

Presentation of March 2011 Financial Results

May 12, 2011

KYORIN Holdings, Inc.

Representative Director,
President and Chief Executive Officer
Masahiro Yamashita



- Outline of Consolidated Financial Results for the Year Ended March 31, 2011
- Initiatives in Fiscal 2011
 - Progress in the medium-term business plan, HOPE 100 Stage 1
- Consolidated Forecast for the Year Ending March 31, 2012
- Status of R&D Pipeline
 - Progress in fiscal 2010 and initiatives in fiscal 2011

Outline of Consolidated Financial Results for the Year Ended March 31, 2011



Units: ¥ billion	FY09 Actual	FY10		Change	% Change
		Forecast	Actual		
Net sales	99.8	101.8	104.1	+4.3	4.3% inc.
Operating income	13.3	14.7	16.4	+3.1	24.0% inc.
Ordinary income	14.2	15.3	17.1	+2.9	20.2% inc.
Net income	8.8	9.7	10.9	+2.1	23.5% inc.

Results exceeded forecasts, with sales increasing for a 7th consecutive year, and income increasing for a 2nd consecutive year to reach a record high.

Consolidated Financial Results for the Year Ended March 31, 2011 (Breakdown of Sales)

Units: ¥ billion	FY09 Actual	FY10		Change	% Change
		Forecast	Actual		
Total net sales	99.8	101.8	104.1	+4.3	4.3% inc.
■ Ethical Drugs business	96.4	99.0	101.3	+4.9	5.0% inc.
◆ Sales of new Ethical Drugs	82.4	86.3	88.0	+5.6	6.8% inc.
○ Japan	79.8	83.6	85.3	+5.5	6.9% inc.
○ Overseas	2.6	2.7	2.7	+0.1	4.1% inc.
◆ Generic Drugs	8.6	8.5	8.9	+0.3	2.7% inc.
◆ Over-the-counter Drugs and Others	5.4	4.1	4.4	-1.0	18.7% dec.
■ Consumer Healthcare (Skincare) Business	3.3	2.8	2.8	-0.5	16.3% dec.

(Restated) Consumer Healthcare (Skincare + Over-the-counter Drugs and Others) business	8.7	6.9	7.2	-1.5	17.8% dec.
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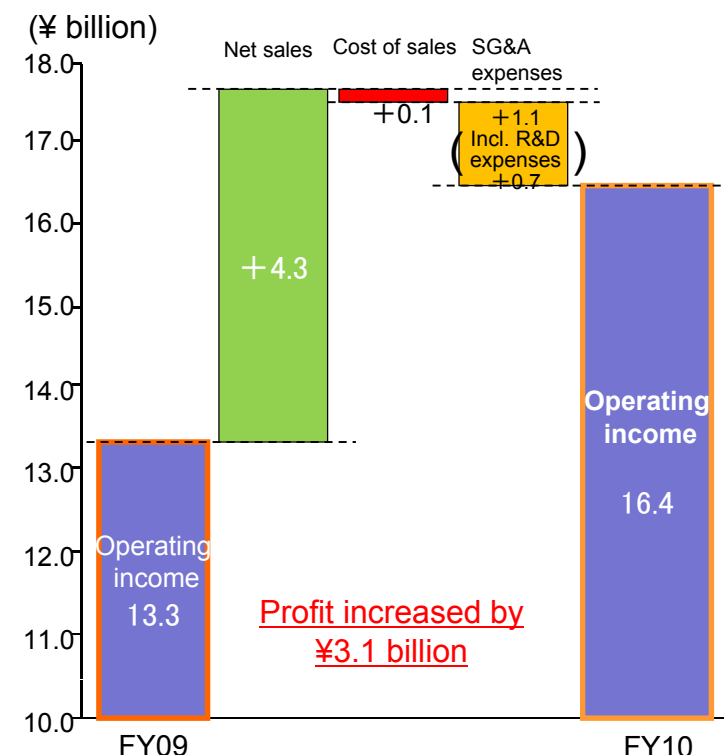
Breakdown of Sales

【Ethical in Japan】	¥+5.5 billion
【Generic drugs】	¥+0.3 billion
【Over-the-counter Drugs and Others】	¥-1.0 billion
【Skincare】	¥-0.5 billion

- Strong sales of mainstay products including Kipres and Uritos despite the effects of drug price revisions
- Steady sales in the health insurance pharmacy market (Due to a change in the closing date of KYORIN Rimedio Co., Ltd the business results for the year ended March 2010 are for a 14 month period.)
- Sales were lower at KYORIN Medical Supply Co., Ltd. (formerly Kyobundo Co., Ltd. due to changing the company's fiscal year end.
(Due to a change in the closing date of KYORIN Medical Supply Co., Ltd. the business results for the year ended March 2010 cover 13 months.)
- Sales decreased at Dr. Program Co., Ltd.

Consolidated Financial Results for Year Ended March 31, 2011 (Breakdown of Gain and Loss)

Units: ¥ billion	FY09 Actual	FY10 Actual	Change	% Change
Net sales	99.8	104.1	+4.3	4.3% inc.
Cost of sales	37.5	37.6	+0.1	0.2% inc.
SG&A expenses	49.0	50.1	+1.1	2.1% inc.
R&D expenses	11.8	12.5	+0.7	5.8% inc.
SG&A expenses (excluding R&D expenses)	37.2	37.6	+0.4	1.0% inc.
Operating income	13.3	16.4	+3.1	24.0% inc.
Ordinary income	14.2	17.1	+2.9	20.2% inc.
Net income	8.8	10.9	+2.1	23.5% inc.



Breakdown of Gain and Loss

Operating income increased by ¥3.1 billion

• Gross profit increased by ¥4.2 billion

Net sales increased by ¥4.3 billion, while cost of sales rose only ¥0.1 billion

Cost of sales ratio improved by 1.5 points (from 37.6% to 36.1%, main factors included increased sales of low-cost Uritos and lower cost of sales at KYORIN Rimedio)

• SG&A expenses increased by ¥1.1 billion

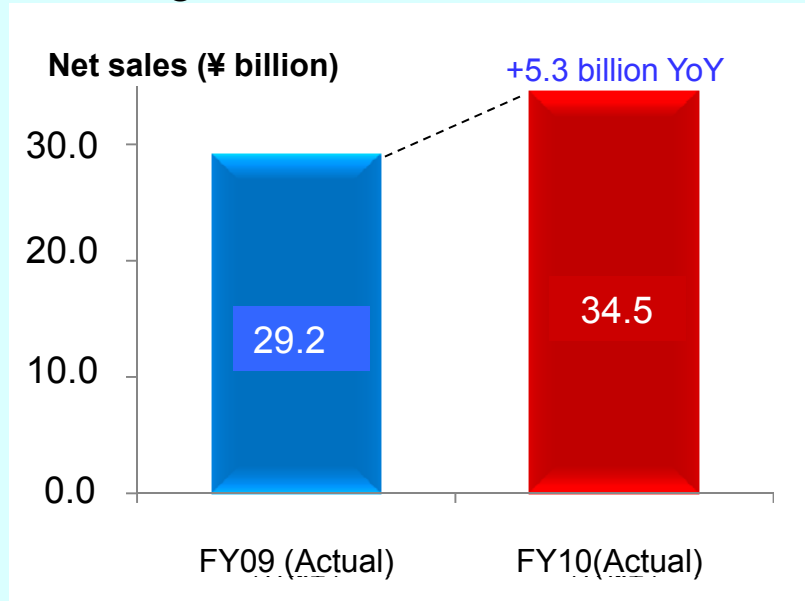
R&D expenses increased by ¥0.7 billion (progress of development pipelines and one-off payments for in-licensing). SG&A expenses excluding R&D expenses increased ¥4.0 billion (SG&A ratio excluding R&D expenses decreased by 1.2 percentage points)

Sales of Main Products

(¥ billion)	FY09 (Actual)	FY10		Change	% Change
		Forecast	Actual		
Kipres	29.2	32.2	34.5	+5.3	18.3% inc.
Mucodyne	20.9	21.8	21.3	+0.4	1.6% inc.
Pentasa	19.4	19.5	19.4	+0.0	0.1% inc.
Uritos	3.7	5.5	5.5	+1.8	48.4% inc.

