

Consolidated Financial Results for the Fiscal Year Ending March 31, 2013

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May 9, 2013

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 Fiscal 2012



(¥ million)	FY2009	FY2010	FY2011	FY2012	change	FY2013 (forecast)	change
Net sales	99,764	104,069	103,232	107,031	+ 3.7%	113,000	+ 5.6%
Operating income	13,261	16,443	14,464	17,948	+ 24.1%	18,600	+ 3.6%
Ordinary income	14,234	17,110	15,275	18,676	+ 22.3%	19,200	+ 2.8%
Net income	8,848	10,927	9,231	12,422	+ 34.6%	12,700	+ 2.2%
Net income per share (yen)	¥118.37	¥146.21	¥123.54	166.25円	+ 34.6%	169.98円	+ 2.2%
Total assets	137,190	147,234	145,673	154,968	+ 6.4%	-	-
Total equity	104,911	111,706	118,201	129,099	+ 9.2%	-	-

Consolidated Business Results for Fiscal 2012 (Actual)

[Net Sales] Sales of ethical drug and generic drug increased year on year. And sales of KYORIN Pharmaceutical Facilities which commenced operations on Oct 1st/2012 contributed to increase of net sales. As a result, consolidated net sales increased 3.7% year on year, to ¥107.0bln for the maximum sales in the past.

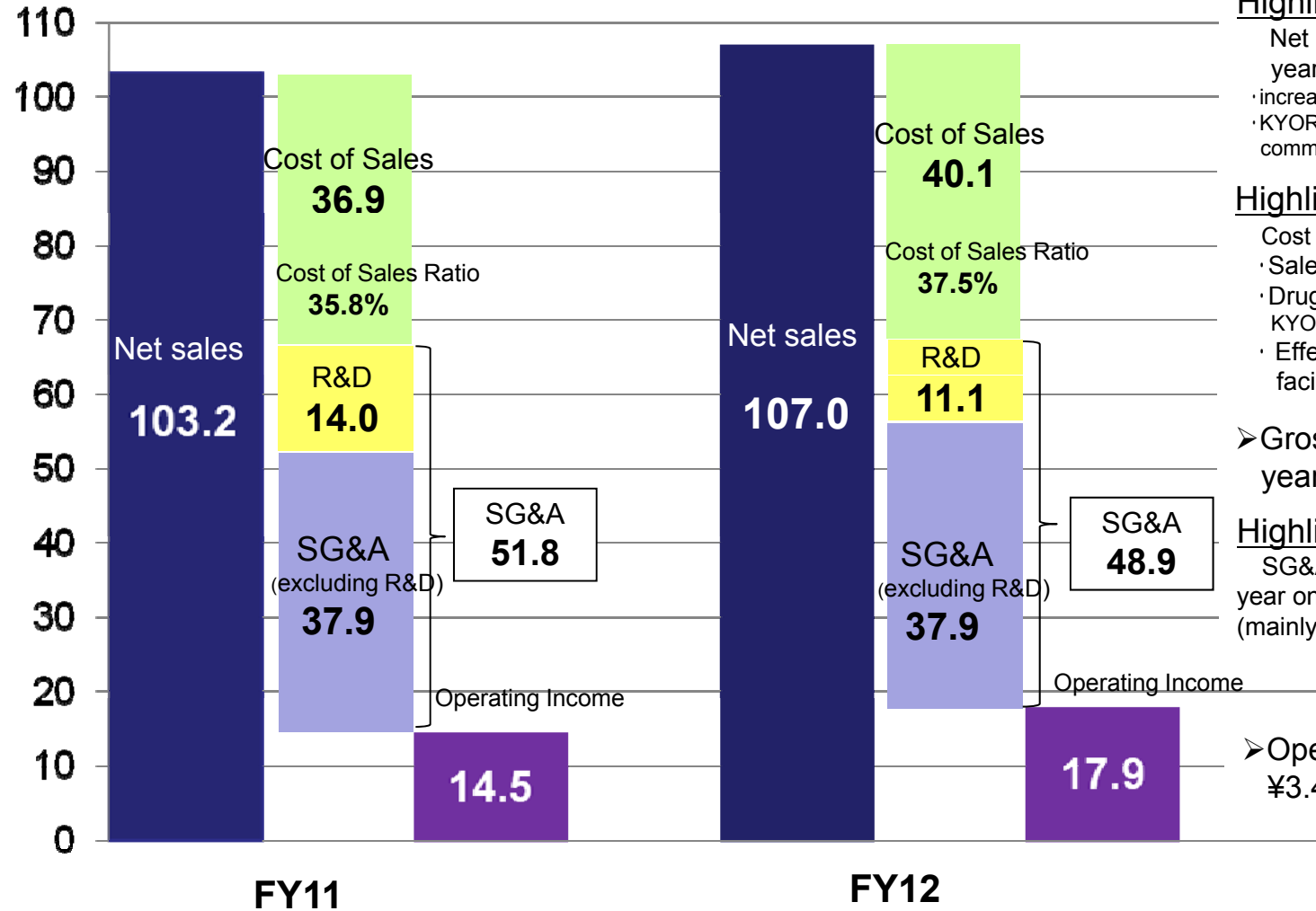
[Income] While cost of sales ratio increased 1.7% due to the drug price revision, effect of KYORIN pharmaceutical Facilities sales, gross profit rose ¥0.6bln due to the increase of net sales. SG & A expenses fell given a decrease in R&D expenses(-20.8% YoY). Consequently, operating income rose 24.1% to ¥17.9bln, net income rose 34.6% to ¥12.4bln year on year, for the maximum in the past.

