

Financial Results for the Fiscal 2010, the Year Ended March 31, 2011 – Supplementary Information

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May 11, 2011

KYORIN Holdings, Inc.



Outline of Consolidated Financial Results for Fiscal 2010

Consolidated Business Results for Fiscal 2010 (Actual)

【Net sales】 Consolidated net sales increased 4.3% year on year to a record ¥104.1 billion. With regard ethical drugs, the increase followed efforts to promote uptake of our main products in the domestic ethical drugs market that increased sales volumes and offset a decline in drug prices. Moreover, strong performance in the insurance dispensing pharmacy market saw sales and other results for generic drugs increase year on year.

【Income】 Operating income and net income were ¥16.4 billion (up 24.0% year on year) and ¥10.9 billion (up 23.5% year on year) respectively, allowing the Group to post record profits for a second consecutive term. This result followed an increase in gross profit from higher net sales and an improved cost of sales ratio that exceeded an increase in SG&A expenses (incl. R&D expenses).

Consolidated Business Results Forecast for Fiscal 2011

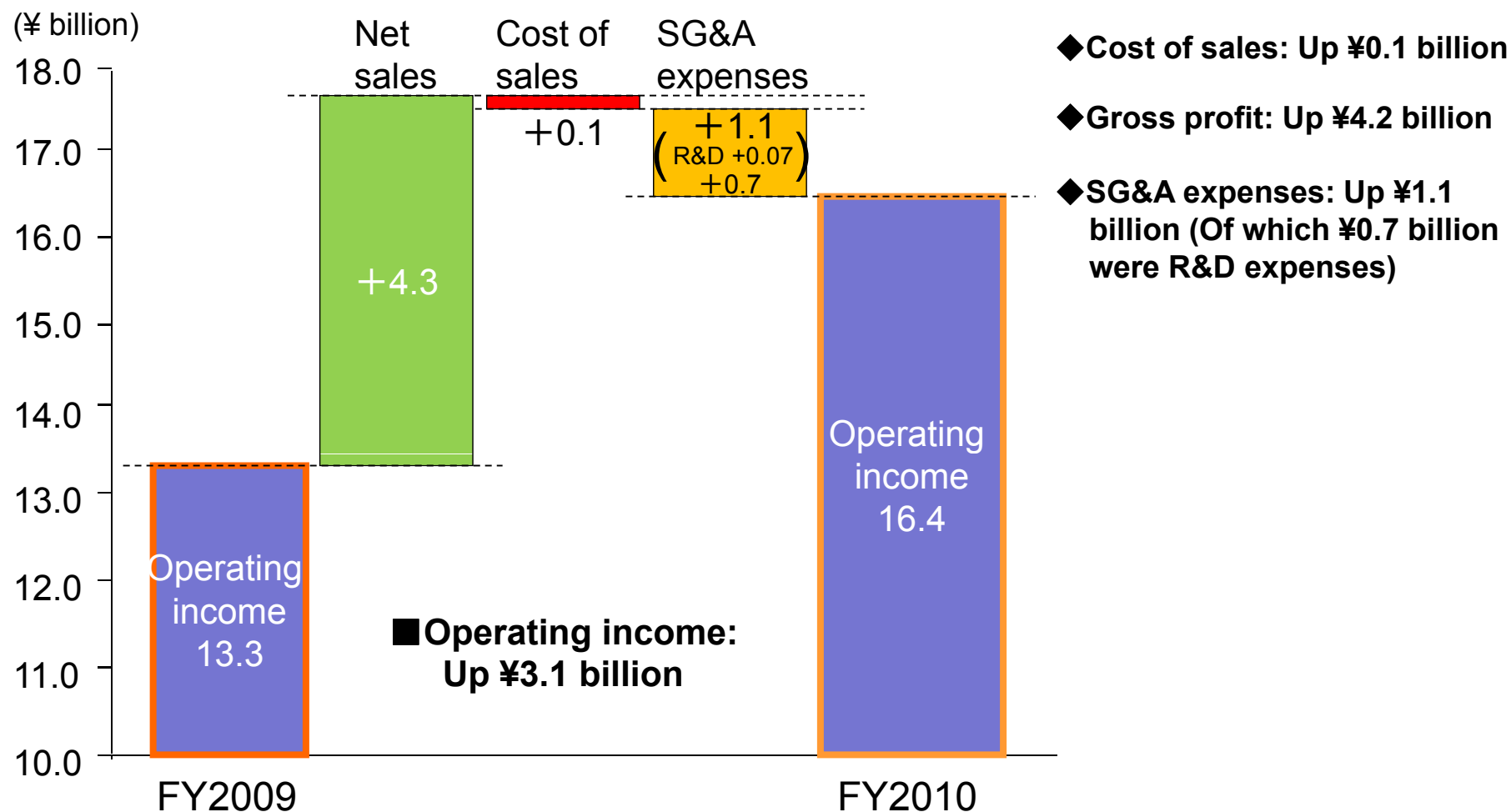
【Net sales】 We are projecting an overall increase in net sales of 2.3% year on year, to ¥106.5 billion. Despite a decline in sales predicted in overseas markets for ethical drugs, we expect an overall increase led by domestic sales growth for generic drugs and our main products in the ethical drug market.

