Third Quarter Consolidated Financial Results
for the Fiscal Year Ending March 31,2010

- Consolidated Financial Results
- Main Product Sales Update
- Main R&D Activities
- Results and Forecast of
  Main Subsidiary Companies

February 3, 2010

KYORIN Co.,Ltd.

Outline of Third Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2010

Kyorin 健康はキョーリンの願いです。

Third Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2010

【Sales】 Net sales increased to ¥74.6 billion, up 12.4% year on year, due to strong sales of mainstay products in domestic new ethical drugs and growth in generic drugs.

【Income】 Although sales costs and general administrative overheads (SG&A expenses) increased because of the merger with Nisshin Kyorin Pharmaceutical Co., Ltd., gross profit rose due to sales growth and Improvement in the cost of sales ratio. Operating income climbed 106.9% year on year to ¥11.0 billion and net income grew 794.7% to ¥75.0 billion.

*Regarding the full-year business forecast

Sales grew steadily in the nine months ended December 31, 2009.

In terms of spending the funds budgeted for SG&A expenses, expenses are predicted to accrue within the current fiscal year despite a carry over. Therefore, the forecast of consolidated results announced on November 10, 2009 remains unchanged at this stage.

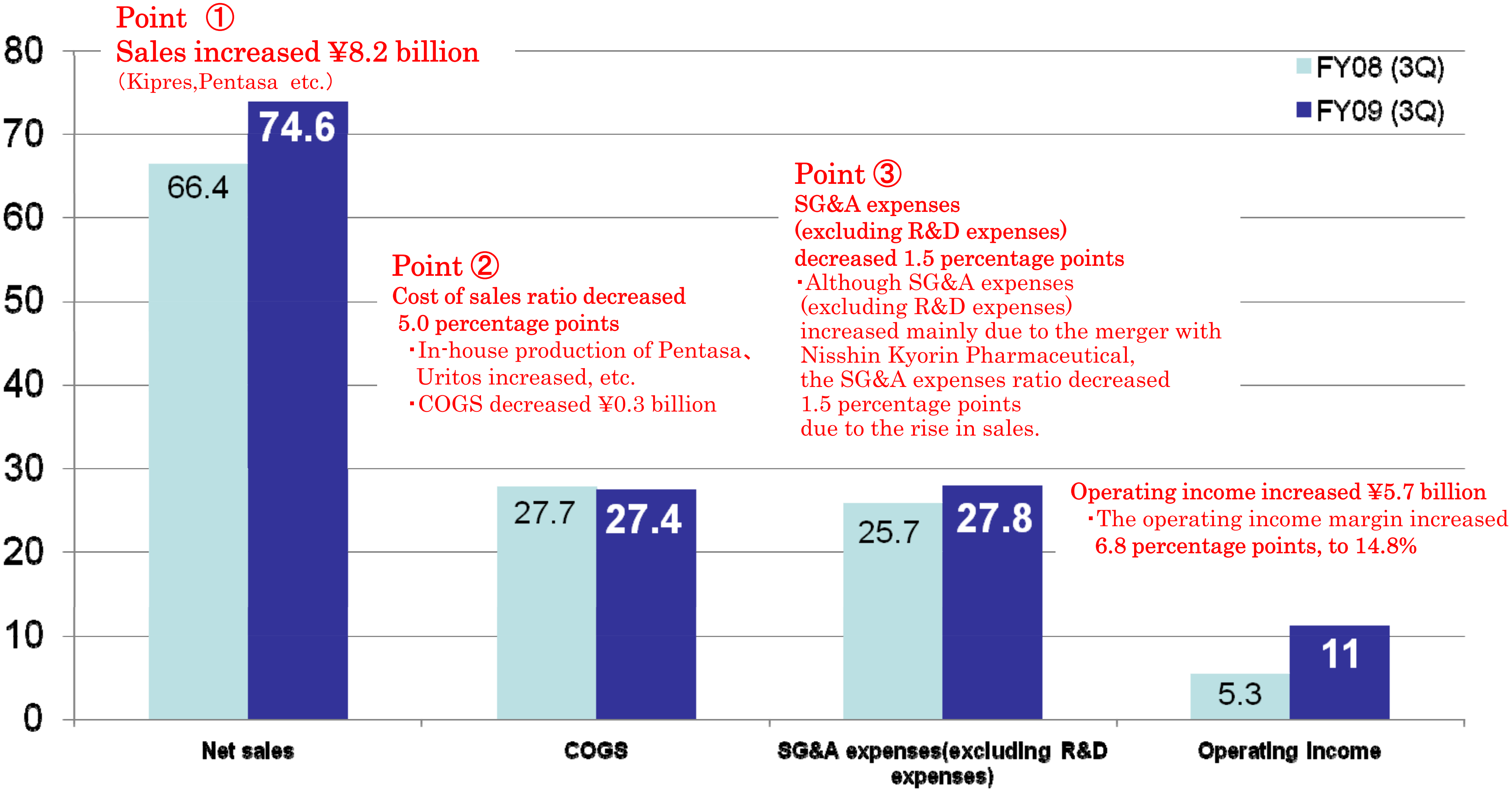
Units: Millions of yen	Third quarter March 31, 2007	Third quarter March 31, 2008	Third quarter March 31, 2009	Third quarter March 31, 2010	Change(%)
Net sales	56,961	62,325	66,361	74,579	12.4%
Operating income	5,814	5,788	5,339	11,045	106.9%
Ordinary income	6,101	6,278	5,451	11,860	117.6%
Net income	3,483	2,687	842	7,537	794.7%