[New drugs] Kipres and Uritos

Kipres, for treating bronchial asthma and allergic rhinitis



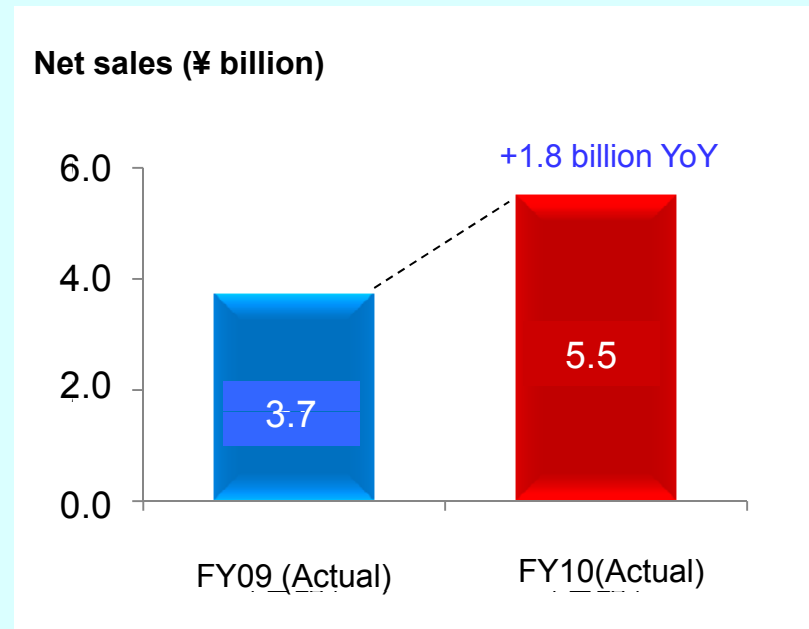
■ Status in Fiscal 2010

- Growth in prescriptions for allergic rhinitis
- Increased adoption and prescription for adult and childhood asthma
- Increased adoption and prescription of Kipres 4 mg fine granules and Kipres Chewable Tablets 5mg
- Increased market share for LT antagonists
29.1% (March 2010 MAT) ⇒ 31.3% (March 2011 MAT)

(Source: IMS JAPAN K.K., JPM, March 2010/March 2011 MAT. Unauthorized copying prohibited)

* Drug price revisions: -7.2%

Uritos, a treatment for overactive bladder



■ Status in Fiscal 2010

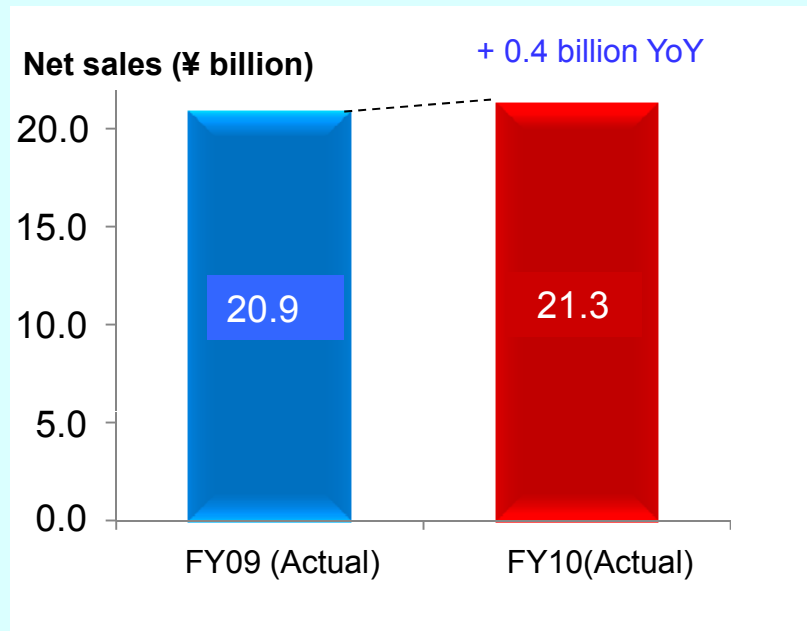
- Uncovering potential markets
OAB market: ¥57.0 billion (March 2010 MAT)
⇒ ¥60.0 billion (March 2011 MAT)
- Product differentiation and proposal for first choice prescription
- Increase share for Uritos in the OAB market
7.5% (March 2010 MAT) ⇒ 9.3% (March 2011 MAT)

[Imidafenacin share 15.5% (March 2010 MAT) ⇒ 19.3% (March 2011 MAT)]
(Source: IMS JAPAN K.K., JPM, March 2010/March 2011 MAT. Unauthorized copying prohibited)

* Drug price revisions: -0.9%

[Original Drugs] Mucodyne and Pentasa

Mucodyne, a mucoregulant

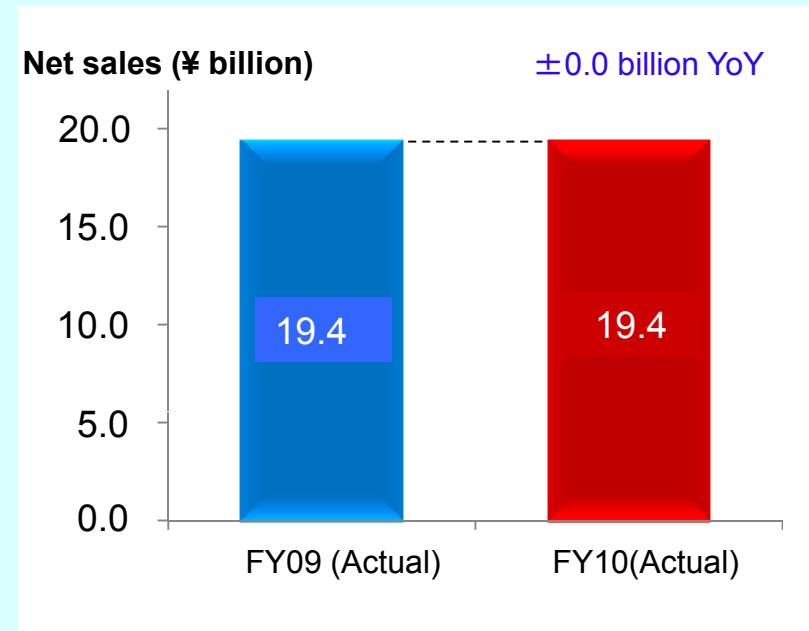


■ Status in Fiscal 2010

- **New formulation Mucodyne DS50%**
: FY10 sales approx. ¥4.0 billion (launched in May 2010)
- **Growth in prescriptions for chronic respiratory disorder and chronic sinusitis**

* Drug price revisions: -7.6%

Pentasa, a treatment for ulcerative colitis and Crohn's disease

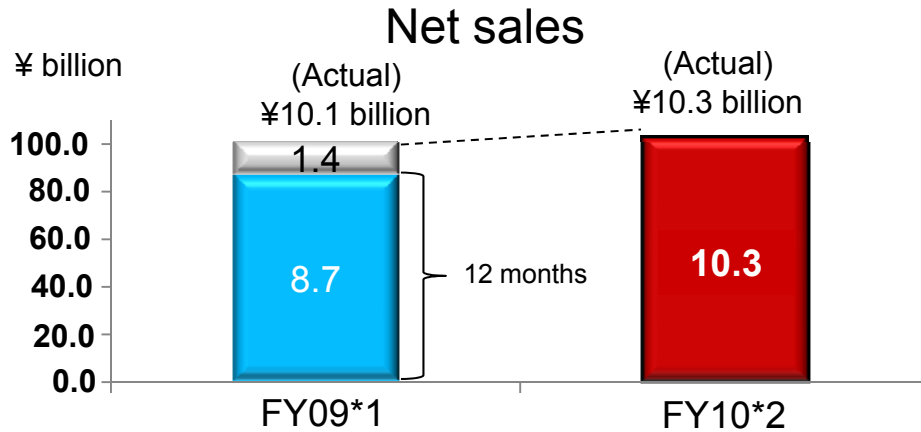


■ Status in Fiscal 2010

- **Establish basic prescription for ulcerative colitis**
 - Popularize prescription of 4g for active periods
 - Promote simultaneous use of intestinal infusion to induce and maintain remission
- **Market for mesalazine formulations increased**
 - Market for mesalazine formulations increased by approx. 9%
MAT (March 2010 MAT) : ¥25 billion ⇒ MAT (March 2010 MAT) : ¥28 billion
(Source: IMS JAPAN K.K., JPM, March 2010/March 2011 MAT. Unauthorized copying prohibited)

* Drug price revisions: -6.2%

KYORIN Rimedio Co., Ltd (Generic Drugs)



*1 Closing date changed from January 31 to March 31 (FY09 result is for a 14 month period)

*2 Recorded net sale of approx. ¥6.0 billion for initial inventories from the integration of wholesale channels (logistics) into KYORIN Pharmaceutical (September)

■ Status in Fiscal 2010

■ Achieved net sales of ¥10.0 billion within 12 months

● Reason for sales increase

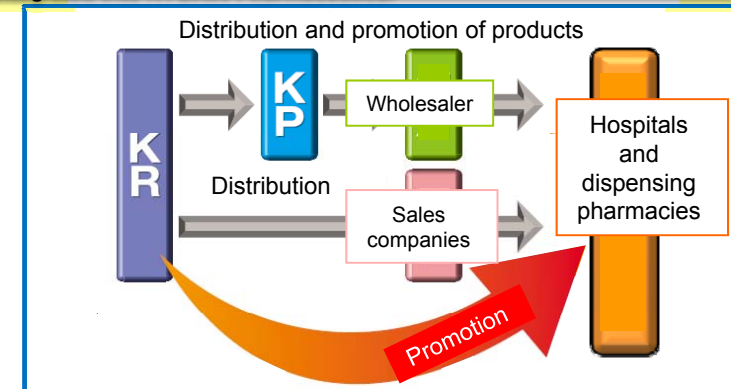
- Strong sales in the health insurance pharmacy market

● Reason for profit increase

- Lower cost of sales ratio: lower costs for raw materials, etc.

