

Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2012

1. Outline of Consolidated Financial Results	P.1
2. Highlights of Business Performance	P.2
3. Consolidated Financial Results(actual/forecast)	P.3~P.4
4. Main Product Sales Update	P.5
5. Actual and Forecast of Main Subsidiary Companies	P.6
6. Consolidated Financial Results for the Second Quarter and full year forecast	P.7
7. R&D Expenses, Capex & Depreciation	P.8
8. Main R&D Activities	P.9~11
【reference】	
9. Segment information	P.13
10. P&L Summary	P.14~15
11. BS Summary	P.16
12. Financial summary	P.17
13. KYORIN Pharmaceutical result	P.18~21

November 8, 2011

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 Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2012



(¥ million)	Sep/2008	Sep/2009	Sep/2010	Sep/2011	YoY change (%)	Mar/2012 (revised forecast)	YoY change (%)	Mar/2012 (original forecast)	YoY change (%)
Net Sales	40,261	45,714	46,707	46,387	△0.7%	105,100	+1.0%	106,500	+2.3%
Operating Income	1,243	4,569	4,201	4,900	+16.6%	14,900	△9.4%	16,600	+1.0%
Ordinary Income	1,175	5,172	4,542	5,253	+15.7%	15,600	△8.8%	17,200	+0.5%
Net Income	△1,606	3,293	2,959	3,355	+13.4%	10,100	△7.6%	10,900	△0.3%

Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2012

【 Net sales】 Sales of Japan ethical drugs rose slightly year on year under the influence of the excess distribution inventory at the end of the fiscal year ended March in association with the Great East Japan Earthquake, in spite of the efforts for increasing the number of prescription and for maximizing the sales of the drugs. Sales of overseas ethical drugs this year was less than that of last year. As a result, Consolidated Net Sales decreased 0.7% year on year, to ¥46.4 billion.

【 Net income】 While Net Sales dropped down, Gross Profit rose due to the decrease of Cost of Sales Ratio. Meanwhile, SG&A Expenses fell, given a decrease in R&D Expenses(down 11.7%) . Consequently, Operating Income climbed 16.6% year on year, to ¥4.9 billion, and Net Income rose 13.4%, to ¥3.4 billion.

Consolidated Financial Results for the Fiscal Year Ending March 31, 2012(forecast)

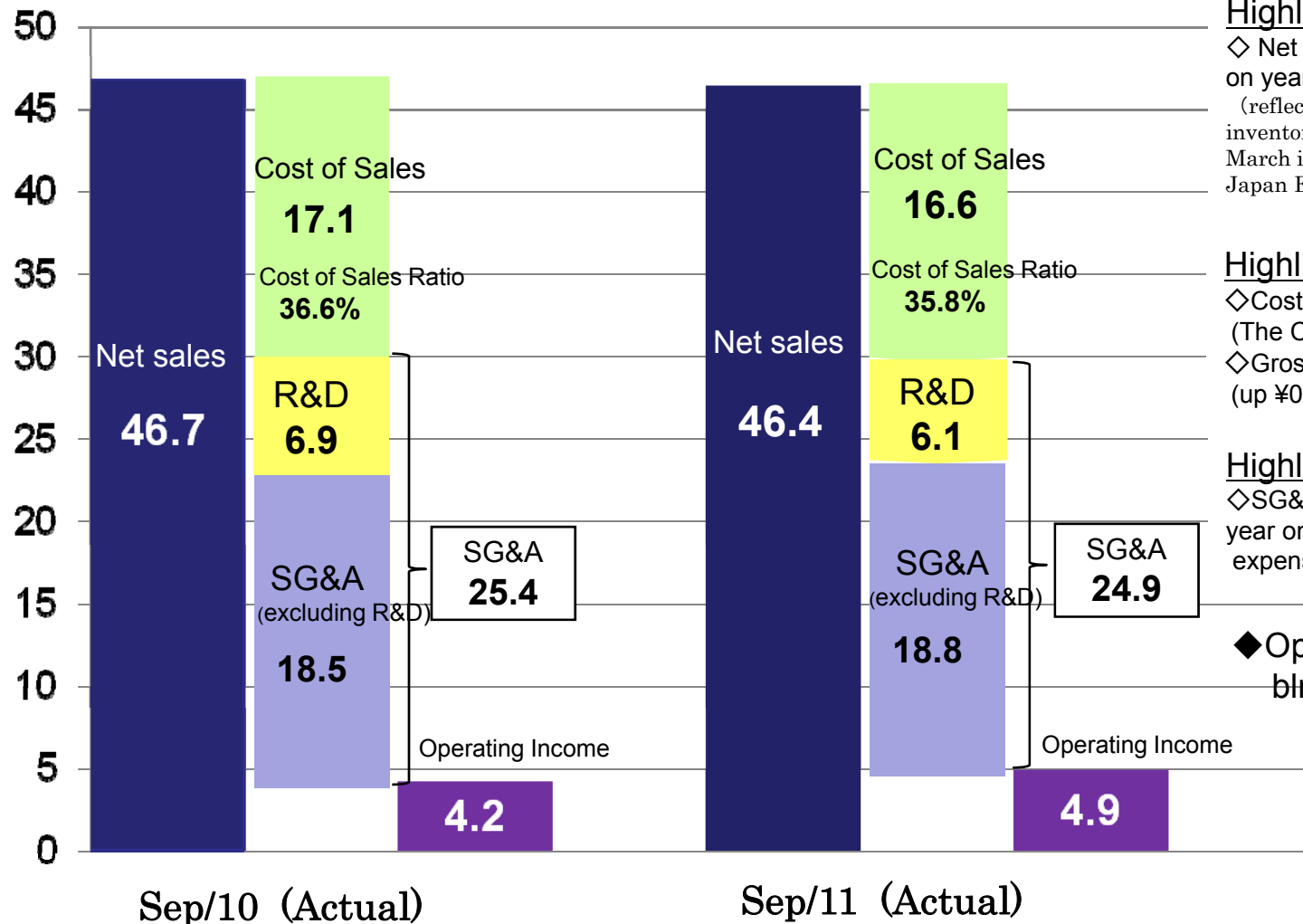
【 Net sales】 In consideration of Second Quarter Financial results , ¥105.1bln of Net Sales(up 1.0%)is forecasted as the final annual result in March 2012.