Year ending March 31, 2010 (forecast)	Change(%)
99,500	9.5%
12,000	34.0%
12,800	39.0%
8,100	297.6%

Consolidated Financial Results for the Third Quarter March 31, 2010 (Point of Financial Results)

Kyorin 健康はキョーリンの願いです。

(Billion yen)



Consolidated Financial Results for the Third Quarter March 31, 2010

Kyorin
健康はキョーリンの願いです。

Units：Billions of yen

	Third Quarter March 31, 2009	Third Quarter March 31, 2010	Change
Net sales (total)	66.4	74.6	+8.2
◆ Sales of new ethical drugs	55.5	63.1	+7.6
Japan	53.0	61.2	+8.2
Overseas	2.5	1.9	▲0.6
◆ Generic drugs	4.6	5.4	+0.8
◆ Consumer healthcare business	5.4	5.3	▲0.1
◆ Other businesses	0.9	0.9	±0
Operating income	5.3	11.0	+5.7
Ordinary income	5.5	11.9	+6.4
Net income	0.8	7.5	+6.7

				Change
■ Net sales			74.6 billion	(+8.2)
●Sales of new ethical drugs in Japan			61.2 billion	(+8.2)
	09.3(3Q)(results)		10.3(3Q)(results)	
･Kipres	18.1	→	21.6	(+3.5)
･Pentasa	11.7	→	15.2	(+3.5)
･Uritos	1.3	→	2.6	(+1.3)
･Mucodyne	15.3	→	16.0	(+0.7)

＊Other factors for increase: Sales of RapidTesta increased, etc.

●Sales of new ethical drug overseas			1.9 billion	(▲0.6)
･Gatifloxacin	1.9	→	1.7	(▲0.2)

･Sales of Norfloxacin decreased, etc.

●Generic drugs 5.4 billion (+0.8)

･Factors for increase: New products and products acquired from Nisshin Kyorin

●Consumer healthcare business			5.3 billion	(▲0.1)
･Milton	1.4	→	1.5	(+0.1)
･Dr.Program Co., Ltd.	2.6	→	2.5	(▲0.1)
●Other businesses			0.9 billion	(±0)

◆Cost of sales ratio: down 5.0 points (41.8%→36.8%)

Factor for decrease：Cost of sales ratio declined due to in-house production of Pentasa and Sales of Uritos increased, etc.

