.2
Operating Income	6.2	4.6	-1.6
Ordinary Income	6.5	4.9	-1.6
Net Income	4.4	3.5	-0.9

		year on year	vs forecast
■ Net Sales	¥51.1bln	(+0.2)	(-0.2)
◆ Ethical drug business	¥50.5bln	(+0.5)	(-0.1)
● new ethical drugs	¥40.4bln	(-1.3)	(-1.3)
	Sep/2013 ⇒ Sep/2014		
• Kipres	17.1 ⇒ 17.4	(+0.3)	(+0.1)
• Mucodyne	8.2 ⇒ 6.2	(-2.0)	(-1.0)
• Pentasa	9.4 ⇒ 8.6	(-0.8)	(-0.3)
• Uritos	3.7 ⇒ 3.4	(-0.3)	(-0.3)
• Flutifom	— ⇒ 0.9	(+0.9)	(+0.1)
● new ethical drugs in Overseas	¥0.3bln	(-0.9)	(-0.1)
• Gatifloxacin	1.0 ⇒ 0.1 (+0.1)		(0)
● Generic drugs	¥7.8bln	(+2.6)	(+1.4)
	• Contract manufacturing's sales and Health insurance pharmacy market's sales increased		
● Over-the-counter drugs	¥2.0bln	(0)	(-0.1)
◆ Healthcare (Skin care) Business	¥0.6bln	(-0.2)	(-0.1)
■ Operating Income	¥4.6bln	(-1.6)	(-0.9)
◆ Operating Income margin decreased 3.2 percentage points to 9.0%			
● Cost of Sales Ratio : increased 4.2 percentage points (37.6%⇒41.8%)			
	• Drug price revisions (in the 6%range for KYORIN Pharmaceutical).		
	• Sales of generic drugs increased.		
	• Sales of Gatifloxacin decreased.		
● R&D Ratio : increased 1.1 percentage points (12.0%⇒13.1%) (+0.6)			(+1.0)
	* ¥6.1bln⇒¥6.7bln(+¥0.6bln) up front payment of KRP-114V		
● SG&A Ratio(excluding R&D expenses) : decreased 2.0 percentage points 38.2%⇒36.2%			
	* ¥19.4bln⇒¥18.5bln(-¥0.9bln) decrease of sales costs, labor costs, general expenses		
■ Net Income	¥3.5bln	(-0.9)	(-0.4)
◆ Dividend per share(interim dividend)	¥20.0		

Main Product Sales Update

(unit : ¥billion)

Product name		Sep/2011	Sep/2012	Sep/2013	Sep/2014		Mar/2014	Mar/2015 (revised forecast)	Mar/2015 (original forecast)
					Actual	% change			
Sales of new ethical drugs (Japan)	Kipres (LT receptor antagonist)	15.7	16.3	17.1	17.4	+2.0%	40.2	40.2	40.3
	Mucodyne (Mucoregulant)	9.1	8.3	8.2	6.2	-24.8%	18.4	13.8	16.0
	Pentasa (Ulcerative colitis and Crohn's disease treatment)	9.1	9.0	9.4	8.6	-8.1%	18.6	16.7	17.5
	Uritos (Kyorin) (Therapeutic agent for overactive bladder)	2.9	3.6	3.7	3.4	-9.9%	8.1	7.5	8.2
	Ketas (For bronchial asthma and cerebrovasculas disorders)	1.8	1.5	1.5	1.1	-26.5%	2.8	2.1	2.5
	Flutiform (Combination drug for asthma treatment)	—	—	—	0.9	—	0.6	3.9	2.8
Sales of new ethical drugs (over seas)	Gatifloxacin (Bulk · Royalty)	0.8	0.9	1.0	1.0	-86.3%	1.5	0.5	0.5
Over-the- counter drugs	Milton (Disinfectant)	0.9	1.0	1.0	1.0	-4.2%	2.1	1.9	2.0

Actual and Forecast of Main Subsidiary Companies

(unit : ¥billion)

KYORIN pharmaceutical	Sep/2013	Sep/2014
Sales	44.9	43.9
Operating Income	5.6	3.5
Net Income	4.3	2.9