【 Net income】 Due to the reinforcement of development activity of new drugs to enrich the development pipeline, ¥0.8 bil is expected to exceed previously forecasted R&D Expense. As a result, ¥14.9bln of Operating Income (down 9.4%) and ¥10.1bln of Net Income (down 7.6%) are expected.

◇The full year forecast of consolidated results for the year ending March 31, 2012, released on May 11, 2011, has been revised in this document.

Highlights of Business Performance

(Units: ¥ billion)



Highlight ①

◇ Net Sales decreased ¥0.3 billion year on year.
(reflecting an increase in distribution inventory at the end of the fiscal year ended March in association with the Great East Japan Earthquake.)

Highlight ②

◇ Cost of Sales declined ¥0.5 bln.
(The Cost of Sales Ratio fell 0.8 points.)
◇ Gross Profit increased
(up ¥0.2bln year on year).

Highlight ③

◇ SG&A expenses dropped ¥0.5bln year on year. (of SG&A expenses, R&D expenses decreased ¥0.8bln.)

◆ Operating Income rose ¥0.7 bln year on year.

Consolidated Financial Results

for the Second Quarter Ended September 30, 2011 - 1

《Sep/2010(actual) vs.Sep/2011(actual)》

(¥ million)	Sep/2010	Sep/2011	change
Net Sales (total)	46.7	46.4	△0.3
Ethical drugs Business	45.4	45.2	△0.2
◆Sales of new ethical drugs	39.2	39.1	△0.1
○Japan	37.7	38.1	+0.4
○Overseas	1.5	1.0	△0.5
◆Generic drugs	4.1	4.1	△0.0
◆Over-the-counter drugs	2.0	2.0	△0.0
Healthcare (Skin care) Business	1.3	1.2	△0.1
Operating Income	4.2	4.9	+0.7
Ordinary Income	4.5	5.3	+0.8
Net Income	3.0	3.4	+0.4

Year on Year

■Net Sales **¥46.4bln** (△0.3)

◆Ethical drugs business **¥45.2bln** (△0.2)

●Sales of new ethical drugs **¥38.1bln** (+0.4)

Sep/2010 ⇒ Sep/2011

- ・ Kipres 14.1 ⇒ 15.7 (+1.6)
- ・ Mucodyne 9.4 ⇒ 9.1 (△0.3)
- ・ Pentasa 9.9 ⇒ 9.1 (△0.8)
- ・ Uritos 2.4 ⇒ 2.9 (+0.5)

●Sales of new ethical drugs in Overseas **¥1.0bln** (△0.5)

- ・ Gatifloxacin 1.3 ⇒ 0.8 (△0.5)

●Sales of Generic drugs **¥4.1bln** (△0.0)

- ・ No fluctuation as compared to last year in the gentle growth of the generic drugs market.

