

**KYOWA KIRIN**

# **Kyowa Hakko Kirin Co, Ltd**

## **Consolidated Financial Summary**

**Fiscal 2009 Interim**

**(April 1, 2009 – September 30, 2009)**

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.

# KYOWA KIRIN

## SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

For the Interim Period of the Fiscal Period Ending December 31, 2009

October 29, 2009

Stock Code: 4151	Listed Exchanges:	1st Section of the Tokyo Stock Exchange
Telephone: +81 3 3282 0009	President:	Yuzuru Matsuda
URL: <a href="http://ir.kyowa-kirin.co.jp/english/index.cfm">http://ir.kyowa-kirin.co.jp/english/index.cfm</a>	Inquiries:	Tetsuro Kuga General Manager, Corporate Communications Department
Scheduled date of submission of financial report: November 12, 2009		
Scheduled date of interim dividend payment: December 1, 2009		

### 1. Results for the six months ended September 30, 2009

#### (1) Consolidated business performance

Millions of yen, rounded down

	April 1, 2009 to September 30, 2009	Change (%)	April 1, 2008 to September 30, 2008	Change (%)
Net sales	194,395	(21.5)	247,769	--
Operating income	20,779	(28.7)	29,164	--
Recurring income	22,201	(26.9)	30,357	--
Net income	10,811	30.5	8,285	--
Net income per share (¥)	¥18.91		¥14.43	
Fully diluted net income per share (¥)	¥18.91		¥14.42	

Notes: Kyowa Hakko Kirin has changed its fiscal year-end from March 31 to December 31. For further information please see our news release "Kyowa Hakko Kirin Third Quarter Results: Revision of full year forecasts; Planned change of fiscal year end" announced on January 30, 2009.

#### (2) Consolidated financial position

Millions of yen, rounded down

	As of September 30, 2009	As of March 31, 2009
Total assets	716,199	699,041
Net assets	547,942	543,070
Shareholders' equity ratio (%)	75.9%	77.0%
Net assets per share (¥)	¥953.91	¥938.42

Note: Total shareholders' equity: September 30, 2009: ¥543,323 million; March 31, 2009: ¥538,554 million

### 2. Dividends

	Fiscal year ended March 31, 2009	Fiscal period ending December 31, 2009 (forecast)
Dividends per share		
Interim dividend per share (¥)	¥10.00	¥10.00
Year-end dividend per share (¥)	¥10.00	¥5.00
Annual dividend per share (¥)	¥20.00	¥15.00

Note: 1: Changes to the dividend forecast during the term: None

Note: 2: Kyowa Hakko Kirin has changed its fiscal year-end from March 31 to December 31 and a financial report will be prepared for the irregular 9-month period resulting from the fiscal year-end change. As a result of this change, the forecast dividend per share for the 9-month fiscal period ending December 31, 2009 will be ¥15 consisting of an interim dividend of ¥10 per share and a period-end dividend of ¥5 per share. This is based on the assumption of continued payment of a dividend of ¥20 per share for a 12-month period.

### 3. Consolidated results forecasts for the fiscal period ending December 31, 2009

	<i>Millions of yen rounded down</i>	
	April 1, 2009 to December 31, 2009	Change
Net sales	310,000	--
Operating income	35,000	--
Recurring income	36,000	--
Net income	15,000	--
Net income per share (¥)	¥26.27	--

Note 1: Changes to the Consolidated results forecast during the term: None.

Note 2: Due to the change in financial year-end to December 31, the forecast figures for the fiscal period are for the 9-month period from April 1, 2009 to December 31, 2009 and comparisons with the previous year are not provided.

### 4. Other

**1) Transfer of important subsidiaries during the period** (transfers of specific subsidiaries resulting in changes in the scope of consolidation): None

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

Note: For details see page 6, Operating Results and Financial Statements, Section 4: Other.

**3) Changes in accounting methods, procedures and presentation in the preparation of these financial statements** (key items mentioned in Significant Items for the Preparation of Consolidated Financial Statements):

1. Changes following revisions to accounting standards: None

2. Other changes: Yes

Note: For details see pages 6, Operating Results and Financial Statements, Section 4: Other.

