

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

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May 9, 2014

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 Fiscal 2013

(¥ million)	FY2010	FY2011	FY2012	FY2013	change	FY2014 (forecast)	change
Net sales	104,069	103,232	107,031	111,400	+4.1%	112,200	+0.7%
Operating income	16,443	14,464	17,948	17,607	-1.9%	15,800	-10.3%
Ordinary income	17,110	15,275	18,676	18,281	-2.1%	16,300	-10.8%
Net income	10,927	9,231	12,422	12,025	-3.2%	11,300	-6.0%
Net income per share (yen)	146.21円	123.54円	166.25円	160.95円	-3.2%	151.24円	-6.0%
Total assets	147,234	145,673	154,968	169,378	+9.3%	—	—
Total equity	111,706	118,201	129,099	137,821	+6.8%	—	—

Consolidated Business Results for Fiscal 2012 (Actual)

【 Net sales 】 Sales of main product, new product (Pentasa Suppositories , Flutiform), royalty (licensing out product) , KYORIN Pharmaceutical Facilities and generic drugs contributed to increase of net sales. As a result, consolidated net sales increased 4.1% year on year, to ¥111.4bln.

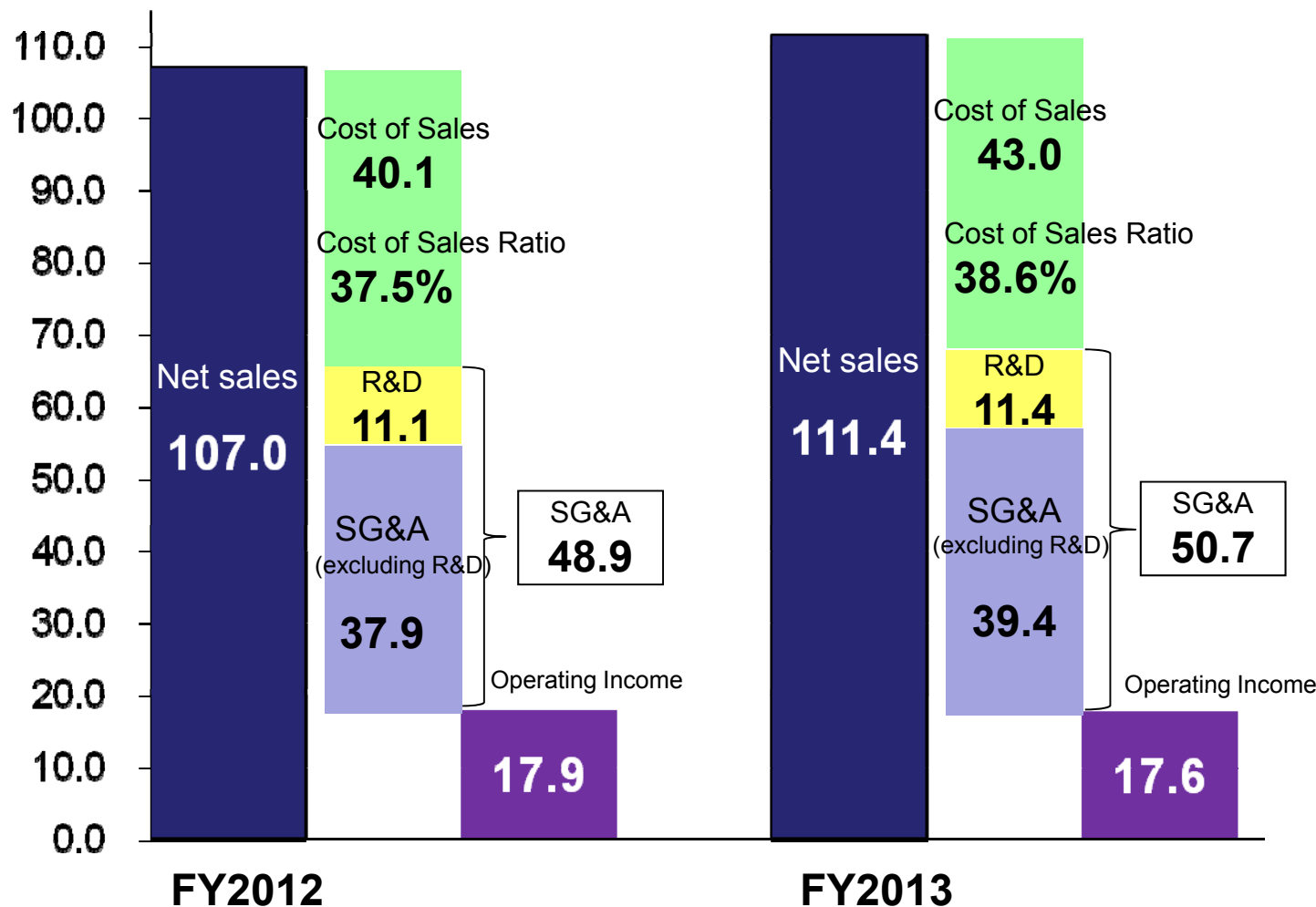
【 Net income 】 Gross profit rose due to the increase of Net sales. SG&A expenses increased due to mainly R&D expenses and general expenses. Consequently operating Income fell 1.9% year on year to ¥17.6bln, and Net Income fell 3.2%, year on year to ¥12.0bln.