Mar/2014	Mar/2015 (revised forecast)
97.7	97.1
15.4	11.5
10.8	10.2

Mar/2015 (original forecast)
98.5
14.3
10.4

KYORIN Rimedio	Sep/2013	Sep/2013
Sales	5.5	8.0
Operating Income	0.2	0.9
Net Income	0.1	0.6

Mar/2014	Mar/2015 (revised forecast)
12.4	15.3
1.0	1.6
0.6	1.0

Mar/2015 (original forecast)
13.2
0.7
0.5

Dr. Program	Sep/2013	Sep/2013
Sales	0.8	0.6
Operating Income	0.1	0
Net Income	0.1	0

Mar/2014	Mar/2015 (revised forecast)
1.8	1.6
0.2	0
0.2	0

Mar/2015 (original forecast)
1.7
0
0

Consolidated Financial Results for the Second Quarter and full year forecast

(unit : ¥million)

	Sep/2013	Sep/2014	Change	% Y/Y	Mar/2014	Mar/2015 (revised forecast)	Mar/2015 (original forecast)
Sales	50,851	51,112	+260	+0.5%	111,400	111,700	112,200
■ Ethical Drugs business	50,040	50,518	+477	+1.0%	109,678	110,000	110,500
◆ Sales of new Ethical Drugs	42,858	40,755	-2,102	-4.9%	93,518	90,800	93,100
○ Japan	41,697	40,422	-1,274	-3.1%	91,668	89,700	92,100
○ Overseas	1,160	332	-828	-71.3%	1,849	1,000	1,000
◆ Generic Drugs	5,184	7,790	+2,606	+50.3%	11,987	15,000	12,700
◆ Over-the-counter Drugs and Others	1,997	1,972	-25	-1.3%	4,172	4,200	4,600
■ Consumer Healthcare Business	810	593	-217	-26.8%	1,721	1,600	1,700
Operating Income	6,213	4,587	-1,625	-26.2%	17,607	13,800	15,800
Ordinary Income	6,531	4,898	-1,633	-25.0%	18,281	14,300	16,300
Net Income	4,397	3,495	-901	-20.5%	12,025	11,600	11,300

R&D Expenses, Capex & Depreciation

(unit : ¥million)

	Sep/2011	Sep/2012	Sep/2013	Sep/2014	
				Actual	change
R&D expenses	6,075	4,892	6,119	6,674	+9.1%
Capital expenditure	402	1,181	1,618	1,557	+12.6%
Depreciation expense	1,122	1,119	1,460	1,462	+0.1%

Mar/2014	Mar/2015 (revised forecast)	Mar/2015 (original forecast)
11,359	13,600	12,500
6,500	3,500	3,000
3,153	2,700	3,100

<Capital expenditure (Actual/Forecast)>

(unit : ¥billion)

	Sep/2013	Sep/2014	Mar/2014	Mar/2015 (revised forecast)	Mar/2015 (original forecast)
Plant facilities	0.8	0.9	1.9	2.1	1.6
Equipment for control, sales activities	0.4	0.2	0.7	0.6	0.7
Equipment for research	0.4	0.4	3.9	0.8	0.7

Main R&D Activities -1 (Sep 30 , 2014 Release)

Ph III ~ Application submitted

※Changes from the previous announcement(July 30 2014)

Stage		Compound/ Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
Application submitted (3/2014)	(Europe) Almirall : Launched(9/2012) (US) Forest Pharmaceuticals : Launched (12/2012)	KRP-AB1102 (Inhaled drug)	Chronic Obstructive Pulmonary Disease (COPD)	Almirall	- New Chemical Entity: Acclidinium Bromide - Long Acting Muscarinic Agonist (LAMA) - Twice Daily administration -Onset of Action on the first day Genuair® 1) Designed with a feedback system, which through a 'colored control window' and an audible click helps confirm that the patient has inhaled correctly 2) Counter for remaining doses 3) Safety features such as an anti-double-dosing mechanism and an end-of-dose lock-out system to prevent use of an empty inhaler	License agreement with Almirall (2/2011)
Ph III (8/2013)	(Europe) Almirall : Application submitted (10/2013) (US) Forest Laboratories : Ph III	KRP-AB1102F (Fixed dose combination inhaled drug)	Chronic Obstructive Pulmonary Disease (COPD)	Almirall	Combination of aclidinium bromide with the long acting beta agonist formoterol : This combination is aimed at providing higher efficacy than each component alone,as well as the improved convenience of having the two products in the same easy to use inhalation device.This is currently in phase III clinical development.	
Ph III Clinical trial to be prepared	Ph II clinical trial end Merck & Co.,	KRP-114V	Overactive bladder	Merck & Co.,	KRP-114V is expected to improve urinary frequency through stimulation of the beta 3 receptor in bladder which improves bladder muscle relaxation.	License agreement with Merck & Co., Inc.,(7/2014)