#### 4) Number of shares outstanding (ordinary shares)

1. Number of shares outstanding (including treasury shares):

September 30, 2009: 576,483,555

March 31, 2009: 576,483,555

2. Number of treasury shares

September 30, 2009: 6,908,634

March 31, 2009: 2,589,766

3. Average number of shares during the interim period:

Six months to September 30, 2009: 571,622,532 shares

Six months to September 30, 2008: 574,229,177 shares

#### 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. Actual results can differ materially from these projections for a wide variety of reasons.

# KYOWA KIRIN

## Operating Results and Financial Statements

### 1. Summary of business performance

During the interim period under review, some areas of the domestic Japanese economy have shown signs of recovery, but the economic environment has remained difficult. Meanwhile, the future direction of the economy remains unclear as employment and salaries continue to worsen.

As regards the business environment in which the Kyowa Hakko Kirin Group operates, in the Pharmaceuticals business, the operating environment remained severe as factors limiting medical treatment costs such as the promotion in Japan of the use of generic pharmaceuticals further developed. Competition from major European and US pharmaceutical companies intensified, as did competition in the global development of new pharmaceutical products. Against this background, the Kyowa Hakko Kirin Group endeavored to further strengthen its domestic sales capabilities and expand sales of core products, including Nesp and Espo (anemia treatments), and Allelock, an antiallergic agent. The Group also strove to develop its domestic and overseas R&D and alliances through promoting the steady progress of the clinical development of antibody pharmaceuticals, and through licensing agreements for products and technology.

In the Bio-Chemicals business we aimed to expand sales in the amino acid market, primarily high value added intravenous and pharmaceutical use products, but results were effected by the impact of a rapid rise in the yen, while the emergence of Chinese companies in the amino acid market led to a declining pricing trend. In healthcare, we promoted the development of the market for our original raw materials and implemented initiatives aimed at expanding mail order sales of the Remake health food series.

In the Chemicals business, difficult conditions continued due to a drop in demand accompanying the global recession and worsening product markets. Against this background we focused on sales of environment-friendly functional products, and implemented operational efficiencies and various cost reductions, but these did not fully offset worsening operating revenues.

As a result, consolidated net sales for the interim period of fiscal 2009 were ¥194.3 billion, 21.5% lower than in the interim period of the previous fiscal year. Consolidated operating income was ¥20.7 billion (down 28.7%) and recurring income was ¥22.2 billion (down 26.9%). Consolidated interim net income increased ¥2.5 billion, or 30.5%, to ¥10.8 billion.

### Segmental performance

#### Pharmaceuticals

In the Pharmaceuticals business, consolidated net sales decreased 4.4% to ¥103.9 billion but operating income increased 8.4% to ¥21.3 billion. Domestic sales of pharmaceutical products increased, supported primarily by strong sales of core pharmaceutical products. By product, sales of anemia treatments Nesp and Espo, Allelock, an antiallergic agent and Patanol, an antiallergic ophthalmic solution, grew. Further, since the start of sales in January 2008, Regpara tablets, a treatment for secondary hyperthyroidism during dialysis therapy, have penetrated the market and contributed to results.

In the licensing-out of technologies and export of pharmaceutical products, revenues were significantly lower compared to the interim period of the previous year, which benefited from a one-off contract payment for licensing of KW-0761, an anti-CCR4 humanized monoclonal antibody.

At subsidiary Kyowa Medex, which is responsible for the manufacture and sale of diagnostic reagents, sales of both clinical chemistry reagents and immunological reagents grew, and sales were higher than in the

# KYOWA KIRIN

interim period of the previous fiscal year.

In new drug development in Japan, we have filed applications for additional treatments for Nesp, a treatment for anemia, and having received results from Phase III clinical trials of KW-2246, an analgesic for cancer pain, preparations to file a new drug application have begun. Meanwhile, Phase III clinical trials for KW-6002, an anti-Parkinson's disease treatment, began in August. Phase II clinical trials for KRN125, a treatment for neutropenia, and KW-6500, an anti-Parkinson's disease treatment, are progressing, while Phase II clinical trials for antibody pharmaceutical KW-0761 as a blood cancer treatment began in June. Phase I clinical trials for KW-3357, an agent for inhibiting blood coagulation and ARQ 197, an anticancer agent are progressing, and Phase I clinical trials for KRN951, an anticancer agent, began in September.

