Kyorin
健康はキョーリンの願いです。

Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2017

November 7, 2016

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, 2016

Kyorin
健康はキョーリンの願いです。

(¥ million)	Sep/2013	Sep/2014	Sep/2015	Sep/2016	% Y/Y
Net Sales	50,851	51,112	52,386	**54,628**	**+4.3%**
Operating Income	6,213	4,587	4,099	**3,663**	**−10.6%**
Ordinary Income	6,531	4,898	4,266	**3,921**	**−8.1%**
Net Income	4,397	3,495	2,967	**2,684**	**−9.5%**

Mar/2017 (forecast)	% Y/Y
120,000	+0.4%
14,500	−26.2%
14,900	−25.5%
10,700	−21.6%

Second Quarter Consolidated Financial Ended September 30, 2016

【Sales】 New pharmaceutical products in Japan, major products such as “Flutiform” had increased. An authorized generic (AG) version of Montelukast was launched in generic drugs, and with the increase in other sales as well, sales in the ethical pharmaceuticals category increased over last year, reaching 54,628million yen (4.3% year-on-year increase).

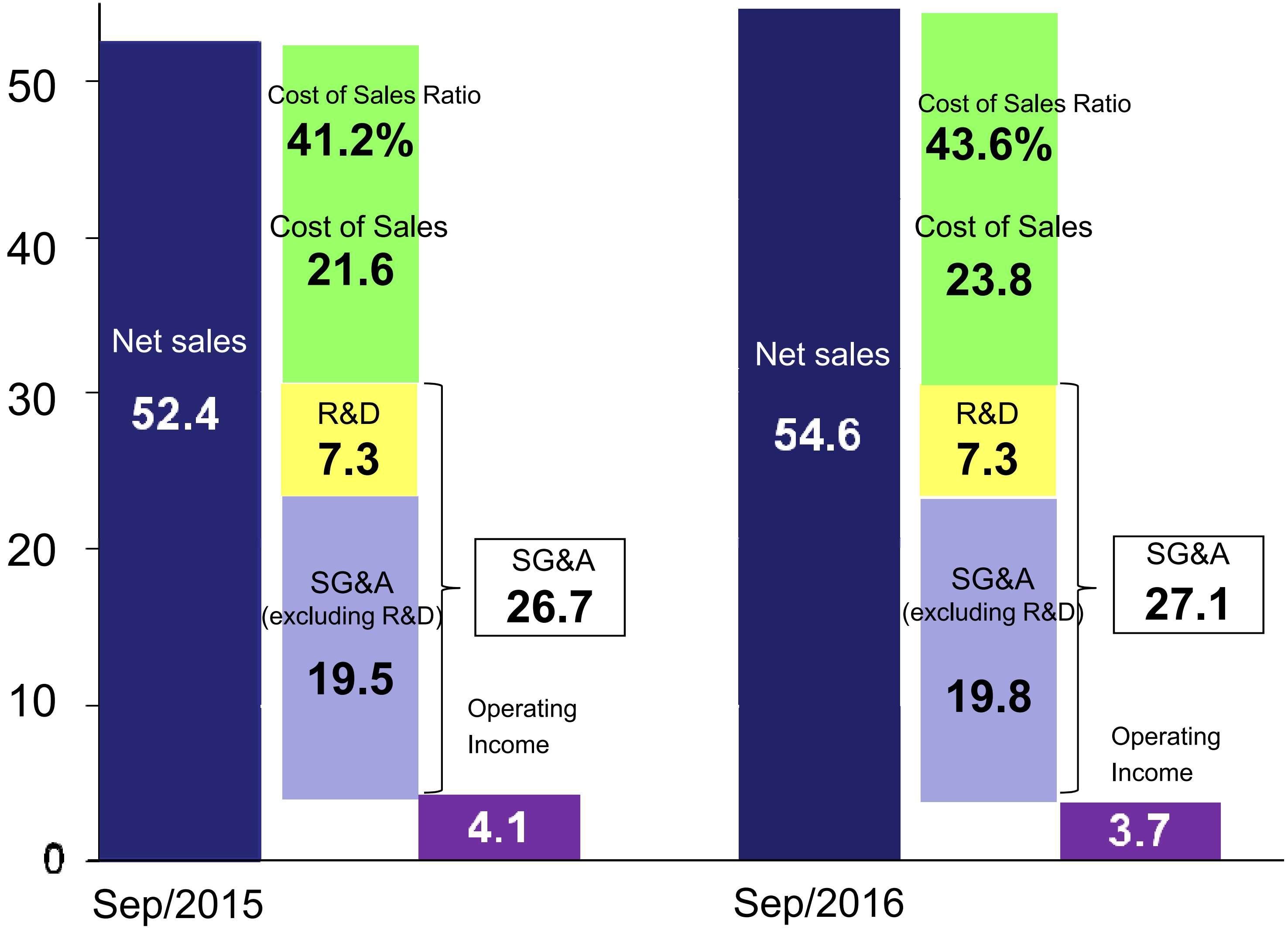
【Profits】 In spite of an increase in revenue, gross profit on sales leveled off compared to last year, because of the increase in the cost rate due to the drug price revisions, etc. Moreover, selling expenses and administrative costs increased by 408 million yen, and operating profit came to 3,663 million yen, down 436 million yen (down 10.6% from last year). Quarterly net income for the parent company’s stockholders came to 2,684 million (down 9.5% from last year).

