

Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2014

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November 5, 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 the Second Quarter Ended September 30, 2013



(¥ million)	Sep/2010	Sep/2011	Sep/2012	Sep/2013	% Y/Y	Mar/2014 (revised forecast)	% Y/Y	Mar/2014 (original forecast)	% Y/Y
Net Sales	46,707	46,387	47,954	50,851	+6.0%	112,600	+5.2%	113,000	+5.6%
Operating Income	4,201	4,900	6,269	6,213	-0.9%	18,200	+1.4%	18,600	+3.6%
Ordinary Income	4,542	5,253	6,609	6,531	-1.2%	18,800	+0.7%	19,200	+2.8%
Net Income	2,959	3,355	4,295	4,397	+2.4%	12,400	-0.2%	12,700	+2.2%

Second Quarter Consolidated Financial Ended September 30, 2013

【 Net sales】 Sales of main product, 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 6.0% year on year, to ¥50.8bln.

【 Net income】 Gross profit rose due to the increase of Net sales. SG&A expenses increased due to mainly R&D Expenses. Consequently operating Income fell 0.9% year on year to ¥6.2bln, and Net Income rose 2.4%, year on year to ¥4.4bln.

Consolidated Financial Results for the Fiscal Year Ending March 31, 2014(forecast)

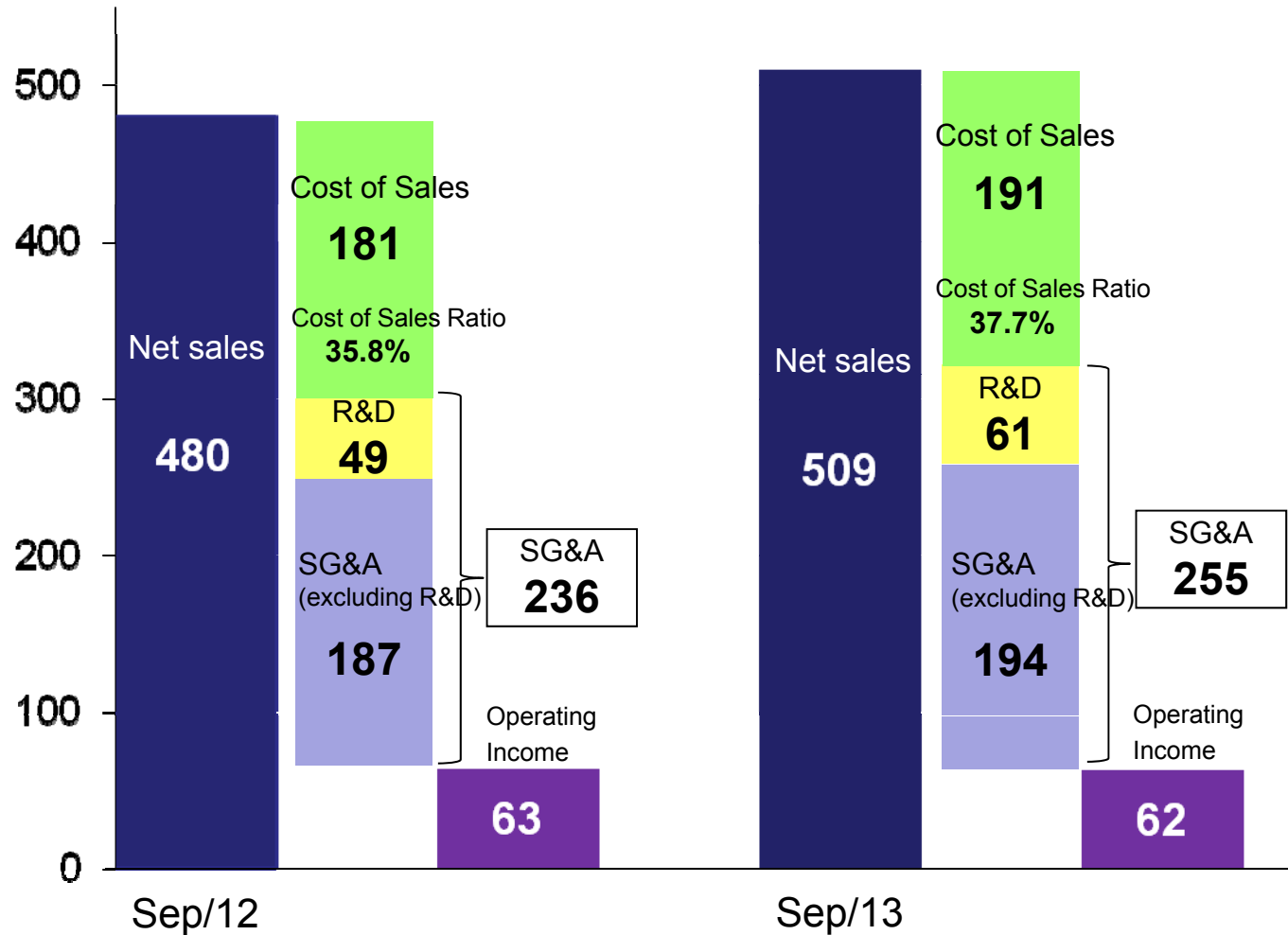
【 Net sales】 We expect sales fall below original forecast in our ethical drugs business (new ethical drugs and over the counter drugs and others in Japan). Therefore we revised original forecast of fiscal year 2013 downward to ¥112.6bln(¥-0.4bln).

