

Kyowa Hakko Kirin Co., Ltd.

Consolidated Financial Summary

First Quarter of the Fiscal Year to December 31, 2011

(January 1, 2011 – March 31, 2011)

This document is an English translation of parts of the Japanese-language original. All financial information has been prepared in accordance with generally accepted accounting principles in Japan. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including fluctuations in exchange rates, changing economic conditions, legislative and regulatory developments, delays in new product launches, and pricing and product initiatives of competitors.

Summary of Financial Statements for the First Quarter of the Year Ending December 31, 2011

Kyowa Hakko Kirin Co., Ltd.

April 27, 2011

Stock Code: 4151 Listed exchanges: Tokyo, 1st section
 URL: <http://www.kyowa-kirin.co.jp/english> Inquiries: Shigeru Morotomi, Managing Officer
 President: Yuzuru Matsuda Corporate Communications Department
 Telephone: 81-3-3282-0009

Scheduled date of submission of Financial Report: May 11, 2011

Scheduled start date of dividend payment: --

Appendix materials prepared to accompany the quarterly financial report: Yes

Scheduled date of General Meeting of Shareholders: --

1. Results for the three months ended March 31, 2011

(%changes are compared to the same period of the previous fiscal year)

(1) Consolidated business performance

(Millions of yen, rounded down)

| | Three months to March 31, 2011 | Change (%) | Three months to March 31, 2010 | Change (%) |
|--|-----------------------------------|---------------|-----------------------------------|---------------|
| Net sales | 114,862 | 15.7 | 99,256 | -- |
| Operating income | 21,909 | 90.1 | 11,527 | -- |
| Ordinary income | 22,252 | 86.4 | 11,940 | -- |
| Net income | 14,785 | 144.2 | 6,053 | -- |
| Net income per share (¥) | 25.95 | | 10.63 | |
| Fully diluted net income per share (¥) | 25.94 | | 10.62 | |

(2) Consolidated financial position

(Millions of yen, rounded down)

| | As of March 31, 2011 | As of December 31, 2010 |
|--------------------------------|-------------------------|----------------------------|
| Total assets | 665,552 | 695,862 |
| Net assets | 554,882 | 544,992 |
| Shareholders' equity ratio (%) | 83.2 | 78.2 |
| Net assets per share (¥) | 971.89 | 954.58 |

Note: Total shareholders' equity: March 31, 2011: ¥553,763 million; December 31, 2010: ¥543,914 million

2. Dividends

| Dividends per share | Fiscal year ending December 31, 2011 (forecast) | Fiscal period ended December 31, 2010 |
|---------------------------------|--|--|
| Interim dividend per share (¥) | 10.00 | 10.00 |
| Year-end dividend per share (¥) | 10.00 | 10.00 |
| Total dividend per share (¥) | 20.00 | 20.00 |

Note: Changes to the dividend forecast during the term: None.

3. Consolidated results forecasts for the fiscal year ending December 31, 2011

(Millions of yen)

| | January 1, 2011 to June 30, 2011 | Change (%) | January 1, 2011 to December 31, 2011 | Change (%) |
|----------------------|-------------------------------------|---------------|---|---------------|
| Net sales | 175,000 | (14.0) | 325,000 | (21.4) |
| Operating income | 20,000 | (7.8) | 37,000 | (18.5) |
| Ordinary income | 20,500 | (8.2) | 38,000 | (18.3) |
| Net income | 14,500 | 46.4 | 25,500 | 14.9 |
| Net income per share | 25.45 | | 44.75 | |

Note: Changes to the consolidated results forecast during the term: None

4. Other (See Page 7, Section 2. Other information, of the Appendix Document)

1) Transfer of important subsidiaries during the period: Yes

Eliminations: 1 Company (Kyowa Hakko Chemical Co., Ltd.)

Note: Indicates transfers of specified subsidiaries resulting in changes in the scope of consolidation during the period under review.