In new drug development overseas, in the US, anticancer agents KW-2449 and KRN330 (an antibody pharmaceutical) are in Phase I/IIa clinical trials, while antibody pharmaceuticals KRN-23, a hypophosphatemic treatment and anticancer agent BIW-8962 are in Phase I trials. In June, Phase I clinical trials began for KW-2450, an anticancer agent, and in July, for antibody pharmaceutical KW-0761 as a blood cancer treatment. In Europe, Phase I trials are progressing for anticancer agent KW-2478, and in August, Phase I trials for KW-3357, an agent for inhibiting blood coagulation began. In China, we have filed applications for approval of Allelock, an antiallergic agent and for Phosblock, a hyperphosphatemia treatment, and Phase II trials have begun for Nesp, a treatment for anemia.

## Bio-Chemicals

In the Bio-Chemicals business sales decreased 9.4% to ¥41.4 billion and operating income decreased 68.1% to ¥1.6 billion, compared to the same period of the previous fiscal year. Sales for pharmaceutical and industrial use raw materials, primarily amino acids, nucleic acids and related compounds were significantly lower than the interim period of the previous fiscal year due to the considerable impact of a stronger yen and despite efforts to expand sales, particularly those of high value added pharmaceuticals and intravenous liquids.

In healthcare products, mail-order sales of the Remake series were strong, however sales of raw materials such as amino acids, nucleic acids and related compounds for health food products, primarily in the US, declined affected by the global economic recession.

In agrochemicals and products for the livestock and fisheries industry, sales decreased due to intensifying competition in agrochemicals in overseas markets and sluggish sales in the livestock and fisheries industries.

In alcohol, revenues were higher due to a sharp increase in demand for industrial use alcohol due to the prevalence of influenza and despite sales of beverage use alcohol trending lower, while sales at Daiichi Fine Chemical were lower due to sluggish vitamin markets, and other factors.

## Chemicals

In the Chemicals business, sales declined 42.6% to ¥32.8 billion and an operating loss of ¥2.4 billion was recorded compared to an operating income of ¥2.9 billion in the same period of the previous fiscal year. Although there have been indications of a partial recovery in the domestic economy, a full-fledged recovery is still a long way off and both sales and sales volumes are below the level of those of the interim period of the previous year. In particular, there was a significant decrease in revenues from the drop in sales prices following the sharp depreciation in the price of raw materials. Regarding exports, sales were lower than the same period of the previous fiscal year due to the large decline in global markets and despite an increase in sales volumes due to growth in demand from China and others.

# KYOWA KIRIN

Overall, the difficult operating environment has continued in the interim period although signs of recovery were evident during the second quarter as sales volumes of functional products recovered to the level of sales in the second quarter of last fiscal year, and second quarter sales and sales volumes in all areas were higher than in the first quarter of the fiscal period.

## Food

Following the partial sale of shares held in consolidated subsidiary Kyowa Hakko Food Specialties (now Kirin Kyowa Foods), it and its three consolidated subsidiaries (Kyowa F.D. Foods Co., Ltd., Ohland Foods Co., Ltd., Kyowa Hifoods Co., Ltd.) became equity-accounted affiliates as of the end of the previous fiscal year. Accordingly, as of the first quarter of this fiscal period there are no consolidated subsidiaries in the Food business and the Food segment has been eliminated. As a result, net sales and operating income for the Food business in respect of the period under review have not been recorded. In the interim period of the previous fiscal year consolidated net sales in the Food business were ¥20.8 billion and operating income was ¥0.5 billion.

## Other

In the Other business segment, sales decreased 20.9%, to ¥28.9 billion, while operating income decreased by 75.3% to ¥0.1 billion.

## Results by location

### Japan

In Japan, net sales decreased 21.9% to ¥186.9 billion and operating income decreased 29.9% to ¥18.4 billion. In addition to the effect of the exclusion from consolidation of the food business, sales of the Chemicals business decreased and revenues from one-time payments from out licensing contracts in the Pharmaceuticals business decreased.