【Income】 We expect operating income to increase to ¥16.6 billion (up 1.0% year on year), and net income to fall to ¥10.9 billion (down 0.3% year on year). While we forecast an increase in gross profit, as a result of higher net sales and an improved cost of sales ratio, SG&A expenses (incl. R&D expenses) are also expected to increase.

(¥ million)	FY2007	FY2008	FY2009	FY2010	YoY change (%)	FY2011 (forecast)	YoY change (%)
Net sales	81,070	90,889	99,764	104,069	4.3%	106,500	2.3%
Operating income	6,251	8,952	13,261	16,443	24.0%	16,600	1.0%
Ordinary income	6,643	9,208	14,234	17,110	20.2%	17,200	0.5%
Net income	2,189	2,037	8,848	10,927	23.5%	10,900	-0.3%
Net income per share (yen)	29.26 yen	27.24 yen	118.37 yen	146.21 yen	23.5%	145.86	-0.2%
Total assets	122,398	124,552	137,190	147,234	7.3%	—	—
Total equity	97,184	96,501	104,911	111,706	6.5%	—	—

Highlights of Business Performance for Fiscal 2010

■ Net sales: Up ¥4.3 billion year on year, absorbing the effect of drug price revisions (KYORIN Pharmaceutical: 6% range)



Business Performance for Fiscal 2010

(¥ billion)	FY2009 (Actual)	FY2010 (Actual)	Change
Total net sales	99.8	104.1	4.3
■ Ethical Drugs Business	96.4	101.3	4.9
◆ Sale of New Ethical Drugs	82.4	88.0	5.6
○ Japan	79.8	85.3	5.5
○ Overseas	2.6	2.7	0.1
◆ Generic drugs	8.6	8.9	0.3
◆ Over-the-counter drugs and Others	5.4	4.4	-1.0
■ Consumer Health Care (Skincare) Business	3.3	2.8	-0.5

Operating income	13.3	16.4	3.1
Recurring profits	14.2	17.1	2.9
Net income	8.8	10.9	2.1

(Note 1) The products and services included in the Consumer Health Care Business are different from those in the disclosed results for the fiscal year ended March 2010 and earlier periods.