Consolidated Financial Results for the Fiscal Year Ending March 31, 2017(forecast)

The results forecasts for the full year announced on May 12, 2016 remain unchanged.
(Progress compared with the forecast for the full year : net sales: 45.5% : operating income : 25.3%)

Highlights of Business Performance

（Units: ¥billion）



➢**Net Sales increased ¥2.2billion year on year.**
- ･increase of main prodicts (Flutiform ,etc.)
- ･**Launch of an authorized generic drug for KIPRES**

➢**Cost of sales ratio increased 2.4%.**
- ･Drug price revisions
- ･Sales of ratio generic drugs increased MONTELUKAST（AG) and the other generic drugs

■**Gross Profit is flat year on year**

➢**SG&A expenses increased ¥0.4billion year on year.**
- ･SG&A(excluding R&D) increased ¥0.3billion (increase of Labor costs.)

■**Operating Income decreased ¥0.4billion year on year.**

Consolidated Financial Results
for the Second Quarter Ended September 30, 2016

Kyorin
健康はキョーリンの願いです。

（unit : ¥billion）

	Sep/2015	Sep/2016	change
Net Sales (total)	52.4	**54.6**	＋2.2
Ethical drugs Business	49.7	**51.9**	＋2.2
◆Sales of new ethical drugs	42.4	**41.6**	－0.8
〇Japan	41.8	**41.3**	－0.5
〇Overseas	0.6	**0.3**	－0.3
◆Generic drugs	7.4	**10.3**	＋2.9
Healthcare Business	2.6	**2.7**	＋0.1
Operating Income	4.1	**3.7**	－0.4
Ordinary Income	4.3	**3.9**	－0.4
Net Income	3.0	**2.7**	－0.3

(Note) The details of the Sales Segment have been changed from the first quarter ending March 31, 2017. Following the change, the Pharmaceutical Business comprises New Drugs and Generic Drugs, while the Health Care Business comprises Skincare, Environmental Hygiene and Over the Counter Drugs and Others.

year on year

■Net Sales **¥54.6bln** (＋ 2.2)

◆Ethical drug business **¥51.9bln** (＋ 2.2)

●new ethical drugs **¥41.3bln** (－ 0.5)

	16.3(2Q)		17.3(2Q)	
・Kipres	18.8	⇒	17.8	(－1.0)
・Flutifom	3.0	⇒	4.5	(＋1.5)
・Uritos	3.7	⇒	3.8	(＋0.1)
・Pentasa	8.1	⇒	7.9	(－0.2)
・Mucodyne	5.9	⇒	4.4	(－1.5)

●new ethical drugs in Overseas **¥0.3bln** **(－ 0.3)**

●Generic drugs **¥10.3bln** **(＋ 2.9)**
・Launch of an authorized generic drug（AG）for KIPRES
【MONTELUKAST Tablets 5mg“KM”,10mg”KM”】 ・Seles of the other generic drugs increased

◆Healthcare Business **¥2.7bln** **(＋ 0.1)**

■ Operating Income **¥3.7bln** **(－ 0.4)**

◆ Operating Income margin decreased 1.1 percentage points to 6.7%

●Cost of Sales Ratio : increased 2.4 percentage points (41.2%⇒43.6%)
・Drug price revisions
・Sales of generic drugs increased

● R&D Ratio : decreased 0.5 percentage points (13.9%⇒13.4%)
R & D expenses (¥7.3bln⇒¥7.3bln)

●SG&A Ratio(excluding R&D expenses) : decreased 0.8 percentage points 37.1%⇒36.3%
＊SG&A(excluding R&D) increased ¥0.3billion (¥19.5bln⇒¥19.8bln)
・increase of Labor costs.