Consolidated Business Results Forecast for Fiscal 2013

[Net Sales and Income] While SG & A expenses increase, we expect sales to grow due to ethical drug sales in Japan and generic drugs sales, and effect of KYORIN pharmaceutical Facilities full year sales. As a result, we expect net sales to increase 5.6% year on year to ¥113.0bln, operating income to increase 3.6% to ¥18.6bln, and net income to increase 2.2% to ¥12.7bln.

Highlights of Business Performance

(Units: ¥ billion)



Highlight

Net Sales increased ¥3.8bln year on year.

- increase of Japan ethical and generic drugs
- KYORIN Pharmaceutical Facilities commenced operations on Oct 1st /2012

Highlight

Cost of Sales Ratio increased 1.7points.

- Sales of generic drugs increased.
- Drug price revision (in the 6% range for KYORIN pharmaceutical)
- Effect of KYORIN pharmaceutical facilities sales.

➤ Gross profit increased ¥0.6bln year on year.

Highlight

SG&A Expenses decreased ¥2.9bln year on year.
(mainly, decrease of R&D Expenses)

➤ Operating Income increased ¥3.4bln year on year.

Consolidated Financial Results : vs FY2011

(¥ billion)	FY2011	FY2012	change
Net Sales (total)	103.2	107.0	+ 3.8
Ethical drugs Business	100.7	105.2	+ 4.5
Sales of new ethical drugs	88.0	90.7	+ 2.7
Japan	86.0	88.3	+ 2.3
Overseas	2.0	2.4	+ 0.4
Generic drugs	8.7	10.1	+ 1.4
Over-the-counter drugs	4.0	4.4	+ 0.4
Healthcare (Skin care) Business	2.6	1.9	- 0.7
Operating Income	14.5	17.9	+ 3.4
Ordinary Income	15.3	18.7	+ 3.4
Net Income	9.2	12.4	+ 3.2