2) Use of simplified accounting methods or special accounting procedures: Yes

Note: Indicates adoption of simplified accounting methods or special accounting methods for the preparation of the quarterly financial statements.

3) Changes in accounting methods, procedures and presentation of accounting methods:

1. Changes following revisions to accounting standards: Yes

2. Other changes: None

Note: Indicates changes in principles, procedures and methods of presentation of accounting methods in the making of these financial statements.

4) Number of shares outstanding (ordinary shares)

| | | | | |
|---|-------------------------------|--------------------|----------------------------------|--------------------|
| 1. Number of shares outstanding (including treasury shares) | March 31, 2011 | 576,483,555 shares | December 31, 2010 | 576,483,555 shares |
| 2. Number of treasury shares | March 31, 2011 | 6,706,358 shares | December 31, 2010 | 6,691,427 shares |
| 3. Average number of shares during the interim period | Quarter ended March 31, 2011: | 569,783,916 shares | Quarter ended December 31, 2010: | 569,547,362 shares |

Notice regarding quarterly review procedures

The Financial Products Law review process for this quarterly financial report was not yet complete at the time the financial report was issued.

Notice regarding the appropriate use of the financial forecasts

The above forecasts are based on the information available and assumptions made at the time of release of this document about a number of uncertain factors that may affect results in the future.

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1. Operating Results and Financial Statements

(1) Summary of business performance

Japan's economy during the first quarter (the three-month period from January 1 to March 31, 2011), showed improving trends in investment in facilities, consumer spending and other areas, and corporate revenues continued to improve, however in the period that followed the Great East Japan Earthquake, conditions were very uncertain.

Conditions in the Pharmaceuticals business remained very competitive due to policy measures to promote generic pharmaceuticals, increased competition from European and U.S drug manufacturers and major domestic pharmaceutical companies, and intensifying international competition in new drug development, however we actively promoted global development by various means such as expanding sales of core drugs and plans to quickly penetrate markets with new drugs. The Bio-Chemicals business was affected by lower prices due to the rise of Chinese and other manufacturers in addition to the effects of rapidly fluctuating exchange rates, however we sought to grow sales of high-value-added product, primarily amino acids for pharmaceutical use. In the Chemicals business we have seen an increase in demand from Asia and a recovery in domestic demand, due to trends in raw materials prices and exchange rates, circumstances. The Chemicals segment has been discontinued at the end of the first quarter of the current period following the transfer of all shares of Kyowa Hakko Chemical on March 31, 2011.

As a result, consolidated net sales for the first quarter were ¥114.8 billion (up 15.7% compared to the first quarter of the previous fiscal year). Due a surge in pharmaceutical product shipments following the Great East Japan Earthquake and other factors, operating income was ¥21.9 billion (up 90.1%), and ordinary income was ¥22.2 billion (up 86.4%). Net income was ¥14.7 billion, a sharp 144.2% rise due to the recording of profits on the sale of shares in affiliate companies, and despite recording a valuation loss on investment securities.

The impact of the Great East Japan Earthquake on Kyowa Hakko Kirin Group is as follows:

Kyowa Hakko Kirin (Pharmaceuticals business) sustained no significant damage to its factories, however we have begun to manufacture certain products in-house since the factories of certain outsourced manufacturers were damaged and restarting production will take time. Sales at the Tohoku Office (Sendai City, Miyagi Prefecture), the Fukushima Sales Office (Koriyama City, Fukushima Prefecture) and the Mito Sales Office (Mito City, Ibaraki Prefecture) were temporarily suspended due to physical damage from the earthquake but sales have since recommenced. Kyowa Hakko Bio sustained no significant damage to its factories or sales offices. Kyowa Hakko Chemical temporarily suspended operations at its Chiba plant but operation have since been restarted.

There has been no significant damage to our other operations.