Consolidated Business Results Forecast for Fiscal 2013

【 Net Sales and Income 】 We expect sales to grow due to new product Flutiform and generic drugs sales. And unfortunately we expect a profit decline, due to increase of cost of sales ratio and increase of R&D expense . As a result, we expect net sales to increase 0.7% year on year to ¥111.2bln, operating income to decrease 10.3% to ¥15.8bln, and net income to decrease 6.0% to ¥113.0bln.

Highlights of Business Performance

(Units: ¥ billion)



Highlight ①

◇ Net Sales increased ¥4.4billion

- increase of Japan new ethical drugs and generic drugs sales
- effect of KYORIN pharmaceutical Facilities sales
- sales of royalty (licensing out product)

Highlight ②

◇ Cost of Sales ratio increased 1.1 percentage points (+¥2.9bln)

◇ Gross Profit increased ¥1.5billion

Highlight ③

◇ SG&A expenses increased ¥1.8billion

- R&D expenses increased ¥0.3billion
- SG&A(excluding R&D) increased ¥1.5billion

Operating Income decreased ¥0.3billion

Consolidated Financial Results

(¥ billion)	FY2012	FY2013	change
Net Sales (total)	107.0	111.4	+4.4
Ethical drugs Business	105.2	109.7	+4.5
◆Sales of new ethical drugs	90.7	93.5	+2.8
○Japan	88.3	91.7	+3.4
○Overseas	2.4	1.8	-0.6
◆Generic drugs	10.1	12.0	+1.9
◆Over-the-counter drugs	4.4	4.2	-0.2
Healthcare (Skin care) Business	1.9	1.7	-0.2
Operating Income	17.9	17.6	-0.3
Ordinary Income	18.7	18.3	-0.4
Net Income	12.4	12.0	-0.4

		change
■Net Sales	¥111.4bln	(+ 4.4)
◆Ethical drugs business	¥109.7bln	(+ 4.5)
●Sales of new ethical drugs	¥91.7bln	(+ 3.4)
	FY2012 ⇒FY2013	
· Kipres	39.6 ⇒ 40.2 (+ 0.6)	
· Mucodyne	19.1 ⇒ 18.4 (- 0.7)	
· Pentasa	17.6 ⇒ 18.6 (+ 1.0)	
· Uritos	7.5 ⇒ 8.1 (+ 0.6)	
· New product (Pentasa Suppositories, Flutiform), Sales of KYORIN Pharmaceutical Facilities, Sales of royalty (licensing out product)		
●Sales of new ethical drugs in Overseas	¥1.8bln	(- 0.6)
· Gatifloxacin	1.6 ⇒ 1.5 (-0.1)	
●Sales of Generic drugs	¥12.0bln	(+ 1.9)
· Contract manufacturing's sales and Health insurance pharmacy market's sales increased		
●Sales of Over-the-counter drugs	¥4.2bln	(- 0.2)
◆Healthcare (Skin care) Business	¥1.7bln	(- 0.2)
■Operating Income	¥17.6bln	(- 0.3)
◆Operating Income margin decreased 1.0 percentage points to 15.8%		
●Cost of Sales Ratio : 1.1 percentage points increased (37.5%⇒38.6%)		
[increase] Sales of generic drugs increased. Effect of KYORIN pharmaceutical facilities sales.		
[decrease] increase of royalty/licensing out product		
●R&D Ratio : DOWN 0.1 percentage points (10.3%⇒10.2%)		
* ¥11.1bln⇒¥11.4bln (+ ¥0.3bln)		
· progress of the pipeline(KRP-209 Ph2a)		
●SG&A Ratio (excluding R&D expenses) : 35.4%⇒35.4%		
* ¥37.9bln⇒¥39.4bln (+¥1.5bln)		
increase of sales expenses, patent royalty etc.		
■Net Income	¥12.0bln	(- 0.4)
■Dividend per share(interim dividend ¥10.0) ¥52.0		