◆R&D ratio: down 0.3 points (11.4%→11.1%)

R&D expenses: up from ¥7.6 billion to ¥8.3 billion

Factors for increase：integration with Nisshin Kyorin Pharmaceutical

◆SG&A expenses ratio(excluding R&D espenses):down 1.5 points (38.8%→37.3%)

SG&A expenses ratio (excluding R&D expenses): ¥25.7 billion → ¥27.8 billion(¥2.1 billion)

Although SG&A expenses (excluding R&D expenses) increased mainly due to the merger with Nisshin Kyorin Pharmaceutical, the SG&A expenses ratio decreased 1.5 percentage points due to the rise in sales.

■ Operating income 11 billion (+5.7)

＊The operating income margin increased 6.8 percentage points, to 14.8%

■ Net income 7.5 billion (+6.7)

Consolidated Results for the Three Months Ended December 31, 2009 (From October 1 to December 31)

Kyorin
健康はキョーリンの願いです。

Units: Billions of yen

	Three months ended December 31,2008	Three months ended December 31,2009	Change(%)
Net sales	26.1	28.9	+2.8
COGS % Sales	10.0 38.4%	10.4 36.0%	+0.4 (down 2.4 points)
Gross profit	16.1	18.5	+2.4
SG&A expenses	12.0	12.0	±0
R&D expenses	2.6	2.6	±0
SG&A expenses (excluding R&D expenses)	9.4	9.4	±0
Operating income	4.1	6.5	+2.4
Ordinary income	4.3	6.7	+2.4
Net income	2.4	4.2	+1.8

Point

*One year has passed since the October 2008 merger with Nisshin KyorinPharmaceutical
*Sales of mainstay products of KYORIN Pharmaceutical progressed favorably
Kipres +1.2 billion、Pentasa +9 billion
Uritos+3 billion、Mucodyne+1 billion

*Mainly due to increased sales of Pentasa and Uritos whose cost of sales ratios are low (down 2.4 points)

*Operating income increased to ¥6.5 billion, up ¥2.4 billion year on year

Three-months performance also continued strongly

Consolidated Financial Results for the Third Quarter March 31, 2010

Kyorin
健康はキョーリンの願いです。

Units:Millions of yen

	Second quarter		Third quarter (April 1,2009 to December 31,2009)					Full term	
	FY08 (results)	FY09 (results)	FY08 (results)	FY09 (results)	YoY change	YOY Change (%)	Progress to full term forecast(%)	FY08 (results)	FY09 (forecast)
Sales	40,261	45,714	66,361	74,579	+8,217	12.4%	75.0%	90,889	99,500
Sales of new ethical drugs	33,046	38,011	55,529	63,068	+7,539	13.6%	76.8%	75,690	82,100
Japan	31,239	36,733	53,001	61,176	+8,174	15.4%	77.0%	71,935	79,500
Overseas	1,806	1,278	2,527	1,891	▲635	▲25.2%	72.7%	3,755	2,600
Generic drugs	2,929	3,584	4,583	5,352	+768	16.8%	62.2%	6,264	8,600
Consumer healthcare business	3,684	3,469	5,392	5,281	▲110	▲2.1%	69.5%	7,725	7,600
Other businesses	600	649	855	876	+20	2.4%	79.6%	1,208	1,100
Operating income	1,243	4,569	5,339	11,045	+5,705	106.9%	92.0%	8,952	12,000
Ordinary Income	1,175	5,172	5,451	11,860	+6,408	117.6%	92.7%	9,208	12,800
Net income	▲1,606	3,293	842	7,537	+6,695	794.7%	93.0%	2,037	8,100

※ Because the closing date of KYORIN Rimedio is planned to be changed, the projections of business performance for the fiscal year ending March 31, 2010, will cover 14 months.