### Other regions

Net sales from other regions decreased 18.8% to ¥21.0 billion and operating income decreased 39.8% to ¥2.2 billion. Local currency sales of overseas subsidiaries in the Pharmaceuticals and Bio-Chemicals business were broadly steady but the value of those sales eroded upon conversion due to the strong yen.

## 2. Summary of consolidated financial position

Total assets as of September 30, 2009 were ¥716.1 billion, an increase of ¥17.1 billion compared to the end of the last fiscal year as a result of an increase in short-term loans due to an increase in surplus funds loaned to the parent company, an increase in construction in progress due to investment in facilities, and an increase in investment securities due to a rise in the market value of shares held and despite decreases in accounts and notes receivable, inventories, and goodwill.

Liabilities increased ¥12.2 billion to ¥168.2 billion. Although income taxes payable and others decreased, commercial paper, accrued expenses, and others, increased.

Net assets increased ¥4.8 billion to ¥547.9 billion. Factors decreasing net assets included an increase in valuation difference on other marketable securities and net income recorded for the quarter. Factors decreasing net assets included payment of dividends and acquisition of treasury shares.

As a result of the above factors, the shareholders' equity ratio at the end of the interim period was 75.9%, a decrease of 1.1 percentage points from the end of the previous fiscal year.

## Cash flow summary

The balance of cash and cash equivalents at the end of the interim period was ¥90.5 billion, an increase of ¥21.2 billion compared to the end of the previous fiscal year.

The primary factors contributing to changes in cash flows were as follows:

# KYOWA KIRIN

Cash flow from operating activities increased 5.3% to ¥25.0 billion. The main positive contributing factors included ¥20.4 billion in income before income taxes, depreciation of ¥8.6 billion, amortization of goodwill of ¥4.7 billion and a decrease in inventory assets of ¥3.7 billion. The primary payments included an outlay of ¥12.5 billion in corporate, etc. taxes.

Cash flow used in investing activities decreased 26.5% to ¥8.5 billion. The main inflows included a ¥4.7 billion net decrease in short-term loans and the main outflows included a ¥13.0 billion payment for acquisition of tangible fixed assets.

Cash flow from financing activities was ¥4.2 billion compared to ¥12.4 billion used in the interim period of the previous fiscal year. The main outflows were a ¥5.7 billion payment of dividends and a ¥4.6 billion payment for acquisition of treasury shares. The main inflows included a ¥15.0 billion net increase in commercial paper.

### 3. Forecasts for the fiscal year ending December 31, 2009

There are no changes to the forecasts for fiscal 2009 that were previously announced on October 22, 2009.

### 4. Other

(1) Changes to subsidiaries during the period (Changes to the scope of consolidation following changes to specific subsidiaries): None

(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 six-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. Changes to the method of calculating tax expenses

Tax expenses were previously calculated using the same method as in the financial statements for the fiscal year. However, in order to standardize accounting treatment between our parent company Kirin Holdings Company Limited and its subsidiaries, as of the first quarter of this consolidated fiscal period, and in accordance with the accounting treatment employed by our parent company, the accounting method has changed to 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 taxes of the consolidated fiscal year, including the net income before taxes of the interim period under review. As a result of this change, net income for the consolidated six-month period under review decreased by ¥189 million yen.

2. Change to reversal of evaluation loss from impairment of marketable securities recorded at the end of the three-month period under review

Regarding the reversal of evaluation losses based on impairment losses on marketable securities recorded at the end of the quarterly period, previously, after accounting for impairment losses the book value was replaced with the market value as of the end of the three-month accounting period and the acquisition cost of the relevant securities adjusted using the quarterly disposal method. However, in order to standardize accounting treatment with our parent company Kirin Holdings Company Limited and its subsidiaries, as of the first quarter of this consolidated fiscal period, and in accordance with the accounting treatment employed by our parent company, the accounting method has changed to the quarterly restatement method in which the evaluation losses based on impairment losses as of the end of the quarterly accounting period are entered as the starting balance of the following period and then the book

## **KYOWA KIRIN**

value is compared to the market value as of the end of the quarterly accounting period and a decision on whether to account for impairment losses is taken.

As a result of this change, net income before taxes for the consolidated six-month period under review increased by ¥40 million yen.