【 Net income】 Influence of downward sales forecast, new product which launched this year, and exchange rate(lower yen), cost of sales ratio is expected to exceed original forecast. Therefore we revised original forecast to, ¥18.2bln of Operating Income (¥-0.4bln), ¥18.8bln of Ordinary income(¥-0.4bln), ¥12.4bln of Net income(¥-3bln).

◇The full year forecast of consolidated results for the year ending March 31, 2014, released on May 9, 2013, has been revised in this document.

Highlights of Business Performance

(Units: ¥100mil)



Highlight ①

◇ Net Sales increased ¥2.9billion year on year

- increase of Japan new ethical drugs sales
- effect of KYORIN pharmaceutical Facilities sales

Highlight ②

◇ Cost of Sales ratio remained almost the same level as the previous year.

◇ Gross Profit increased ¥1.9billion year on year

Highlight ③

◇ SG&A expenses increased ¥1.9billion year on year.

- R&D expenses increased ¥1.2billion (progress of the pipeline)
- SG&A(excluding R&D) increased ¥0.7billion

◆ Operating Income decreased ¥0.1 billion year on year.

Consolidated Financial Results

for the Second Quarter Ended September 30, 2013



(unit : ¥100mil)

	Sep/2012 (actual)	Sep/2013 (actual)	change
Net Sales (total)	480	509	+29
Ethical drugs Business	470	500	+30
◆Sales of new ethical drugs	397	429	+32
○Japan	387	417	+30
○Overseas	10	12	+2
◆Generic drugs	51	52	+1
◆Over-the-counter drugs	23	20	-3
Healthcare (Skin care) Business	9	8	-1
Operating Income	63	62	-1
Ordinary Income	66	65	-1
Net Income	43	44	+1

	year on year	vs forecast
■ Net Sales ¥50.9bln	(+2.9)	(-0.6)
◆ Ethical drug business ¥50.0bln	(+3.0)	(-0.8)
● new ethical drugs ¥41.7bln	(+3.0)	(-0.6)
Sep/2012 ⇒ Sep/2013		
· Kipres 16.3 ⇒ 17.1 (+0.8)		(-0.6)
· Mucodyne 8.3 ⇒ 8.2 (-0.1)		(+0.2)
· Pentasa 9.0 ⇒ 9.4 (+0.4)		(+0.1)
· Uritos 3.6 ⇒ 3.7 (+0.1)		(-0.2)
● new ethical drugs in Overseas ¥1.2bln	(+0.2)	(+0.1)
· Gatifloxacin 0.9 ⇒ 1.0 (+0.1)		(+0.1)
● Generic drugs ¥5.2bln	(+0.1)	(+0.1)
· increase of health insurance pharmacy market's sales		
● Over-the-counter drugs ¥2.0bln	(-0.3)	(-0.2)
◆ Healthcare (Skin care) Business ¥0.8bln	(-0.1)	(+0.1)
■ Operating Income ¥6.2bln	(-0.1)	(-0.5)
◆ Operating Income margin decreased 0.9 percentage points to 12.2%		
● Cost of Sales Ratio : decreased 0.1 percentage points (37.7%⇒37.6%)		
[increase]effect of of KYORIN pharmaceutical Facilities , exchange rate		
[decrease]increase of royalty(licensing out product)		
● R&D Ratio : increased 1.8 percentage points (10.2%⇒12.0%)		(+0.4)
* ¥4.9bln⇒¥6.1bln(+¥1.2bln) progress of the pipeline(KRP-209 Ph2a)		
● SG&A Ratio(excluding R&D expenses) : decreased 0.8 percentage points 39.0%⇒38.2%		
* ¥18.7bln⇒¥19.4bln(+¥0.7bln)		
increase of general expenses (head office relocation expense , patent royalty etc.)		
■ Net Income ¥4.4bln	(+0.1)	(-0.2)
◆ Dividend per share(interim dividend) ¥10.0		