	FY2010	Change
■ Net sales	¥104.1 billion	(4.3)
◆ Pharmaceutical Business	¥101.3 billion	(4.9)
● Ethical drugs sales in Japan	¥ 85.3 billion	(5.5)
	[FY2009 (actual)] [FY2010 (actual)]	
• Kipres	29.2 ⇒ 34.5	(5.3)
• Mucodyne	20.9 ⇒ 21.3	(0.4)
• Pentasa	19.4 ⇒ 19.4	(0.0)
• Uritos	3.7 ⇒ 5.5	(1.8)
● Ethical drugs sales overseas	¥2.7 billion	(0.1)
• Gatifloxacin	2.2 ⇒ 2.2	(0.0)
● Generic drugs	¥8.9 billion	(0.3)
* Strong sales in the insurance dispensing pharmacy market		
	(Due to a change in the settlement date, the results for the year ended March 31, 2010 were for a 14-month period.)	
● Nonprescription drugs, etc.	¥4.4 billion	(-1.0)
	* Sales were lower at KYORIN Medical Supply Co., Ltd. (formerly Kyobundo Co., Ltd.) (Due to a change in the settlement date, the results for fiscal 2009, the year ended March 31, 2010 were for a 13-month period.)	
	(Note) KYORIN Medical Supply Co., Ltd. is included in this sales category for reported segments from FY2010 onwards.	
◆ Consumer Health Care Business	¥2.8 billion	(-0.5)
● Sales declined at Dr. Program		
■ Operating income	¥16.4 billion	(3.1)
◆ Operating income margin rose 2.5 percentage points to 15.8%		
● Cost of sales ratio fell 1.5 percentage points	(37.6%⇒36.1%)	
Reason for increase:	drug price revisions (6% range)	
Reason for decrease:	Increased sales of in-house products with lower cost of sales ratio, decrease in cost of sales ratio at KYORIN Rimedio	
● R&D ratio: up 0.2 of a percentage point YoY	(11.8%⇒12.0%)	
* ¥11.8 billion⇒¥12.5 billion (up approx. 0.7 billion)		
	Progress in development pipelines (KRP-108 Ph2IIb completed), one-off payments for in-licensing etc.	
● SG&A expenses ratio (excl. R&D expenses): decreased 1.2	(37.3%⇒36.1%)	
of a percentage point from the previous fiscal year		
* ¥37.2 billion⇒¥37.6 billion (up approx. 0.4 billion)		
■ Net income	¥10.9 billion	(2.1)
■ Dividend	¥45.00 per share (of which ¥10 is an interim dividend; consolidated payout ratio of 30.8%)	3

Results and Forecast of Main Subsidiary Companies

¥ billion

KYORIN pharmaceutical	FY2009	FY2010
Sales	85.3	92.5
Operating income	13.1	15.6
Net income	9.5	10.7

FY2011 (Forecast)
95.1
15.7
10.4

KYORIN Rimedio	FY2009	FY2010
Sales	10.1	10.3
Operating income	0.4	0.8
Net income	0.4	0.6

FY2011 (Forecast)
11.0
0.7
0.7

Dr. Program	FY2009	FY2010
Sales	3.3	2.8
Operating income	-0.1	0.1
Net income	-0.1	0.1

FY2011 (Forecast)
3.0
0.1
0.0

Main R&D Activities① (May 11 , 2011 Release)



Ph IIb Application submitted

※: Changes since previous announcement
(3Q of fiscal 2010) shown

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 (suppositor y)	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 (Inhaled drug)	Anti- asthmatic	SkyePharma PLC	An ICS/LABA combination product, which offers better compliance and convenience to the patients	•License agreement with SkyePharma (4/2008) •Ph II completed in domestic (4/2010)
Ph II (3/2005)	Eisai: Ph III	AS-3201 (tablet)	Diabetic neuropathy	Dainippon Sumitomo	Aldose reductase inhibitor to reduce the sorbitol accumulation in the cell, and improve diabetic neuropathy	•Co-development with Dainippon Sumitomo (domestic only) •Ph II completed in domestic (3/2011) ※
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.	•Ph II b in overseas (11/2009) •Ph II b in domestic completed (3/2010)

Other Comments

- Uritos OD Tablet 0.1mg (orally disintegrating tablet of immidafenasin (INN), a drug for overactive bladder: Application (4/2011) ※

Main R&D Activities② (May 11 , 2011 Release)



POC Project (Pre-clinical ~ Ph II)

※: Changes since previous announcement
(3Q of fiscal 2010) shown

Stage		Compound/Code	Therapy area/Action	Origin	Features	Comments
Japan	Overseas					
Ph I preparations		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		
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 improves symptoms and respiratory function throughout a day ③Short period reaching maximum effect	License agreement with Almirall (2/2011)
	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 I (12/2010)	Ph II (POC) (12/2010) (Novartis)	KRP-203	Transplantation and autoimmune diseases treatment 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 preparations	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) Ph I clinical trial in Japanese (single dose PK) in US completed by Merz (3/2010)

Main R&D Activities③ (May 11 , 2011 Release)