Segmental performance

Pharmaceuticals

In the Pharmaceuticals business, consolidated net sales were ¥63.3 billion (up by 27.6% compared to the same period of the previous year), while operating income was ¥18.4 billion (up 90.3%). Domestic sales of core ethical pharmaceutical products including Nesp, a treatment for renal anemia, and Regpara, a treatment for secondary hyperparathyroidism during dialysis therapy, continued to grow and sales of Allelock, an antiallergic agent, and Patanol antiallergic eye drops, were strong due to the effects of higher amounts of airborne pollen and other factors. Sales of Permax, a Parkinson's disease treatment launched in 2010, and Fentos, a transdermal analgesic for persistent cancer pain, which were launched last year were also strong. Further, following the earthquake an ongoing high level of shipments boosted sales of core products compared to same period of the previous fiscal year.

In the licensing-out of technologies and export of pharmaceutical products, milestone revenues increased and sales were higher than in the same period of the previous fiscal year.

In new drug development in cancer areas in Japan, KRN 125 began Phase III clinical trials in March targeting chemotherapy induced febril neutropenia. In the renal anemia area in Japan, renal anemia treatment Nesp began Phase III clinical trials in March to seek approval for pediatric indications. In other therapeutic areas in Japan AMG531 (product name Romiplate), a treatment for chronic idiopathic thrombocytopenic purpura, received approval in January and launched sales in April.

On February 21, 2011, Kyowa Hakko Kirin agreed to begin the acquisition process of ProStrakan Group plc, a UK-based specialty pharmaceuticals company with a pharmaceuticals development and sales network throughout the US and Europe for cancer-related and other products. The acquisition was executed on April 21, 2011 and ProStrakan Group plc. became a wholly owned subsidiary of our Group. Please see (7) Important subsequent events for further details.

Bio-Chemicals

In the Bio-Chemicals business, consolidated net sales were ¥19.6 billion (down by 11.4% compared to the same period of the previous year), while operating income was ¥1.2 billion (up 25.9%). Sales of pharmaceutical and industrial use raw materials, primarily amino acids, nucleic acids and related compounds, decreased partly due to the effects of a strong yen. Sales at Daiichi Fine Chemical declined due to a drop in sales of bulk pharmaceuticals, intermediate products and others.

In healthcare products, sales of health food materials decreased although sales of mail order *Remake Series* increased.

Chemicals

In the Chemicals business, consolidated net sales were ¥33.5 billion (up by 10.8% compared to the same period of the previous year), and operating income was ¥2.1 billion (up 216.6%).

In Japan, demand has continued on its recovery trend while compared to the same period of the previous fiscal year sales prices improved and sales volumes and net sales increased. In exports, shipments were strong and sales volumes and net sales were higher than in the same period of the previous fiscal year supported by vigorous demand from Asia.

Other

In the Other segment, consolidated net sales were ¥2.6 billion (up by 6.3% compared to the same period of the previous year), while operating income was ¥82 million (down 0.3%).

(2) Summary of financial position

Total assets at the end of the first quarter were ¥665.5 billion, a decline of ¥30.3 billion, and liabilities were ¥110.6 billion, a decline of ¥40.2 billion compared to the end of the previous fiscal period. As a result of the discontinuation of the Chemicals segment following the transfer of all shares of Kyowa Hakko Chemical on March 31, 2011, there were decreases in assets in accounts and notes receivable, inventories, tangible noncurrent assets and others decreased, while in liabilities, accounts and notes payable, retirement benefit allowances, and others decreased. However, cash and time deposits increased and deferred tax liabilities decreased in recognition of a temporary timing difference in the consolidated financial statements in relation to investments.

Net assets at the end of the first quarter were ¥554.8 billion, up by ¥9.8 billion due to the recording of net income for the period and despite the effects of dividend payments and other factors. As a result our equity ratio at the end of the first quarter was 83.2%, 5.0 percentage points higher than at the end of the previous fiscal period.