●Sales of Over-the-counter drugs **¥2.0bln** (△0.0)

◆Healthcare (Skin care) Business **¥1.2bln** (△0.1)

●Sales declined at Dr. Program (△0.0)

■Operating Income **¥4.9bln** (+0.7)

◆Operating Income margin rose 1.6 percentage points to 10.6%

●Cost of Sales Ratio : down 0.8 percentage points (36.6%⇒35.8%)

- ・ Increased sales of in-house products with lower cost of sales
- ・ a rise in the factory operation ratio 、 ・ a decrease of manufacturing cost

●R&D Ratio : down 1.6 percentage points (14.7%⇒13.1%)

* ¥6.9bln⇒¥6.1bln (down ¥0.8bln)

(Expenses associated with the completion of the R&D of KRP-108 Ph2b were posted in the previous year)

●SG&A Ratio (excluding R&D expenses) : up 0.8 percentage points 39.7%⇒40.5%

* ¥18.5bln⇒¥18.8bln (up ¥0.3bln)

■Net Income **¥3.4bln** (+0.4)

■Dividend per share(interim dividend) **¥10.0**

Consolidated Financial Results

for the Second Quarter Ended September 30, 2011 - 2

《Sep/2011(forecast) vs.Sep/2011(actual)》

(¥ million)	Sep/2011 (forecast)	Sep/2011 (actual)	change
Net Sales (total)	49.2	46.4	△2.8
Ethical drugs business	47.8	45.2	△2.6
◆Sales of new ethical drugs	41.2	39.1	△2.1
○Japan	39.9	38.1	△1.8
○Overseas	1.3	1.0	△0.3
◆Generic drugs	4.6	4.1	△0.5
◆Over-the-counter drugs	2.0	2.0	△0.0
Healthcare(Skincare) Business	1.4	1.2	△0.2

Operating Income	6.1	4.9	△1.2
Ordinary Income	6.4	5.3	△1.1
Net Income	4.0	3.4	△0.6

Forecast vs. actual

■Net Sales	¥46.4bln	(△2.8)
◆Ethical drugs business	¥45.2bln	(△2.6)
●Sales of new ethical drugs	¥38.1bln	(△1.8)
forecast ⇒ actual		
・ Kipres	16.2 ⇒ 15.7	(△0.5)
・ Mucodyne	9.7 ⇒ 9.1	(△0.6)
・ Pentasa	9.7 ⇒ 9.1	(△0.6)
・ Uritos	3.0 ⇒ 2.9	(△0.1)
●Sales of new ethical drugs in Overseas	¥1.0bln	(△0.3)
・ Gatifloxacin	1.1 ⇒ 0.8	(△0.3)
●Sales of Generic drugs	¥4.1bln	(△0.5)
・ Sales declined at KYORIN Rimedio		
◆Healthcare (Skin care) Business	¥1.2bln	(△0.2)
●Sales declined at Dr. Program		(△0.2)
■Operating Income	¥4.9bln	(△1.2)
●Save R&D Expense and SG&A Expense to avoid the decrease of Operating Income.		
* ¥6.5bln⇒¥6.1bln (down ¥0.4bln)		
■Net Income	¥3.4bln	(△0.6)

Main Product Sales Update

Product name		Sep/2008	Sep/2009	Sep/2010	Sep/2011		Mar/2011	Mar/2012 (revised forecast)	Mar/2012 (original forecast)
					actual	% change			
Sales of new ethical drugs (Japan)	Kipres (LT receptor antagonist)	104	127	141	157	+11.5%	345	367	365
	Mucodyne (Mucoregulant)	87	93	94	91	△3.4%	213	213	221
	Pentasa (Ulcerative colitis and Crohn's disease treatment)	71	97	99	91	△7.3%	194	186	192
	Uritos (Kyorin) (Overactive bladder)	6	16	24	29	+21.4%	55	66	66
	Ketas (For bronchial asthma and cerebrovasculas disorders)	26	23	20	18	△10.8%	40	35	38
Sales of new ethical drugs (over seas)	Gatifloxacin (Bulk · Royalty)	14	11	13	8	△38.4%	22	17	12
Over-the- counter drugs	Milton (Disinfectant)	9	10	9	9	+0.3%	19	20	20

Actual and Forecast of Main Subsidiary Companies

(unit : billion)

KYORIN pharmaceutical	Sep/2010	Sep/2011
Sales	40.8	41.8
Operating Income	3.9	4.7
Net Income	2.9	3.4

Mar/2011	Mar/2012 (revised forecast)
92.5	94.7
15.6	14.2
10.7	9.9

Mar/2012 (original forecast)
95.1
15.7
10.4

KYORIN Rimedio	Sep/2010 ※	Sep/2011
Sales	5.2	4.6
Operating Income	0.4	0.2
Net Income	0.4	0.2

Mar/2011	Mar/2012 (revised forecast)
10.3	10.5
0.8	0.6
0.6	0.5

Mar/2012 (original forecast)
11.0
0.7
0.7

Dr. Program	Sep/2010	Sep/2011
Sales	1.3	1.2
Operating Income	0.0	0.0
Net Income	0.0	0.0

Mar/2011	Mar/2012 (revised forecast)
2.8	2.8
0.1	0.1
0.1	0.1

Mar/2012 (original forecast)
3.0
0.1
0.0

※Associated with the integration of the wholesale trade channel into KYORIN Pharmaceutical (October 1), beginning inventories are posted in sales(¥0.6bln).