■ Net Income **¥2.7bln** **(－ 0.3)**

Consolidated Financial Results for the Second Quarter and full year forecast

Kyorin
健康はキョーリンの願いです。

(unit : ¥million)

	Sep/2015	Sep/2016	Change	% Y/Y	Sep/2016 (forecast)	% forecast	Mar/2016	Mar/2017 (forecast)
Sales	52,386	**54,628**	+2,242	+4.3%	53,900	+1.4%	119,483	**120,000**
■**Ethical Drugs business**	49,741	**51,936**	+2,195	+4.4%	51,200	+1.4%	113,970	**114,000**
◆Sales of new Ethical Drugs	42,357	**41,615**	−742	−1.8%	41,800	−0.4%	98,506	**92,400**
○Japan	41,762	**41,272**	−490	−1.2%	41,500	−0.5%	92,920	**88,500**
○Overseas	594	**343**	−251	−42.3%	300	+14.3%	5,586	**3,800**
◆Generic Drugs	7,383	**10,321**	+2,938	+39.8%	9,300	+11.0%	15,465	**21,500**
■**Healthcare Business**	2,645	**2,691**	+46	+1.7%	2,700	−0.3%	5,512	**6,000**
Operating Income	4,099	**3,663**	−436	−10.6%	3,900	−6.1%	19,636	**14,500**
Ordinary Income	4,266	**3,921**	−345	−8.1%	4,200	−6.6%	19,995	**14,900**
Net Income	2,967	**2,684**	−283	−9.5%	3,000	−10.5%	13,639	**10,700**

Main Product Sales Update

Kyorin
健康はキョーリンの願いです。

(unit : ¥billion)

		Sep/2013	Sep/2014	Sep/2015	Sep/2016 Actual	Sep/2016 % change	Sep/2016 (forecast)	% forecast	Mar/2016	Mar/2017 (forecast)
Sales of new ethical drugs (Japan)	**Kipres** (LT receptor antagonist)	17.1	17.4	18.8	**17.8**	−5.2%	**17.6**	+1.2%	44.1	**33.3**
	Flutiform (Combination drug for asthma treatment)	—	0.9	3.0	**4.5**	+51.1%	**5.4**	-16.1%	7.2	**12.9**
	Uritos (Kyorin) (Therapeutic agent for overactive bladder)	3.7	3.4	3.7	**3.8**	+2.0%	**3.6**	+2.4%	7.5	**7.8**
	Desalex (Antiallergic Agent)	—	—	—	**—**	–	**—**	–	—	**1.9**
	Pentasa (Ulcerative colitis and Crohn's disease treatment)	9.4	8.6	8.1	**7.9**	−3.0%	**7.4**	+5.2%	16.1	**15.8**
	Mucodyne (Mucoregulant)	8.2	6.2	5.9	**4.4**	−26.6%	**4.8**	-10.5%	13.0	**10.8**
Over-the-counter drugs	**Milton** (Disinfectant)	1.0	1.0	1.0	**1.1**	+2.8%	**1.0**	**+5.6%**	2.1	**2.1**

R&D Expenses, Capex & Depreciation

Kyorin
健康はキョーリンの願いです。

（unit : ¥million）

	Sep/2013	Sep/2014	Sep/2015	**Sep/2016**	change
R&D expenses	6,119	6,674	7,270	**7,327**	＋0.8%
Capital expenditure	1,618	1,557	5,637	**1,383**	－75.5%
Depreciation expense	1,460	1,462	1,658	**1,751**	＋5.6%

	Mar/2016	**Mar/2017 (forecast)**
R&D expenses	13,019	**13,500**
Capital expenditure	7,218	**4,700**
Depreciation expense	3,730	**3,900**

<Capital expenditure (Actual/Forecast)>

（unit : ¥billion）

	Sep/2015	**Sep/2016**
Plant facilities	1.3	**0.5**
Equipment for control, sales activities	0.1	**0.0**
Equipment for research	4.2	**0.9**