・ Discontinued development of KIPRES (Chewable, Oral Granules's additional indication for pediatric patient) deleted it from the list of R&D activities.

Main R&D Activities -2 (Sep 30 , 2014 Release)

POC Project (Pre-clinical ~ Ph II)

※Changes from the previous announcement(July 30 2014)

Stage		Compound/ Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
Ph II (8/2011)	Ph III Merz	KRP-209	Tinnitus	Merz	KRP-209 (Neramexane) is expected to improve the patients' annoyance and difficulties in their life caused by tinnitus, mainly through its two pharmacological properties: 1) NMDA antagonistic activity and 2) Nicotinic acetylcholine antagonistic activity	License agreement with Merz (11/2009) Merz:Ph I clinical trial of Japanese patients in US completed (3/2010)
Ph II (3/2013)	Ph II (POC) (12/2010) (Novartis)	KRP-203	Transplantation, autoimmune diseases,and IBD	In-house	An immunosuppressant with a novel mechanism called an S1P-agonist. It may have a better safety profile than previous ones as well as an excellent effect under concomitant use with other types of immunomodulator.	License agreement with Novartis (2/2006) New license agreement IBD (11/2010)
Ph II (9/2013)		KRP-AM1977X (Oral agent)	New quinolone synthetic antibacterial agent	In-house	①Superior ability to combat drug-resistant gram-positive bacteria (incl. MRSA) ②Outstanding ADME (oral absorption, tissue migration) ③High degree of safety expected since safety hurdles cleared prior to clinical trials	
Ph II (6/2014)		KRP-AM1977Y (Injection)	New quinolone synthetic antibacterial agent	In-house		

※Discontinued development of KRP-EPA605 deleted it from the list of R&D activities.

・ planning to develop gene-therapy product 「Ad-SGE-REIC」 for the treatment of Malignant Pleural Mesothelioma.

Reference

Segment information for the Second Quarter Ended Sep 30, 2014

Sales, Profit or Loss of each report segment

	Sales	change Y/Y	Profit	change Y/Y
Net Sales (total)	511	+2	46	-16
Ethical drugs business	505	+5	45	-14
◆Sales of new ethical drugs	408	-21		
○Japan	404	-13		
○Overseas	3	-9		
◆Generic drugs	78	+26		
◆Over-the-counter drugs	20	0		
Healthcare(Skincare) business	6	-2	0	-1
Amount of adjustment	—	—	1	-1

(Note) The Company is applying the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. As a result, the reported segments are the Ethical Drugs Business and the Consumer Healthcare Business.

P&L Summary: Consolidated Results – (1)

(unit : ¥million)

	Sep/2013		Sep/2014			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	50,851	100.0%	51,112	100.0%	+0.5%	+260
■ Ethical Drugs business	50,040	98.4%	50,518	98.8%	+1.0%	+477
◆ Sales of new Ethical Drugs	42,858	84.3%	40,755	79.7%	-4.9%	-2,102
○ Japan	41,697	82.0%	40,422	79.1%	-3.1%	-1,274
○ Overseas	1,160	2.3%	332	0.6%	-71.3%	-828
◆ Generic Drugs	5,184	10.2%	7,790	15.2%	+50.3%	+2,606
◆ Over-the-counter Drugs and Others	1,997	3.9%	1,972	3.9%	-1.3%	-25
■ Consumer Healthcare Business	810	1.6%	593	1.2%	-26.8%	-217

<Subsidiaries and Equity-method Affiliates>

Consolidated subsidiaries (8) :

- KYORIN Pharmaceutical Co., Ltd.
- Kyorin USA, Inc.
- ActivX Biosciences, Inc.
- Dr. Program Co., Ltd.
- KYORIN Pharmaceutical Facilities Co., Ltd.
- Kyorin Europe GmbH
- KYORIN Rimedio Co., Ltd.
- KYORIN Medical Supply Co., Ltd.