Main Product Sales Update

(unit : ¥100mil)

Product name		Sep/2010	Sep/2011	Sep/2012	Sep/2013		Mar/2013	Mar/2014 (revised forecast)	Mar/2014 (original forecast)
					actual	% change			
Sales of new ethical drugs (Japan)	Kipres (LT receptor antagonist)	141	157	163	171	+5.0%	396	403	408
	Mucodyne (Mucoregulant)	94	91	83	82	-0.6%	191	188	187
	Pentasa (Ulcerative colitis and Crohn's disease treatment)	99	91	90	94	+4.8%	176	185	186
	Uritos (Kyorin) (Overactive bladder)	24	29	36	37	+2.8%	75	80	84
	Ketas (For bronchial asthma and cerebrovasculas disorders)	20	18	15	15	-0.7%	30	29	27
Sales of new ethical drugs (over seas)	Gatifloxacin (Bulk · Royalty)	13	8	9	10	+14.1%	16	18	16
Over-the- counter drugs	Milton (Disinfectant)	9	9	10	10	-1.3%	20	20	21

Actual and Forecast of Main Subsidiary Companies

(unit : ¥100mil)

KYORIN pharmaceutical	Sep/2012	Sep/2013
Sales	430	449
Operating Income	59	56
Net Income	42	43

Mar/2013	Mar/2014 (revised forecast)
959	995
171	170
119	119

Mar/2014 (original forecast)
1,000
177
124

KYORIN Rimedio	Sep/2012	Sep/2013
Sales	52	55
Operating Income	1	2
Net Income	0	1

Mar/2013	Mar/2014 (revised forecast)
104	118
4	4
5	2

Mar/2014 (original forecast)
115
4
2

Dr. Program	Sep/2012	Sep/2013
Sales	9	8
Operating Income	-1	1
Net Income	-2	1

Mar/2013	Mar/2014 (revised forecast)
19	17
-2	1
-3	1

Mar/2014 (original forecast)
17
1
1

Consolidated Financial Results for the Second Quarter and full year forecast



(unit : ¥million)

	Sep/2011	Sep/2012	Change	% Y/Y	Mar/2013	Mar/2014 (revised forecast)	Mar/2014 (original forecast)
Sales	47,954	50,851	+2,897	+6.0%	107,031	112,600	113,000
■ Ethical Drugs business	47,034	50,040	+3,006	+6.4%	105,162	110,900	111,300
◆ Sales of new Ethical Drugs	39,684	42,858	+3,173	+8.0%	90,686	95,100	95,600
○ Japan	38,661	41,697	+3,035	+7.9%	88,286	92,800	93,500
○ Overseas	1,023	1,160	+137	+13.5%	2,400	2,300	2,100
◆ Generic Drugs	5,056	5,184	+128	+2.5%	10,095	11,400	11,100
◆ Over-the-counter Drugs and Others	2,292	1,997	-295	-12.9%	4,379	4,300	4,600
■ Consumer Healthcare Business	920	810	-109	-11.9%	1,869	1,700	1,700
Operating Income	6,269	6,213	-55	-0.9%	17,948	18,200	18,600
Ordinary Income	6,609	6,531	-77	-1.2%	18,676	18,800	19,200
Net Income	4,295	4,397	+101	+2.4%	12,422	12,400	12,700