Licensing Development

※: Changes since previous announcement
(3Q of fiscal 2010) shown

Compound/Code	Licensee/Collaborative research	Stage	Therapy area/Action	Origin	Comments
Alphagan /AlphaganP	Senju Seiyaku	Application submitted (3/2011) ※	Glaucoma	Allergan (US)	<ul style="list-style-type: none"> •Licensed from Allergan (Cross license of gatifloxacin ophthalmic solution) •License-out to Senju (5/2004)
Ketas	MediciNova (US)	Overseas Ph II (8/2005)	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
KCA-757	MediciNova (US)	Overseas Ph III (Anti-bronchial Asthma: 11/2006) Overseas Ph II /III (Interstitial cystitis: 5/2005)	Anti-bronchial asthma and interstitial cystitis agent	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.
KRP-203	Novartis (Switzerland)	Overseas Ph II (POC) (12/2010)	Transplantation and autoimmune diseases IBD*	In-house	<ul style="list-style-type: none"> •Granted 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)

Segment information for Fiscal 2010, the Fiscal Year Ending March 31, 2011

Sales, profit or loss of each reporting segment

(¥ billion)	Net sales		Profit	
	Amount	Year on Year	Amount	Year on Year
Total net sales	104.1	4.3	16.4	+3.1
■ Ethical Drugs Business	101.3	4.9	16.3	+3.1
◆ Sales of New Ethical Drugs	88.0	5.6		
○ Japan	85.3	5.5		
○ Overseas	2.7	0.1		
◆ Generic Drugs	8.9	0.3		
◆ Over-the-counter Drugs and Others	4.4	-1.0		
■ Consumer Healthcare Business	2.8	-0.5	0.1	+0.3
Amount of adjustment	—	—	0	-0.3

P&L Summary: Consolidated Results – (1)

(¥ million)	FY09		FY10			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	99,764	100.0%	104,069	100.0%	4.3%	+4,304
■ Ethical Drugs Business	96,422	96.6%	101,271	97.3%	5.0%	+4,848
◆ Sales of new Ethical Drugs	82,395	82.6%	88,020	84.6%	6.8%	+5,624
○ Japan	79,766	80.0%	85,284	81.9%	6.9%	+ 5,517
○ Overseas	2,629	2.6%	2,736	2.6%	4.1%	+ 107
◆ Generic Drugs	8,642	8.7%	8,871	8.5%	2.7%	+ 229
◆ Over-the-counter Drugs and Others	5,384	5.4%	4,378	4.2%	-18.7%	- 1,005
■ Consumer Healthcare Business	3,342	3.3%	2,797	2.7%	-16.3%	- 544

<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 >

■ Sales **¥ 104,069 million (+4,304 million)** Year on Year

● Ethical drug sales in Japan

¥ 85,284 million (+5,517 million)

[FY09] [FY10 (¥ billion)]

• Kipres	29.2	→	34.5	(+5.3)
• Mucodyne	20.9	→	21.3	(+0.4)
• Pentasa	19.4	→	19.4	(+0.0)
• Uritos	3.7	→	5.5	(+1.8)

● Ethical drug sales overseas

¥2,736 million (+107 million)

• Gatifloxacin	2.2	→	2.2	(0.0)
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● Generic Drugs

¥8,871 million (+229 million)

* Sales in the insurance dispensing pharmacy market were brisk.

● Over-the-counter Drugs and Others

¥4,378 million (-1,005 million)

* Sales were lower at KYORIN Medical Supply Co., Ltd. (formerly Kyobundo Co., Ltd.)

● Consumer Healthcare Business

¥2,797 million (-544 million)

• Sales decreased at Dr. Program Co., Ltd.