Cash flow summary

Cash and cash equivalents at the end of the first quarter were ¥141.4 billion, an increase of ¥61.6 billion compared to the end of the previous fiscal period. The main cash flows and factors affecting them during the first quarter were as follows:

Net cash provided by operating activities was ¥2.4 billion (a 65.3% decrease compared to the same period of the previous fiscal year). The primary contributory factors were net income before income taxes of ¥27.3 billion and depreciation expenses of ¥5.5 billion. The main cash outflows were corporate tax payments of ¥19.3 billion and an increase in trade receivables of ¥9.7 billion.

Net cash provided by investing activities was ¥64.8 billion (compared to ¥9.1 billion used in the same period of the previous fiscal year). Major expenditures included ¥4.9 billion for the acquisition of tangible fixed assets

while major sources of income were ¥53.8 billion from the sale of shares following changes to the scope of consolidation and ¥14.9 billion from the sales of shares in affiliate companies.

Net cash used in financing activities was ¥6.0 billion (a 71.8% increase compared to the same period of the previous fiscal year). The main outflow was dividend payments of ¥5.3 billion.

(3) Consolidated results forecasts

No revisions have been made to the consolidated results forecasts that were announced on January 28, 2011. Due to the impact of the Great East Japan Earthquake that struck on March 11, 2011, and despite consolidated results for the first quarter, primarily those of the pharmaceuticals business, being higher than initially planned, no change has been made to the forecasts previously announced on January 28, 2011 as it is difficult to make reasonable results forecasts at this stage. Kyowa Hakko Kirin will provide timely disclosure should we need to revise our consolidated results forecasts.

2. Other Information

(1) Changes to subsidiaries during the period

Kyowa Hakko Chemical Co., Ltd. has been removed from the scope of consolidation following the March 31, 2011 transfer of all shares of Kyowa Hakko Chemical to KJ Holdings, an acquisition vehicle administered and managed by Japan Industrial Partners, Inc.

(2) Use of simplified accounting methods or special accounting procedures

Calculations for tax expenses use an estimated effective tax rate for net income before taxes based on reasonable assumptions of an effective tax rate after the application of tax effect accounting for net income before income taxes for the consolidated fiscal year, including net income before income taxes of the three-month period under review. Corporate tax adjustment has been included in corporate and other taxes.

(3) Changes in accounting methods, procedures and presentation used in the preparation of these financial statements

1) Application for accounting standards related to asset retirement obligations

As of the first quarter of the current fiscal year, "Accounting Standards Related to Asset Retirement Obligations" (ASB No. 18, March 31, 2008) and "Guidelines to the Accounting Standards Related to Asset Retirement Obligations" (ASB Guidelines No. 21 March 31, 2008) have been applied.

As a result, operating income and ordinary income for the first quarter of the current fiscal period have declined by ¥7 million and income before income taxes have declined by ¥455 million. Asset retirement obligations have changed by ¥674 million from the start of the application of this accounting standard.

2) Accounting Standards Related To The Equity Method and Guidelines to Handling Accounting Revisions Related to Equity Method Companies

As of the first quarter of the current fiscal year, "Accounting Standards Related to the Equity Method" (ASB No. 16, March 10, 2008) and "Guidelines to Handling Accounting Revisions Related to Equity

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Method Companies” (FAS No. 24 March 10, 2008) have been applied. There are no effects on consolidated profits for the first quarter of the current period as a result of this change.