Net Sales	¥107.0bln	change (+ 3.8)
Ethical drugs business	¥105.2bln	(+ 4.5)
Sales of new ethical drugs	¥88.3bln	(+ 2.3)
	<u>FY2011</u> <u>FY2012</u>	
· Kipres	36.8 39.6 (+ 2.8)	
· Mucodyne	21.5 19.1 (- 2.4)	
· Pentasa	18.0 17.6 (- 0.4)	
· Uritos	6.3 7.5 (+ 1.2)	
Sales of new ethical drugs in Overseas	¥2.4bln	(+ 0.4)
· Gatifloxacin	1.7 1.6 (- 0.1)	
Sales of Generic drugs	¥10.1bln	(+ 1.4)
	· Health insurance pharmacy market's sales and contract manufacturing's sales increased.	
Sales of Over-the-counter drugs	¥4.4bln	(+ 0.4)
	· increase of Milton and over the counter drugs	
Healthcare (Skin care) Business	¥1.9bln	(- 0.7)
	Sales declined at Dr. Program	(- 0.7)
Operating Income	¥17.9bln	(+ 3.4)
Operating Income margin increased 2.8 percentage points to 16.8%		
Cost of Sales Ratio : UP 1.7 percentage points (35.8% 37.5%)		
· Sales of generic drugs increased. · Drug price revision (in the 6% range for KYORIN pharma)		
· Effect of KYORIN pharmaceutical facilities sales.		
R&D Ratio : DOWN 3.2 percentage points (13.5% 10.3%)		
*¥14.0bln ¥11.1bln (DOWN ¥2.9bln)		
· Expenses associated with the progress of the R&D were posted in the previous year.		
(KRP-108Ph3, PENTASA Ph3, discontinued of KRP-104)		
SG&A Ratio (excluding R&D expenses) : DOWN 1.3 percentage points 36.7% 35.4%		
*¥37.9bln ¥37.9bln		
Net Income	¥12.4bln	(+ 3.2)
Dividend per share(interim dividend ¥10.0)	¥50.0	

Main Product Sales Update

(Units: ¥ billion)

		FY2008	FY2009	FY2010	FY2011	FY2012		FY2013 (forecast)
						actual	change	
Sales of new ethical drugs (Japan)	Kipres (LT receptor antagonist)	25.2	29.2	34.5	36.8	39.6	+ 7.7%	40.9
	Mucodyne (Mucoregulant)	20.6	20.9	21.3	21.5	19.1	- 10.8%	18.7
	Pentasa (Ulcerative colitis and Crohn's disease treatment)	15.7	19.4	19.4	18.0	17.6	- 2.0%	18.6
	Uritos (Kyorin) (Overactive bladder)	2.0	3.7	5.5	6.3	7.5	+ 18.3%	8.4
	Ketas (For bronchial asthma and cerebrovasculas disorders)	5.0	4.6	4.0	3.4	3.0	- 12.3%	2.7
Sales of new ethical drugs (over seas)	Gatifloxacin (Bulk · Royalty)	2.5	2.2	2.2	1.7	1.6	- 2.2%	1.6
Over-the- counter drugs	Milton (Disinfectant)	1.8	1.9	1.9	1.9	2.0	+ 8.1%	2.1

Actual and Forecast of Main Subsidiary Companies

(Units: ¥ billion)

KYORIN pharmaceutical	FY2011	FY2012
Sales	93.7	95.9
Operating Income	14.0	17.1
Net Income	9.3	11.9

FY2013(forecast)
100.0
17.7
12.4

KYORIN Rimedio	FY2011	FY2012
Sales	9.6	10.4
Operating Income	0.3	0.4
Net Income	0.3	0.5

FY2013(forecast)
11.5
0.4
0.2

Dr. Program	FY2011	FY2012
Sales	2.6	1.9
Operating Income	0.1	- 0.2
Net Income	0.0	- 0.3

FY2013(forecast)
1.7
0.1
0.1

R&D Expenses, Capex & Depreciation <Consolidated>

(Units: ¥ million)

	FY2008	FY2009	FY2010	FY2011	FY2012		FY2013 (forecast)
					actual	change	
R&D expenses	10,531	11,807	12,495	13,964	11,059	- 20.8%	12,100
Capital expenditure	1,612	1,291	1,668	1,952	6,576	+ 236.8%	4,400
Depreciation expense	3,799	2,810	2,458	2,363	2,738	+ 15.9%	3,300

<Capital expenditure (Actual/Forecast)>

(Units: ¥ billion)