3.3 → 2.8 (-0.5)

P&L Summary: Consolidated Results – (2)

(¥ million)	FY09		FY10			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	99,764	100.0%	104,069	100.0%	4.3%	+ 4,304
Cost of sales	37,477	37.6%	37,554	36.1%	0.2%	+ 76
Gross profit	62,287	62.4%	66,514	63.9%	6.8%	+ 4,227
SG&A (Incl. R&D expenses)	49,025 (11,807)	49.1% 11.8%	50,071 (12,495)	48.1% 12.0%	2.1% 5.8%	+ 1,046 (+ 688)
Operating income	13,261	13.3%	16,443	15.8%	24.0%	+ 3,181
Non-operating income	1,092	1.1%	769	0.7%	– 29.6%	– 323
Non-operating expenses	120	0.1%	102	0.1%	– 14.9%	– 17
Ordinary income	14,234	14.3%	17,110	16.4%	20.2%	+ 2,875
Extraordinary profits	49	0.0%	141	0.1%	189.0%	+ 92
Extraordinary losses	301	0.3%	115	0.1%	– 61.8%	– 186
Pretax profit	13,982	14.0%	17,136	16.5%	22.6%	+ 3,154
Net income	13,982	14.0%	17,136	16.5%	22.6%	+ 3,154
Corporate, inhabitants and enterprise taxes	5,518	5.5%	5,944	5.7%	7.7%	+ 425
Tax adjustments	–385	–0.4%	265	0.3%	– 168.9%	+ 650
Income before minority interests	–	–	10,927	10.5%	–	+ 10,927
Net income	8,848	8.9%	10,927	10.5%	23.5%	+ 2,078

< Breakdown >

Year on Year

◆ **Cost of sales ratio: Down by 1.5 percentage points YoY** (37.6%⇒36.1%)

*Reason for increase: drug price revisions (6% range)
*Reason for decrease: Increased sales of in-house products with lower cost of sales ratio, decrease in cost of sales ratio at KYORIN Rimedio

◆ **R&D ratio: up 0.2 percentage Points YoY**
* ¥11.8 billion ⇒ ¥12.5 billion (11.8%⇒12.0%)
(Increase of approx. ¥0.7 billion)

◆ **SG&A (Incl. R&D expenses) : down 1.2 percentage Points YoY**
* ¥37.2 billion ⇒ 37.6 billion (¥0.4 billion inc.)
(37.3%⇒36.1%)

*Increase in sales resulted in a decrease in SG&A ratio excluding R&D expenses of 1.2 percentage points despite higher SG&A expenses.

■ **Operating income ¥16.4 billion**

◆ Operating income margin increased 2.5 percentage points to 15.8%

■ **Net Income ¥10.9 billion**

■ **Dividend per share ¥45**

BS Summary: Consolidated Results

(¥ million)	FY09	
	Actual	%total
Current assets	91,060	66.4%
Cash, deposits	20,193	
Notes and accounts receivable	36,859	
Mk securities	5,353	—
Inventory	21,874	
Other	6,779	
Fixed assets	46,129	33.6%
Tangible assets	15,825	
Intangible assets	1,024	—
Investments	29,278	
Total assets	137,190	100.0%

Current liabilities	26,198	19.1%
Notes payable	9,858	
Other	16,340	—
Non-current liabilities	6,079	4.4%
Total liabilities	32,278	23.5%
Owner's equity	104,907	76.5%
Other comprehensive income	3	0.0%
Unrealized holding gain (loss) on securities	138	
Foreign currency translation adjustments	—134	
Total equity	104,911	76.5%
Total liabilities and equity	137,190	100.0%

FY10		
Actual	%total	Amt chg
104,427	70.9%	13,366
25,518		
42,594		
6,976	—	—
20,364		
8,973		
42,806	29.1%	—3,322
14,916		
816	—	—
27,073		
147,234	100.0%	10,044

30,421	20.7%	4,223
10,852		
19,569	—	—
5,105	3.5%	— 974
35,527	24.1%	3,249
112,076	76.1%	7,168
—370	—0.3%	— 373
—137		
—232		
111,706	75.9%	6,795
147,234	100.0%	10,044

<Breakdown>

- Current assets: Up ¥13,366 million
 - Cash and cash in banks (up ¥5,324 million)
 - Notes and accounts receivable up (¥5,734 million)
 - Inventories (down ¥1,509 million)
- Fixed assets: Down ¥3,322 million
 - Tangible assets (down ¥909 million)
 - Intangible assets (down ¥207 million)
 - Investments down (¥2,205 million)
- Current liabilities: Up ¥4,223 million
 - Notes and accounts payable (up ¥993 million)
 - Other (up ¥3,229 million)
- Long-term liabilities: Down ¥974 million