Equity-Method Affiliates : • Nippon Rika Co., Ltd.

< Breakdown >

Year on Year

- Sales ¥51,112mil (+¥260mil)
- Ethical drug sales in Japan ¥40,422mil (-¥1,274mil)

Sep/2013 ⇒ Sep/2014 (¥ billion)

- Kipres 17.1 ⇒ 17.4 (+0.3)
- Mucodyne 8.2 ⇒ 6.2 (-2.0)
- Pentasa 9.4 ⇒ 8.6 (-0.8)
- Uritos 3.7 ⇒ 3.4 (-0.3)
- Flutifom - ⇒ 0.9 (+0.9)

- Ethical drug sales overseas ¥332mil (- ¥828mil)
 - Gatifloxacin ¥1.0bln → 0.1bln (- ¥0.9bln)
- Generic Drugs ¥7,790mil (+ ¥2,606mil)
 - Contract manufacturing's sales and Health insurance pharmacy market's sales increased
- Over-the-counter Drugs and Others ¥1,972mil (- ¥25mil)
- Consumer Healthcare Business ¥593mil (- ¥217mil)
 - Sales decreased at Dr. Program Co., Ltd.

P&L Summary: Consolidated Results – (2)

(unit : ¥million)

	Sep/2013		Sep/2014			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	50,851	100.0%	51,112	100.0%	+0.5%	+260
Cost of Sales	19,097	37.6%	21,340	41.8%	+11.7%	+2,243
Gross Profit	31,754	62.4%	29,771	58.2%	−6.2%	−1,982
SG&A (Incl. R&D expenses)	25,541 (6,119)	50.2% (12.0%)	25,183 (6,674)	49.3% (13.1%)	−1.4% (+9.1%)	−357 (+554)
Operating Income	6,213	12.2%	4,587	9.0%	−26.2%	−1,625
Non-Operating Income	337	0.6%	315	0.6%	−6.5%	−21
Non-Operating Expenses	19	0.0%	5	0.0%	−71.3%	−14
Ordinary Income	6,531	12.8%	4,898	9.6%	−25.0%	−1,633
Extraordinary Profits	237	0.5%	29	0.1%	−87.7%	−208
Extraordinary Losses	184	0.4%	32	0.1%	−82.5%	−151
Income before income taxes	6,584	12.9%	4,894	9.6%	−25.7%	−1,689
Corporate, inhabitants and enterprise taxes	1,810	3.6%	1,692	3.3%	−6.5%	−118
Tax adjustments	376	0.7%	−292	−0.6%	—	−669
Net Income	4,397	8.6%	3,495	6.8%	−20.5%	−901

< Breakdown >

◆ Cost of Sales Ratio :

up 4.2 percentage points Y/Y (37.6%→41.8%)

- Drug price revisions
- Sales of generic drugs increased
- Sales of ethical drug overseas decreased

◆ R&D Ratio :

up 1.1 percentage points Y/Y (12.0%→13.1%)

- * ¥6.1bln→¥6.7bln (+0.6bln)
- up front payment of KRP-114V

◆ SG&A (exclude R&D) Expenses :

down 2.0 percentage Points Y/Y(38.2%→36.2%)

- * ¥19.4bln→¥18.5bln (−¥0.9bln)
- decrease of sales costs, labor costs, general expenses

■ Operating Income ¥4,587mil (− ¥1,625mil)

- * Operating Income margin decreased 3.2percentage points to 9.0%

■ Net Income ¥3,495mil (− ¥901mil)

■ Dividend per share(interim dividend) ¥20.0

BS Summary: Consolidated Results

(unit : ¥million)

	Mar/2014	
	Actual	%total
Current Assets	121,638	71.8%
Cash, deposits	31,017	
Notes and accounts receivable	44,123	
Mk securities	17,965	—
Inventory	21,699	
Other	6,833	
Fixed Assets	47,740	28.2%
Tangible assets	20,841	
Intangible assets	1,198	—
Investments	25,700	
Total Assets	169,378	100.0%