# KYOWA KIRIN

## 5. Consolidated financial statements

### (1) Consolidated balance sheets

Millions of yen

	As of September 30, 2009	As of March 31, 2009
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and time deposits .....	33,679	32,978
Accounts and notes receivable .....	107,867	109,984
Merchandise and products.....	45,230	46,498
Semi-finished goods .....	9,298	9,283
Raw materials and Inventory goods.....	10,424	11,846
Deferred tax assets.....	12,437	11,633
Short-term loans .....	63,144	47,267
Other current assets .....	10,076	10,136
(Less) Allowance for doubtful accounts.....	(210)	(152)
Total current assets .....	291,948	279,475
<b>Fixed assets:</b>		
Tangible fixed assets:		
Buildings and structures .....	148,977	147,416
Depreciation .....	(104,235)	(102,361)
Buildings and structures (net) .....	44,742	45,055
Machinery and equipment .....	205,108	200,985
Depreciation .....	(177,845)	(174,764)
Machinery and equipment (net).....	27,263	26,220
Land.....	74,208	74,179
Construction in progress.....	12,655	6,423
Other.....	51,750	51,003
Depreciation .....	(43,395)	(42,484)
Other (net).....	8,354	8,518
Total tangible fixed assets.....	167,224	160,398
Intangible fixed assets:		
Goodwill .....	172,427	177,275
Other .....	3,227	3,353
Total intangible fixed assets	175,654	180,628
Investments and other assets:		
Investment securities .....	68,376	62,354
Long-term loans .....	473	515
Deferred tax assets .....	935	3,014
Other investments and other assets.....	12,635	13,600
Allowance for doubtful accounts	(1,049)	(947)
Total investments and other assets	81,372	78,538
Total fixed assets	424,251	419,565
<b>Total assets .....</b>	<b>716,199</b>	<b>699,041</b>

# KYOWA KIRIN

## Consolidated balance sheets (continued)

Millions of yen

	As of September 30, 2009	As of March 31, 2009
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts and notes payable.....	40,570	41,960
Short-term bank loans .....	12,882	12,750
Commercial paper .....	15,000	--
Accrued expenses .....	27,669	24,882
Income taxes payable.....	9,676	13,556
Reserve for sales rebates.....	179	439
Reserve for bonuses .....	4,934	4,116
Reserve for repairs.....	673	1,115
Other .....	7,347	9,469
<b>Total current liabilities .....</b>	<b>118,934</b>	<b>108,290</b>
<b>Long-term liabilities:</b>		
Long-term debt .....	626	730
Deferred tax liabilities .....	18,677	17,143
Retirement benefit allowance .....	27,141	26,684
Directors' retirement benefit allowance .....	88	188
Corporate bonds .....	--	60
Other.....	2,787	2,874
<b>Total long-term liabilities .....</b>	<b>49,322</b>	<b>47,680</b>
<b>Total liabilities.....</b>	<b>168,257</b>	<b>155,970</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock.....	26,745	26,745
Capital surplus .....	512,398	512,418
Retained earnings.....	14,816	10,432
Treasury stock .....	(6,904)	(2,392)
<b>Total shareholders' equity .....</b>	<b>547,055</b>	<b>547,203</b>
<b>Valuation and differences due to foreign exchange:</b>		
Valuation difference on other marketable securities .....	(159)	(4,732)
Gain (loss) on deferred hedge accounting.....	3	4
Foreign exchange adjustment account.....	(3,575)	(3,920)
<b>Total valuation and differences due to foreign exchange .....</b>	<b>(3,731)</b>	<b>(8,648)</b>
<b>Share subscription rights .....</b>	<b>169</b>	<b>188</b>
<b>Minority interests.....</b>	<b>4,449</b>	<b>4,326</b>
<b>Total net assets.....</b>	<b>547,942</b>	<b>543,070</b>
<b>Total liabilities and net assets .....</b>	<b>716,199</b>	<b>699,041</b>