	Mar/2016	**Mar/2017 (forecast)**
Plant facilities	2.4	**2.6**
Equipment for control, sales activities	0.4	**0.5**
Equipment for research	4.4	**1.6**

Main R&D Activities -1 (as of November 7 2016)

Kyorin
健康はキョーリンの願いです。

Ph III ~ Application submitted

※Changes from the previous announcement(July 29 2016)

Stage		Compound/ Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
PhⅢ (1/2015)	PhⅡ 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) Co-Development and Co-Marketing Agreement with Kissei Pharmaceutical Co., Ltd. affiliate . (3/2016)
※Preparing for Application		KRP-AM1977X (Oral agent)	New quinolone synthetic antibacterial agent	In-house	-Superior ability to combat drug-resistant gram-positive bacteria (incl. MRSA) -has a powerful antimicrobial activity against anaerobic bacteria - Expectation of high clinical effects with excellent tissue penetration -High degree of safety expected since safety hurdles cleared prior to clinical trials	
PhⅢ (3/2016)		KRP-AM1977Y (Injection)	New quinolone synthetic antibacterial agent	In-house		

for reference

Stage	Compound/ Code	Therapy area/Action	Features	Comments
※approved (MSD K.K., 9/2016)	**Desalex**	allergic rhinitis, hives, itching resulting from skin diseases (eczema/dermatitis, pruritus cutaneous)	second generation histamine H1-receptor antagonist	Revised the co-marketing agreement with MSD, to be exclusively marketed by Kyorin (5/2016) Kyorin Pharmaceutical and Kaken Pharmaceutical signed a Contract for the co-promotion (7/2016)

Main R&D Activities -2 (as of November 7 2016)

Kyorin

健康はキョーリンの願いです。

POC Project (Ph I ~ Ph II)

Stage		Compound/ Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
Ph Ⅱ (8/2015)	PhⅢ 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 Ⅰ, Ⅱ （7/2015）	(US) Momotaro-Gene prostate cancer (5/2014)	Ad-SGE-REIC	malignant pleural mesothelioma	Okayama University	A gene-therapy product using a novel tumor suppressor gene of reduced expression in immortalized cells/ Dickkopf-3 (REIC/Dkk-3), which was discovered by researchers from Okayama University, as a therapeutic gene. It is expected to have direct effect on primary tumor lesions and indirect effect on metastatic tumor lesions as a gene-therapy product that simultaneously induces tumor cell-selective apoptosis and the activation of antitumor immunity respectively.	Adopted to Next generation Technology Transfer Program (NexTEP) (6/2014)

Main R&D Activities -3 (as of November 7 2016)

Kyorin
健康はキョーリンの願いです。

Licensing development（preclinical）

Stage/ Overseas	Compound/ Code	Licensee / Collaborative research	Therapy area/Action	Origin	Features	Comments
Ph I	KRP-203	Novartis	GVHD	In-house	Sphingosine-1-Phosphate Receptor Agonist . immunomodukatory drug.	License agreement with Novartis (2/2006) Novartis has decided to proceed with development of KRP-203 for GvHD**.**
Preclinical	-	BMS	Non-disclosure	In-house	FPR-2 agonists that mainly inhibit the migration of neutrophils and exhibit anti-inflammatory action.	License agreement with BMS (12/2015)

Reference

Segment information
for the Second Quarter Ended Sep 30, 2016

Kyorin
健康はキョーリンの願いです。

Sales, Profit or Loss of each report segment

（unit : ¥billion）

	Sales	change Y/Y	Profit	change Y/Y
Net Sales (total)	**54.6**	**＋2.2**	**3.7**	**－0.4**
Ethical drugs business	**51.9**	**＋2.2**	**3.6**	**－0.4**
◆Sales of new ethical drugs	**41.6**	**－0.8**		
〇Japan	41.3	－0.5		
〇Overseas	0.3	－0.3		
◆Generic drugs	**10.3**	**＋2.9**		
Healthcare business	**2.7**	**＋0.1**	**0**	**0**
Amount of adjustment	**－**	**－**	**0.1**	**0**

(Note) The details of the Sales Segment have been changed from the first quarter ending March 31, 2017. Following the change, the Pharmaceutical Business comprises New Drugs and Generic Drugs, while the Health Care Business comprises Skincare, Environmental Hygiene and Over the Counter Drugs and Others.