Consolidated Financial Results for the Second Quarter and full year forecast

(¥ million)	Sep/2010	Sep/2011	Change	YoY change (%)	Mar/2011	Mar/2012 (revised forecast)	Mar/2012 (original forecast)
Sales	46,707	46,387	△320	△0.7%	104,069	105,100	106,500
■ Ethical Drugs business	45,373	45,155	△218	△0.5%	101,271	102,200	103,500
◆ Sales of new Ethical Drugs	39,208	39,098	△110	△0.3%	88,020	88,300	88,900
○ Japan	37,708	38,129	+421	+1.1%	85,284	86,200	87,100
○ Overseas	1,500	968	△532	△35.4%	2,736	2,100	1,700
◆ Generic Drugs	4,115	4,097	△18	△0.4%	8,871	9,700	10,300
◆ Over-the-counter Drugs and Others	2,049	1,959	△90	△4.4%	4,378	4,200	4,300
■ Consumer Healthcare Business	1,333	1,232	△101	△7.6%	2,797	2,800	3,000
Operating Income	4,201	4,900	+699	+16.7%	16,443	14,900	16,600
Ordinary Income	4,542	5,253	+711	+15.7%	17,110	15,600	17,200
Net Income	2,959	3,355	+396	+13.4%	10,927	10,100	10,900

R&D Expenses, Capex & Depreciation <Consolidated>

(¥ million)	Sep/2008	Sep/2009	Sep/2010	Sep/2011	% change	Mar/2011	Mar/2012 (revised forecast)	Mar/2012 (original forecast)
R&D expenses	4,968	5,670	6,879	6,075	△11.7%	12,495	14,200	13,400
Capital expenditure	1,115	709	633	402	△36.5%	1,668	2,700	2,500
Depreciation expense	2,028	1,362	1,163	1,122	△3.6%	2,458	2,600	2,700

<Capital expenditure (Actual/Forecast)>

(¥ billion)	Mar/2011	Sep/2011	Mar/2012 (revised forecast)	Mar/2012 (original forecast)
(Actual)				
Plant facilities	¥0.9	¥0.1		
Equipment for control, sales activities	¥0.3	¥0.1		
Equipment for research	¥0.5	¥0.2		
(Forecast)				
Plant facilities			¥1.3	¥1.3
Equipment for control, sales activities			¥0.8	¥0.7
Equipment for research			¥0.6	¥0.5

Main R&D Activities① (November 8 , 2011 Release)

Ph IIb Application submitted

*Changes from the previous announcement
(July 29, 2011)

Stage		Compound/ Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
Ph III (12/2009)		Pentasa (tablet)	Ulcerative colitis	Ferring Pharmaceuticals	New dosage regimen for ulcerative colitis in the remission phase (once a day)	
Ph III (11/2010)		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 III (8/2010)	(US) SkyePharma : Application submitted (3/2009) (Europe) Mundipharma : Application submitted (3/2010)	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 II (2/2008)	Ph II (9/2007)	KRP-104	Anti- diabetes agent	In-house	A DPPIV inhibitor to reduce blood glucose through suppression of the degradation of insulin-releasing hormone. Diabetic therapy with fewer side effects is expected than existing treatments.	*Overseas Ph II b completed (3/2011) *Domestic Ph II b completed (3/2010)

Main R&D Activities② (November 8 , 2011 Release)

POC Project (Pre-clinical ~ Ph II)

*Changes from the previous announcement (July 29, 2011)

Stage		Compound/ Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
Ph I (12/2010)	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 I (8/2010)	KRP-110	Opioid-induced constipation and intractable pruritus	In-house	A highly selective μ -opioid receptor antagonist. It is expected to block constipation induced by opioid analgesics without interrupting the analgesic effect of opioids. It is orally effective in various itching models, indicating potential of a novel anti-itch drug for intractable pruritus.	
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)
Preparing for clinical trials	(Europe) Almirall : Preparing for application (US) Forest Pharmaceuticals : Preparing for application	KRP-AB1102 (Inhaled drug)	Chronic Obstructive Pulmonary Disease (COPD)	Almirall	This bronchodilating agent has an acetylcholine receptor antagonist action that offers long-lasting improvement for breathing difficulty and shortness of breath associated with COPD. ①Fewer systemic side effects ②Twice-daily dosage offers a full-day improvement in symptoms and respiratory function ③Short time required for the maximum effect	License agreement with Almirall (2/2011)
Ph I *(8/2011)		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 I preparations		KRP-AM1977Y (Injection)	New quinolone synthetic antibacterial agent	In-house		

Main R&D Activities③ (November 8 , 2011 Release)