Main Product Sales Update

(Units: ¥ billion)

		FY2009	FY2010	FY2011	FY2012	FY2013		FY2014 (forecast)
						actual	change	
Sales of new ethical drugs (Japan)	Kipres (LT receptor antagonist)	29.2	34.5	36.8	39.6	40.2	+1.5	40.3
	Mucodyne (Mucoregulant)	20.9	21.3	21.5	19.1	18.4	-4.0	16.0
	Pentasa (Ulcerative colitis and Crohn's disease treatment)	19.4	19.4	18.0	17.6	18.6	+5.3	17.5
	Uritos (Kyorin) (Overactive bladder)	3.7	5.5	6.3	7.5	8.1	+7.9	8.2
	Ketas (For bronchial asthma and cerebrovasculas disorders)	4.6	4.0	3.4	3.0	2.8	-6.0	2.5
	Flutiform (Anti-asthmatic)	—	—	—	—	0.6	—	2.8

Sales of new ethical drugs (over seas)	Gatifloxacin (Bulk · Royalty)	2.2	2.2	1.7	1.6	1.5	-7.5	0.5
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Over-the-counter drugs	Milton (Disinfectant)	1.9	1.9	1.9	2.0	2.1	+0.5	2.0
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Main Subsidiary Companies

(Units: ¥ billion)

KYORIN pharmaceutical	FY2012	FY2013
Sales	95.9	97.7
Operating Income	17.1	15.4
Net Income	11.9	10.8

FY2014(forecast)
98.5
14.3
10.4

KYORIN Rimedio	FY2012	FY2013
Sales	10.4	12.4
Operating Income	0.4	1.0
Net Income	0.5	0.6

FY2014(forecast)
13.2
0.7
0.5

Dr. Program	FY2012	FY2013
Sales	1.9	1.8
Operating Income	-0.2	0.2
Net Income	-0.3	0.2

FY2014(forecast)
1.7
0.0
0.0

R&D Expenses, Capex & Depreciation

(Units: ¥ million)

	FY2009	FY2010	FY2011	FY2012	FY2013		FY2014 (forecast)
					actual	change	
R&D expenses	11,807	12,495	13,964	11,059	11,359	+2.7%	12,500
Capital expenditure	1,291	1,668	1,952	6,576	6,500	-1.1%	3,000
Depreciation expense	2,810	2,458	2,363	2,738	3,153	+15.2%	3,100

<Capital expenditure (Actual/Forecast)>

(Units: ¥ billion)

	FY2012	FY2013	FY2014 (forecast)
Plant facilities	4.6	1.9	1.6
Equipment for control, sales activities	1.4	0.7	0.7
Equipment for research	0.5	3.9	0.7

Main R&D Activities -1 (May 9, 2014 Release)

Ph III ~ Application submitted

※Changes from the previous announcement(Feb 4 2014)

Stage		Compound/ Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
※Application submitted (3/2014)	(Europe) Almirall : Launched(9/2012) (US) Forest Pharmaceuticals : Launched (12/2012)	KRP-AB1102 (Inhaled drug)	Chronic Obstructive Pulmonary Disease (COPD)	Almirall	- 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)
Ph III (4/2013)		KIPRES (Chewable, Oral Granules)	Bronchial Asthma	Merck	For pediatric patient: Allergic Rhinitis	•Additional indication •Co-development with MSD K.K.
Ph III (8/2013)	(Europe) Almirall : Application submitted (10/2013) (US) Forest Laboratories : Ph III	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.)