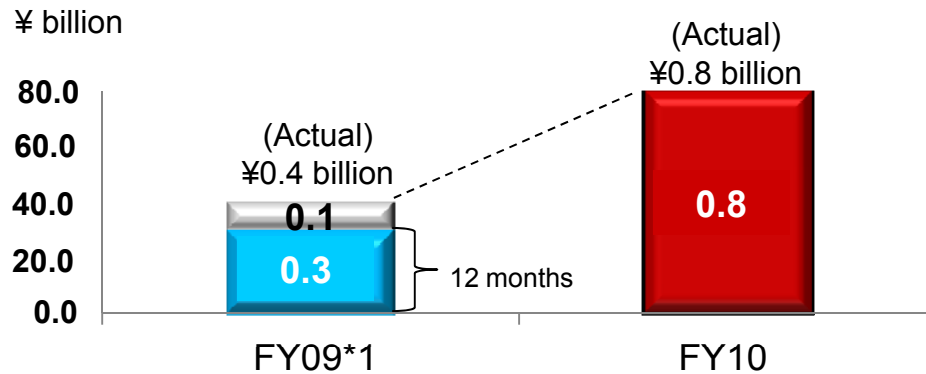
■ Logistics integration

From October 1, 2010, the KYORIN Rimedio wholesale channels (logistics) were integrated into KYORIN Pharmaceutical



- Expanded sales for generic drugs through the wholesale channel For “GE”
- Used a flexible approach to respond to changes in the environment

Operating income



*1 Closing date changed from January 31 to March 31 (FY09 result is for a 14 month period)

Initiatives in Fiscal 2011

**Progress in the Medium-Term Business plan,
HOPE 100 Stage 1**

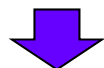
Multi-core Strategy (MC Strategy)

-Diversify the Consumer Healthcare Business Centering on the Ethical Drug-

Ethical Drugs Business

Pharma Complex Model

(PC model)



Multi-faceted business development

(New Drugs, Original Drugs, Ggeneric drugs)

Consumer Healthcare Business

Cultivate existing businesses and create new businesses

Aim to achieve sustainable growth through multi-faceted business development responsive to a changing environment

■ New Drugs Group:

- Maximize the penetration of key products (Kipres and Uritos)
- Enhance the Development Pipeline

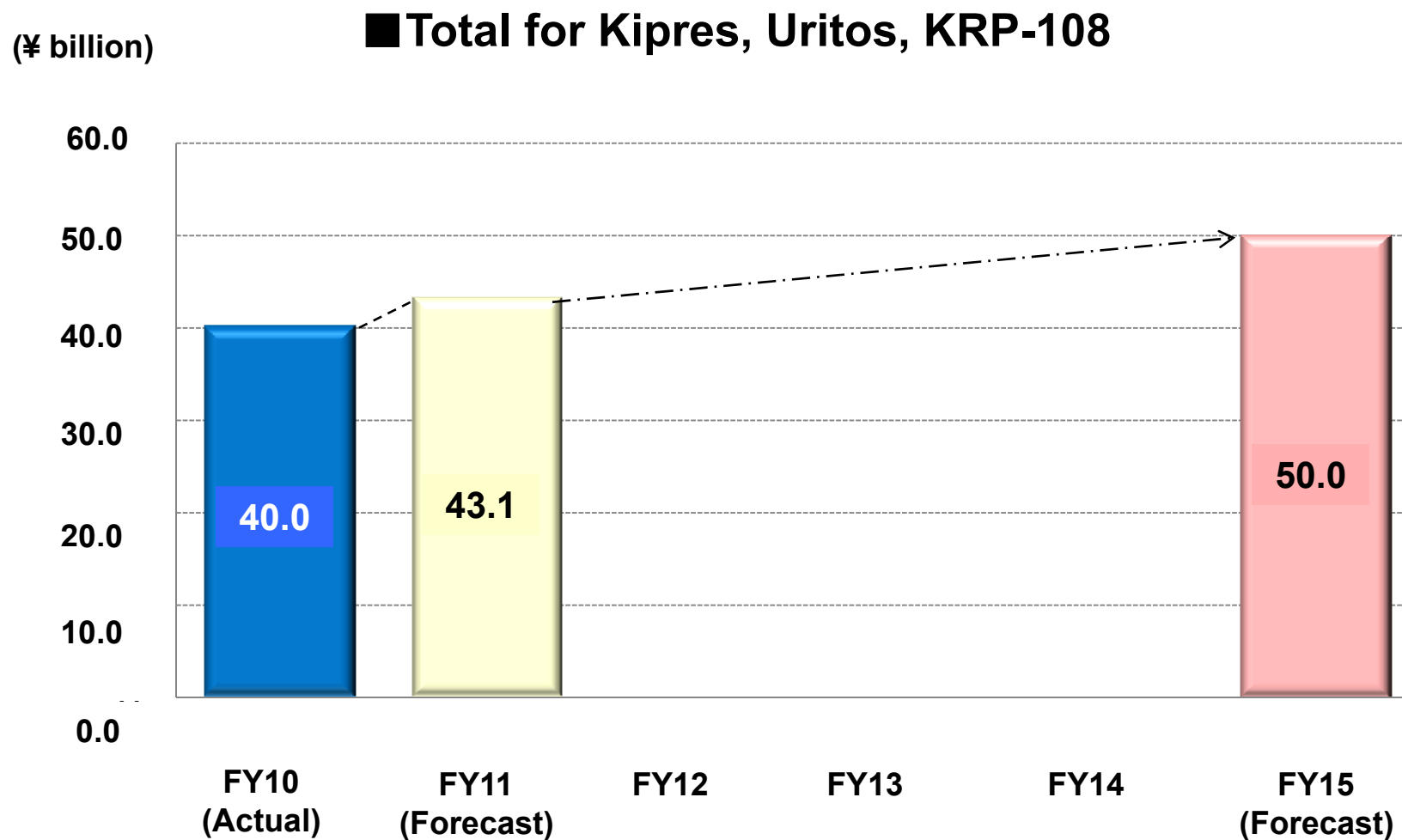
■ Original Drugs Group:

- Seek to improve the product value and extend the life cycle of key products such as Mucodyne and Pentasa via LCM

■ Generic Drugs Group:

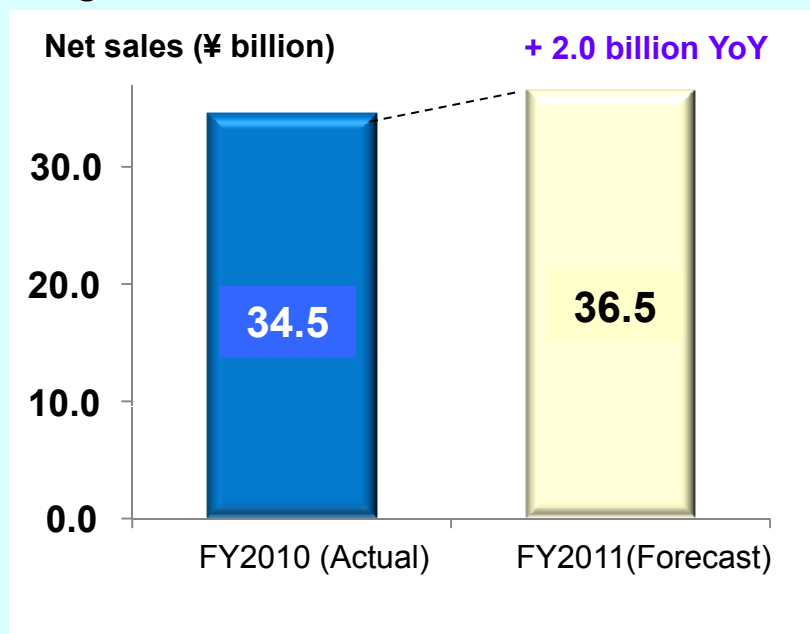
- Leverage stronger ties within the KYORIN Group to promote a more distinctive generics business
- Promote domestic and overseas alliances to enhance product lineup and lower costs

Target Net Sales for New Drugs



[New Drugs] Kipres, Uritos

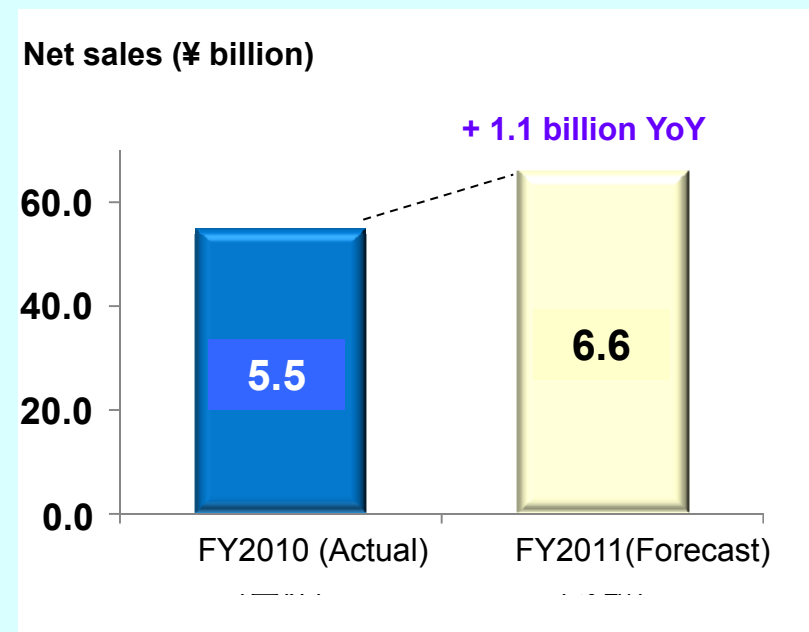
Kipres, for treating bronchial asthma and allergic rhinitis