3. Consolidated financial statements

(1) Consolidated Balance Sheets

| | <i>Millions of yen</i> | |
|--|-------------------------|----------------------------|
| | As of March 31, 2011 | As of December 31, 2010 |
| ASSETS | | |
| Current assets: | | |
| Cash and deposits | 146,279 | 33,128 |
| Notes and accounts receivable-trade | 103,667 | 122,378 |
| Merchandise and finished goods | 34,372 | 40,803 |
| Work in process | 11,172 | 10,628 |
| Raw materials and supplies | 8,756 | 10,329 |
| Deferred tax assets | 8,323 | 8,368 |
| Short-term loans receivable | 213 | 53,483 |
| Other | 5,663 | 9,880 |
| Allowance for doubtful accounts | (97) | (149) |
| Total current assets | 318,352 | 288,852 |
| Noncurrent assets: | | |
| Property, plant and equipment | | |
| Buildings and structures | 128,199 | 153,135 |
| Accumulated depreciation | (89,513) | (108,850) |
| Buildings and structures, net | 38,686 | 44,284 |
| Machinery, equipment and vehicles | 135,552 | 211,317 |
| Accumulated depreciation | (116,052) | (185,510) |
| Machinery, equipment and vehicles, net | 19,499 | 25,806 |
| Land | 54,273 | 70,697 |
| Construction in progress | 7,957 | 10,578 |
| Other | 47,389 | 51,584 |
| Accumulated depreciation | (40,186) | (43,213) |
| Other, net | 7,202 | 8,371 |
| Total property, plant and equipment | 127,619 | 159,738 |
| Intangible assets | | |
| Goodwill | 159,362 | 162,659 |
| Other | 9,447 | 9,943 |
| Total intangible assets | 168,809 | 172,602 |
| Investments and other assets | | |
| Investment securities | 28,728 | 55,289 |
| Long-term loans receivable | 501 | 510 |
| Deferred tax assets | 13,378 | 9,954 |
| Other | 9,032 | 10,391 |
| Allowance for doubtful accounts | (869) | (1,476) |
| Total investments and other assets | 50,770 | 74,669 |
| Total noncurrent assets | 347,200 | 407,010 |
| Total assets: | 665,552 | 695,862 |

Consolidated Balance Sheets (continued)

Millions of yen

| | As of March 31, 2011 | As of December 31, 2010 |
|---|-------------------------|----------------------------|
| LIABILITIES | | |
| Current liabilities: | | |
| Notes and accounts payable-trade | 25,731 | 49,463 |
| Short-term loans payable | 5,433 | 7,253 |
| Accounts payable-other | 20,090 | 24,208 |
| Income taxes payable | 13,518 | 15,379 |
| Provision for sales rebates | 346 | 284 |
| Provision for points | 148 | -- |
| Provision for bonuses | 3,830 | 100 |
| Provision for repairs | -- | 601 |
| Other | 3,566 | 5,028 |
| Total current liabilities | 72,667 | 102,321 |
| Noncurrent liabilities: | | |
| Long-term loans payable | 265 | 262 |
| Deferred tax liabilities | 8,566 | 16,379 |
| Provision for retirement benefits | 21,615 | 24,109 |
| Provision for directors' retirement benefits | 66 | 134 |
| Provision for environmental measures | 706 | 887 |
| Asset retirement obligations | 650 | -- |
| Other | 6,131 | 6,776 |
| Total noncurrent liabilities | 38,002 | 48,549 |
| Total liabilities: | 110,669 | 150,870 |
| NET ASSETS | | |
| Shareholders' equity: | | |
| Capital stock | 26,745 | 26,745 |
| Capital surplus | 512,358 | 512,359 |
| Retained earnings | 29,832 | 20,744 |
| Treasury stock | (6,688) | (6,676) |
| Total shareholders' equity | 562,247 | 553,172 |
| Valuation and translation adjustments: | | |
| Valuation difference on available-for-sale securities | (2,343) | (2,195) |
| Deferred gains or losses on hedges | -- | 0 |
| Foreign currency translation adjustment | (6,141) | (7,063) |
| Total valuation and translation adjustments | (8,484) | (9,258) |
| Subscription rights to shares: | 227 | 207 |
| Minority interests: | 891 | 869 |
| Total net assets: | 554,882 | 544,992 |
| Total liabilities and net assets:: | 665,552 | 695,862 |