Sep/2014		
Actual	% total	change
117,213	71.3%	−4,425
26,669		
36,655		
20,667	—	—
25,728		
7,492		
47,141	28.7%	−598
20,886		
1,276	—	—
24,978		
164,354	100.0%	−5,023

■ Current Asset : −¥4,425mil

- Cash, deposits (−¥4,347mil)
- Notes and accounts receivable (−¥7,467mil)
- Mk securities (+¥2,702mil)
- Inventory (+¥4,029mil)
- Other (+¥658mil)

■ Fixed Assets : −¥598mil

- Tangible Assets (+¥44mil)
- Intangible Assets (+¥78mil)
- Investments (−¥721mil)

■ Current Liabilities : −¥5,368mil

- Notes Payable (−¥599mil)
- Other (−¥4,768mil)

■ Non-Current Liabilities : −¥871mil

Current Liabilities	28,401	16.8%
Notes payable	11,056	—
Other	17,344	
Non-Current Liabilities	3,155	1.9%
Total Liabilities	31,557	18.6%
Owner's Equity	135,273	79.9%
Other Comprehensive Income	2,548	1.5%
Unrealized holding gain (loss) on securities	3,434	
Foreign currency translation adjustments	12	—
Remeasurements of defined benefit plans	−898	
Total Equity	137,821	81.4%
Total Liabilities and Equity	169,378	100.0%

23,032	14.0%	−5,368
10,457	—	—
12,575		
2,284	1.4%	−871
25,317	15.4%	−6,240
135,629	82.5%	+356
3,407	2.1%	+859
4,313		
−30	—	—
−875		
139,037	84.6%	+1,216
164,354	100.0%	−5,023

< Breakdown >

Financial summary (Consolidated)

(unit : ¥million)

	Sep/2012	Sep/2013	Sep/2014	Mar/2014	Mar/2015 (revised forecast)	Mar/2015 (original forecast)
Sales (Exports)	47,954 (1,023)	50,851 (1,160)	51,112 (332)	111,400 (1,849)	111,700 (1,000)	112,200 (1,000)
Cost of Sales (cost of Sales Ratio)(%)	18,093 (37.7%)	19,097 (37.6%)	21,340 (41.8%)	43,047 (38.6%)	—	—
SG&A Ratio to Sales (%)	23,591 (49.2%)	25,541 (50.2%)	25,183 (49.3%)	50,744 (45.6%)	—	—
R&D Expenses Ratio to Sales (%)	4,892 (10.2%)	6,119 (12.0%)	6,674 (13.1%)	11,359 (10.2%)	13,600 (12.2%)	12,500 (11.1%)
Operating Income Ratio to Sales (%)	6,269 (13.1%)	6,213 (12.2%)	4,587 (9.0%)	17,607 (15.8%)	13,800 (12.4%)	15,800 (14.1%)
Ordinary Income Ratio to Sales (%)	6,609 (13.8%)	6,531 (12.8%)	4,898 (9.6%)	18,281 (16.4%)	14,300 (12.8%)	16,300 (14.5%)
Net Income Ratio to Sales (%)	4,295 (9.0%)	4,397 (8.6%)	3,495 (6.8%)	12,025 (10.8%)	11,600 (10.4%)	11,300 (10.1%)
EPS (¥)	¥57.49	¥58.85	¥46.78	¥165.95	¥155.26	¥151.24
Capital	700	700	700	700	—	—
Assets	147,425	155,840	164,354	169,378	—	—
Total Equity	120,200	130,098	139,037	137,821	—	—
BPS (¥)	¥1608.74	¥1741.24	¥1,860.90	¥1,844.61	—	—
ROE (%)	3.6%	3.4%	2.5%	9.0%	—	—
Equity Ratio (%)	81.5%	83.5%	84.6%	81.4%	—	—
Employees	2,346	2,481	2,482	2,452人	—	—
Capital Expenditure	1,181	1,618	1,557	6,500	3,500	3,000
Depreciation Expense	1,119	1,460	1,462	3,135	2,700	3,100

P&L summary : KYORIN pharmaceutical (Non-consolidated)-(1)