■ Initiatives in Fiscal 2011

- Establish position as base drug for treatment of allergic rhinitis
 - ① Allergic rhinitis: raise awareness as a chronic inflammatory condition
 - ② Build evidence
- Further promote prescription for adult and childhood asthma

Uritos, a treatment for overactive bladder

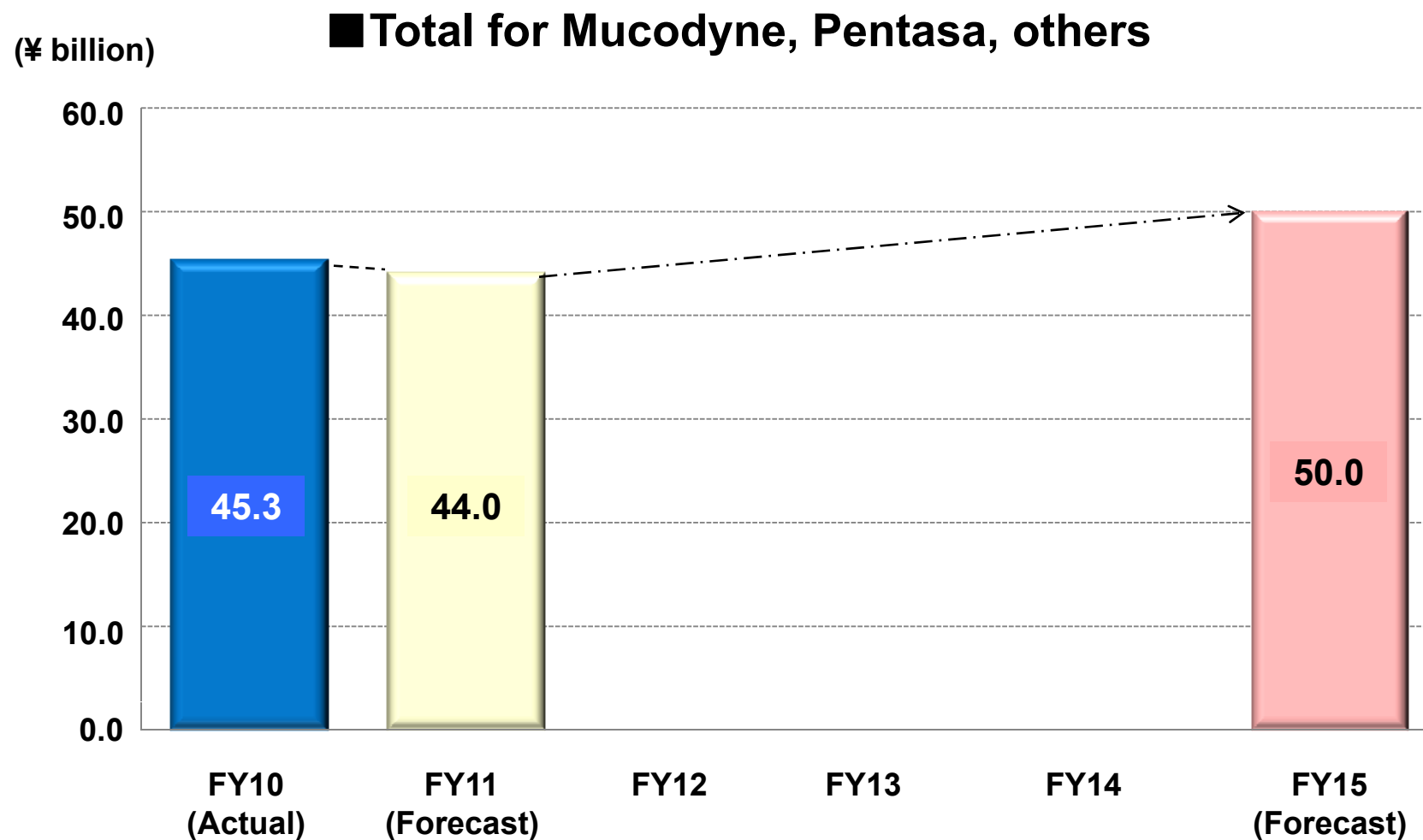


■ Initiatives in Fiscal 2011

- Uncover potential markets
OAB market: ¥57.0 billion (March 2010 MAT) ⇒ ¥60.0 billion (March 2011 MAT)
- Become first choice for prescriptions via market penetration of new formulation (OD tablets)

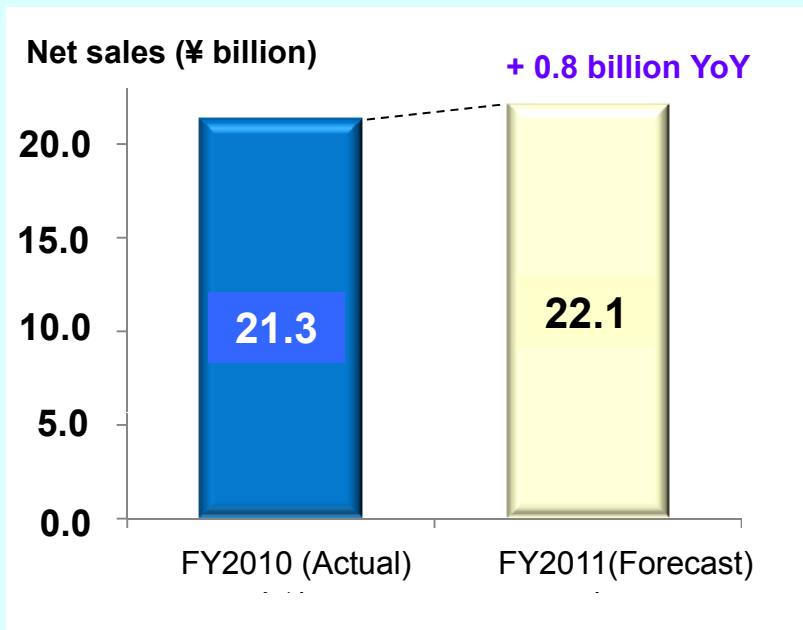
(Source: IMS JAPAN K.K., JPM, March 2010/March 2011 MAT. Unauthorized copying prohibited)

Target Net Sales for Original Drugs Group



[Original Drugs] Mucodyne and Pentasa

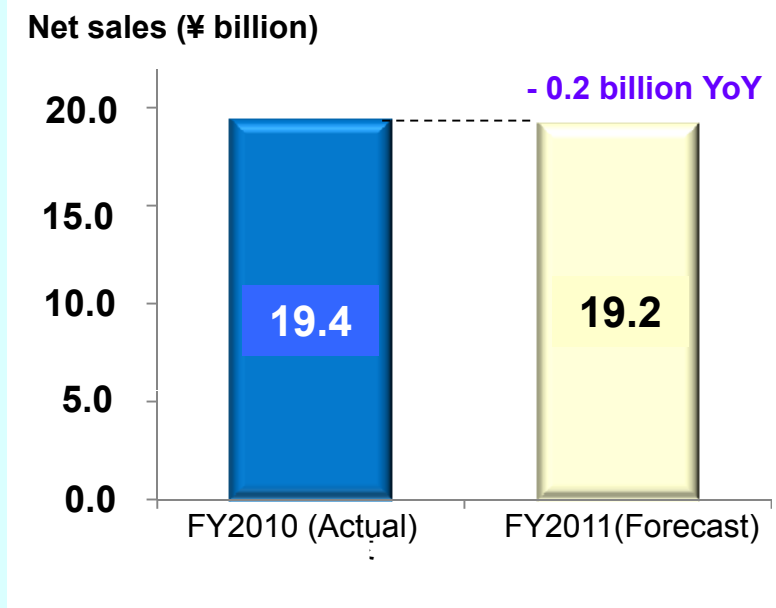
Mucodyne, a mucoregulant



■ Initiatives in Fiscal 2011

- Promotion of DS50%, launched in fiscal 2010 (Promoted prescription for a wide age range)
- Growth in prescriptions for chronic respiratory disorder and chronic sinusitis due to using evidence data