R&D Expenses, Capex & Depreciation

(unit : ¥million)

	Sep/2010	Sep/2011	Sep/2012	Sep/2013	
				actual	change
R&D expenses	6,879	6,075	4,892	6,119	+25.1%
Capital expenditure	633	402	1,181	1,618	+37.1%
Depreciation expense	1,163	1,122	1,119	1,460	+30.4%

Mar/2013	Mar/2014 (revised forecast)	Mar/2014 (original forecast)
11,059	11,800	12,100
6,576	4,200	4,400
2,738	3,200	3,300

<Capital expenditure (Actual/Forecast)>

(unit : ¥100 million)

	Sep/2012	Sep/2013	Mar/2013	Mar/2014 (revised forecast)	Mar/2014 (original forecast)
Plant facilities	4	8	46	19	16
Equipment for control, sales activities	5	4	14	14	12
Equipment for research	2	4	5	9	16

Main R&D Activities -1 (Sep 30 , 2013 Release)

Ph III ~ Application submitted

※Changes from the previous announcement(July 30 2013)

Stage		Compound/ Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
※Approved (9/2013)	(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	<ul style="list-style-type: none"> •License agreement with SkyePharma (4/2008) •Domestic Ph II completed (4/2010) •PhIII completed(3/2012)
PhIII (9/2012)	(Europe) Almirall : Launched(9/2012) (US) Forest Pharmaceuticals : Launched (12/2012)	KRP-AB1102 (Inhaled drug)	Chronic Obstructive Pulmonary Disease (COPD)	Almirall	<ul style="list-style-type: none"> - 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)
PhIII (4/2013)		KIPRES (Chewable, Oral Granules)	Bronchial Asthma	Merck	For pediatric patient : Allergic Rhinitis	<ul style="list-style-type: none"> •Additional indication •Co-development with MSD K.K.
※PhIII (8/2013)	(Europe) Almirall : Application submitted (10/2013) (US) Forest Laboratories : PhIII	KRP- AB1102F (Fixed dose combination inhaled drug)	Chronic Obstructive Pulmonary Disease (COPD)	Almirall	Combination of aclidinium 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 III clinical development.	

•Pentasa Suppository , a treatment for ulcerative colitis : launched June/2013

•Uritos ,an overactive bladder drug : launched in Korea July/2013 (Chong Kun Dang Pharmaceutical Corp.)

Main R&D Activities -2 (Sep 30 , 2013 Release)

POC Project (Pre-clinical ~ Ph II)

※Changes from the previous announcement(July 30 2013)

Stage		Compound/ Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
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)
Ph II (3/2013)	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 II (9/2013)		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 (7/2012)		KRP-AM1977Y (Injection)	New quinolone synthetic antibacterial agent	In-house		
※Ph I (10/2013)		KRP-EPA605	Overactive bladder	In-house	KRP-EPA605 is a novel selective prostaglandin EP1 receptor, and expected to improve urinary frequency by suppressing detrusor overactivity of the bladder	•Co-development with KISSEI PHARMACEUTICAL CO., LTD.

Reference

Segment information for the Second Quarter Ended Sep 30, 2013

Sales, Profit or Loss of each report segment

	Sales	change Y/Y	Profit	change Y/Y
Net Sales (total)	509	+29	62	-1
Ethical drugs business	500	+30	59	-4
◆Sales of new ethical drugs	429	+32		
○Japan	417	+30		
○Overseas	12	+2		
◆Generic drugs	52	+1		
◆Over-the-counter drugs	20	-3		
Healthcare(Skincare) business	8	-1	1	+2
Amount of adjustment	-	-	2	+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)

(unit : ¥million)