※Flutiform , a combination drug for asthma treatment : launched November/2013

Main R&D Activities -2 (May 9, 2014 Release)

POC Project (Pre-clinical ~ Ph II)

※Changes from the previous announcement(Feb 4 2014)

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

Sales, Profit or Loss of each report segment

(Units: ¥ billion)

	Sales	change	Profit	change
Net Sales (total)	1,114	+44	176	−3
Ethical drugs business	1,097	+45	170	−10
◆Sales of new ethical drugs	935	+28		
○Japan	917	+34		
○Overseas	18	−6		
◆Generic drugs	120	+19		
◆Over-the-counter drugs	42	−2		
Healthcare(Skincare) business	17	−2	2	+4
Amount of adjustment	−	−	5	+3

(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)

(Units: ¥ million)

	FY2012		FY2013			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	107,031	100.0%	111,400	100.0%	+4.1%	+4,368
■ Ethical Drugs business	105,162	98.3%	109,678	98.5%	+4.3%	+4,515
◆ Sales of new Ethical Drugs	90,686	84.7%	93,518	83.9%	+3.1%	+2,831
○ Japan	88,286	82.5%	91,668	82.3%	+3.8%	+3,382
○ Overseas	2,400	2.2%	1,849	1.7%	-22.9%	-550
◆ Generic Drugs	10,095	9.4%	11,987	10.8%	+18.7%	+1,891
◆ Over-the-counter Drugs and Others	4,379	4.1%	4,172	3.7%	-4.7%	-207
■ Consumer Healthcare Business	1,869	1.7%	1,721	1.5%	-7.9%	-147

<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 >

■ Sales	¥111,400	(+¥4,368)
● Ethical drug sales in Japan	¥91,668	(+¥3,382)
	FY2012	FY2013
• Kipres	39.6	⇒ 40.2
• Mucodine	19.1	⇒ 18.4
• Pentasa	17.6	⇒ 18.6
• Uritos	7.5	⇒ 8.1
● Ethical drug sales overseas	¥1,849	(- ¥550)
• Gatifloxacin	1.6	⇒ 1.5
● Generic Drugs	¥ 11,987	(+¥1,891)
* Health insurance pharmacy market's sales and contract manufacturing's sales increased.		
● Over-the-counter Drugs and Others	¥4,172	(- ¥207)
* increase of Rubysta and decrease of others		
● Consumer Healthcare Business	¥1,721	(- ¥147)
* decrease of Dr.Program's sales		

P&L Summary: Consolidated Results – (2)

(Units: ¥ million)

	FY2012		FY2013			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	107,031	100.0%	111,400	100.0%	+4.1%	+4,368
Cost of Sales	40,133	37.5%	43,047	38.6%	+7.3%	+2,913
Gross Profit	66,897	62.5%	68,352	61.4%	+2.2%	+1,454
SG&A (Incl. R&D expenses)	48,949 (11,059)	45.7% 10.3%	50,744 (11,359)	45.6% 10.2%	+3.7% +2.7%	+1,795 +300
Operating Income	17,948	16.8%	17,607	15.8%	-1.9%	-340
Non-Operating Income	790	0.7%	732	0.7%	-7.3%	-57
Non-Operating Expenses	62	0.1%	59	0.1%	-3.9%	-2
Ordinary Income	18,676	17.4%	18,281	16.4%	-2.1%	-395
Extraordinary Profits	25	0.0%	237	0.2%	+829.3%	+211
Extraordinary Losses	98	0.1%	205	0.2%	+108.0%	+106
Income before income taxes	18,603	17.4%	18,312	16.4%	-1.6%	-290
Corporate, inhabitants and enterprise taxes	5,869	5.5%	5,095	4.6%	-13.2%	-773
Tax adjustments	312	0.3%	1,191	1.1%	+281.6%	+879
Net Income	12,422	11.6%	12,025	10.8%	-3.2%	-396