(unit : ¥million)

	Sep/2013		Sep/2014			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	44,933	100.0%	43,922	100.0%	-2.3%	-1,011
■ Ethical Drugs business	44,933	100.0%	43,922	100.0%	-2.3%	-1,011
◆ Sales of new Ethical Drugs	41,311	92.0%	39,353	89.6%	-4.7%	-1,958
○ Japan	40,214	89.5%	39,107	89.0%	-2.8%	-1,106
○ Overseas	1,097	2.5%	246	0.6%	-77.6%	-851
◆ Generic Drugs	2,216	4.9%	3,120	7.1%	+40.8%	+904
◆ Over-the-counter Drugs and Others	1,405	3.1%	1,448	3.3%	+3.1%	+42

< Breakdown >

Year on Year

■ Sales ¥43,922mil (-¥1,011mil)

● Ethical drug sales in Japan
¥39,107mil (+¥1,106mil)

Sep/2013⇒Sep/2014(¥ billion)

・ Kipres 17.1 ⇒ 17.4 (+0.3)
 ・ Mucodyne 8.2 ⇒ 6.2 (-2.0)
 ・ Pentasa 9.4 ⇒ 8.6 (-0.8)
 ・ Uritos 3.7 ⇒ 3.4 (-0.3)
 ・ Flutiform — ⇒ 0.9 (+0.9)

● Ethical drug sales overseas
¥246mil (- ¥851mil)

・ Gatifloxacin ¥1.0bln → ¥0.1bln (- ¥0.9bln)

● Generic Drugs ¥3,120mil (+ ¥904mil)

・ Sales increased at KYORIN Rimedio

● Over-the-counter Drugs and Others
¥1,448mil (+ ¥42mil)

・ milton ¥1.0bln → ¥1.0bln (0)

・ Rubysta ¥0.1bln → ¥0.2bln (+ ¥0.1bln)

P&L summary : KYORIN pharmaceutical (Non-consolidated)-(2)



(unit : ¥million)

	Sep/2013		Sep/2014			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	44,933	100.0%	43,922	100.0%	-2.3%	-1,011
Cost of Sales	15,609	34.7%	17,354	39.5%	+11.2%	+1,744
Gross Profit	29,323	65.3%	26,567	60.5%	-9.4%	-2,755
SG&A (R&D Expenses)	23,748 (5,848)	52.9% (13.0%)	23,069 (6,334)	52.5% (14.4%)	-2.9% (+8.3%)	-678 (+485)
Operating Income	5,575	12.4%	3,498	8.0%	-37.3%	-2,077
Non-Operating Income	525	1.1%	459	1.0%	-12.4%	-65
Non-operating Expenses	12	0.0%	0	0.0%	-99.1%	-12
Ordinary Income	6,087	13.5%	3,957	9.0%	-35.0%	-2,130
Extraordinary Profits	235	0.5%	29	0.1%	-87.6%	-206
Extraordinary Losses	32	0.0%	7	0.0%	-77.8%	-25
Income before income taxes	6,291	14.0%	3,979	9.1%	-36.7%	-2,311
Corporate, inhabitants and enterprise taxes	1,689	3.8%	1,361	3.1%	-19.4%	-328
Tax adjustments	340	0.7%	-321	-0.7%	—	-662
Net Income	4,261	9.5%	2,940	6.7%	-31.0%	-1,320

< Breakdown >

- ◆ **Cost of Sales Ratio :**
up 4.8 percentage points Y/Y (34.7%→39.5%)
 - Drug price revisions
 - Sales of generic drugs increased
 - Sales of ethical drug overseas decreased
- ◆ **R&D Ratio : up 1.4percentage points Y/Y(13.0%→14.4%)**
* ¥5.8bln→¥6.3bln(+¥0.5 bln)
- ◆ **SG&A (exclude R&D) expenses :**
down 1.7 percentage points Y/Y (39.8%→38.1%)
- **Operating Income ¥3,498mil (-¥2,077mil)**
* Operating Income margin decreased 4.4 percentage points to 8.0%
- **Net Income ¥2,940mil (- ¥1,320mil)**

BS Summary: KYORIN Pharmaceutical (Non-consolidated)