Licensing Development

Stage	Compound/Code	Licensee/Collaborative research	Therapy area/Action	Origin	Comments
Application submitted (3/2011)	Alphagan /AlphaganP	Senju Pharmaceuticals	Glaucoma	Allergan (US)	<ul style="list-style-type: none"> •Licensed from Allergan (Cross license of gatifloxacin ophthalmic solution) •License-out to Senju (5/2004)
Overseas Ph II (8/2005)	Ketas	MediciNova (US)	Cerebrovascular disorders	In-house	<ul style="list-style-type: none"> •KYORIN grants MediciNova an exclusive license in all countries worldwide except for Japan, China, South Korea and Taiwan to develop, manufacture and sell the compound and products for the multiple sclerosis indication (10/2004) Result of Ph II was reported in April 2008
Overseas Ph III (Anti-bronchial Asthma: 11/2006) Overseas Ph II/III (Interstitial cystitis: 5/2005)	KCA-757	MediciNova (US)	Bronchial asthma and interstitial cystitis	In-house	<ul style="list-style-type: none"> •KYORIN grants MediciNova an exclusive license in all countries worldwide except for Japan, China, South Korea and Taiwan to develop and sell the compound and products •Interstitial cystitis: Result of Ph II/III was reported in January 2007 and development ceased •Bronchial asthma: Clinical trial overseas was discontinued.
Overseas Ph II (POC) (12/2010)	KRP-203	Novartis (Switzerland)	Transplantation, autoimmune, and IBD*	In-house	<ul style="list-style-type: none"> •Kyorin grants the right to develop and commercialize KRP-203 worldwide for use as an immunosuppressant in organ transplants, and right to develop and commercialize KRP-203 worldwide except in Japan, Korea, China and Taiwan for the treatment of autoimmune diseases and other diseases (February 2006) •New license agreement IBD (November 2010)

Reference

Segment information for the Second Quarter Ended September 30, 2011

Sales, Profit or Loss of each report segment

(¥ billion)	Sales	Year on Year	Profit	Year on Year
Net Sales (total)	464	△3	49	+7
Ethical drugs business	452	△2	48	+8
◆Sales of new ethical drugs	391	△1		
○Japan	381	+4		
○Overseas	10	△5		
◆Generic drugs	41	△0		
◆Over-the-counter drugs	20	△0		
Healthcare(Skincare) business	12	△1	0	△0
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)

(¥ million)	Sep/2010		Sep/2011			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	46,707	100.0%	46,387	100.0%	△0.7%	△320
■ Ethical Drugs business	45,373	97.1%	45,155	97.3%	△0.5%	△218
◆ Sales of new Ethical Drugs	39,208	83.9%	39,098	84.3%	△0.3%	△110
○ Japan	37,708	80.7%	38,129	82.2%	+1.1%	+421
○ Overseas	1,500	3.2%	968	2.1%	△35.4%	△532
◆ Generic Drugs	4,115	8.8%	4,097	8.8%	△0.4%	△18
◆ Over-the-counter Drugs and Others	2,049	4.4%	1,959	4.2%	△4.4%	△90
■ Consumer Healthcare Business	1,333	2.9%	1,232	2.7%	△7.6%	△101

<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 >

Year on Year

- Sales ¥46,387 mil (△¥320 mil)
- Ethical drug sales in Japan
 - ¥38,129 mil (+¥421 mil)
 - Sep/2010 Sep/2011 (¥ billion)
 - Kipres 14.1 → 15.7 (+1.6)
 - Mucodyne 9.4 → 9.1 (△0.3)
 - Pentasa 9.9 → 9.1 (△0.8)
 - Uritos 2.4 → 2.9 (+0.5)
- Ethical drug sales overseas
 - ¥968 mil (△¥532 mil)
 - Gatifloxacin 1.3 → 0.8 (△0.5)
- Generic Drugs ¥4,097 mil (△18 mil)
 - No fluctuation as compared to last year in the gentle growth of the generic drugs market.
- Over-the-counter Drugs and Others
 - ¥1,959 mil (△¥90 mil)
 - Sales decreased at KYORIN Medical Supply Co., Ltd
- Consumer Healthcare Business
 - ¥1,232 mil (△¥101 mil)
 - Sales decreased at Dr. Program Co., Ltd.

P&L Summary: Consolidated Results – (2)

(¥ million)	Sep/2010		Sep/2011			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	46,707	100.0%	46,387	100.0%	△0.7%	△320
Cost of Sales	17,083	36.6%	16,611	35.8%	△2.8%	△472
Gross Profit	29,623	63.4%	29,776	64.2%	+0.5%	+152
SG&A (Incl. R&D expenses)	25,422 (6,879)	54.4% 14.7%	24,875 (6,075)	53.6% 13.1%	△2.2% △11.7%	△547 △803
Operating Income	4,201	9.0%	4,900	10.6%	+16.6%	+699
Non-Operating Income	389	0.8%	403	0.9%	+3.6%	+14
Non-Operating Expenses	47	0.1%	50	0.1%	+5.8%	+2
Ordinary Income	4,542	9.7%	5,253	11.3%	+15.7%	+710
Extraordinary Profits	25	0.1%	3	0.0%	△86.1%	△21
Extraordinary Losses	11	0.0%	16	0.0%	+41.4%	+4
Income before income taxes	4,556	9.8%	5,240	11.3%	+15.0%	+684
Corporate, inhabitants and enterprise taxes	1,405	3.0%	1,860	4.0%	+32.4%	+454
Tax adjustments	191	0.4%	24	0.1%	△87.1%	△166
Net Income	2,959	6.3%	3,355	7.2%	+13.4%	+396