< Breakdown >

- ◆ Cost of Sales Ratio : +1.1 percentage points
(37.5 %→38.6%)
 - 【increase】 Sales of generic drugs increased.
Effect of KYORIN pharmaceutical facilities sales.
 - 【decrease】 increase of royalty(licensing out product)
- ◆ R&D Ratio : -0.1 percentage points
(10.3%→10.2%)
 - * ¥11.1bln→¥11.4bln(increase ¥0.3bln)
 - progress of the pipeline(KRP-209 Ph2a)
- ◆ SG&A (exclude R&D) Expenses : remained almost the same level as the previous year. (35.4%→35.4%)
 - * ¥37.9bln→¥39.4bln (+¥1.5bln)
 - increase of sales expenses , patent royalty etc.
- Operating Income ¥17,607(-¥340)
 - * Operating Income margin decreased 1.0percentage points to 15.8%
- Net Income ¥12,025(-¥396)
- Dividend per share ¥52.00
 - * Consolidated payout ratio 32.3%

BS Summary: Consolidated Results

(Units: ¥ million)	FY2012	
	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%

FY2013		
Actual	% total	change
121,638	71.8%	+13,373
31,017		
44,123		
17,965	—	—
21,699		
6,833		
47,740	28.2%	+1,037
20,841		
1,198	—	—
25,700		
169,378	100.0%	+14,410

28,401	16.8%	+5,503
11,056		
17,344	—	—
3,155	1.9%	+185
31,557	18.6%	+5,688
135,273	79.9%	+8,287
2,548	1.5%	+434
3,434		
12	—	—
137,821	81.4%	+8,722
169,378	100.0%	+14,410

< Breakdown >

■ Current Asset : + ¥13,373

- Cash, deposits (+¥9,646)
- Notes and accounts receivable (—¥2,432)
- Mk securities (+¥6,297)
- Inventory (+1,761)

■ Fixed Assets : +¥1,037

- Tangible Assets (+¥2,632)
- Intangible Assets (+¥281)
- Investments (—¥1,876)

■ Current Liabilities : +¥5,503

- Notes Payable (+¥2,499)
- Other (+¥3,003)

■ Non-Current Liabilities : +¥185

Financial summary (Consolidated)

(¥ million)	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (forecast)
Sales (Exports)	99,764 (2,693)	104,069 (2,784)	103,232 (2,059)	107,031 (2,400)	111,400 (1,849)	112,200 (1,000)
Cost of Sales (cost of Sales Ratio) (%)	37,477 (37.6%)	37,554 (36.1%)	36,926 (35.8%)	40,133 (37.5%)	43,047 (38.6%)	—
SG&A Ratio to Sales (%)	49,025 (49.1%)	50,071 (48.1%)	51,842 (50.2%)	48,949 (45.7%)	50,744 (45.6%)	—
R&D Expenses Ratio to Sales (%)	11,807 (11.8%)	12,495 (12.0%)	13,964 (13.5%)	11,059 (10.3%)	11,359 (10.2%)	12,500 (11.1%)
Operating Income Ratio to Sales (%)	13,261 (13.3%)	16,443 (15.8%)	14,464 (14.0%)	17,948 (16.8%)	17,607 (15.8%)	15,800 (14.1%)
Ordinary Income Ratio to Sales (%)	14,234 (14.3%)	17,110 (16.4%)	15,275 (14.8%)	18,676 (17.4%)	18,281 (16.4%)	16,300 (14.5%)
Net Income Ratio to Sales (%)	8,848 (8.9%)	10,927 (10.5%)	9,231 (8.9%)	12,422 (11.6%)	12,025 (10.8%)	11,300 (10.1%)
EPS (¥)	118.37	146.21	123.54	166.25円	160.95円	151.24円
Capital	700	700	700	700	700	—
Assets	137,190	147,234	145,673	154,968	169,378	—
Total Equity	104,911	111,706	118,201	126,985	135,273	—
BPS (¥)	1,403.60	1,494.83	1,581.94	129,099	137,821	—
ROE (%)	8.8%	10.1%	8.0%	1,727.86円	1,844.61円	—
Equity Ratio (%)	76.5%	75.9%	81.1%	10.0%	9.0%	—
Employees	2,246	2,294	2,297	83.3%	81.4%	—
Capital Expenditure	1,291	1,668	1,952	2,444人	2,452人	—
Depreciation Expense	2,810	2,458	2,363	6,576	6,500	3,000