	FY2011	FY2012	FY2013 (forecast)
Plant facilities	1.1	4.6	1.6
Equipment for control, sales activities	0.4	1.4	1.2
Equipment for research	0.4	0.5	1.6

Main R&D Activities -1 (May 5 , 2013 Release)

Ph III ~ Application submitted

Changes from the previous announcement
(Feb 4, 2013)

Stage		Compound/ Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
Approved (3/2013)		Pentasa (suppository)	Ulcerative colitis	Ferring Pharmaceuticals	Consideration of a new dosage form for the active phase of ulcerative colitis (once a day)	· Development of a new dosage form · Ph completed(2/2012)
Application submitted (9/2012)	(US) SkyePharma : Application submitted (3/2009) (Europe) Mundipharma : Launched(9/2012)	KRP-108 (Inhalant)	Anti- asthmatic	SkyePharma PLC	An ICS/LABA combination product, which offers better compliance and convenience to the patients	· License agreement with SkyePharma (4/2008) · Domestic Ph II completed (4/2010) · Ph completed(3/2012)
Ph (9/2012)	(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 (4/2013)		KIPRES (Chewable, Oral Granules)	Bronchial Asthma	Merck	For pediatric patient : Allergic Rhinitis	· Additional indication · Co-development with MSD K.K.

Main R&D Activities -2 (May 5 , 2013 Release)

POC Project (Pre-clinical ~ Ph II)

Changes from the previous announcement
(Feb 4, 2013)

Stage		Compound/ Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
Ph (5/2012)	(Europe & US) Almirall: Ph (US) Forest Laboratories : Ph	KRP-AB1102F (Fixed dose combination inhaled drug)	Chronic Obstructive Pulmonary Disease (COPD)	Almirall	Combination of acclidinium 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 clinical development.	
Ph (8/2011)	Ph 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 (3/2013)	Ph (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 (8/2011)		KRP-AM1977X (Oral agent)	New quinolone synthetic antibacterial agent	In-house	Superior ability to combat drug-resistant gram- positive bacteria (incl. MRSA) Outstanding ADME (oral absorption, tissue migration)	
Ph (7/2012)		KRP-AM1977Y (Injection)	New quinolone synthetic antibacterial agent	In-house	High degree of safety expected since safety hurdles cleared prior to clinical trials	

Reference

Segment information

Sales, Profit or Loss of each report segment

(Units: ¥ billion)

	Sales	change	Profit	change
Net Sales (total)	107.0	+ 3.8	17.9	+ 3.4
Ethical drugs business	105.2	+ 4.5	18.0	+ 3.8
Sales of new ethical drugs	90.7	+ 2.7		
Japan	88.3	+ 2.3		
Overseas	2.4	+ 0.4		
Generic drugs	10.1	+ 1.4		
Over-the-counter drugs	4.4	+ 0.4		
Healthcare(Skincare) business	1.9	- 0.7	- 0.2	- 0.3
Amount of adjustment	-	-	0.2	0.0

(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)



(Units: ¥ million)

	FY2011		FY2012			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	103,232	100.0%	107,031	100.0%	+ 3.7%	+ 3,798
Ethical Drugs business	100,654	97.5%	105,162	98.3%	+ 4.5%	+ 4,507
Sales of new Ethical Drugs	88,011	85.3%	90,686	84.7%	+ 3.0%	+ 2,675
Japan	85,995	83.3%	88,286	82.5%	+ 2.7%	+ 2,290
Overseas	2,015	2.0%	2,400	2.2%	+ 19.1%	+ 385
Generic Drugs	8,656	8.4%	10,095	9.4%	+ 16.6%	+ 1,439
Over-the-counter Drugs and Others	3,987	3.9%	4,379	4.1%	+ 9.8%	+ 392
Consumer Healthcare Business	2,577	2.5%	1,869	1.7%	- 27.5%	- 708

<Subsidiaries and Equity-method Affiliates>

Consolidated subsidiaries (8) :

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

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

< Breakdown >

Sales **¥107,031** **(+ ¥3,798)**
 change

Ethical drug sales in Japan

¥88,286 **(+ ¥2,290)**

FY2011 FY2012 (¥:billion)

• Kipres 36.8 39.6 (+ 2.8)
 • Mucodine 21.5 19.1 (+ 2.4)
 • Pentasa 18.0 17.6 (- 0.4)
 • Uritos 6.3 7.5 (+ 1.2)

Ethical drug sales overseas

¥2,400 **(+ ¥385)**

• Gatifloxacin 1.7 1.6 (- 0.1)

Generic Drugs **¥ 10,095** **(+ ¥1,439)**

* Health insurance pharmacy market's sales and contract manufacturing's sales increased.