P&L Summary: Consolidated Results – (1)

Kyorin
健康はキョーリンの願いです。

（unit : ¥million）

	Sep/2015		Sep/2016			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	52,386	100.0%	**54,628**	100.0%	＋4.3%	＋2,242
■Ethical Drugs business	49,741	95.0%	**51,936**	95.1%	＋4.4%	＋2,195
◆Sales of new Ethical Drugs	42,357	80.9%	**41,615**	76.2%	－1.8%	－742
○Japan	41,762	79.7%	**41,272**	75.6%	－1.2%	－490
○Overseas	594	1.1%	**343**	0.6%	－42.3%	－251
◆Generic Drugs	7,383	14.1%	**10,321**	18.9%	＋39.8%	＋2,938
Consumer Healthcare Business	2,645	5.0%	**2,691**	4.9%	＋1.7%	＋46

<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 ＞

Year on Year

■ Sales ¥54,628mil （＋¥2,242mil）

● Ethical drug sales in Japan
¥41,272mil （－¥490mil）

	Sep/2015	⇒	Sep/2016 (¥ billion)	
・Kipres	18.8	⇒	17.8	(－1.0)
・Flutifom	3.0	⇒	4.5	(＋1.5)
・Uritos	3.7	⇒	3.8	(＋0.1)
・Pentasa	8.1	⇒	7.9	(－0.2)
・Mucodyne	5.9	⇒	4.4	(－1.5)

● Ethical drug sales overseas
¥343mil （－ ¥251mil）

・ Gatifloxacin ¥0.4bln → 0.2bln （－ ¥0.2bln）

● Generic Drugs ¥10,321mil （＋ ¥2,938mil）
・Launch of an authorized generic drug（AG）for KIPRES

●Consumer Healthcare Business
¥2,691mil （＋ ¥46mil）

P&L Summary: Consolidated Results – (2)

Kyorin
健康はキョーリンの願いです。

（unit : ¥million）

	Sep/2015		Sep/2016			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	52,386	100.0%	**54,628**	100.0%	＋4.3%	＋2,242
Cost of Sales	21,561	41.2%	**23,830**	43.6%	＋10.5%	＋2,269
Gross Profit	30,825	58.8%	**30,797**	56.4%	－0.1%	－28
SG&A (Incl. R&D expenses)	26,726 (7,270)	51.0% (13.9%)	**27,134** **(7,327)**	49.7% (13.4%)	＋1.5% (＋0.8%)	＋408 (＋57)
Operating Income	4,099	7.8%	**3,663**	6.7%	－10.6%	－436
Non-Operating Income Non-Operating Expenses	206 39	0.4% 0.1%	**276** **17**	0.5% 0.0%	＋34.0% －56.4%	＋70 －22
Ordinary Income	4,266	8.1%	**3,921**	7.2%	－8.1%	－345
Extraordinary Profits Extraordinary Losses	0 107	0.0% 0.2%	**0** **88**	0.0% 0.2%	0% －17.8%	0 －19
Income before income taxes	4,159	7.9%	**3,833**	7.0%	－7.8%	－326
Corporate, inhabitants and enterprise taxes	936	1.8%	**679**	1.2%	－27.5%	－257
Tax adjustments	255	0.5%	**468**	0.9%	＋83.5%	＋213
Net Income	2,967	5.7%	**2,684**	4.9%	－9.5%	－283

＜ Breakdown ＞

◆**Cost of Sales Ratio :**
up 2.4 percentage points Y/Y (41.2%→43.6%)
・Drug price revisions
・Sales of generic drugs increased
MONTELUKAST（AG),The other generic drugs

◆ **R&D Ratio :**
down 0.5 percentage points Y/Y (13.9%→13.4%)
＊¥7.3bln→¥7.3bln (flat)

◆**SG&A (exclude R&D) Expenses :**
down 0.8 percentage Points Y/Y(37.1%→36.3%)
＊¥19.5bln→¥19.8bln (＋¥0.3bln）
・ increase of Labor costs.