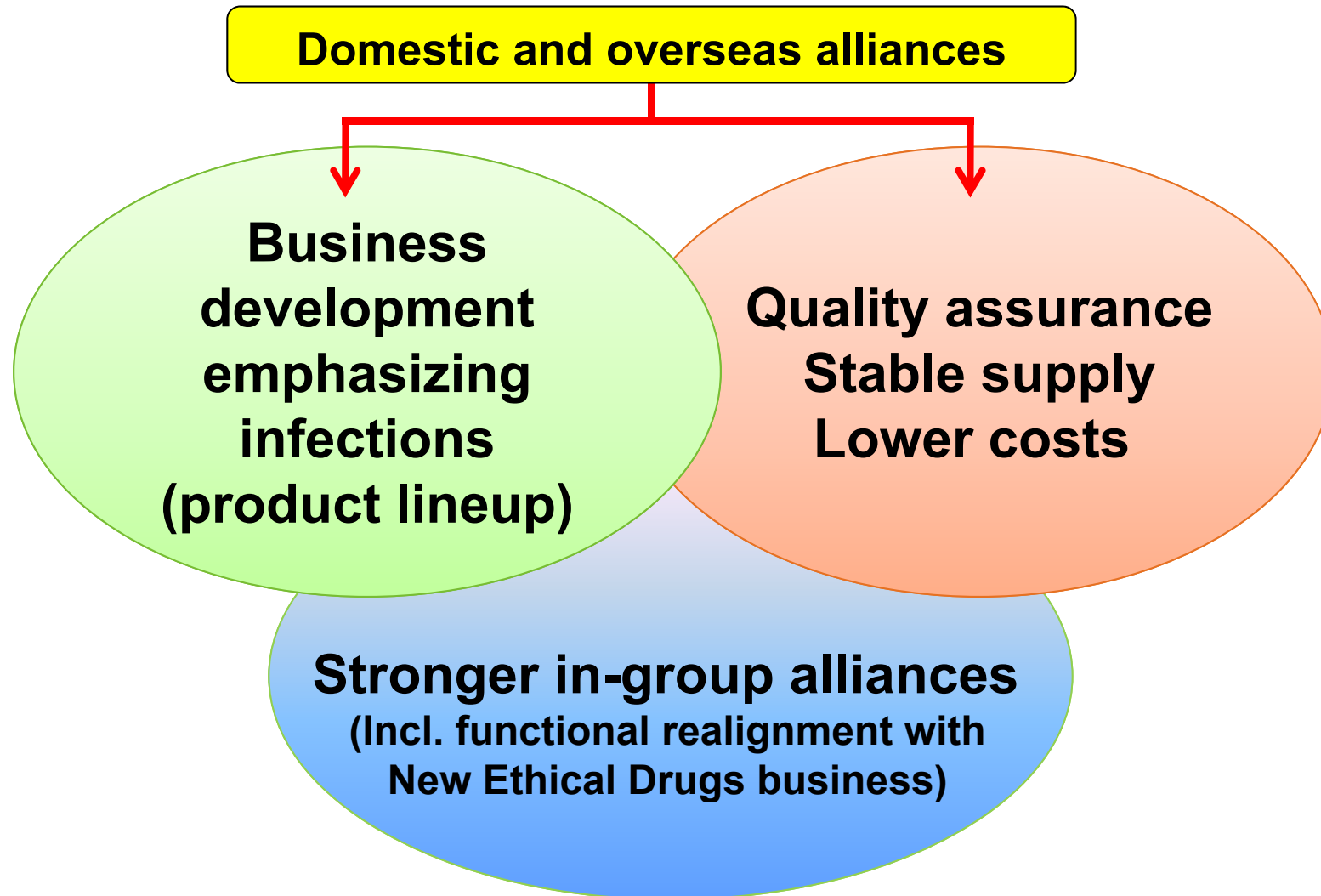
Pentasa, a treatment for ulcerative colitis and Crohn's disease



■ Initiatives in Fiscal 2011

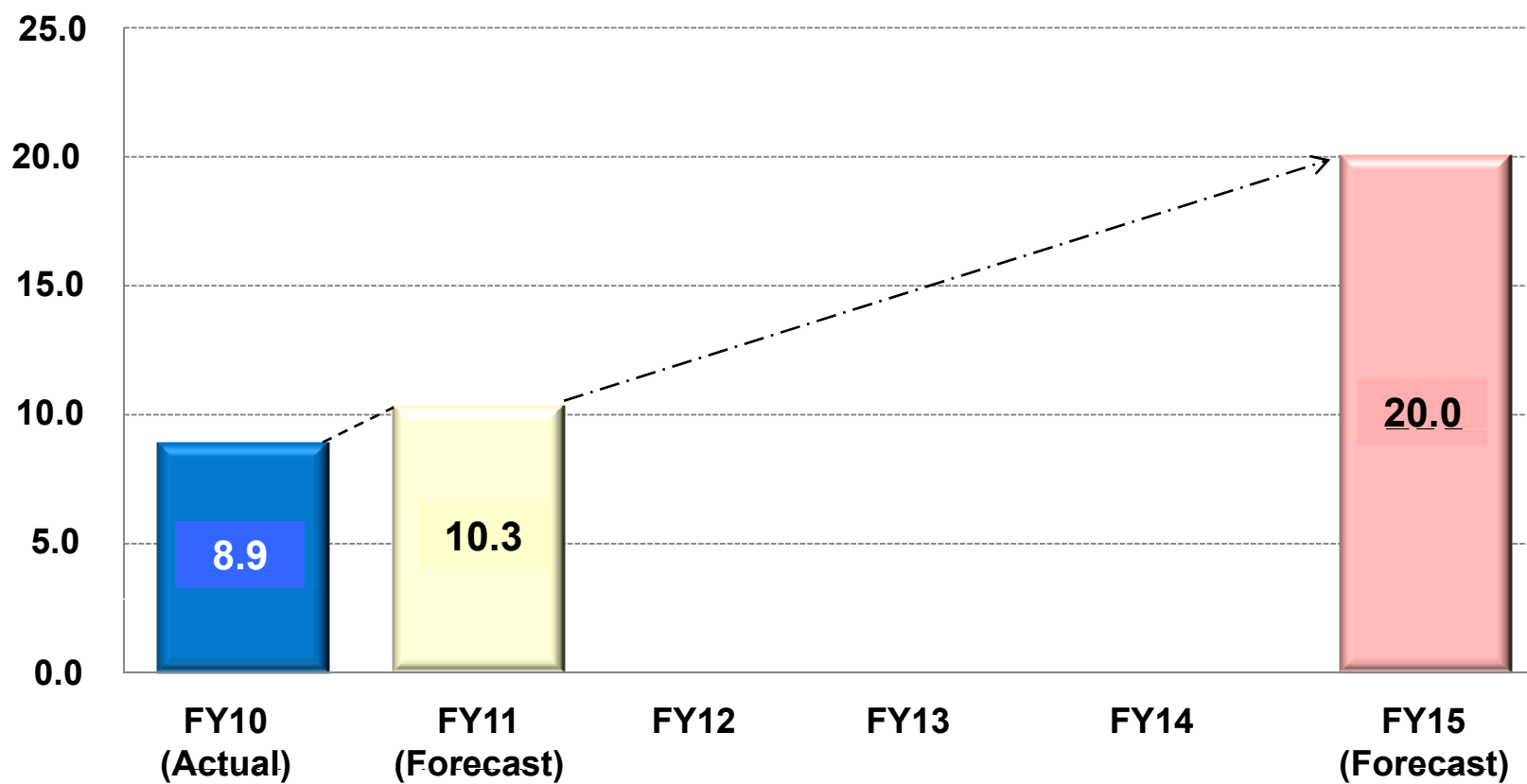
- Establish as a basic prescription for ulcerative colitis
 - ・Active period 4g prescription (array of usages and dosages)
 - ・Highlight response to needs for wide-ranging formulations (250mg tablet, 500mg tablet, intestinal infusion)
- Promote development in new formulations, applications and dosages

Promotion of distinctive generics business



Target Net Sales for Generics Drugs Group

(¥ billion)



Supplement risk gaps in Ethical Drugs business and seek sustainable growth for the Group by diversifying the consumer healthcare business

- Skincare Business** :Make profitable and promote growth (incl. development in Asian market)
- Milton Business, Others** :New business development leveraging the Milton brand
- New Business Creation** :Strive to realize corporate philosophy and create new businesses to become core drivers in the future

● About the Environmental Hygiene Business

This catchall term describes businesses related to maintaining and enhancing human health by improving harmful environments, based on an approach to health and disease that examines the environments where people live.