Over-the-counter Drugs and Others

¥4,739 **(+ ¥392)**

* increase of Milton and over the counter drugs

Consumer Healthcare Business

¥1,869 **(- ¥708)**

* decrease of Dr.Program's sales

P&L Summary: Consolidated Results – (2)



(Units: ¥ million)

	FY2011		FY2012			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	103,232	100.0%	107,031	100.0%	+ 3.7%	+ 3,798
Cost of Sales	36,926	35.8%	40,133	37.5%	+ 8.7%	+ 3,207
Gross Profit	66,306	64.2%	66,897	62.5%	+ 0.9%	+ 591
SG&A (Incl. R&D expenses)	51,842 (13,964)	50.2% 13.5%	48,949 (11,059)	45.7% 10.3%	- 5.6% - 20.8%	- 2,892 - 2,904
Operating Income	14,464	14.0%	17,948	16.8%	+ 24.1%	+ 3,484
Non-Operating Income	879	0.9%	790	0.7%	- 10.1%	- 88
Non-Operating Expenses	67	0.1%	62	0.1%	- 8.5%	- 5
Ordinary Income	15,275	14.8%	18,676	17.4%	+ 22.3%	+ 3,401
Extraordinary Profits	22	0.0%	25	0.0%	+ 15.4%	+ 3
Extraordinary Losses	34	0.0%	98	0.1%	+ 182.0%	+ 63
Income before income taxes	15,262	14.8%	18,603	17.4%	+ 21.9%	+ 3,340
Corporate, inhabitants and enterprise taxes	5,179	5.0%	5,869	5.5%	+ 13.3%	+ 689
Tax adjustments	851	0.8%	312	0.3%	- 63.3%	- 539
Net Income	9,231	8.9%	12,422	11.6%	+ 34.6%	+ 3,190

< Breakdown >

Cost of Sales Ratio : UP 1.7 percentage points
(35.8 %→37.5%)

- * · Sales of generic drugs increased.
- Drug price revision (in the 6% range for KYORIN pharma)
- Effect of KYORIN pharmaceutical facilities sales

R&D Ratio : DOWN 3.2 percentage Points
(13.5%→10.3%)

- * ¥14.0bln→¥11.1bln(decrease ¥2.9bln)
- Expenses associated with the progress of the R&D were posted in the previous year .
(KRP-108Ph3, PENTASA Ph3 , discontinued of KRP-104)

SG&A (exclude R&D) Expenses : DOWN 1.3 percentage Points
(36.7%→35.4%)

* ¥37.9bln→¥37.9bln

Operating Income ¥17,948(+ ¥3,484)

* Operating Income margin increased 2.8percentage points to 16.8%

Net Income ¥12,422(+ ¥3,190)

Dividend per share ¥50.00

* Consolidated payout ratio 30.1%

BS Summary: Consolidated Results

(Units: ¥ million)	FY2011	
	Actual	%total
Current Assets	99,850	68.5%
Cash, deposits	21,615	
Notes and accounts receivable	45,067	
Mk securities	7,372	—
Inventory	20,738	
Other	5,056	
Fixed Assets	45,822	31.5%
Tangible assets	14,544	
Intangible assets	846	—
Investments	30,431	
Total Assets	145,673	100.0%

FY2012		
Actual	% total	change
108,265	69.9%	+ 8,414
21,370		
46,555		
11,667	—	—
19,938		
8,733		
46,702	30.1%	+ 880
18,209		
916	—	—
27,577		
154,968	100.0%	+ 9,295