R&D Expenses, Capex & Depreciation <Consolidated>

(¥ million)	FY06	FY07	FY08	FY09	FY10		FY11 (Forecast)
					Actual	% Change	
R&D expenses	8,609	10,826	10,531	11,807	12,495	5.8%	13,400
Capital expenditure	2,954	1,952	1,612	1,291	1,668	29.2%	2,500
Depreciation expense	4,544	4,536	3,799	2,810	2,458	-12.5%	2,700

<Capital expenditure (Actual/Forecast)>

(Actual)

Plant facilities

Equipment for control, sales activities

Equipment for research

FY2010 (Actual)

¥0.9 billion

¥0.3 billion

¥0.5 billion

FY2011 (Forecast)

¥1.3 billion

¥ 0.7 billion

¥ 0.5 billion

(Forecast)

Plant facilities

Equipment for control, sales activities

Equipment for research

Sales of Main Products for Fiscal 2010

(¥ billion)

		FY06	FY07	FY08	FY09	FY10		FY12 (Forecast)
						Actual	% Change	
Ethical drug sales in Japan	Kipres (Leukotriene Receptor Antagonist)	15.0	19.1	25.2	29.2	34.5	18.3%	36.5
	Mucodyne (Mucoregulant)	20.4	21.2	20.6	20.9	21.3	1.7%	22.1
	Pentasa (Treatment for ulcerative colitis and Crohn's disease)	8.0	8.8	15.7	19.4	19.4	0.1%	19.2
	Uritos (Kyorin) (Treatment for overactive bladder)	—	0.7	2.0	3.7	5.5	48.4%	6.6
	Ketas (For Bronchial asthma and cerebrovascular disorders)	5.8	5.4	5.0	4.6	4.0	-13.1%	3.8
Ethical drug sales overseas	Gatifloxacin (Bulk / Royalty)	3.2	3.0	2.5	2.2	2.2	0.2%	1.2
Over-the- counter Drugs	Milton (Baby bottle disinfectant)	2.1	1.9	1.8	1.9	1.9	1.5%	2.0

Financial summary (Consolidated)

(¥ million)	FY06	FY07	FY08	FY09	FY10	FY11 (Forecast)
Sales (Exports)	77,093 (5,762)	81,070 (4,367)	90,889 (3,830)	99,764 (2,693)	104,069 (2,784)	106,500 (1,700)
Cost of sales (cost of sales ratio) (%)	30,620 (39.7%)	31,757 (39.2%)	36,791 (40.5%)	37,477 (37.6%)	37,554 (36.1%)	—
SG&A Ratio to sales (%)	38,059 (49.4%)	43,061 (53.1%)	45,146 (49.7%)	49,025 (49.1%)	50,071 (48.1%)	—
R&D expenses Ratio to sales (%)	8,609 (11.2%)	10,826 (13.4%)	10,531 (11.6%)	11,807 (11.8%)	12,495 (12.0%)	13,400 (12.6%)
Operating income Ratio to sales (%)	8,413 (10.9%)	6,251 (7.7%)	8,952 (9.8%)	13,261 (13.3%)	16,443 (15.8%)	16,600 (15.6%)
Ordinary income Ratio to sales (%)	8,655 (11.2%)	6,643 (8.2%)	9,208 (10.1%)	14,234 (14.3%)	17,110 (16.4%)	17,200 (16.1%)
Net income Ratio to sales (%)	4,842 (6.3%)	2,189 (2.7%)	2,037 (2.2%)	8,848 (8.9%)	10,927 (10.5%)	10,900 (10.2%)
EPS (¥)	64.97	29.26	27.24	118.37	146.21	145.86
Capital	700	700	700	700	700	
Assets	124,039	122,398	124,552	137,190	147,234	
Shareholders' equity	96,922	96,401	97,513	104,907	112,076	
Total equity	98,178	97,184	96,501	104,911	111,706	
BPS (¥)	1,311.17	1,298.89	1,290.67	1,403.60	1,494.83	
ROE (%)	5.0%	2.2%	2.1%	8.8%	10.1%	
Equity ratio (%)	79.2%	79.4%	77.5%	76.5%	75.9%	
Employees	1,932	2,003	2,247	2,246	2,294	
Capital expenditure	2,954	1,952	1,612	1,291	1,668	2,500
Depreciation expense	4,544	4,536	3,799	2,810	2,458	2,700