■**Operating Income ¥3,663mil (－ ¥436mil)**
＊Operating Income margin decreased 1.1percentage points to 6.7%

■**Net Income ¥2,684mil (－ ¥283mil)**

■**Dividend per share(interim dividend) ¥20.0**

BS Summary: Consolidated Results

健康はキョーリンの願いです。

(Units: ¥ million)	Mar/2016		Sep/2016		
	Actual	%total	Actual	% total	change
Current Assets	138,483	70.0%	**130,610**	**69.4%**	**−7,873**
Cash, deposits Notes and accounts receivable Mk securities Inventory Other	45,712 48,296 5,989 27,665 10,818	—	**51,881** **39,222** **5,976** **25,771** **7,758**	—	—
Fixed Assets	59,342	30.0%	**57,675**	**30.6%**	**−1,667**
Tangible assets Intangible assets Investments	22,788 1,201 35,353	—	**22,588** **1,061** **34,024**	—	—
Total Assets	197,825	100.0%	**188,285**	**100.0%**	**−9,540**
Current Liabilities	28,052	14.2%	**24,123**	**12.8%**	**−3,929**
Notes payable Other	11,792 16,259	—	**10,585** **13,538**	—	—
Non-Current Liabilities	12,723	6.4%	**10,442**	**5.5%**	**−2,281**
Total Liabilities	40,776	20.6%	**34,565**	**18.4%**	**−6,211**
Owner's Equity	149,808	75.7%	**149,170**	**79.2%**	**−638**
Other Comprehensive Income	7,241	3.7%	**4,548**	**2.4%**	**−2,693**
Unrealized holding gain (loss) on securities Foreign currency translation adjustments Remeasurements of defined benefit plans	10,372 160 −3,292	—	**7,550** **−40** **−2,961**	—	—
Total Equity	157,049	79.4%	**153,719**	**81.6%**	**−3,330**
Total Liabilities and Equity	197,825	100.0%	**188,285**	**100.0%**	**−9,540**

＜ Breakdown ＞

■Current Asset : − ¥ **7,873**mil
- Cash, deposits (＋ ¥6,196mil)
- Notes and accounts receivable (− ¥ 9,074mil)
- Mk securities (− ¥13mil)
- Inventory (− ¥1,894mil)
- Other (− ¥3,060mil)

■ Fixed Assets : **−1,667**mil
- Tangible Assets (− ¥200mil)
- Intangible Assets (− ¥140mil)
- Investments (− ¥1,329mil)

■ Current Liabilities : − **¥3,923**mil
- Notes Payable (− ¥1,207mil)
- Other (− ¥2,721mil)

■ Non-Current Liabilities : − **¥2,281**mil

Financial summary (Consolidated)

Kyorin
健康はキョーリンの願いです。

（unit : ¥million）

	Sep/2014	Sep/2015	**Sep/2016**	Mar/2016	**Mar/2017 (forecast)**
Sales (Exports)	51,112 (332)	52,386 (594)	**54,628** **(343)**	119,483 (5,586)	**120,000** **(3,800)**
Cost of Sales (cost of Sales Ratio)(%)	21,340 (41.8%)	21,561 (41.2%)	**23,830** **(43.6%)**	47,360 (39.6%)	—
SG&A Ratio to Sales (%)	25,183 (49.3%)	26,726 (51.0%)	**27,134** **(49.7%)**	52,486 (43.9%)	—
R&D Expenses Ratio to Sales (%)	6,674 (13.1%)	7,270 (13.9%)	**7,327** **(13.4%)**	13,019 (10.9%)	**13,500** **(11.3%)**
Operating Income Ratio to Sales (%)	4,587 (9.0%)	4,099 (7.8%)	**3,663** **(6.7%)**	19,636 (16.4%)	**14,500** **(12.1%)**
Ordinary Income Ratio to Sales (%)	4,898 (9.6%)	4,266 (8.1%)	**3,921** **(7.2%)**	19,995 (16.7%)	**14,900** **(12.4%)**
Net Income Ratio to Sales (%)	3,495 (6.8%)	2,967 (5.7%)	**2,684** **(4.9%)**	13,639 (11.4%)	**10,700** **(8.9%)**
EPS (¥)	¥46.78	¥40.10	**¥36.56**	¥184.28	**¥145.23**
Capital	700	700	**700**	700	—
Assets	164,354	187,729	**188,285**	197,825	—
Total Equity	139,037	151,646	**153,719**	157,049	—
BPS (¥)	¥1,860.90	¥2,047.91	**¥2,093.71**	¥131.67	—
ROE (%)	2.5%	2.0%	**1.7%**	8.9%	—
Equity Ratio (%)	84.6%	80.8%	**81.6%**	79.4%	—
Employees	2,482	2,448	**2,427**	2,420	—
Capital Expenditure	1,557	5,637	**1,383**	7,218	**4,700**
Depreciation Expense	1,462	1,658	**1,751**	3,730	**3,900**