Main Product Sales Update

(Units: ¥ billion)

Product name		Second quarter		Third quarter (April 1 to December 31,2008)				Full term	
		FY08 (results)	FY09 (results)	FY08 (results)	FY09 (results)	Change	Progress to full term forecast(%)	FY08 (results)	FY09 (forecast)
Sales of new ethical drugs (Japan)	Kipres (LT receptor antagonist)	10.4	12.7	18.1	21.6	19.3%	75.0%	25.2	28.7
	Mucodyne (Mucoregulant)	8.7	9.3	15.3	16.0	4.8%	74.5%	20.6	21.5
	Pentasa (Ulcerative colitis and Crohn's disease treatment)	7.1	9.7	11.7	15.2	30.0%	78.4%	15.7	19.3
	Ketas (For bronchial asthma and cerebrovasculas disorders)	2.6	2.3	3.9	3.6	▲6.9%	77.3%	5.0	4.7
	Uritos (Kyorin) (Overactive bladder)	0.6	1.6	1.3	2.6	98.9%	69.1%	2.0	3.7
	Aplace (Anti-ulcer agent)	0.8	0.7	1.2	1.1	▲7.5%	76.3%	1.5	1.4
	Rocaltrol (Osteoporosis remedy)	0.8	0.7	1.2	1.1	▲8.2%	79.4%	1.5	1.4
Sales of new ethical drugs (over seas)	Gatifloxacin (Bulk・Royalty)	1.4	1.1	1.9	1.7	▲13.2%	75.0%	2.5	2.2
Consumer Healthcare business	Milton (Disinfectant)	0.9	1.0	1.4	1.5	3.2%	73.6%	1.8	2.0

Main R&D Activities① (February 3 , 2010 Release)

Kyorin
健康はキョーリンの願いです。

Ph Ⅱ～Application

※Describe the latest changes

Stage		Compound/ Code	Therapy area/ Action	Origin	Features	Comments
Domestic	Overseas					
	(Galderma, Launched)	Amorolfine HCl Nail lacquer	Anti-onycomycosis	Roche	First nail varnish formulation for nail mycosis in Japan	
※PhⅢ (12/09)		Pentasa (Tablets)	Ulcerative Colitis	Ferring Pharmaceuticals	New dosage regimen for ulcerative colitis in the remission phase (once a day)	
Ph Ⅱ (3/05)	((Eisai PhⅢ))	AS-3201 (Tablets)	Diabetic neuropathy	Dainippon Sumitomo	Aldose reductase inhibitor to reduce the sorbitol accumulation in the cell, and improve diabetic neulopathy	Co-development with Dainippon Sumitomo ・Ph Ⅱ b(9/07)
Ph Ⅱ (2/08)	Ph Ⅱ (9/07)	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.	・Ph Ⅱ b in overseas (11/09) ・Ph Ⅱ b in domestic (3/09)
Ph Ⅱ (8/08)	((Abbott in the US and Mundipharma in Europe) PhⅢ)	KRP-108	Anti-asthmatic	Skye Pharma PLC	An ICS/LABA combination product, which offers better compliance and convenience to the patients.	Licensing agreement with SkyePharma (4/08)

Other Comments

※Orally Disintegrating Tablet of Immidefenacin(INN), a Drug for Overactive Bladder　:Application （12/09）

※ Therapeutic agent for overactive bladder “Uritos　tablet” Partial change of usage and dosage (Change of the maximum daily dosage)　:Approval （12/09）

※Mucoregulating drug “Mucodyne　DS50%”　:Approval　(1/10)

Main R&D Activities② (February3, 2010Release)