(2) Consolidated Statements of Income

Millions of yen

| | January 1, 2011 to March 31, 2011 | January 1, 2010 to March 31, 2010 |
|--|--------------------------------------|--------------------------------------|
| Net sales | 114,862 | 99,256 |
| Cost of sales | 58,217 | 55,155 |
| Gross profit | 56,644 | 44,100 |
| Selling, general and administrative expenses | | |
| Research and development expenses | 10,814 | 9,057 |
| Amortization of goodwill | 2,443 | 2,325 |
| Other | 21,475 | 21,189 |
| Total selling, general and administrative expenses | 34,734 | 32,572 |
| Operating income | 21,909 | 11,527 |
| Non-operating income | | |
| Interest income | 65 | 97 |
| Dividends income | 57 | 49 |
| Foreign exchange gain | 579 | 36 |
| Equity in earnings of affiliates | 166 | 337 |
| Other | 411 | 442 |
| Total non-operating income | 1,280 | 963 |
| Non-operating expenses | | |
| Interest expenses | 43 | 69 |
| Loss on revaluation of derivatives | 431 | -- |
| Loss on disposal of noncurrent assets | 165 | 243 |
| Other | 296 | 237 |
| Total non-operating expenses | 937 | 550 |
| Ordinary income | 22,252 | 11,940 |
| Extraordinary income | | |
| Gain on sale of shares in affiliate companies | 8,265 | -- |
| Total extraordinary income | 8,265 | -- |
| Extraordinary loss | | |
| Loss on valuation of investment securities | 1,546 | -- |
| Advisory expenses | 973 | -- |
| Effect from application of asset retirement obligation standards | 447 | -- |
| Allowance for reserve for points from previous years | 218 | -- |
| Casualty loss | 118 | -- |
| Loss on revisions to retirement benefit scheme | -- | 577 |
| Total extraordinary losses | 3,214 | 577 |
| Income before income taxes and minority interests | 27,304 | 11,363 |
| Total income taxes | 12,496 | 5,366 |
| Income before minority interests | 14,808 | -- |
| Gain (loss) on minority interest | 22 | (57) |
| Net income | 14,785 | 6,053 |

(3) Consolidated Statements of Cash Flows

| | <i>Millions of Yen</i> | |
|--|--------------------------------------|--------------------------------------|
| | January 1, 2011 to March 31, 2011 | January 1, 2010 to March 31, 2010 |
| Net cash provided by (used in) operating activities | | |
| Income before income taxes and minority interests | 27,304 | 11,363 |
| Depreciation and amortization | 5,503 | 4,297 |
| Amortization of goodwill | 2,490 | 2,372 |
| Increase (decrease) in provision for retirement benefits | (17) | (825) |
| Decrease (increase) in prepaid pension costs | (775) | (391) |
| Increase (decrease) in provision for bonuses | 4,083 | 2,020 |
| Increase (decrease) in allowance for doubtful accounts | -- | (53) |
| Interest and dividends income | (122) | (146) |
| Interest expenses | 43 | 69 |
| Equity in (earnings) losses of affiliates | (166) | (337) |
| Loss (gain) on sales and retirement of property, plant and equipment | 123 | 67 |
| Loss (gain) on sales of investment securities | (16) | 0 |
| Loss (gain) on valuation of investment securities | 1,546 | 20 |
| Proceeds from sale of shares in affiliate companies | (8,265) | -- |
| Decrease (increase) in notes and accounts receivable-trade | (9,752) | 4,742 |
| Decrease (increase) in inventories | (2,228) | (2,286) |
| Increase (decrease) in notes and accounts payable-trade | (3,515) | (5,901) |
| Other, net | 5,090 | (1,859) |
| Subtotal | 21,324 | 13,152 |
| Interest and dividends income received | 515 | 903 |
| Interest expenses paid | (38) | (61) |
| Corporation taxes paid | (19,364) | (6,965) |
| Operating cash flow | 2,436 | 7,029 |