< Breakdown >

◆ Cost of Sales Ratio : down 0.8 percentage points YoY
(36.6 %→35.8%)

- * Increased sales of in-house products with lower cost of sales
- a rise in the factory operation ratio
- a decrease of manufacturing cost

◆ R&D Ratio : down 1.6 percentage Points YoY
(14.7%→13.1%)

- * ¥6.9bln→¥6.1bln(decrease of approx. ¥0.8 bln)
(Expenses associated with the completion of the R&D of KRP-108 Ph2b were posted in the previous year)

◆ SG&A (exclude R&D) Expenses : up 0.8 percentage Points YoY
(39.7%→40.5%)

- * ¥18.5bln→¥18.8bln (+¥0.3bln)

■ Operating Income ¥4.9bln

- * Operating Income margin increased 1.6 percentage points to 10.6%

■ Net Income ¥3.3bln

■ Dividend per share(interim dividend) ¥10.0

BS Summary: Consolidated Results

(¥ million)	Mar/2011	
	Actual	%total
Current Assets	104,427	70.9%
Cash, deposits	25,518	—
Notes and accounts receivable	42,594	
Mk securities	6,976	
Inventory	20,364	
Other	8,973	
Fixed Assets	42,806	29.1%
Tangible assets	14,916	—
Intangible assets	816	
Investments	27,073	
Total Assets	147,234	100.0%

Sep/2011		
Actual	% total	change
95,610	69.1%	Δ8,817
23,311	—	—
33,583		
8,872		
22,578		
7,262		
42,830	30.9%	23
14,261	—	—
713		
27,855		
138,440	100.0%	Δ8,793

Current Liabilities	30,421	20.7%
Notes payable	10,852	—
Other	19,569	
Non-Current Liabilities	5,105	3.5%
Total Liabilities	35,527	24.1%
Owner's Equity	112,076	76.1%
Other Comprehensive Income	Δ370	Δ0.3%
Unrealized holding gain (loss) on securities	Δ137	—
Foreign currency translation adjustments	Δ232	
Total Equity	111,706	75.9%
Total Liabilities and Equity	147,234	100.0%

21,143	15.3%	Δ9,278
7,856	—	—
13,286		
4,579	3.3%	Δ526
25,723	18.6%	Δ9,804
112,808	81.5%	731
Δ90	Δ0.1%	279
144	—	—
Δ234		
112,717	81.4%	1,011
138,440	100.0%	Δ8,793

< Breakdown >

- Current Asset : Δ ¥8, 817mil
 - Cash, deposits (Δ ¥2,206mil)
 - Notes and accounts receivable (Δ ¥9,010mil)
 - Mk securities (+¥1,896mil)
 - Inventory (+¥2,213mil)
 - Other (Δ ¥1,710mil)
- Fixed Assets : +¥23mil
 - Tangible Assets (Δ ¥654mil)
 - Intangible Assets (Δ ¥102mil)
 - Investments (+¥781mil)
- Current Liabilities : Δ ¥9, 278mil
 - Notes Payable (Δ ¥2,995mil)
 - Other (Δ ¥6,283mil)
- Non-Current Liabilities : Δ ¥526mil

Financial summary (Consolidated)