(unit : ¥million)

	Mar/2014	
	Actual	% total
Current Assets	92,209	70.4%
Cash, deposits	15,098	
Accounts receivable	40,133	
Mk securities	14,302	—
Inventory	17,969	
Other	4,705	
Fixed Assets	38,788	29.6%
Tangible assets	13,992	
Intangible assets	385	—
Investments	24,410	
Total Assets	130,997	100.0%

Sep/2014		
Actual	% total	change
88,501	69.7%	−3,707
12,752		
32,915		
15,404	—	—
21,428		
6,000		
38,443	30.3%	−344
13,809		
428	—	—
24,206		
126,945	100.0%	−4,051

Current Liabilities	20,446	15.6%
Notes Payable	7,473	—
Other	12,973	—
Non-Current Liabilities	944	0.7%
Total Liabilities	21,391	16.3%
Owner's Equity	106,211	81.1%
Valuation and translation adjustments	3,394	2.6%
Total Equity	109,606	83.7%
Total Liabilities and Equity	130,997	100.0%

15,998	12.6%	−4,448
6,281	—	—
9,716	—	—
659	0.5%	−285
16,657	13.1%	−4,733
106,033	83.5%	−178
4,254	3.4%	+860
110,288	86.9%	+681
126,945	100.0%	−4,051

< Breakdown >

■ Current Assets : −3,707mil

- Cash, deposits (−¥2,346mil)
- Accounts receivable (−¥7,217mil)
- Mk securities (+¥1,102mil)
- Inventory (+¥3,458mil)

■ Fixed Assets : − ¥344mil

- Tangible Assets (−¥183mil)
- Intangible Assets (+¥43mil)
- Investments (−¥204mil)

■ Current Liabilities : − ¥4,448mil

- Notes Payable (−¥1,191mil)
- Other (−¥3,257mil)

■ Non-Current Liabilities : −¥285mil

Financial Summary: KYORIN Pharmaceutical (Non-consolidated)



(unit : ¥million)

	Sep/2012	Sep/2013	Sep/2014
Sales (Exports)	42,951 (974)	44,933 (1,097)	43,922 (246)
Cost of Sales (cost of sales ratio) %	15,360 (35.8%)	15,609 (34.7%)	17,354 (39.5%)
SG&A Ratio to Sales (%)	21,680 (50.5%)	23,748 (52.9%)	23,069 (52.5%)
R&D Expenses Ratio to Sales (%)	4,681 (10.9%)	5,848 (13.0%)	6,334 (14.4%)
Operating Income Ratio to Sales (%)	5,910 (13.8%)	5,575 (12.4%)	3,498 (8.0%)
Ordinary Income Ratio to Sales (%)	6,470 (15.1%)	6,087 (13.5%)	3,957 (9.0%)
Net Income Ratio to Sales (%)	4,240 (9.9%)	4,261 (9.5%)	2,940 (6.7%)
EPS (¥)	¥57.10	¥57.38	¥39.60
Capital	4,317	4,317	4,317
Assets	124,789	122,396	126,945
Total Equity	104,128	103,608	110,288
BPS (¥)	¥1,402.06	¥1,395.06	¥1,485.00
ROE (%)	4.1%	4.1%	2.7%
Equity Ratio (%)	83.4%	84.7%	86.9%
Employees	1,832	1,797	1,801
Capital Expenditure	716	929	635
Depreciation Expense	828	807	814

Mar/2014	Mar/2015 (revised forecast)	Mar/2015 (original forecast)
97,662 (1,650)	97,100 (700)	98,500 (800)
35,119 (36.0%)	—	—
47,175 (48.3%)	—	—
11,064 (11.3%)	13,000 (13.4%)	11,800 (12.0%)
15,368 (15.7%)	11,500 (11.8%)	14,300 (14.5%)
16,230 (16.6%)	12,100 (12.5%)	14,900 (15.1%)
10,823 (11.1%)	10,200 (10.5%)	10,400 (10.6%)
¥145.74	—	—
4,317	—	—
130,997	—	—
109,606	—	—
¥1,475.82	—	—
10.2%	—	—
83.7%	—	—
1,780	—	—
4,763	1,500	1,500
1,743	1,700	1,800