Consolidated Statements of Cash Flows (continued)

| | <i>Millions of Yen</i> | |
|--|--------------------------------------|--------------------------------------|
| | January 1, 2011 to March 31, 2011 | January 1, 2010 to March 31, 2010 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (4,935) | (9,519) |
| Proceeds from sale of property, plant and equipment | 18 | 19 |
| Purchase of investment securities | (1,513) | (291) |
| Proceeds from sale of investment securities | 878 | 17 |
| Proceeds from sale of shares in affiliate companies | 14,987 | -- |
| Proceeds from sale of shares in subsidiaries following changes to scope of consolidation | 53,848 | -- |
| Payments into time deposits | (514) | (1,526) |
| Proceeds from withdrawal of time deposits | 1,955 | 2,361 |
| Net decrease (increase) in short-term loans receivable | -- | (0) |
| Other, net | 91 | (197) |
| Net cash provided by (used in) investing activities | 64,816 | (9,136) |
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | (632) | (548) |
| Repayment of long-term loans payable | -- | (179) |
| Cash dividends paid | (5,350) | (2,702) |
| Cash dividends paid to minority shareholders | -- | (30) |
| Other, net | (41) | (45) |
| Net cash provided by (used in) financing activities | (6,023) | (3,506) |
| Effect of exchange rate change on cash and cash equivalents | 380 | (113) |
| Net increase (decrease) in cash and cash equivalents | 61,609 | (5,725) |
| Cash and cash equivalents at beginning of the period | 79,882 | 63,745 |
| Cash and cash equivalents at end of period | 141,492 | 58,019 |

(4) Items related to going concern assumption

No applicable items

(5) Segment information

1. Outline of segment information

The Kyowa Hakko Kirin Group segments provide financial information structured on the Group's business components that is subject to periodic review by the Board of Directors to evaluate management resource allocation decisions and operating results. As an operating company, the Group is structured in consideration of the diversity of the products and services handled by each of our companies. And we have designed a comprehensive domestic and overseas strategy for each of the core business of the company and we are developing our business activities. As a result, the Group has been divided into the three segments Pharmaceuticals Business, Bio-Chemicals Business and Chemicals Business.

The Pharmaceuticals Business manufactures and sells core ethical pharmaceutical products. The Bio-Chemicals Business manufactures and sells pharmaceutical and industrial use raw materials, primarily amino acids, nucleic acids and related compounds, health care products and others. The Chemicals Business manufactures and sells solvents, plasticizer raw materials, specialty chemicals and others. Among our reporting segments, the Chemicals Business was discontinued at the end of the first quarter following the transfer of all shares of Kyowa Hakko Chemical on March 31, 2011.

2. Sales and profits (loss) by segment

Fiscal 2011 Q1 segment information by business type (January 1, 2011 – March 31, 2011)

(Millions of yen)

| | Pharmaceuticals | Bio-Chemicals | Chemicals | Other | Total | Adjustments | Consolidated |
|---------------------------------------|-----------------|---------------|-----------|-------|---------|-------------|--------------|
| Net sales | | | | | | | |
| (1) Sales to external customers | 63,344 | 17,788 | 32,787 | 942 | 114,862 | -- | 114,862 |
| (4) Inter-segment sales and transfers | 49 | 1,898 | 762 | 1,709 | 4,419 | (4,419) | -- |
| Total sales | 63,393 | 19,686 | 33,550 | 2,651 | 119,281 | (4,419) | 114,862 |
| Segment income | 18,419 | 1,272 | 2,135 | 82 | 21,909 | 0 | 21,909 |

Notes: 1. The Other segment includes distribution and other business and does not include reported segments.

2. The ¥0 for Adjustments of Segment Income is due to intersegment eliminations.

3. In Segment Income, operating income from the Consolidated Statements of Income, has been adjusted

4. Asset amounts for the Chemicals segment, which previously included Kyowa Hakko Chemical and its consolidated subsidiaries Miyako Kagaku Co., Ltd., and Kashiwagi Co., Ltd., are nil due to its elimination from the scope of consolidation as of the end of the current consolidated first quarter. This follows the transfer of all shares of Kyowa Hakko Chemical executed on March 31, 2011.