(¥ million)	Sep/2009	Sep/2010	Sep/2011	Mar/2011	Mar/2012 (revised forecast)	Mar/2012 (original forecast)
Sales	45,714	46,707	46,387	104,069	105,100	106,500
(Exports)	(1,305)	(1,500)	(968)	(2,784)	(2,100)	(1,700)
Cost of Sales	17,035	17,083	16,611	37,554	—	—
(cost of Sales Ratio) (%)	(37.3%)	(36.6%)	(35.8%)	(36.1%)	—	—
SG&A	24,109	25,422	24,875	50,071	—	—
Ratio to Sales (%)	(52.7%)	(54.4%)	(53.6%)	(48.1%)	—	—
R&D Expenses	5,670	6,879	6,075	12,495	14,200	13,400
Ratio to Sales (%)	(12.4%)	(14.7%)	(13.1%)	(12.0%)	(13.5%)	(12.6%)
Operating Income	4,569	4,201	4,900	16,443	14,900	16,600
Ratio to Sales (%)	(10.0%)	(9.0%)	(10.6%)	(15.8%)	(14.2%)	(15.6%)
Ordinary Income	5,172	4,542	5,253	17,110	15,600	17,200
Ratio to Sales (%)	(11.3%)	(9.7%)	(11.3%)	(16.4%)	(14.8%)	(16.2%)
Net Income	3,293	2,959	3,355	10,927	10,100	10,900
Ratio to Sales (%)	(7.2%)	(6.3%)	(7.2%)	(10.5%)	(9.6%)	(10.2%)
EPS (¥)	¥44.05	¥39.59	¥44.90円	¥146.21	¥135.16	¥145.86
Capital	700	700	700	700		
Assets	127,728	128,541	138,440	147,234		
Total Equity	100,024	104,662	112,717	111,706		
BPS (¥)	¥1,338.01	¥1,400.35	¥1,508.46	¥1,494.83		
ROE (%)	3.3%	2.8%	3.0%	10.1%		
Equity Ratio (%)	78.3%	81.4%	81.4%	75.9%		
Employees	2,262	2,308	2,332	2,294		
Capital Expenditure	709	633	402	1,668	2,700	2,500
Depreciation Expense	1,362	1,163	1,122	2,458	2,600	2,700

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

< Breakdown >

Year on Year

(¥ million)	Sep/2010		Sep/2011			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	40,759	100.0%	41,831	100.0%	+2.6%	+1,071
■ Ethical Drugs business	40,759	100.0%	41,831	100.0%	+2.6%	+1,071
◆ Sales of new Ethical Drugs	39,168	96.1%	39,057	93.4%	Δ 0.3%	Δ111
○Japan	37,708	92.5%	38,129	91.2%	+1.1%	+421
○Overseas	1,460	3.6%	927	2.2%	Δ 36.5%	Δ532
◆ Generic Drugs	290	0.7%	1,487	3.6%	+412.4%	+1,197
◆ Over-the-counter Drugs and Others	1,300	3.2%	1,285	3.1%	Δ 1.1%	Δ14

■ Sales	$\text{¥}41,831 \text{ mil}$	($+\text{¥}1,071 \text{ mil}$)
● Ethical drug sales in Japan	$\text{¥}38,129 \text{ mil}$	($+\text{¥}421 \text{ mil}$)
	Sep/2010	Sep/2011 (¥ billion)
• Kipres	14.1	→ 15.7 (+1.6)
• Mucodyne	9.4	→ 9.1 (Δ 0.3)
• Pentasa	9.9	→ 9.1 (Δ 0.8)
• Uritos	2.4	→ 2.9 (+0.5)
● Ethical drug sales overseas	$\text{¥}927 \text{ mil}$	($\Delta\text{¥}532 \text{ mil}$)
• Gatifloxacin	1.3	→ 0.8 (Δ 0.5)
● Generic Drugs	$\text{¥}1,487 \text{ mil}$	($+\text{¥}1,197 \text{ mil}$)
• Mainly the effect from consolidating distribution at KYORIN Rimedio		
● Over-the-counter Drugs and Others	$\text{¥}1,285 \text{ mil}$	($\Delta\text{¥}14 \text{ mil}$)
• milton	0.9	→ 0.9 (+0)

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

(¥ million)	Sep/2010		Sep/2011			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	40,759	100.0%	41,831	100.0%	+2.6%	+1,071
Cost of Sales	13,521	33.2%	14,383	34.4%	+6.4%	+861
Gross Profit	27,237	66.8 %	27,447	65.6%	+0.8%	+210
SG&A	23,359	57.3%	22,735	54.4%	△2.7%	△623
(R&D Expenses)	(6,496)	15.9%	(5,762)	13.8%	△11.3%	△733
Operating Income	3,878	9.5%	4,712	11.3%	+21.5%	+834
Non-Operating Income	586	1.4%	599	1.4%	+2.2%	+12
Non-operating Expenses	21	0.1%	29	0.1%	+35.3%	+7
Ordinary Income	4,443	10.9%	5,282	12.6%	+18.9%	+839
Extraordinary Profits	7	0.0%	3	0.0%	△54.2%	△4
Extraordinary Losses	10	0.0%	7	0.0%	△27.1%	△2
Income before Income taxes	4,440	10.9%	5,278	12.6%	+18.9%	+837
Corporate, inhabitants and enterprise taxes	1,372	3.4%	1,830	4.4%	+33.4%	+458
Tax adjustments	159	0.4%	33	0.1%	△78.9%	△125
Net Income	2,908	7.1%	3,414	8.2%	+17.4%	+505

< Breakdown >

◆ Cost of Sales Ratio : up 1.2 percentage points YoY
(33.2%→34.4%)

* Reason for increase :

・Mainly the effect from consolidating distribution at KYORIN Rimedio

* Reason for decrease :

・Increased sales of in-house products with lower cost of sales

・a rise in the factory operation ratio

・a decrease of manufacturing cost

◆ R&D Ratio : down 2.1 percentage Points YoY
(15.9%→13.8%)