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

(¥ million)	FY2009		FY2010			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	85,308	100.0%	92,531	100.0%	8.5%	+7,222
■ Ethical Drugs business	85,308	100.0%	92,531	100.0%	8.5%	+7,222
◆ Sales of new Ethical Drugs	82,330	96.5%	87,927	95.0%	6.8%	+5,596
○ Japan	79,766	93.5%	85,284	92.2%	6.9%	+ 5,517
○ Overseas	2,563	3.0%	2,642	2.8%	3.1%	+ 79
◆ Generic Drugs	394	0.5%	1,932	2.1%	389.7%	+1,537
◆ Over-the-counter Drugs and Others	2,583	3.0%	2,671	2.9%	3.4%	+ 88

<Breakdown>

		Year on Year
■ Sales	¥92,531 million	(+7,222 million)
● Ethical drug sales in Japan	¥85,284 million	(+5,517 million)
	FY09(Actual)	FY010(Actual)(¥ billion)
· Kipres	29.2	→ 34.5 (+5.3)
· Mucodyne	20.9	→ 21.3 (+0.4)
· Pentasa	19.4	→ 19.4 (0.0)
· Uritos	3.7	→ 5.5 (+1.8)
● Ethical drug sales overseas	¥2,642 million	(+ 79 million)
· Gatifloxacin	2.2	→ 2.2 (0.0)
· One-off payments received for out-licensing		
● Generic Drugs	¥1,932 million	(+1,537 million)
· Mainly the effect from consolidating distribution at KYORIN Rimedio		
● Over-the-counter Drugs and Others	¥2,671 million	(+ 88 million)
· Milton and OTC: up		

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



(¥ million)	FY09		FY10			
	Actual	% Sales	Actual	% Sales	% Change	Change
Sales	85,308	100.0%	92,531	100.0%	8.5%	+7,222
Cost of sales	28,374	33.3%	31,227	33.7%	10.1%	+2,852
Gross profit	56,934	66.7%	61,304	66.3%	7.7%	+4,369
SG&A (Incl. R&D expenses)	43,795 (11,121)	51.3% (13.0%)	45,658 (11,867)	49.3% (12.8%)	4.3% (6.7%)	+1,863 + 746
Operating income	13,139	15.4%	15,645	16.9%	19.1%	+2,506
Non-operating income	1,497	1.8%	1,138	1.2%	- 24.0%	- 359
Non-operating expenses	56	0.1%	54	0.1%	- 4.5%	- 2
Ordinary income	14,580	17.1%	16,729	18.1%	14.7%	+2,149
Extraordinary profits	37	0.0%	127	0.1%	236.3%	+ 89
Extraordinary losses	112	0.1%	80	0.1%	- 28.4%	- 32
Income before income taxes	14,506	17.0%	16,776	18.1%	15.7%	+2,270
Corporate, inhabitants and enterprise taxes	5,452	6.4%	5,856	6.3%	7.4%	+ 403
Tax adjustments	-419	- 0.5%	187	0.2%	- 144.8%	+ 607
Net income	9,472	11.1%	10,732	11.6%	13.3%	+1,259

< Breakdown >

Year on Year

◆ Cost of sales ratio: up by 0.4 percentage points YoY (33.3%⇒33.7%)

*Reason for increase: drug price revisions (6% range)

*Reason for decrease: Increased sales of in-house products with lower cost of sales ratio

◆ R&D ratio: down 0.2 percentage Points YoY

* ¥11.1 billion ⇒ ¥11.9 billion (13.0%⇒12.8%)
(Increase of approx. ¥0.7 billion)

◆ SG&A (Incl. R&D expenses) : down 1.8 percentage Points YoY (38.3%⇒36.5%)

* ¥32.7 billion ⇒ 33.8 billion (¥1.1 billion inc.)

