

## **Dr. Program Co., Ltd. Becomes a Wholly-Owned Subsidiary of Kyorin Pharmaceutical Co., Ltd.**

Kyorin Pharmaceutical Co., Ltd. (“Kyorin”; Tokyo; President: Ikuo Ogihara) has acquired additional shares in Dr. Program Co., Ltd. (“Dr. Program”; Tokyo; President: Haruki Watanabe) to make it a wholly-owned subsidiary.

### **1. Purpose of Share Acquisition**

From this fiscal year, Kyorin has a new corporate image and identity as “A distinguished and integrated healthcare company based on reliability with a core business in global drug creation”. Towards this goal, Kyorin now announces its new mid-term business plan, “Kyorin MIC-’09 Plan”.

One of the basic strategies specified in the Kyorin MIC-’09 Plan is to establish a novel business cluster that leads coming era along with current pharmaceutical business.

Kyorin intends to embody the corporate philosophy of contributing to human healthcare that will supplement Kyorin’s drug creation business, and plans to launch distinguished health-related businesses with a view towards securing stable corporate growth. The newly envisioned fields of such novel businesses are (1) *a generic business that wins consumer confidence*, (2) *a healthcare business that is recommended by physicians*, and (3) *a wellness business that is operate in cooperation with medical services*. Kyorin expects that Dr. Program, now a wholly-owned subsidiary, will grow as the core of Kyorin’s healthcare business.

Currently, Dr. Program develops and markets a cosmetics brand called “TRINITYLINE”. This business strives for high performance by developing carefully-designed cosmetics ingredients that are not only safe and gentle to the skin, but also useful for pharmaceutical delivery, such as highly concentrated nanocapsules (liposomes) and HOCHIKIS-polymers (PVpolymerMPC). Through Dr. Program, Kyorin plans to continue to aggressively pursue the application of pharmaceutical techniques to cosmetics, and establish a solid position in the increasingly expanding “pharmaceutical skincare products” market.

Kyorin had been investing in Dr. Program since October 2001 through BISTNER Investment Operation Limited Liability Association No. 1 of BISTNER Co., Ltd. (“BISTNER”), another of Kyorin’s subsidiaries. Prior to this share purchase, Kyorin already owned 80% of the outstanding shares of Dr. Program. Kyorin has now decided that complete acquisition of Dr. Program and its high quality product line, and henceforth supporting its financial and technical aspects, Dr. Program will be able to accelerate its growth to establish a stable business position early. The increase in profit from Dr. Program will also contribute to strengthening the foundation of Kyorin Pharmaceutical Group.

Kyorin founded BISTNER in July 2000 as a subsidiary specializing in the promotion of new business strategy implementation. The current transaction is the first strategic collaboration through BISTNER. Kyorin is currently investing in twenty-two (22) business projects, and intends to continue discovering and fostering new businesses in the future. Kyorin also plans to expand business partnerships that would benefit both companies, such as the current one with Dr. Program.

## 2. Outline of the company to be acquired

The key details of Dr. Program are as follows:

- (1) Company name: Dr. Program Co., Ltd.
- (2) Lines of business: a) Development and marketing of pharmaceutical and cosmetic ingredients; b) Development and marketing of basic skin care brand “TRINITYLINE”
- (3) Established: March 2001
- (4) Head office: Doric Minami-Aoyama Bldg. 4<sup>th</sup> Fl., 2-27-14 Minami-Aoyama, Minato-ku, Tokyo
- (5) Representative: Haruki Watanabe
- (6) Paid-in capital: 70 million yen (Capital reserve: 60 million yen)
- (7) Number of shares Issued: 1,000 shares
- (8) Shareholders' Equity: 123 million yen (fiscal year ending June 2004)
- (9) Total assets: 171 million yen (fiscal year ending June 2004)
- (10) Date of annual account settlement: June 30<sup>th</sup>
- (11) Number of Employees: 8

## 3. Dr. Program's Business Result for the Recent Fiscal Years (June 2004)

Sales: 218 million yen

Ordinary profit: 3 million yen

## 4. Other

Kyorin will assign corporate executives directors to Dr. Program.

## 5. Impact on business performance

The current transaction has a very minimal impact on Kyorin's business performance and will not alter the results of the fiscal year ending March 2006.