Consolidated Financial Results and full year forecast



(Units: ¥ million)

	FY2012	FY2013	FY2014 (forecast)	Year on year	
				change	change (%)
Sales	107,031	111,400	112,200	+799	+0.7
■ Ethical Drugs business	105,162	109,678	110,500	+821	+0.7
◆ Sales of new Ethical Drugs	90,686	93,518	93,100	-418	-0.4
○ Japan	88,286	91,668	92,100	+431	+0.5
○ Overseas	2,400	1,849	1,000	-849	-45.9
◆ Generic Drugs	10,095	11,987	12,700	+712	+5.9
◆ Over-the-counter Drugs and Others	4,379	4,172	4,600	+427	+10.2
■ Consumer Healthcare Business	1,869	1,721	1,700	-21	-1.3
Operating Income	17,948	17,607	15,800	-1,807	-10.3
Ordinary Income	18,676	18,281	16,300	-1,981	-10.8
Net Income	12,422	12,025	11,300	-725	-6.0

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



(Units: ¥ million)

< Breakdown >

	FY2012		FY2013			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	95,894	100.0%	97,662	100.0%	+1.8%	+1,768
■ Ethical Drugs business	95,894	100.0%	97,662	100.0%	+1.8%	+1,768
◆ Sales of new Ethical Drugs	88,975	92.8%	89,846	92.0%	+1.0%	+871
○ Japan	86,698	90.4%	88,196	90.3%	+1.7%	+1,497
○ Overseas	2,277	2.4%	1,650	1.7%	-27.5%	-626
◆ Generic Drugs	4,116	4.3%	4,821	4.9%	+17.1%	+705
◆ Over-the-counter Drugs and Others	2,802	2.9%	2,994	3.1%	+6.8%	+191

■ Sales	¥97,662mil	(+¥1,768mil)
● Ethical drug sales in Japan	¥88,196mil	(+¥1,497mil)
	FY2012	FY2013 (¥ billion)
・ Kipres	39.6	→ 40.2 (+ 0.6)
・ Mucodyne	19.1	→ 18.4 (- 0.7)
・ Pentasa	17.6	→ 18.6 (+ 1.0)
・ Uritos	7.5	→ 8.1 (+ 0.6)
● Ethical drug sales overseas	¥1,650mil	(-¥626mil)
・ Gatifloxacin	1.6	→ 1.5 (-0.1)
● Generic Drugs	¥4,821mil	(+¥705mil)
・ Mainly the KYORIN Rimedio products increased		
● Over-the-counter Drugs and Others	¥2,994mil	(+¥191mil)
・ milton	2.0	→ 2.1 (+ 0.1)

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



(Units: ¥ million)

	FY2012		FY2013			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	95,894	100.0%	97,662	100.0%	+1.8%	+1,768
Cost of Sales	33,868	35.3%	35,119	36.0%	+3.7%	+1,250
Gross Profit	62,025	64.7%	62,543	64.0%	+0.8%	+517
SG&A (R&D Expenses)	44,898 (10,733)	46.8% (11.2%)	47,175 (11,064)	48.3% (11.3%)	+5.1% +3.1%	+2,276 +330
Operating Income	17,127	17.9%	15,368	15.7%	-10.3%	-1,758
Non-Operating Income	1,100	1.1%	909	0.9%	-17.4%	-191
Non-operating Expenses	19	0.0%	46	0.0%	+144.9%	+27
Ordinary Income	18,209	19.0%	16,230	16.6%	-10.9%	-1,978
Extraordinary Profits	25	0.0%	235	0.2%	+833.7%	+210
Extraordinary Losses	81	0.1%	52	0.1%	-36.3%	-29
Income before Income taxes	18,152	18.9%	16,414	16.8%	-9.6%	-1,738
Corporate, inhabitants and enterprise taxes	5,635	5.9%	4,496	4.6%	-20.2%	-1,139
Tax adjustments	585	0.6%	1,094	1.1%	+86.9%	+509
Net Income	11,931	12.4%	10,823	11.1%	-9.3%	-1,107

< Breakdown >

◆ Cost of Sales Ratio : +0.7percentage points
(35.3%→36.0%)