	Sep/2012		Sep/2013			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	47,954	100.0%	50,851	100.0%	+6.0%	+2,897
■ Ethical Drugs business	47,034	98.1%	50,040	98.4%	+6.4%	+3,006
◆ Sales of new Ethical Drugs	39,684	82.8%	42,858	84.3%	+8.0%	+3,173
○ Japan	38,661	80.6%	41,697	82.0%	+7.9%	+3,035
○ Overseas	1,023	2.2%	1,160	2.3%	+13.5%	+137
◆ Generic Drugs	5,056	10.5%	5,184	10.2%	+2.5%	+128
◆ Over-the-counter Drugs and Others	2,292	4.8%	1,997	3.9%	-12.9%	-295
■ Consumer Healthcare Business	920	1.9%	810	1.6%	-11.9%	-109

<Subsidiaries and Equity-method Affiliates>

Consolidated subsidiaries (8) :

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

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

< Breakdown >

Year on Year

- Sales ¥50,851mil (+¥2,897mil)
- Ethical drug sales in Japan ¥41,697mil (+¥3,035mil)

Sep/2012 ⇒ Sep/2013 (¥ billion)

- Kipres 16.3 ⇒ 17.1 (+0.8)
- Mucodyne 8.3 ⇒ 8.2 (-0.1)
- Pentasa 9.0 ⇒ 9.4 (+0.4)
- Uritos 3.6 ⇒ 3.7 (+0.1)

- Ethical drug sales overseas ¥1,160mil (+ ¥137mil)
- Gatifloxacin ¥0.9bln → 1.0bln (+ ¥0.1bln)

- Generic Drugs ¥5,184mil (+ ¥128mil)
- increase of health insurance pharmacy market's sales

- Over-the-counter Drugs and Others ¥1,197mil (- ¥295mil)
- Sales others decreased

- Consumer Healthcare Business ¥810mil (- ¥109mil)
- Sales decreased at Dr. Program Co., Ltd.

P&L Summary: Consolidated Results – (2)

(unit : ¥million)

	Sep/2012		Sep/2013			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	47,954	100.0%	50,851	100.0%	+6.0%	+2,897
Cost of Sales	18,093	37.7%	19,097	37.6%	+5.5%	+1,003
Gross Profit	29,860	62.3%	31,754	62.4%	+6.3%	+1,893
SG&A (Incl. R&D expenses)	23,591 (4,892)	49.2% (10.2%)	25,541 (6,119)	50.2% (12.0%)	+8.3% (+25.1%)	+1,949 (+1,227)
Operating Income	6,269	13.1%	6,213	12.2%	-0.9%	-55
Non-Operating Income	401	0.8%	337	0.6%	-15.8%	-63
Non-Operating Expenses	61	0.1%	19	0.0%	-67.5%	-41
Ordinary Income	6,609	13.8%	6,531	12.8%	-1.2%	-77
Extraordinary Profits	12	0.0%	237	0.5%	+1,765.2%	+224
Extraordinary Losses	15	0.0%	184	0.4%	+1,101.2%	+168
Income before income taxes	6,606	13.8%	6,584	12.9%	-0.3%	-22
Corporate, inhabitants and enterprise taxes	2,157	4.5%	1,810	3.6%	-16.1%	-347
Tax adjustments	153	0.3%	376	0.7%	+145.8%	+223
Net Income	4,295	9.0%	4,397	8.6%	+2.4%	+101

< Breakdown >

◆ Cost of Sales Ratio :

down 0.1 percentage points Y/Y (37.7%→37.6%)

* Reason for increase :
· effect of of KYORIN pharmaceutical Facilities ,
exchange rate.

* Reason for decrease :
· increase of royalty(licensing out product)

◆ R&D Ratio :

up 1.8 percentage points Y/Y (10.2%→12.0%)

* ¥4.9bln→¥6.1bln (+1.2bln)
· progress of the pipeline(KRP-209 Ph2a)

◆ SG&A (exclude R&D) Expenses :

down 0.8 percentage Points Y/Y(39.0%→38.2%)

* ¥18.7bln→¥19.4bln (+¥0.7bln)
· increase of general expenses
(head office relocation expense , patent royalty etc.)