Kyorin
健康はキョーリンの願いです。

Pre-clinical ～ Ph I

※Describe the latest changes

Stage: Domestic	Stage: Overseas	Compound/ Code	Therapy area/ Action	Origin	Features	Comments
	Ph I (7/07)	KRP-203	Transplantation and autoimmune diseases treatment	In-house	An immunosuppressant with novel mechanism called 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 immunosuppressants.	Licensing agreement with Novartis (2/06)
	Ph I (10/07)	KRP-105	Anti-dyslipidemia	In-house	A highly selective PPARα agonist. In addition to lipid metabolism improvement, KRP-105 increased adiponectin, reduced leptin, and suppressed weight gain in animal models, suggesting potential to be a unique and ant-dyslipidemia agent.	
Pre-clinical		KRP - 107	Transplantation and autoimmune diseases treatment	In-house	Selective S1P1 receptor agonist.	
Pre-clinical		KRP - 109	Anti acute lung injury(ALI)	In-house	Neutrophil elastase inhibitor with high distribution into lungs	

License-in product

Stage: Domestic	Stage: Overseas	Compound/ Code	Therapy area/ Action	Origin	Features	Comments
Clinical trial to be prepared	PhⅢ (Merz)	KRP-209	Tinnitus	Merz	Neramexane is expected to improve the patients' psychological suffering and difficalties in their life associated with tinnitus via mainly its two pharmacological properties as 1) NMDA antagonistic activity and 2) Nicotinic acetylcholine receptor antagonistic activity.	Licensing agreement with Merz (11/09)

Main R&D Activities③ (February 3 , 2010 Release)

Kyorin
健康はキョーリンの願いです。

Licensing development

※Describe the latest changes

Product name･Code	Licensee ･ Collaborative research	Stage	Therapy area/ Action	Origin	Comments
Alphagan/ Alphagan P	Senju Seiyaku	Domestic PhⅢ (7/07)	Glaucoma	Allergan (US)	･Licensed from Allergan (Cross license of gatifloxacin ophthalmic solution) ･License-out to Senju (5/04)
Ketas	MediciNova (US)	Overseas PhⅡ (8/05)	Cerebrovascular disorders	In-house	･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.(10/04) Result of PhⅡ was reported in April 2008.
KCA-757	MediciNova (US)	Overseas PhⅢ (Anti-bronchial Asthma:11/06) PhⅡ/Ⅲ (Interstitial cystitis: 5/05)	Anti-bronchial asthma and Interstitial cystitis agent	In-house	･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 ･Interstitial cystitis:Results of PhⅡ/Ⅲ was reported in January 2007 and ceased development ･Bronchial asthma: Clinical trial oversea was discontinued.
KRP-203	Novartis (Switzerland)	Overseas PhⅠ (7/07)	Transplantation and autoimmune diseases treatment	In-house	An immunosuppressant with novel mechanism called 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 immunosuppressants.

Actual and Forecast of Main Subsidiary Company

Kyorin
健康はキョーリンの願いです。

(Units: ¥ billion)

Kyorin Pharmaceutical	Third quarter 3/09 (results)	Third quarter 3/10 (results)		3/09 (results)	3/10 (forecast)
Sales	57.7	65.4		78.0	85.1
Operating income	5.5	11.1		8.5	11.8
Net income	2.2	8.1		4.0	8.6

KYORIN Rimedio	Third quarter 1/09(results)	Third quarter 3/10(results)		1/09 (results)	3/10 (forecast)※2
Sales	5.3	6.2		7.4	10.2
Operating income	▲0.4	0.2		▲0.4	0.3
Net income	▲0.5	0.2		▲0.6	0.2

Dr. Program	Third quarter 1/09(results)	Third quarter 3/10(results)		3/09 (results)※1	3/10 (forecast)
Sales	2.6	2.5		4.1	3.7
Operating income	▲0.1	▲0.2		0.1	0
Net income	▲0.1	▲0.2		0.1	0

*1. Due to the change of the closing date of Dr. Program Co., Ltd., the business results for the fiscal year ended March 2009 covered 14 months.
*2. Because the closing date of KYORIN Rimedio is planned to be changed, the projections of business performance for the fiscal year ending March 31, 2010, will cover 14 months.