Current Liabilities	23,385	16.1%
Notes payable	9,043	—
Other	14,341	
Non-Current Liabilities	4,086	2.8%
Total Liabilities	27,471	18.9%
Owner's Equity	117,931	81.0%
Other Comprehensive Income	269	0.2%
Unrealized holding gain (loss) on securities	537	—
Foreign currency translation adjustments	267	
Total Equity	118,201	81.1%
Total Liabilities and Equity	145,673	100.0%

22,897	14.8%	- 487
8,556	—	—
14,341		
2,970	1.9%	- 1,115
25,868	16.7%	- 1,603
126,985	81.9%	+ 9,054
2,113	1.4%	+ 1,843
2,293	—	—
- 180		
129,099	83.3%	+ 10,898
154,968	100.0%	+ 9,295

< Breakdown >

Current Asset : + ¥8,414mil

- Cash, deposits (- ¥245mil)
- Notes and accounts receivable (+ ¥1,487mil)
- Mk securities (+ ¥4,295mil)
- Inventory (- ¥800mil)
- Other (+ ¥3,677mil)

Fixed Assets : + ¥880mil

- Tangible Assets (+ ¥3,665mil)
- Intangible Assets (+ ¥70mil)
- Investments (- ¥2,854mil)

Current Liabilities : - ¥487mil

- Notes Payable (- ¥486mil)
- Other (- ¥0mil)

Non-Current Liabilities : - ¥1,115mil

Financial summary (Consolidated)

(¥ million)	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 (forecast)
Sales (Exports)	90,889 (3,830)	99,764 (2,693)	104,069 (2,784)	103,232 (2,059)	107,031 (2,400)	113,000 (2,100)
Cost of Sales (cost of Sales Ratio) (%)	36,791 (40.5%)	37,477 (37.6%)	37,554 (36.1%)	36,926 (35.8%)	40,133 (37.5%)	—
SG&A Ratio to Sales (%)	45,146 (49.7%)	49,025 (49.1%)	50,071 (48.1%)	51,842 (50.2%)	48,949 (45.7%)	—
R&D Expenses Ratio to Sales (%)	10,531 (11.6%)	11,807 (11.8%)	12,495 (12.0%)	13,964 (13.5%)	11,059 (10.3%)	12,100 (10.7%)
Operating Income Ratio to Sales (%)	8,952 (9.8%)	13,261 (13.3%)	16,443 (15.8%)	14,464 (14.0%)	17,948 (16.8%)	18,600 (16.5%)
Ordinary Income Ratio to Sales (%)	9,208 (10.1%)	14,234 (14.3%)	17,110 (16.4%)	15,275 (14.8%)	18,676 (17.4%)	19,200 (17.0%)
Net Income Ratio to Sales (%)	2,037 (2.2%)	8,848 (8.9%)	10,927 (10.5%)	9,231 (8.9%)	12,422 (11.6%)	12,700 (11.2%)
EPS (¥)	27.24	118.37	146.21	123.54	166.25円	169.98円
Capital	700	700	700	700	700	—
Assets	124,552	137,190	147,234	145,673	154,968	—
Total Equity	96,501	104,911	111,706	118,201	126,985	—
BPS (¥)	1,290.67	1,403.60	1,494.83	1,581.94	129,099	—
ROE (%)	2.1%	8.8%	10.1%	8.0%	1,727.86円	—
Equity Ratio (%)	77.5%	76.5%	75.9%	81.1%	10.0%	—
Employees	2,247	2,246	2,294	2,297	83.3%	—
Capital Expenditure	1,612	1,291	1,668	1,952	2,444人	—
Depreciation Expense	3,799	2,810	2,458	2,363	6,576	4,400

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



(Units: ¥ million)