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

Kyorin
健康はキョーリンの願いです。

（unit : ¥million）

	Sep/2015		Sep/2016			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	**46,157**	100.0%	**47,396**	100.0%	＋2.7%	＋1,239
■Ethical Drugs business	**44,391**	96.2%	**45,542**	96.1%	＋2.6%	＋1,151
◆Sales of new Ethical Drugs	**41,108**	89.1%	**40,404**	85.2%	−1.7%	−704
○Japan	**40,604**	88.0%	**40,182**	84.8%	−1.0%	−422
○Overseas	**504**	1.1%	**221**	0.5%	−56.2%	−283
◆Generic Drugs	**3,283**	7.1%	**5,138**	10.8%	＋56.5%	＋1,855
■Healthcare Business	**1,765**	3.8%	**1,854**	3.9%	＋5.0%	＋89

＜ Breakdown ＞

Year on Year

■ Sales ¥47,396mil （＋¥1,239mil）

● Ethical drug sales in Japan

¥40,182mil （−¥422mil）

Sep/2015	⇒	Sep/2016 (¥ billion)	
・Kipres 18.8	⇒	17.8	(−1.0)
・Flutifom 3.0	⇒	4.5	(＋1.5)
・Uritos 3.7	⇒	3.8	(＋0.1)
・Pentasa 8.1	⇒	7.9	(−0.2)
・Mucodyne 5.9	⇒	4.4	(−1.5)

● Ethical drug sales overseas

¥221mil （− ¥283mil）

・ Gatifloxacin ¥0.4bln → ¥0.2bln （− ¥0.2bln）

● Generic Drugs ¥5,138mil （＋ ¥1,885mil）

・Launch of an authorized generic drug（AG） for KIPRES

●Consumer Healthcare Business

¥1,854mil （＋ ¥89mil）

・milton ¥1.0bln → ¥1.1bln （＋ ¥0.1bln）

・Rubysta ¥0.3bln → ¥0.4bln （＋ ¥0.1bln）

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

Kyorin
健康はキョーリンの願いです。

（unit : ¥million）

	Sep/2015		Sep/2016			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	46,157	100.0%	**47,396**	100.0%	＋2.7%	＋1,239
Cost of Sales	18,358	39.8%	**20,472**	43.2%	＋11.5%	＋2,114
Gross Profit	27,799	60.2%	**26,923**	56.8%	−3.2%	−876
SG&A (R&D Expenses)	24,637 (6,903)	53.4% (15.0%)	**25,010** **(6,948)**	52.8% (14.7%)	＋1.5% (＋0.7%)	＋373 (＋45)
Operating Income	3,161	6.8%	**1,912**	4.0%	−39.5%	−1,249
Non-Operating Income Non-operating Expenses	306 0	0.7% 0.0%	**350** **4**	0.7% 0.0%	＋14.4% +812.1%	＋44 ＋4
Ordinary Income	3,468	7.5%	**2,259**	4.8%	−34.9%	−1,209
Extraordinary Profits Extraordinary Losses	− 45	−% 0.1%	**−** **86**	−% 0.2%	−% ＋91.1%	− ＋41
Income before income taxes	3,422	7.4%	**2,172**	4.6%	−36.5%	−1,250
Corporate, inhabitants and enterprise taxes	701	1.5%	**248**	0.5%	−64.6%	−453
Tax adjustments	239	0.5%	**413**	0.9%	＋72.8%	＋174
Net Income	2,481	5.4%	**1,510**	3.2%	−39.1%	−971

＜ Breakdown ＞

◆Cost of Sales Ratio :
up 3.4 percentage points Y/Y (39.8%→43.2%)

・Drug price revisions
・Sales ratio of generic drugs increased

◆R&D Ratio :
down 0.3percentage points Y/Y(15.0%→14.7%)

＊¥6.9bln→¥6.9bln(flat)

◆SG&A (exclude R&D) expenses :
down 0.3 percentage points Y/Y (38.4%→38.1%)

■Operating Income ¥1,912mil （−¥1,249mil）

＊Operating Income margin decreased 2.8 percentage points to 4.0%

■Net Income ¥1,510mil （− ¥971mil）

BS Summary: KYORIN Pharmaceutical (Non-consolidated)