* reason for increase :

▪ Sales of generic drugs increased. Effect of exchange rate

* reason for decrease :

▪ increase of royalty(licensing out product)

◆ R&D Ratio : +0.1 percentage Points
(11.2%→11.3%)

* ¥10.7bln→¥11.1bln (+¥0.4bln)

Reason for increase :

▪ progress of the pipeline(KRP-209 Ph2a)

◆ SG&A (exclude R&D) Expenses :
+1.4 percentage Points (35.6%→37.0%)

■ Operating Income ¥15,368 (-¥1,758)

* Operating Income margin decreased 2.2percentage points to 15.7%

■ Net Income ¥10,823 (-¥1,107)

BS Summary: KYORIN Pharmaceutical (Non-consolidated)

(Units: ¥ million)

	FY2012	
	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%

FY2013		
Actual	% total	change
92,209	70.4%	+8,167
15,098		
40,133		
14,302	—	—
17,969		
4,705		
38,788	29.6%	+948
13,992		
385	—	—
24,410		
130,997	100.0%	+9,115

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%

20,446	15.6%	+3,566
7,473		
12,973	—	—
944	0.7%	−1,212
21,391	16.3%	+2,353
106,211	81.1%	+5,625
3,394	2.6%	+1,136
109,606	83.7%	+6,761
130,997	100.0%	+9,115

< Breakdown >

■ Current Assets : +¥8,167

- Cash, deposits (+¥7,905)
- Accounts receivable (−¥3,186)
- Mk securities (+¥2,697)
- Inventory (+¥1,354)

■ Fixed Assets : + ¥948

- Tangible Assets (+¥2,651)
- Intangible Assets (+¥101)
- Investments (−¥1,804)

■ Current Liabilities : + ¥3,566

- Notes Payable (+¥2,027)
- Other (+¥1,538)

■ Non-Current Liabilities : − ¥1,212

Financial Summary: KYORIN Pharmaceutical (Non-consolidated)

(¥ million)	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (forecast)
Sales (Exports)	85,308 (2,563)	92,531 (2,642)	93,697 (1,904)	95,894 (2,277)	97,662 (1,650)	98,500 (800)
Cost of Sales (cost of sales ratio) %	28,374 (33.3%)	31,227 (33.7%)	32,046 (34.2%)	33,868 (35.3%)	35,119 (36.0%)	—
SG&A Ratio to Sales (%)	43,795 (51.3%)	45,658 (49.3%)	47,679 (50.9%)	44,898 (46.8%)	47,175 (48.3%)	—
R&D Expenses Ratio to Sales (%)	11,121 (13.0%)	11,867 (12.8%)	13,472 (14.4%)	10,733 (11.2%)	11,064 (11.3%)	11,800 (12.0%)
Operating Income Ratio to Sales (%)	13,139 (15.4%)	15,645 (16.9%)	13,971 (14.9%)	17,127 (17.9%)	15,368 (15.7%)	14,300 (14.5%)
Ordinary Income Ratio to Sales (%)	14,580 (17.1%)	16,729 (18.1%)	15,126 (16.1%)	18,209 (19.0%)	16,230 (16.6%)	14,900 (15.1%)
Net Income Ratio to Sales (%)	9,472 (11.1%)	10,732 (11.6%)	9,274 (9.9%)	11,931 (12.4%)	10,823 (11.1%)	10,400 (10.6%)
EPS (¥)	127.54	144.51	124.88	160.66円	145.74円	—
Capital	4,317	4,317	4,317	4,317	4,317	—
Assets	119,822	122,661	121,985	121,881	130,997	—
Total Equity	95,505	95,573	102,177	102,844	106,211	—
BPS (¥)	1,285.95	1,286.87	1,375.79	1,384.77円	109,606	—
ROE (%)	10.3%	11.2%	9.4%	11.6%	1,475.82円	—
Equity Ratio (%)	79.7%	77.9%	83.8%	84.4%	10.2%	—
Employees	1,724	1,804	1,798	1,797人	83.7%	—
Capital Expenditure	1,051	1,019	1,425	1,507	1,780人	—
Depreciation Expense	2,198	1,968	1,790	1,743	4,763	1,500