■ Operating Income ¥6,213mil (- ¥55mil)

* Operating Income margin decreased 0.9percentage points to 12.2%

■ Net Income ¥4,397mil (+¥101mil)

■ Dividend per share(interim dividend) ¥10.0

BS Summary: Consolidated Results

(unit : ¥million)

	Mar/2013	
	Actual	%total
Current Assets	108,265	69.9%
Cash, deposits	21,370	
Notes and accounts receivable	46,555	
Mk securities	11,667	—
Inventory	19,938	
Other	8,733	
Fixed Assets	46,702	30.1%
Tangible assets	18,209	
Intangible assets	916	
Investments	27,577	—
Total Assets	154,968	100.0%

Current Liabilities	22,897	14.8%
Notes payable	8,556	
Other	14,341	—
Non-Current Liabilities	2,970	1.9%
Total Liabilities	25,868	16.7%
Owner's Equity	126,985	81.9%
Other Comprehensive Income	2,113	1.4%
Unrealized holding gain (loss) on securities	2,293	
Foreign currency translation adjustments	−180	—
Total Equity	129,099	83.3%
Total Liabilities and Equity	154,968	100.0%

Sep/2013		
Actual	% total	change
111,665	71.7%	+3,400
34,902		
35,547		
12,664	—	—
22,112		
6,439		
44,174	28.3%	−2,528
17,864		
1,017		
25,292	—	—
155,840	100.0%	+872

23,392	15.0%	+494
10,613		
12,779	—	—
2,349	1.5%	−621
25,741	16.5%	−126
128,393	82.4%	+1,407
1,705	1.1%	−408
1,767		
−61	—	—
130,098	83.5%	+999
155,840	100.0%	+872

< Breakdown >

■ Current Asset : +¥3,400mil

- Cash, deposits (+¥13,532mil)
- Notes and accounts receivable (−¥11,008mil)
- Mk securities (+¥996mil)
- Inventory (+¥2,174mil)
- Other (−¥2,294mil)

■ Fixed Assets : −¥2,528mil

- Tangible Assets (−¥344mil)
- Intangible Assets (+¥100mil)
- Investments (−¥2,284mil)

■ Current Liabilities : +¥494mil

- Notes Payable (+¥2,056mil)
- Other (−¥1,561mil)

■ Non-Current Liabilities : −¥1,561mil

Financial summary (Consolidated)

(unit : ¥million)

	Sep/2011	Sep/2012	Sep/2013	Mar/2013	Mar/2014 (revised forecast)	Mar/2014 (original forecast)
Sales (Exports)	46,387 (968)	47,954 (1,023)	50,851 (1,160)	107,031 (2,400)	112,600 (2,300)	113,000 (2,100)
Cost of Sales (cost of Sales Ratio)(%)	16,611 (35.8%)	18,093 (37.7%)	19,097 (37.6%)	40,133 (37.5%)	—	—
SG&A Ratio to Sales (%)	24,875 (53.6%)	23,591 (49.2%)	25,541 (50.2%)	48,949 (45.7%)	—	—
R&D Expenses Ratio to Sales (%)	6,075 (13.1%)	4,892 (10.2%)	6,119 (12.0%)	11,059 (10.3%)	11,800 (10.5%)	12,100 (10.7%)
Operating Income Ratio to Sales (%)	4,900 (10.6%)	6,269 (13.1%)	6,213 (12.2%)	17,948 (16.8%)	18,200 (16.2%)	18,600 (16.5%)
Ordinary Income Ratio to Sales (%)	5,253 (11.3%)	6,609 (13.8%)	6,531 (12.8%)	18,676 (17.4%)	18,800 (16.7%)	19,200 (17.0%)
Net Income Ratio to Sales (%)	3,355 (7.2%)	4,295 (9.0%)	4,397 (8.6%)	12,422 (11.6%)	12,400 (11.0%)	12,700 (11.2%)
EPS (¥)	¥44.90	¥57.49	¥58.85	¥166.25	¥165.96	¥169.98
Capital	700	700	700	700	—	—
Assets	138,440	147,425	155,840	154,968	—	—
Total Equity	112,717	120,200	130,098	129,099	—	—
BPS (¥)	¥1,508.46	¥1,608.74	¥1,741.24	¥1,727.86	—	—
ROE (%)	3.0%	3.6%	3.4%	10.0%	—	—
Equity Ratio (%)	81.4%	81.5%	83.5%	83.3%	—	—
Employees	2,332人	2,346人	2,481人	2,444人	—	—
Capital Expenditure	402	1,181	1,618	6,576	4,200	4,400
Depreciation Expense	1,122	1,119	1,460	2,738	3,200	3,300