● KYORIN's Approach to the Environmental Hygiene Business

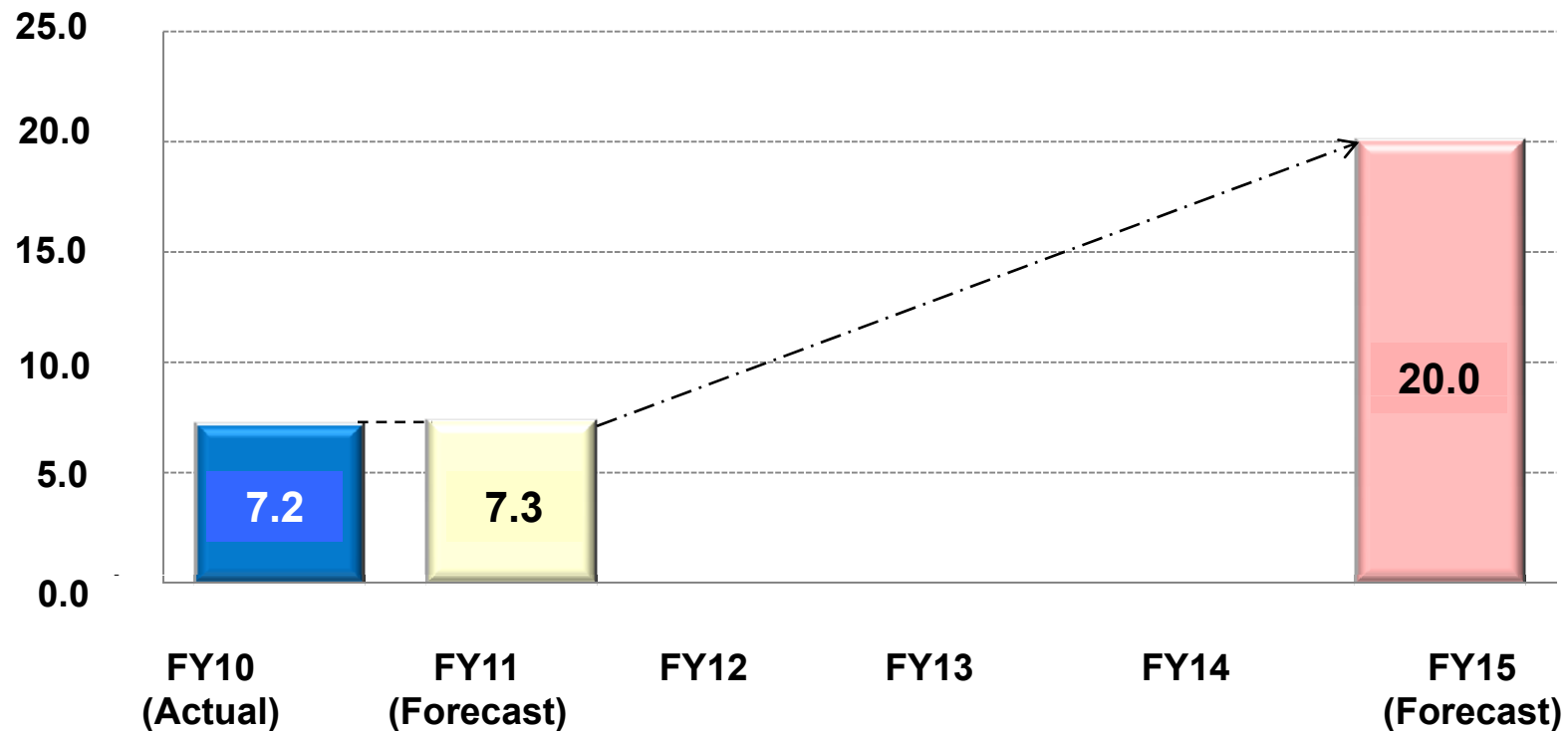
KYORIN will initially develop this business by focusing on controlling bacterial and viral infections in the environment.

Sale of space purification systems and related products that utilize stabilized chloride dioxide manufactured by DuPont of the United States

- **Products** :Space hygiene devices Milton Air Cleaner KYORIN
Special gel for Milton Air Cleaner KYORIN
- **Systems** :Clo2UV (“clove”) system
- **Product Characteristics** :Powerful sterilization and odor elimination effect based on the Clo2UV System
- **Sales** :KYORIN Medical Supply Co., Ltd.
(formerly Kyobundo Co., Ltd.)

Target Net Sales in Consumer Healthcare (Skincare + Over-the-counter Drugs and others)

(¥ billion)



Business Forecasts and Dividends

Business Forecasts (Consolidated) for Fiscal 2011, the Year Ending March 31, 2012

We are determined to achieve an eighth consecutive term of sales growth (record net sales) and third consecutive term of earnings growth (record operating income)

Units: ¥ billion	FY2010 (Actual)	FY2011 (Forecast)	% Change	Change
Total net sales	104.1	106.5	+2.4	2.3% inc.
■ Ethical Drugs Business	101.3	1,035	+2.2	2.2% inc.
■ Consumer Healthcare (Skincare) Business	2.8	3.0	+0.2	7.3% inc.
Operating income	16.4	16.6	+0.2	1.0% inc.
Ordinary income	17.1	17.2	+0.1	0.5% inc.
Net income	10.9	10.9	0.0	0.2% dec.

Breakdown of Sales and Operating Income

【Net Sales】

■ Ethical Drugs Business +¥2.2 billion

- ◆ Ethical drug sales in Japan +¥1.8 billion · Expected increase in sales of key products
- ◆ Ethical drug sales overseas -¥1.0 billion · Anticipated sales (United States) of Zymar generic drugs
- ◆ Generic Drugs +¥1.4 billion · Anticipated sales growth from priority products and 2010-2011 supplementary items

■ Consumer Healthcare Business +¥0.2 billion · Sales increase expected at Dr. Program Co., Ltd.

【Operating income】 · Increase in gross profit (Sales growth plus lower cost of sales ratio (Cost of sales ratio: approx. 1 percentage point lower year on year))

- R&D expenses up ¥0.9 billion (from ¥12.5 billion to ¥13.4 billion)
- (SG&A expenses including R&D expenses up approx. 1 percentage point year on year)

Year Ending March 31, 2012 Sales Forecast for Key Products

¥ billion

	FY2010 (Actual)	FY2011 (Forecast)	Change	% Change
Kipres	34.5	36.5	+2.0	5.9% inc.
Mucodyne	21.3	22.1	+0.8	3.9% inc.
Pentasa	19.4	19.2	-0.2	1.1% dec.
Uritos	5.5	6.6	+1.1	20.7% dec.

Shareholder Returns

Basic Policy

The Company seeks to enhance its management base by balancing investments for growth and business continuity with shareholder returns. To this end, the Company aims for a consolidated payout ratio to shareholders of 30%.

Dividends

	FY2010 (Forecast)	FY2010 (Revised forecast)	FY2011 (Forecast)
Dividend per share (Yen)	35.00	45.00	45.00
Consolidated payout ratio (%)	27.0	30.8	30.9

Net income

	FY2010 (Forecast)	FY2010 (Actual)	FY2011 (Forecast)
Net income (Billions of yen)	9.7	10.9	10.9

1. Damage from the Disaster

- No injuries or damage suffered at the Noshiro Plant (Akita Pref.) or Okaya Plant (Nagano Pref.); operations were unaffected.
- Minor damage to Discovery Research Laboratories_(Nogi, Tochigi Pref.)

2. Expenses Directly Related to the Disaster

- Negligible impact on FY2010 results and FY2011 forecasts

3. Impact on Sales from the Affected Region (FY2011 Forecast)

- The share of sales from the affected region is around 2.5%.

4. Response Going Forward (Related to Production)

- Plans call for carrying out capital investments at the Noshiro Plant and transitioning as a whole to onsite power generating capacity.

Reference

Segment information for Fiscal 2010, the Fiscal Year Ending March 31, 2011

Sales, profit or loss of each reporting segment

(¥ billion)	Net sales		Profit	
	Amount	Year on Year	Amount	Year on Year
Total net sales	104.1	4.3	16.4	+3.1
■ Ethical Drugs Business	101.3	4.9	16.3	+3.1
◆ Sales of New Ethical Drugs	88.0	5.6		
○ Japan	85.3	5.5		
○ Overseas	2.7	0.1		
◆ Generic Drugs	8.9	0.3		
◆ Over-the-counter Drugs and Others	4.4	-1.0		
■ Consumer Healthcare Business	2.8	-0.5	0.1	+0.3
Amount of adjustment	—	—	0	-0.3

Financial Results for Fiscal 2010 and Forecast for Fiscal 2011

(¥ million)	FY2009	FY2010			FY2011 (Forecast)	
	Actual	Actual	YoY change	% Change	Forecast	% Change
Sales	99,764	104,069	+4,304	4.3%	106,500	2.3%
■ Ethical Drugs Business	96,422	101,271	+4,848	5.0%	103,500	2.2%
◆ Sales of new Ethical Drugs	82,395	88,020	+5,624	6.8%	88,900	1.0%
○ Japan	79,766	85,284	+5,517	6.9%	87,100	2.1%
○ Overseas	2,629	2,736	+ 107	4.1%	1,700	-37.9%
◆ Generic Drugs	8,642	8,871	+ 229	2.7%	10,300	16.1%
◆ Over-the-counter Drugs and Others	5,384	4,378	-1,005	-18.7%	4,300	-1.8%
■ Consumer Healthcare Business	3,342	2,797	- 544	-16.3%	3,000	7.3%
Operating income	13,261	16,443	+3,181	24.0%	16,600	1.0%
Ordinary income	14,234	17,110	+2,875	20.2%	17,200	0.5%
Net income	8,848	10,927	+2,078	23.5%	10,900	-0.3%

Results and Forecast of Main Subsidiary Companies

¥ billion

KYORIN pharmaceutical	FY2009	FY2010
Sales	85.3	92.5
Operating income	13.1	15.6
Net income	9.5	10.7

FY2011 (Forecast)
95.1
15.7
10.4

KYORIN Rimedio	FY2009	FY2010
Sales	10.1	10.3
Operating income	0.4	0.8
Net income	0.4	0.6

FY2011 (Forecast)
11.0
0.7
0.7

Dr. Program	FY2009	FY2010
Sales	3.3	2.8
Operating income	-0.1	0.1
Net income	-0.1	0.1

FY2011 (Forecast)
3.0
0.1
0.0

P&L Summary: Consolidated Results – (1)

(¥ million)	FY09		FY10			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	99,764	100.0%	104,069	100.0%	4.3%	+4,304
■ Ethical Drugs Business	96,422	96.6%	101,271	97.3%	5.0%	+4,848
◆ Sales of new Ethical Drugs	82,395	82.6%	88,020	84.6%	6.8%	+5,624
○ Japan	79,766	80.0%	85,284	81.9%	6.9%	+ 5,517
○ Overseas	2,629	2.6%	2,736	2.6%	4.1%	+ 107
◆ Generic Drugs	8,642	8.7%	8,871	8.5%	2.7%	+ 229
◆ Over-the-counter Drugs and Ohters	5,384	5.4%	4,378	4.2%	-18.7%	- 1,005
■ Consumer Healthcare Business	3,342	3.3%	2,797	2.7%	-16.3%	- 544

<Subsidiaries and Equity-method Affiliates>

Consolidated subsidiaries (7) :

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.