	FY2011		FY2012			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	93,697	100.0%	95,894	100.0%	+ 2.3%	+ 2,197
Ethical Drugs business	93,697	100.0%	95,894	100.0%	+ 2.3%	+ 2,197
Sales of new Ethical Drugs	87,899	93.8%	88,975	92.8%	+ 1.2%	+ 1,075
Japan	85,995	91.8%	86,698	90.4%	+ 0.8%	+ 702
Overseas	1,904	2.0%	2,277	2.4%	+ 19.6%	+ 373
Generic Drugs	3,206	3.4%	4,116	4.3%	+ 28.4%	+ 909
Over-the-counter Drugs and Others	2,591	2.8%	2,802	2.9%	+ 8.2%	+ 211

< Breakdown >

Sales **¥95,894mil** (+ ¥2,197mil)

Ethical drug sales in Japan

¥86,698mil (+ ¥702mil)

FY2011 FY2012 (¥ billion)

- Kipres 36.8 → 39.6 (+ 2.8)
- Mucodyne 21.5 → 19.1 (+ 2.4)
- Pentasa 18.0 → 17.6 (- 0.4)
- Uritos 6.3 → 7.5 (+ 1.2)

Ethical drug sales overseas

¥2,277mil (+ ¥373mil)

- Gatifloxacin 1.7 → 1.6 (- 0.1)

Generic Drugs ¥4,116mil (+ ¥909mil)

- Mainly the effect from consolidating distribution at KYORIN Rimedio

Over-the-counter Drugs and Others

¥2,802mil (+ ¥211mil)

- milton 1.9 → 2.0 (+ 0.1)

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



(Units: ¥ million)

	FY2011		FY2012			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	93,697	100.0%	95,894	100.0%	+ 2.3%	+ 2,197
Cost of Sales	32,046	34.2%	33,868	35.3%	+ 5.7%	+ 1,822
Gross Profit	61,650	65.8%	62,025	64.7%	+ 0.6%	+ 374
SG&A (R&D Expenses)	47,679 (13,472)	50.9% (14.4%)	44,898 (10,733)	46.8% (11.2%)	- 5.8% - 20.3%	- 2,780 - 2,739
Operating Income	13,971	14.9%	17,127	17.9%	+ 22.6%	+ 3,155
Non-Operating Income	1,179	1.3%	1,100	1.1%	- 6.7%	- 79
Non-operating Expenses	24	0.0%	19	0.0%	- 22.1%	- 5
Ordinary Income	15,126	16.1%	18,209	19.0%	+ 20.4%	+ 3,082
Extraordinary Profits	22	0.0%	25	0.0%	+ 14.2%	+ 3
Extraordinary Losses	22	0.0%	81	0.1%	+ 260.2%	+ 58
Income before Income taxes	15,126	16.1%	18,152	18.9%	+ 20.0%	+ 3,026
Corporate, inhabitants and enterprise taxes	5,100	5.4%	5,635	5.9%	+ 10.5%	+ 534
Tax adjustments	751	0.8%	585	0.6%	- 22.1%	- 165
Net Income	9,274	9.9%	11,931	12.4%	+ 28.7%	+ 2,657

< Breakdown >

Cost of Sales Ratio : UP 1.1 percentage points
(34.2%→35.3%)

* Reason for increase :

- Sales of generic drugs increased.
- Drug price revision(in the 6% range for KYORIN pharmaceutical)

R&D Ratio : DOWN 3.2 percentage Points
(14.4%→11.2%)

* ¥13.5bln→¥10.7bln(decrease of approx. ¥2.8bln)

Reason for decrease :

- Expenses associated with the progress of the R&D were posted in the previous year .
(KRP-108Ph3, PENTASA Ph3 , discontinued of KRP-104)

SG&A (exclude R&D) Expenses :
DOWN 0.9 percentage Points (36.5%→36.5%)

Operating Income ¥17,127 (+ 3,155)

* Operating Income margin increased 3.0percentage points to 17.9%

Net Income ¥11,931 (+ 2,657)

BS Summary: KYORIN Pharmaceutical (Non-consolidated)



(Units: ¥ million)