* ¥6.5bln→¥5.8bln(decrease of approx. ¥0.7 bln)

Reason for decrease :

(Expenses associated with the completion of the R&D of
KRP-108 Ph2b were posted in the previous year)

◆ SG&A (exclude R&D) Expenses : down 0.8 percentage
Points YoY
(41.4%→40.6%)

* ¥16.9bln→¥17.0bln (Increase of approx. ¥0.1bln)

■ Operating Income ¥4.7bln

* Operating Income margin increased 1.8percentage
points to 11.3%

■ Net Income ¥3.4bln

BS Summary: KYORIN Pharmaceutical (Non-consolidated)

(¥ million)	Mar/2011	
	Actual	% total
Current Assets	84,458	68.9%
Cash, deposits	15,123	
Accounts receivable	39,184	
Mk securities	6,913	—
Inventory	16,739	
Other	6,498	
Fixed Assets	38,202	31.1%
Tangible assets	11,894	
Intangible assets	235	—
Investments	26,073	
Total Assets	122,661	100.0%

Sep/2011		
Actual	% total	change
76,500	66.5%	△7,957
11,516		
31,046		
8,810	—	—
18,814		
6,313		
38,508	33.5%	305
11,376		
251	—	—
26,879		
115,008	100.0%	△7,652

Current Liabilities	22,723	18.5%
Notes Payable	7,050	—
Other	15,673	
Non-Current Liabilities	4,364	3.6%
Total Liabilities	27,087	22.1%
Owner's Equity	95,719	78.0%
Valuation and translation adjustments	△146	△0.1%
Total Equity	95,573	77.9%
Total Liabilities and Equity	122,661	100.0%

14,540	12.6%	△8,183
5,210	—	—
9,329		
3,793	3.3%	△570
18,334	15.9%	△8,753
96,534	83.9%	814
140	0.1%	286
96,674	84.1%	1,101
115,008	100.0%	△7,652

< Breakdown >

- Current Assets : △¥7,957mil
 - Cash, deposits (△¥3,606mil)
 - Accounts receivable (△¥8,138mil)
 - Mk securities (+¥1,896mil)
 - Inventory (+¥2,075mil)
- Fixed Assets : + ¥305mil
 - Tangible Assets (△¥517mil)
 - Intangible Assets (+¥16mil)
 - Investments (+¥806mil)
- Current Liabilities : △ ¥8,183mil
 - Notes Payable (△¥1,839mil)
 - Other (△¥6,343mil)
- Non-Current Liabilities : △ ¥570mil

Financial Summary: KYORIN Pharmaceutical (Non-consolidated)



(¥ million)	Sep/2009	Sep/2010	Sep/2011	Mar/2011	Mar/2012 (revised forecast)	Mar/2012 (original forecast)
Sales (Exports)	39,545 (1,264)	40,759 (1,460)	41,831 (927)	92,531 (2,642)	94,700 (1,900)	95,100 (1,600)
Cost of Sales (cost of sales ratio) %	13,183 (33.3%)	13,521 (33.2%)	14,383 (34.4%)	31,227 (33.7%)	—	—
SG&A Ratio to Sales (%)	21,603 (54.6%)	23,359 (57.3%)	22,735 (54.4%)	45,658 (49.3%)	—	—
R&D Expenses Ratio to Sales (%)	5,388 (13.6%)	6,496 (15.9%)	5,762 (13.8%)	11,867 (12.8%)	13,400 (14.1%)	12,500 (13.2%)
Operating Income Ratio to Sales (%)	4,757 (12.0%)	3,878 (9.5%)	4,712 (11.3%)	15,645 (16.9%)	14,200 (15.0%)	15,700 (16.5%)
Ordinary Income Ratio to Sales (%)	5,669 (14.3%)	4,443 (10.9%)	5,282 (12.6%)	16,729 (18.1%)	15,300 (16.2%)	16,700 (17.6%)
Net Income Ratio to Sales (%)	3,816 (9.6%)	2,908 (7.1%)	3,414 (8.2%)	10,732 (11.6%)	9,900 (10.5%)	10,400 (10.9%)
EPS (¥)	¥51.38	¥39.17	¥45.97	¥144.51		
Capital	4,317	4,317	4,317	4,317		
Assets	110,669	109,313	115,008	122,661		
Total Equity	90,466	93,044	96,674	95,573		
BPS (¥)	¥1,218.11	¥1,252.82	¥1,301.70	¥1,286.87		
ROE (%)	4.2%	3.1%	3.6%	11.2%		
Equity Ratio (%)	81.7%	85.1%	84.1%	77.9%		
Employees	1,733	1,811	1,826	1,804		
Capital Expenditure	624	300	313	1,019	1,900	1,700
Depreciation Expense	1,071	932	841	1,968	1,900	2,000