# KYOWA KIRIN

## (2) Consolidated statements of income

Millions of yen

	April 1, 2009 to September 30, 2009	April 1, 2008 to September 30, 2008
<b>Net sales</b> .....	194,395	247,769
Cost of sales.....	104,551	138,424
Gross profit.....	89,844	109,345
Selling, general and administrative expenses:		
Research and development.....	19,681	25,845
Amortization of goodwill.....	4,668	4,836
Other.....	44,714	49,498
Total selling, general and administrative expenses.....	69,064	80,180
<b>Operating income</b> .....	20,779	29,164
Other income:		
Interest income.....	249	351
Dividend income.....	1,125	668
Gain on investment in equity method affiliates.....	945	694
Foreign exchange gain.....	--	442
Others.....	1,051	936
Total other income.....	3,372	3,093
Other expenses:		
Interest expense.....	153	300
Foreign exchange loss.....	503	--
Loss on disposal of fixed assets.....	843	856
Others.....	449	742
Total other expenses.....	1,950	1,899
<b>Recurring income</b> .....	22,201	30,357
Extraordinary losses:		
Loss on change in equity.....	1,379	--
Evaluation loss on investment securities.....	421	180
Asset impairment losses.....	--	1,931
Integration expenses.....	--	1,895
Extraordinary depreciation of fixed assets.....	--	762
Total extraordinary losses.....	1,801	4,769
<b>Income before income taxes</b> .....	20,400	25,588
Corporate, local, and enterprise taxes.....	--	10,150
Corporate tax adjustment.....	--	6,798
Total corporate and other taxes.....	9,423	16,948
Income attributable to minority interests.....	165	353
<b>Net income</b> .....	10,811	8,285

# KYOWA KIRIN

## (3) Consolidated Statements of Cash Flows

Millions of Yen

	April 1, 2009 to September 30, 2009	April 1, 2008 to September 30, 2008
<b>Cash flows from operating activities:</b>		
Income before income taxes .....	20,400	25,588
Depreciation and amortization .....	8,646	9,640
Asset impairment losses .....	--	1,931
Amortization of goodwill .....	4,761	4,929
Increase (decrease) in retirement benefit allowance .....	449	(384)
Decrease (increase) in prepaid pension expenses .....	402	(1,399)
Increase in reserve for bonus payments .....	817	955
Increase in allowance for bad debts .....	139	26
Interest and dividend income .....	(1,375)	(1,020)
Interest expenses .....	153	300
(Income) from equity method investments .....	(945)	(694)
Loss on sales of tangible fixed assets .....	96	458
Loss on revaluation of investment securities .....	421	--
Decrease (increase) in trade receivables .....	2,710	(1,081)
Decrease (increase) in inventories .....	3,745	(3,601)
(Decrease) increase in trade payables .....	(2,477)	6,599
Others .....	(1,754)	(6,978)
Sub total .....	36,191	35,268
Interest and dividend income .....	1,543	1,329
Interest payments .....	(150)	(257)
Corporate etc. tax payments .....	(12,531)	(12,544)
Net cash from operating activities .....	25,052	23,796
<b>Cash flows from investing activities:</b>		
Payments for purchase of property, plant & equipment .....	(13,044)	(8,404)
Proceeds from sale of property, plant, and equipment .....	65	39
Payments for purchase of investment securities .....	(2,192)	(26)
Proceeds from sale of investment securities .....	2,023	16
Transfer to fixed-term deposits .....	(2,895)	(3,878)
Proceeds from redemptions of fixed-term deposits .....	2,457	873
Net decrease in short-term loans .....	4,755	--
Others .....	235	(318)
Net cash from investing activities .....	(8,593)	(11,698)