Additional information:

As of the period under review, Kyowa Hakko Kirin has adopted "Accounting Standards Related to the Disclosure of Segment Information" (ASB No. 17 March 21, 2009) and "Guidelines for Accounting Standards Related to the Disclosure of Segment Information" (ASB Guideline No. 20, March 21, 2008).

Further, since the segment classification methods used to classify business by segment are the same as those used previously, there is no effect on segment information.

Fiscal 2010 Q1 segment information by business type (January 1, 2010 – March 31, 2010)

(Millions of yen)

| | Pharmaceuticals | Bio-Chemicals | Chemicals | Other | Total | Elimination/ Corporate | Consolidated |
|---------------------------------------|-----------------|---------------|-----------|-------|---------|---------------------------|--------------|
| Net sales | | | | | | | |
| (1) Sales to external customers | 49,650 | 19,712 | 29,041 | 852 | 99,256 | -- | 99,256 |
| (5) Inter-segment sales and transfers | 23 | 2,500 | 1,239 | 1,641 | 5,406 | (5,406) | -- |
| Total sales | 49,674 | 22,213 | 30,281 | 2,493 | 104,662 | (5,406) | 99,256 |
| Operating income | 9,678 | 1,010 | 674 | 82 | 11,446 | 81 | 11,527 |

Fiscal 2010 Q1 segment information by location (January 1, 2010 – March 31, 2010)

(Millions of yen)

| | Japan | Other regions | Total | Elimination/ Corporate | Consolidated |
|---------------------------------------|--------|---------------|---------|---------------------------|--------------|
| Net sales | | | | | |
| (1) Sales to external customers | 89,499 | 9,757 | 99,256 | -- | 99,256 |
| (2) Inter-segment sales and transfers | 6,099 | 2,719 | 8,819 | (8,819) | -- |
| Total sales | 95,599 | 12,476 | 108,075 | (8,819) | 99,256 |
| Operating income | 10,373 | 1,160 | 11,534 | (7) | 11,527 |

Overseas Sales (January 1, 2010 – March 31, 2010)

(Millions of yen)

| | America | Europe | Asia | Other Regions | Total |
|--|---------|--------|-------|---------------|--------|
| (1) Overseas sales | 5,162 | 5,687 | 8,991 | 113 | 19,955 |
| (2) Consolidated sales | | | | | 99,256 |
| (3) Overseas sales as a percentage of consolidated sales (%) | 5.2 | 5.7 | 9.1 | 0.1 | 20.1 |

(6) Note on significant change in shareholders' equity

No applicable items

(7) Important subsequent events

Acquisition of ProStrakan Group plc

On February 21, 2011, Kyowa Hakko Kirin agreed to acquire ProStrakan Group, a UK specialty pharmaceuticals company listed on the London Stock Exchange, and all of ProStrakan's issued and outstanding shares through cash, and agreed to begin the process of making ProStrakan a wholly-owned subsidiary.

The acquisition was executed on April 21, 2011 and ProStrakan was made a wholly-owned subsidiary. ProStrakan has established a development and sales network in the US and Europe in cancer therapies and other areas consistent with our vision and core strategy for the pharmaceuticals business. ProStrakan is a complementary partner and we believe that through the acquisition of its business resources, we will significantly advance our global strategy.

Name of acquired company and main business, reasons for corporate integration, date of corporate integration, method of corporate integration, name of company after integration, percentage of voting rights acquired and primary reasons for acquisition of ProStrakan:

(1) Name of acquired company and main business:

Name: ProStrakan Group plc

Main business: Development and sales of medical and pharmaceutical products

(2) Reasons for corporate integration:

See above

(3) Date of corporate integration:

April 21, 2011

(4) Method of corporate integration:

Acquisition of stock

(5) Name of company after integration:

ProStrakan Group plc

(6) Percentage of voting rights acquired:

100%

(7) Main method used in acquisition of ProStrakan:

Stock acquired by Kyowa Hakko Kirin using cash