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

<Breakdown >

■ Sales **¥ 104,069 million (+4,304 million)** Year on Year

● Ethical drug sales in Japan

¥ 85,284 million (+5,517 million)

[FY09] [FY10 (¥ billion)]

• Kipres	29.2	→	34.5	(+5.3)
• Mucodyne	20.9	→	21.3	(+0.4)
• Pentasa	19.4	→	19.4	(+0.0)
• Uritos	3.7	→	5.5	(+1.8)

● Ethical drug sales overseas

¥2,736 million (+107 million)

• Gatifloxacin	2.2	→	2.2	(0.0)
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● Generic Drugs

¥8,871 million (+229 million)

* Sales in the insurance dispensing pharmacy market were brisk.

● Over-the-counter Drugs and Others

¥4,378 million (-1,005 million)

* Sales were lower at KYORIN Medical Supply Co., Ltd. (formerly Kyobundo Co., Ltd.)

● Consumer Healthcare Business

¥2,797 million (-544 million)

• Sales decreased at Dr. Program Co., Ltd.

3.3 → 2.8 (-0.5)

P&L Summary: Consolidated Results – (2)

(¥ million)	FY09		FY10			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	99,764	100.0%	104,069	100.0%	4.3%	+ 4,304
Cost of sales	37,477	37.6%	37,554	36.1%	0.2%	+ 76
Gross profit	62,287	62.4%	66,514	63.9%	6.8%	+ 4,227
SG&A (Incl. R&D expenses)	49,025 (11,807)	49.1% 11.8%	50,071 (12,495)	48.1% 12.0%	2.1% 5.8%	+ 1,046 (+ 688)
Operating income	13,261	13.3%	16,443	15.8%	24.0%	+ 3,181
Non-operating income	1,092	1.1%	769	0.7%	– 29.6%	– 323
Non-operating expenses	120	0.1%	102	0.1%	– 14.9%	– 17
Ordinary income	14,234	14.3%	17,110	16.4%	20.2%	+ 2,875
Extraordinary profits	49	0.0%	141	0.1%	189.0%	+ 92
Extraordinary losses	301	0.3%	115	0.1%	– 61.8%	– 186
Pretax profit	13,982	14.0%	17,136	16.5%	22.6%	+ 3,154
Net income	13,982	14.0%	17,136	16.5%	22.6%	+ 3,154
Corporate, inhabitants and enterprise taxes	5,518	5.5%	5,944	5.7%	7.7%	+ 425
Tax adjustments	–385	–0.4%	265	0.3%	– 168.9%	+ 650
Income before minority interests	–	–	10,927	10.5%	–	+ 10,927
Net income	8,848	8.9%	10,927	10.5%	23.5%	+ 2,078

< Breakdown >

Year on Year

◆ **Cost of sales ratio: Down by 1.5 percentage points YoY** (37.6%⇒36.1%)

*Reason for increase: drug price revisions (6% range)
*Reason for decrease: Increased sales of in-house products with lower cost of sales ratio, decrease in cost of sales ratio at KYORIN Rimedio

◆ **R&D ratio: up 0.2 percentage Points YoY**
* ¥11.8 billion ⇒ ¥12.5 billion (11.8%⇒12.0%)
(Increase of approx. ¥0.7 billion)

◆ **SG&A (Incl. R&D expenses) : down 1.2 percentage Points YoY**
* ¥37.2 billion ⇒ 37.6 billion (¥0.4 billion inc.)
(37.3%⇒36.1%)

*Increase in sales resulted in a decrease in SG&A ratio excluding R&D expenses of 1.2 percentage points despite higher SG&A expenses.

■ **Operating income ¥16.4 billion**

◆ Operating income margin increased 2.5 percentage points to 15.8%

■ **Net Income ¥10.9 billion**

■ **Dividend per share ¥45**

BS Summary: Consolidated Results

(¥ million)	FY09	
	Actual	%total
Current assets	91,060	66.4%
Cash, deposits	20,193	
Notes and accounts receivable	36,859	
Mk securities	5,353	—
Inventory	21,874	
Other	6,779	
Fixed assets	46,129	33.6%
Tangible assets	15,825	
Intangible assets	1,024	—
Investments	29,278	
Total assets	137,190	100.0%

Current liabilities	26,198	19.1%
Notes payable	9,858	
Other	16,340	—
Non-current liabilities	6,079	4.4%
Total liabilities	32,278	23.5%
Owner's equity	104,907	76.5%
Other comprehensive income	3	0.0%
Unrealized holding gain (loss) on securities	138	
Foreign currency translation adjustments	—134	
Total equity	104,911	76.5%
Total liabilities and equity	137,190	100.0%

FY10		
Actual	%total	Amt chg
104,427	70.9%	13,366
25,518		
42,594		
6,976	—	—
20,364		
8,973		
42,806	29.1%	—3,322
14,916		
816	—	—
27,073		
147,234	100.0%	10,044

30,421	20.7%	4,223
10,852		
19,569	—	—
5,105	3.5%	— 974
35,527	24.1%	3,249
112,076	76.1%	7,168
—370	—0.3%	— 373
—137		
—232		
111,706	75.9%	6,795
147,234	100.0%	10,044

<Breakdown>

- Current assets: Up ¥13,366 million
 - Cash and cash in banks (up ¥5,324 million)
 - Notes and accounts receivable up (¥5,734 million)
 - Inventories (down ¥1,509 million)
- Fixed assets: Down ¥3,322 million
 - Tangible assets (down ¥909 million)
 - Intangible assets (down ¥207 million)
 - Investments down (¥2,205 million)
- Current liabilities: Up ¥4,223 million
 - Notes and accounts payable (up ¥993 million)
 - Other (up ¥3,229 million)
- Long-term liabilities: Down ¥974 million

R&D Expenses, Capex & Depreciation <Consolidated>

(¥ million)	FY06	FY07	FY08	FY09	FY10		FY11 (Forecast)
					Actual	% Change	
R&D expenses	8,609	10,826	10,531	11,807	12,495	5.8%	13,400
Capital expenditure	2,954	1,952	1,612	1,291	1,668	29.2%	2,500
Depreciation expense	4,544	4,536	3,799	2,810	2,458	-12.5%	2,700

<Capital expenditure (Actual/Forecast)>

(Actual)

Plant facilities

Equipment for control, sales activities

Equipment for research

FY2010 (Actual)

¥0.9 billion

¥0.3 billion

¥0.5 billion

FY2011 (Forecast)

(Forecast)

Plant facilities

Equipment for control, sales activities

Equipment for research

¥1.3 billion

¥ 0.7 billion

¥ 0.5 billion

Sales of Main Products for Fiscal 2010

(¥ billion)

		FY06	FY07	FY08	FY09	FY10		FY12 (Forecast)
						Actual	% Change	
Ethical drug sales in Japan	Kipres (Leukotriene Receptor Antagonist)	15.0	19.1	25.2	29.2	34.5	18.3%	36.5
	Mucodyne (Mucoregulant)	20.4	21.2	20.6	20.9	21.3	1.7%	22.1
	Pentasa (Treatment for ulcerative colitis and Crohn's disease)	8.0	8.8	15.7	19.4	19.4	0.1%	19.2
	Uritos (Kyorin) (Treatment for overactive bladder)	—	0.7	2.0	3.7	5.5	48.4%	6.6
	Ketas (For Bronchial asthma and cerebrovascular disorders)	5.8	5.4	5.0	4.6	4.0	-13.1%	3.8
Ethical drug sales overseas	Gatifloxacin (Bulk / Royalty)	3.2	3.0	2.5	2.2	2.2	0.2%	1.2
Over-the- counter Drugs	Milton (Baby bottle disinfectant)	2.1	1.9	1.8	1.9	1.9	1.5%	2.0

Financial summary (Consolidated)