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



(unit : ¥million)

	Sep/2012		Sep/2013			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	42,951	100.0%	44,933	100.0%	+4.6%	+1,982
■ Ethical Drugs business	42,951	100.0%	44,933	100.0%	+4.6%	+1,982
◆ Sales of new Ethical Drugs	39,636	92.3%	41,311	92.0%	+4.2%	+1,675
○ Japan	38,661	90.0%	40,214	89.5%	+4.0%	+1,552
○ Overseas	974	2.3%	1,097	2.5%	+12.6%	+122
◆ Generic Drugs	1,963	4.6%	2,216	4.9%	+12.9%	+253
◆ Over-the-counter Drugs and Others	1,351	3.1%	1,405	3.1%	+4.0%	+53

< Breakdown >

Year on Year

- Sales ¥44,933mil (+¥1,982mil)
- Ethical drug sales in Japan ¥40,214mil (+¥1,552mil)

Sep/2012⇒Sep/2013(¥ billion)

- Kipres 16.3 ⇒ 17.1 (+0.8)
- Mucodyne 8.3 ⇒ 8.2 (-0.1)
- Pentasa 9.0 ⇒ 9.4 (+0.4)
- Uritos 3.6 ⇒ 3.7 (+0.1)

- Ethical drug sales overseas ¥1,097mil (+ ¥122mil)
 - Gatifloxacin ¥0.9bln → ¥1.0bln (+ ¥0.1bln)
- Generic Drugs ¥2,216mil (+ ¥253mil)
 - Sales increased at KYORIN Rimedio
- Over-the-counter Drugs and Others ¥1,405mil (+ ¥53mil)
 - milton ¥1.0bln → ¥1.0bln ()

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



(unit : ¥million)

< Breakdown >

	Sep/2012		Sep/2013			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	42,951	100.0%	44,933	100.0%	+4.6%	+1,982
Cost of Sales	15,360	35.8%	15,609	34.7%	+1.6%	+249
Gross Profit	27,591	64.2%	29,323	65.3%	+6.3%	+1,732
SG&A (R&D Expenses)	21,680 (4,681)	50.5% (10.9%)	23,748 (5,848)	52.9% (13.0%)	+9.5 (+24.9%)	+2,068 (+1,167)
Operating Income	5,910	13.8%	5,575	12.4%	-5.7%	-335
Non-Operating Income	588	1.4%	525	1.1%	-10.8%	-63
Non-operating Expenses	28	0.1%	12	0.0%	-56.0%	-16
Ordinary Income	6,470	15.1%	6,087	13.5%	-5.9%	-383
Extraordinary Profits	10	0.0%	235	0.5%	+2,154.7%	+225
Extraordinary Losses	8	0.0%	32	0.0%	+296.0%	+24
Income before income taxes	6,473	15.1%	6,291	14.0%	-2.8%	-181
Corporate, inhabitants and enterprise taxes	2,109	4.9%	1,689	3.8%	-19.9%	-419
Tax adjustments	122	0.3%	340	0.7%	+177.4%	+217
Net Income	4,240	9.9%	4,261	9.5%	+0.5%	+20

- ◆ **Cost of Sales Ratio :**
down 1.1 percentage points Y/Y (35.8%→34.7%)
 - * Reason for increase :
 - effect of exchange rate
 - * Reason for decrease :
 - increase of royalty(licensing out product)
- ◆ **R&D Ratio : up 2.1 percentage points Y/Y(10.9%→13.0%)**
* ¥4.7bln→¥5.8bln(+¥1.1 bln)
- ◆ **SG&A (exclude R&D) expenses :**
up 0.2 percentage points Y/Y (40.6%→39.6%)
- **Operating Income ¥5,575mil (-¥335mil)**
* Operating Income margin decreased 1.4 percentage points to 12.4%
- **Net Income ¥4,261mil (+ ¥20mil)**

BS Summary: KYORIN Pharmaceutical (Non-consolidated)

(unit : ¥million)