# KYOWA KIRIN

## (3) Consolidated Statements of Cash Flows (continued)

	<i>Millions of Yen</i>	
	April 1, 2009 to September 30, 2009	April 1, 2008 to September 30, 2008
<b>Cash flows from financing activities:</b>		
Net (decrease) increase in short-term debt.....	(196)	608
Net increase in commercial paper.....	15,000	--
Proceeds from long-term borrowing.....	--	100
Repayment of long-term debt.....	(132)	(10,140)
Payment for purchase of treasury stock.....	(4,608)	(869)
Dividends paid.....	(5,730)	(1,990)
Dividends paid to minority interests.....	(33)	(171)
Other.....	(87)	(16)
Net cash from financing activities.....	4,212	(12,478)
<b>Cash and cash equivalents translation differences.....</b>	<b>168</b>	<b>553</b>
<b>Increase in cash and cash equivalents.....</b>	<b>20,839</b>	<b>172</b>
<b>Cash and cash equivalents at the beginning of the period....</b>	<b>69,286</b>	<b>10,440</b>
<b>Increase of cash and cash equivalents after integration</b>	<b>204</b>	<b>--</b>
<b>Cash and cash equivalents of newly consolidated</b>		
<b>companies at the beginning of the period.....</b>	<b>393</b>	<b>43,740</b>
<b>Decrease in cash and cash equivalents following</b>		
<b>elimination from consolidation.....</b>	<b>(214)</b>	<b>--</b>
<b>Cash and cash equivalents at the end of the period.....</b>	<b>90,508</b>	<b>54,353</b>

# KYOWA KIRIN

## (4) Items related to going concern

No applicable items

## (5) Segment information

### Segment information by business type

Fiscal 2009 interim period: (April 1, 2009 – September 30, 2009)

Millions of yen

	Pharmaceuticals	Bio-Chemicals	Chemicals	Other	Total	Elimination/Corporate	Consolidated
Net sales							
(1) Sales to external customers	103,672	37,413	29,000	24,310	194,395	--	194,395
(2) Inter-segment sales and transfers	296	4,004	3,854	4,617	12,772	(12,772)	--
Total sales	103,968	41,417	32,854	28,927	207,168	(12,772)	194,395
Operating income (loss)	21,363	1,665	(2,486)	170	20,712	67	20,779

Fiscal 2008 interim period: (April 1, 2008 – September 30, 2008)

Millions of yen

	Pharmaceuticals	Bio-Chemicals	Chemicals	Food	Other	Total	Elimination/Corporate	Consolidated
Net sales								
(1) Sales to external customers	108,441	40,159	50,224	18,823	30,121	247,769	--	247,769
(2) Inter-segment sales and transfers	277	5,551	6,979	1,980	6,451	21,241	(21,241)	--
Total sales	108,719	45,711	57,204	20,804	36,572	269,011	(21,241)	247,769
Operating income	19,699	5,216	2,960	565	687	29,128	35	29,164

# KYOWA KIRIN

## Segment information by location

Fiscal 2009 interim period: (April 1, 2009 to September 30, 2009)

Millions of yen

	Japan	Other regions	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	177,984	16,411	194,395	--	194,395
(2) Inter-segment sales and transfers	8,963	4,650	13,613	(13,613)	--
Total sales	186,947	21,061	208,009	(13,613)	194,395
Operating income	18,443	2,202	20,646	133	20,779

Fiscal 2008 interim period: (April 1, 2008 to September 30, 2008)

Millions of yen

	Japan	Other regions	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	227,680	20,089	247,769	--	247,769
(2) Inter-segment sales and transfers	11,591	5,858	17,450	(17,450)	--
Total sales	239,272	25,947	265,220	(17,450)	247,769
Operating income	26,318	3,660	29,979	(815)	29,164

## Overseas Sales

Fiscal 2009 interim period: (April 1, 2009 – September 30, 2009)

Millions of yen

	America	Europe	Asia	Other Regions	Total
(1) Overseas sales	10,688	11,309	17,420	306	39,725
(2) Consolidated sales					194,395
(3) Overseas sales as a percentage of consolidated sales (%)	5.5	5.8	9.0	0.2	20.4

2008 interim period: (April 1, 2008 – September 30, 2008)

Millions of yen

	America	Europe	Asia	Other Regions	Total
(1) Overseas sales	23,635	12,792	22,290	314	59,032
(2) Consolidated sales					247,769
(3) Overseas sales as a percentage of consolidated sales (%)	9.5%	5.2%	9.0%	0.1%	23.8%

# KYOWA KIRIN

## **(6) Note on significant change in shareholders' equity**

Treasury shares increased by ¥4,512 million compared to the end of the previous fiscal year. This was primarily due to the acquisition of shares (¥4,523 billion; 4,333,000 shares) from a dissenting shareholder in accordance with Article 797, Section 1 of Company Law.

## **6. Other information**

Please also see the Appendix to the Consolidated Financial Statements, Fiscal 2009 Interim.