■ Operating income ¥15.6billion

◆ Operating income margin increased 1.5 percentage points to 16.9%

■ Net Income ¥10.7 billion

BS Summary: KYORIN Pharmaceutical (Non-consolidated)

(¥ million)	FY09	
	Actual	% total
Current assets	78,422	65.4%
Cash, deposits	15,313	
Accounts receivable	33,088	
Mk securities	5,290	—
Inventory	19,147	
Other	5,581	
Fixed assets	41,400	34.6%
Tangible assets	12,847	
Intangible assets	328	—
Investments	28,225	
Total assets	119,822	100.0%

Current liabilities	19,003	15.9%
Notes payable	6,849	—
Other	12,154	
Non-current liabilities	5,312	4.4%
Total liabilities	24,316	20.3%
Owner's equity	95,384	79.6%
Valuation and translation adjustments	120	0.1%
Total equity	95,505	79.7%
Total liabilities and equity	119,822	100.0%

FY10		
Actual	% total	Amt chg
84,458	68.9%	6,036
15,123		
39,184		
6,913	—	—
16,739		
6,498		
38,202	31.1%	−3,197
11,894		
235	—	—
26,073		
122,661	100.0%	2,838

22,723	18.5%	3,719
7,050	—	—
15,673		
4,364	3.6%	− 948
27,087	22.1%	2,771
95,719	78.0%	335
− 146	− 0.1%	− 267
95,573	77.9%	67
122,661	100.0%	2,838

<Breakdown>

■ Current assets: Up ¥6,036 million

- Accounts receivable (up ¥6,095 million)
- Mk securities (up ¥1,622 million)
- Inventory (down ¥2,408 million)

■ Fixed assets: Down ¥3,197 million

- Tangible assets (down ¥952 million)
- Investments down (¥2,151 million)

■ Current liabilities: Up ¥3,719 million

- Notes payable (up ¥201 million)
- Other (up ¥3,518 million)

■ Non-current liabilities: Down ¥948 million

Financial Summary: KYORIN Pharmaceutical (Non-consolidated)



(¥ million)	FY06	FY07	FY08	FY09	FY10	FY11 (Forecast)
Sales (Exports)	66,052 (5,521)	70,480 (4,155)	77,962 (3,148)	85,308 (2,563)	92,531 (2,642)	95,100 (1,600)
Cost of sales (cost of sales ratio) %	23,815 (36.1%)	25,217 (35.8%)	29,551 (37.9%)	28,374 (33.3%)	31,227 (33.7%)	—
SG&A Ratio to sales (%)	34,623 (52.4%)	38,319 (54.4%)	39,894 (51.2%)	43,795 (51.3%)	45,658 (49.3%)	—
R&D expenses Ratio to sales (%)	8,216 (12.4%)	9,959 (14.1%)	10,056 (12.9%)	11,121 (13.0%)	11,867 (12.8%)	12,500 (13.2%)
Operating income Ratio to sales (%)	7,613 (11.5%)	6,942 (9.8%)	8,517 (10.9%)	13,139 (15.4%)	15,645 (16.9%)	15,700 (16.5%)
Ordinary income Ratio to sales (%)	7,615 (11.5%)	7,328 (10.4%)	9,463 (12.1%)	14,580 (17.1%)	16,729 (18.1%)	16,700 (17.6%)
Net income Ratio to sales (%)	4,697 (7.1%)	3,776 (5.4%)	4,041 (5.2%)	9,472 (11.1%)	10,732 (11.6%)	10,400 (10.9%)
EPS (¥)	63.25	50.85	54.42	127.54	144.51	
Capital	4,317	4,317	4,317	4,317	4,317	
Assets	106,042	104,910	108,522	119,822	122,661	
Shareholders' equity	85,706	86,140	89,328	95,384	95,719	
Total equity	86,797	86,792	88,470	95,505	95,573	
BPS (¥)	1,168.71	1,168.63	1,191.24	1,285.95	1,286.87	
ROE (%)	5.2%	4.4%	4.6%	10.3%	11.2%	
Equity ratio (%)	81.9%	82.7%	81.5%	79.7%	77.9%	
Employees	1,488	1,517	1,716	1,724	1,804	
Capital expenditure	1,322	1,350	969	1,051	1,019	1,700
Depreciation expense	3,997	3,844	3,042	2,198	1,968	2,000