	FY2011	
	Actual	% total
Current Assets	80,542	66.0%
Cash, deposits	9,444	
Accounts receivable	42,046	
Mk securities	7,309	—
Inventory	17,877	
Other	3,863	
Fixed Assets	41,443	34.0%
Tangible assets	11,497	
Intangible assets	388	—
Investments	29,558	
Total Assets	121,985	100.0%

FY2012		
Actual	% total	change
84,041	69.0%	+ 3,499
7,192		
43,320		
11,604	—	—
16,615		
5,308		
37,840	31.0%	- 3,603
11,340		
284	—	—
26,215		
121,881	100.0%	- 103

< Breakdown >

Current Assets : + ¥3,499mil

- Cash, deposits (- ¥2,252mil)
- Accounts receivable (+ ¥1,273mil)
- Mk securities (+ ¥4,295mil)
- Inventory (- ¥1,261mil)

Fixed Assets : - ¥3,603mil

- Tangible Assets (- ¥156mil)
- Intangible Assets (- ¥104mil)
- Investments (- ¥3,343mil)

Current Liabilities : + ¥354mil

- Notes Payable (- ¥1,164mil)
- Other (+ ¥1,518mil)

Non-Current Liabilities : - ¥1,125mil

Current Liabilities	16,526	13.5%
Notes Payable	6,609	—
Other	9,916	
Non-Current Liabilities	3,281	2.7%
Total Liabilities	19,807	16.2%
Owner's Equity	101,652	83.3%
Valuation and translation adjustments	525	0.4%
Total Equity	102,177	83.8%
Total Liabilities and Equity	121,985	100.0%

16,880	13.9%	+ 354
5,445	—	—
11,435		
2,156	1.8%	- 1,125
19,037	15.6%	- 770
100,586	82.5%	- 1,065
2,257	1.9%	+ 1,732
102,844	84.4%	+ 666
121,881	100.0%	- 103

Financial Summary: KYORIN Pharmaceutical (Non-consolidated)



(¥ million)	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 (forecast)
Sales (Exports)	77,962 (3,148)	85,308 (2,563)	92,531 (2,642)	93,697 (1,904)	95,894 (2,277)	100,000 (1,900)
Cost of Sales (cost of sales ratio) %	29,551 (37.9%)	28,374 (33.3%)	31,227 (33.7%)	32,046 (34.2%)	33,868 (35.3%)	—
SG&A Ratio to Sales (%)	39,894 (51.2%)	43,795 (51.3%)	45,658 (49.3%)	47,679 (50.9%)	44,898 (46.8%)	—
R&D Expenses Ratio to Sales (%)	10,056 (12.9%)	11,121 (13.0%)	11,867 (12.8%)	13,472 (14.4%)	10,733 (11.2%)	11,300 (11.3%)
Operating Income Ratio to Sales (%)	8,517 (10.9%)	13,139 (15.4%)	15,645 (16.9%)	13,971 (14.9%)	17,127 (17.9%)	17,700 (17.7%)
Ordinary Income Ratio to Sales (%)	9,463 (12.1%)	14,580 (17.1%)	16,729 (18.1%)	15,126 (16.1%)	18,209 (19.0%)	18,600 (18.6%)
Net Income Ratio to Sales (%)	4,041 (5.2%)	9,472 (11.1%)	10,732 (11.6%)	9,274 (9.9%)	11,931 (12.4%)	12,400 (12.4%)
EPS (¥)	54.42	127.54	144.51	124.88	160.66円	—
Capital	4,317	4,317	4,317	4,317	4,317	—
Assets	108,522	119,822	122,661	121,985	121,881	—
Total Equity	88,470	95,505	95,573	102,177	102,844	—
BPS (¥)	1,191.24	1,285.95	1,286.87	1,375.79	1,384.77円	—
ROE (%)	4.6%	10.3%	11.2%	9.4%	11.6%	—
Equity Ratio (%)	81.5%	79.7%	77.9%	83.8%	84.4%	—
Employees	1,716	1,724	1,804	1,798	1,797人	—
Capital Expenditure	969	1,051	1,019	1,425	1,507	2,800
Depreciation Expense	3,042	2,198	1,968	1,790	1,743	1,800