健康はキョーリンの願いです。

（unit : ¥million）

	Mar/2016		Sep/2016		
	Actual	% total	Actual	% total	change
Current Assets	102,859	66.1%	**96,497**	65.1%	−6,362
Cash, deposits Accounts receivable Mk securities Inventory Other	22,326 44,374 5,905 21,774 8,477	—	**28,219 35,535 5,913 20,720 6,107**	—	—
Fixed Assets	52,778	33.9%	**51,783**	34.9%	−995
Tangible assets Intangible assets Investments	14,866 486 37,424	—	**14,444 458 36,880**	—	—
Total Assets	155,637	100.0%	**148,281**	100.0%	−7,356
Current Liabilities	20,102	12.9%	**18,072**	12.2%	−2,030
Notes Payable Accounts payable Other	7,673 12,428	—	**8,487 9,585**	—	—
Non-Current Liabilities	7,925	5.1%	**6,443**	4.3%	−1,482
Total Liabilities	28,027	18.0%	**24,516**	16.5%	−3,511
Owner's Equity	117,300	75.4%	**116,286**	78.4%	−1,014
Valuation and translation adjustments	10,309	6.6%	**7,478**	5.0%	−2,831
Total Equity	127,610	82.0%	**123,764**	83.5%	−3,846
Total Liabilities and Equity	155,637	100.0%	**148,281**	100.0%	−7,356

＜ Breakdown ＞

■Current Assets ：−¥6,362mil
- Cash, deposits （＋¥5,893mil）
- Accounts receivable （−¥8,839mil）
- Mk securities （＋¥8mil）
- Inventory （−¥1,054mil）

■Fixed Assets ： − ¥995mil
- Tangible Assets （−¥422mil）
- Intangible Assets （−¥28mil）
- Investments （−¥544mil）

■ Current Liabilities ： − ¥2,030mil
- Accounts payable（＋¥814mil）

■ Non-Current Liabilities ： −¥1,482mil

Financial Summary: KYORIN Pharmaceutical (Non-consolidated)

健康はキョーリンの願いです。

（unit : ¥million）

	Sep/2014	Sep/2015	Sep/2016	Mar/2016	Mar/2017 (forecast)
Sales (Exports)	43,922 (246)	46,157 (504)	**47,396** **(221)**	106,390 (5,343)	**106,400** **(3,600)**
Cost of Sales （cost of sales ratio ）%	17,354 (39.5%)	18,358 (39.8%)	**20,472** **(43.2%)**	40,798 (38.3%)	—
SG&A Ratio to Sales (%)	23,069 (52.5%)	24,637 (53.4%)	**25,010** **(52.8%)**	48,129 (45.2%)	—
R&D Expenses Ratio to Sales (%)	6,334 (14.4%)	6,903 (15.0%)	**6,948** **(14.7%)**	12,421 (11.7%)	**12,900** **(12.1%)**
Operating Income Ratio to Sales (%)	3,498 (8.0%)	3,161 (6.8%)	**1,912** **(4.0%)**	17,461 (16.4%)	**11,700** **(11.0%)**
Ordinary Income Ratio to Sales (%)	3,957 (9.0%)	3,468 (7.5%)	**2,259** **(4.8%)**	17,985 (16.9%)	**12,200** **(11.5%)**
Net Income Ratio to Sales (%)	2,940 (6.7%)	2,481 (5.4%)	**1,510** **(3.2%)**	12,113 (11.4%)	**8,900** **(8.4%)**
EPS (¥)	¥39.60	¥33.41	**¥20.34**	¥163.11	—
Capital	4,317	4,317	**4,317**	4,317	—
Assets	126,945	146,458	**148,281**	155,637	—
Total Equity	110,288	120,555	**123,764**	127,610	—
BPS (¥)	¥1,485.00	¥1,623.24	**¥1,666.46**	¥1718.23	—
ROE (%)	2.7%	2.1%	**1.2%**	9.9%	—
Equity Ratio (%)	86.9%	82.3%	**83.5%**	82.0%	—
Employees	1,801	1,762	**1,725**	1,731	—
Capital Expenditure	635	4,435	**547**	5,059	**1,800**
Depreciation Expense	814	961	**1,038**	2,241	**2,300**