(¥ million)	FY06	FY07	FY08	FY09	FY10	FY11 (Forecast)
Sales (Exports)	77,093 (5,762)	81,070 (4,367)	90,889 (3,830)	99,764 (2,693)	104,069 (2,784)	106,500 (1,700)
Cost of sales (cost of sales ratio) (%)	30,620 (39.7%)	31,757 (39.2%)	36,791 (40.5%)	37,477 (37.6%)	37,554 (36.1%)	—
SG&A Ratio to sales (%)	38,059 (49.4%)	43,061 (53.1%)	45,146 (49.7%)	49,025 (49.1%)	50,071 (48.1%)	—
R&D expenses Ratio to sales (%)	8,609 (11.2%)	10,826 (13.4%)	10,531 (11.6%)	11,807 (11.8%)	12,495 (12.0%)	13,400 (12.6%)
Operating income Ratio to sales (%)	8,413 (10.9%)	6,251 (7.7%)	8,952 (9.8%)	13,261 (13.3%)	16,443 (15.8%)	16,600 (15.6%)
Ordinary income Ratio to sales (%)	8,655 (11.2%)	6,643 (8.2%)	9,208 (10.1%)	14,234 (14.3%)	17,110 (16.4%)	17,200 (16.1%)
Net income Ratio to sales (%)	4,842 (6.3%)	2,189 (2.7%)	2,037 (2.2%)	8,848 (8.9%)	10,927 (10.5%)	10,900 (10.2%)
EPS (¥)	64.97	29.26	27.24	118.37	146.21	145.86
Capital	700	700	700	700	700	
Assets	124,039	122,398	124,552	137,190	147,234	
Shareholders' equity	96,922	96,401	97,513	104,907	112,076	
Total equity	98,178	97,184	96,501	104,911	111,706	
BPS (¥)	1,311.17	1,298.89	1,290.67	1,403.60	1,494.83	
ROE (%)	5.0%	2.2%	2.1%	8.8%	10.1%	
Equity ratio (%)	79.2%	79.4%	77.5%	76.5%	75.9%	
Employees	1,932	2,003	2,247	2,246	2,294	
Capital expenditure	2,954	1,952	1,612	1,291	1,668	2,500
Depreciation expense	4,544	4,536	3,799	2,810	2,458	2,700

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

(¥ million)	FY2009		FY2010			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	85,308	100.0%	92,531	100.0%	8.5%	+7,222
■ Ethical Drugs business	85,308	100.0%	92,531	100.0%	8.5%	+7,222
◆ Sales of new Ethical Drugs	82,330	96.5%	87,927	95.0%	6.8%	+5,596
○ Japan	79,766	93.5%	85,284	92.2%	6.9%	+ 5,517
○ Overseas	2,563	3.0%	2,642	2.8%	3.1%	+ 79
◆ Generic Drugs	394	0.5%	1,932	2.1%	389.7%	+1,537
◆ Over-the-counter Drugs and Others	2,583	3.0%	2,671	2.9%	3.4%	+ 88

<Breakdown>

	Year on Year	
■ Sales	¥92,531 million	(+7,222 million)
● Ethical drug sales in Japan	¥85,284 million	(+5,517 million)
	FY09(Actual)	FY010(Actual)(¥ billion)
· Kipres	29.2	→ 34.5 (+5.3)
· Mucodyne	20.9	→ 21.3 (+0.4)
· Pentasa	19.4	→ 19.4 (0.0)
· Uritos	3.7	→ 5.5 (+1.8)
● Ethical drug sales overseas	¥2,642 million	(+ 79 million)
· Gatifloxacin	2.2	→ 2.2 (0.0)
· One-off payments received for out-licensing		
● Generic Drugs	¥1,932 million	(+1,537 million)
· Mainly the effect from consolidating distribution at KYORIN Rimedio		
● Over-the-counter Drugs and Others	¥2,671 million	(+ 88 million)
· Milton and OTC: up		

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

(¥ million)	FY09		FY10			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	85,308	100.0%	92,531	100.0%	8.5%	+7,222
Cost of sales	28,374	33.3%	31,227	33.7%	10.1%	+2,852
Gross profit	56,934	66.7%	61,304	66.3%	7.7%	+4,369
SG&A (Incl. R&D expenses)	43,795 (11,121)	51.3% (13.0%)	45,658 (11,867)	49.3% (12.8%)	4.3% (6.7%)	+1,863 + 746
Operating income	13,139	15.4%	15,645	16.9%	19.1%	+2,506
Non-operating income	1,497	1.8%	1,138	1.2%	- 24.0%	- 359
Non-operating expenses	56	0.1%	54	0.1%	- 4.5%	- 2
Ordinary income	14,580	17.1%	16,729	18.1%	14.7%	+2,149
Extraordinary profits	37	0.0%	127	0.1%	236.3%	+ 89
Extraordinary losses	112	0.1%	80	0.1%	- 28.4%	- 32
Income before income taxes	14,506	17.0%	16,776	18.1%	15.7%	+2,270
Corporate, inhabitants and enterprise taxes	5,452	6.4%	5,856	6.3%	7.4%	+ 403
Tax adjustments	-419	- 0.5%	187	0.2%	- 144.8%	+ 607
Net income	9,472	11.1%	10,732	11.6%	13.3%	+1,259

< Breakdown >

Year on Year

◆ Cost of sales ratio: up by 0.4 percentage points YoY (33.3%⇒33.7%)

*Reason for increase: drug price revisions (6% range)

*Reason for decrease: Increased sales of in-house products with lower cost of sales ratio

◆ R&D ratio: down 0.2 percentage Points YoY

* ¥11.1 billion ⇒ ¥11.9 billion (13.0%⇒12.8%)
(Increase of approx. ¥0.7 billion)

◆ SG&A (Incl. R&D expenses) : down 1.8 percentage Points YoY (38.3%⇒36.5%)

* ¥32.7 billion ⇒ 33.8 billion (¥1.1 billion inc.)

■ Operating income ¥15.6billion

◆ Operating income margin increased 1.5 percentage points to 16.9%

■ Net Income ¥10.7 billion

BS Summary: KYORIN Pharmaceutical (Non-consolidated)

(¥ million)	FY09	
	Actual	% total
Current assets	78,422	65.4%
Cash, deposits	15,313	
Accounts receivable	33,088	
Mk securities	5,290	—
Inventory	19,147	
Other	5,581	
Fixed assets	41,400	34.6%
Tangible assets	12,847	
Intangible assets	328	—
Investments	28,225	
Total assets	119,822	100.0%

Current liabilities	19,003	15.9%
Notes payable	6,849	—
Other	12,154	
Non-current liabilities	5,312	4.4%
Total liabilities	24,316	20.3%
Owner's equity	95,384	79.6%
Valuation and translation adjustments	120	0.1%
Total equity	95,505	79.7%
Total liabilities and equity	119,822	100.0%

FY10		
Actual	% total	Amt chg
84,458	68.9%	6,036
15,123		
39,184		
6,913	—	—
16,739		
6,498		
38,202	31.1%	−3,197
11,894		
235	—	—
26,073		
122,661	100.0%	2,838

22,723	18.5%	3,719
7,050	—	—
15,673		
4,364	3.6%	− 948
27,087	22.1%	2,771
95,719	78.0%	335
− 146	− 0.1%	− 267
95,573	77.9%	67
122,661	100.0%	2,838

<Breakdown>

■ Current assets: Up ¥6,036 million

- Accounts receivable (up ¥6,095 million)
- Mk securities (up ¥1,622 million)
- Inventory (down ¥2,408 million)

■ Fixed assets: Down ¥3,197 million

- Tangible assets (down ¥952 million)
- Investments down (¥2,151 million)

■ Current liabilities: Up ¥3,719 million

- Notes payable (up ¥201 million)
- Other (up ¥3,518 million)

■ Non-current liabilities: Down ¥948 million

Financial Summary: KYORIN Pharmaceutical (Non-consolidated)



(¥ million)	FY06	FY07	FY08	FY09	FY10	FY11 (Forecast)
Sales (Exports)	66,052 (5,521)	70,480 (4,155)	77,962 (3,148)	85,308 (2,563)	92,531 (2,642)	95,100 (1,600)
Cost of sales (cost of sales ratio) %	23,815 (36.1%)	25,217 (35.8%)	29,551 (37.9%)	28,374 (33.3%)	31,227 (33.7%)	—
SG&A Ratio to sales (%)	34,623 (52.4%)	38,319 (54.4%)	39,894 (51.2%)	43,795 (51.3%)	45,658 (49.3%)	—
R&D expenses Ratio to sales (%)	8,216 (12.4%)	9,959 (14.1%)	10,056 (12.9%)	11,121 (13.0%)	11,867 (12.8%)	12,500 (13.2%)
Operating income Ratio to sales (%)	7,613 (11.5%)	6,942 (9.8%)	8,517 (10.9%)	13,139 (15.4%)	15,645 (16.9%)	15,700 (16.5%)
Ordinary income Ratio to sales (%)	7,615 (11.5%)	7,328 (10.4%)	9,463 (12.1%)	14,580 (17.1%)	16,729 (18.1%)	16,700 (17.6%)
Net income Ratio to sales (%)	4,697 (7.1%)	3,776 (5.4%)	4,041 (5.2%)	9,472 (11.1%)	10,732 (11.6%)	10,400 (10.9%)
EPS (¥)	63.25	50.85	54.42	127.54	144.51	
Capital	4,317	4,317	4,317	4,317	4,317	
Assets	106,042	104,910	108,522	119,822	122,661	
Shareholders' equity	85,706	86,140	89,328	95,384	95,719	
Total equity	86,797	86,792	88,470	95,505	95,573	
BPS (¥)	1,168.71	1,168.63	1,191.24	1,285.95	1,286.87	
ROE (%)	5.2%	4.4%	4.6%	10.3%	11.2%	
Equity ratio (%)	81.9%	82.7%	81.5%	79.7%	77.9%	
Employees	1,488	1,517	1,716	1,724	1,804	
Capital expenditure	1,322	1,350	969	1,051	1,019	1,700
Depreciation expense	3,997	3,844	3,042	2,198	1,968	2,000