	Mar/2013	
	Actual	% total
Current Assets	84,041	69.0%
Cash, deposits	7,192	
Accounts receivable	43,320	
Mk securities	11,604	—
Inventory	16,615	
Other	5,308	
Fixed Assets	37,840	31.0%
Tangible assets	11,340	
Intangible assets	284	—
Investments	26,215	
Total Assets	121,881	100.0%

Sep/2013		
Actual	% total	change
86,440	70.6%	+2,399
17,619		
32,580		
12,601	—	—
18,580		
5,058		
35,955	29.4%	−1,884
11,207		
315	—	—
24,432		
122,396	100.0%	+514

Current Liabilities	16,880	13.9%
Notes Payable	5,445	
Other	11,435	—
Non-Current Liabilities	2,156	1.8%
Total Liabilities	19,037	15.6%
Owner's Equity	100,586	82.5%
Valuation and translation adjustments	2,257	1.9%
Total Equity	102,844	84.4%
Total Liabilities and Equity	121,881	100.0%

17,306	14.1%	+426
7,206		
10,100	—	—
1,481	1.2%	−675
18,787	15.3%	−249
101,877	83.3%	+1,290
1,731	1.4%	−526
103,608	84.7%	+763
122,396	100.0%	+514

< Breakdown >

■ Current Assets : +2,399mil

- Cash, deposits (+¥10,426mil)
- Accounts receivable (−¥10,739mil)
- Mk securities (+¥996mil)
- Inventory (+¥1,964mil)

■ Fixed Assets : − ¥1,884mil

- Tangible Assets (−¥133mil)
- Intangible Assets (+¥31mil)
- Investments (−¥1,782mil)

■ Current Liabilities : + ¥426mil

- Notes Payable (+¥1,761mil)
- Other (−¥1,335mil)

■ Non-Current Liabilities : −¥675mil

Financial Summary: KYORIN Pharmaceutical (Non-consolidated)



(unit : ¥million)

	Sep/2011	Sep/2012	Sep/2013
Sales (Exports)	41,831 (927)	42,951 (974)	44,933 (1,097)
Cost of Sales (cost of sales ratio) %	14,383 (34.4%)	15,360 (35.8%)	15,609 (34.7%)
SG&A Ratio to Sales (%)	22,735 (54.4%)	21,680 (50.5%)	23,748 (52.9%)
R&D Expenses Ratio to Sales (%)	5,762 (13.8%)	4,681 (10.9%)	5,848 (13.0%)
Operating Income Ratio to Sales (%)	4,712 (11.3%)	5,910 (13.8%)	5,575 (12.4%)
Ordinary Income Ratio to Sales (%)	5,282 (12.6%)	6,470 (15.1%)	6,087 (13.5%)
Net Income Ratio to Sales (%)	3,414 (8.2%)	4,240 (9.9%)	4,261 (9.5%)
EPS (¥)	45.97円	57.10円	57.38円
Capital	4,317	4,317	4,317
Assets	115,008	124,789	122,396
Total Equity	96,674	104,128	103,608
BPS (¥)	1,301.70円	1,402.06円	1,395.06円
ROE (%)	3.6%	4.1%	4.1%
Equity Ratio (%)	84.1%	83.4%	84.7%
Employees	1,826人	1,832人	1,797人
Capital Expenditure	313	716	929
Depreciation Expense	841	828	807

Mar/2013	Mar/2014 (revised forecast)	Mar/2014 (original forecast)
95,894 (2,277)	99,500 (2,100)	100,000 (1,900)
33,868 (35.3%)	—	—
44,898 (46.8%)	—	—
10,733 (11.2%)	11,000 (11.1%)	11,300 (11.3%)
17,127 (17.9%)	17,000 (17.1%)	17,700 (17.7%)
18,209 (19.0%)	17,800 (17.9%)	18,600 (18.6%)
11,931 (12.4%)	11,900 (12.0%)	12,400 (12.4%)
160.66円	—	—
4,317	—	—
121,881	—	—
102,844	—	—
1,384.77円	—	—
11.6%	—	—
84.4%	—	—
1,797人	—	—
1,507	2,300	2,800
1,743	1,800	1,800