

## Segment information

### (1) Segment information by business type

Fiscal period: April 1, 2009 – December 31, 2009

Millions of yen

	Pharmaceuticals	Bio-Chemicals	Chemicals	Other	Total	Elimination/ Corporate	Consolidated
I. Net Sales:							
(1) Sales to external customers	157,931	63,250	45,562	42,366	309,111	--	309,111
(2) Inter-segment sales and transfers	341	6,501	6,763	7,133	20,740	(20,740)	--
Total	158,273	69,751	52,326	49,500	329,851	(20,740)	309,111
Operating expenses	131,615	66,703	54,310	49,099	301,729	(20,861)	280,867
Operating income (loss)	26,657	3,048	(1,984)	400	28,122	121	28,243
II. Assets, Depreciation expenses and Capital outlays							
Assets	381,818	140,916	80,464	42,393	645,592	49,675	695,268
Depreciation expenses	9,211	4,321	3,357	113	17,005	(1)	17,003
Impairment losses	2,559	111	--	--	2,671	--	2,671
Capital outlays	16,506	5,000	3,583	45	25,135	(0)	25,135

#### Notes:

- The segmental classification is based on the business administration divisions of the Kyowa Hakko Kirin Group. The main products of each segment are as follows:  
 Pharmaceuticals: Ethical pharmaceuticals and diagnostics reagents  
 Bio-Chemicals: Pharmaceutical and industrial-use raw materials, healthcare products, agrochemicals and products for livestock and fisheries industries, and alcohol  
 Chemicals: Solvents, plasticizer raw materials, and specialty chemicals  
 Other: Wholesale and distribution
- The Food business (primary products: seasonings, bakery products and ingredients, and processed food) segment has been excluded as of the fiscal period ended December 31, 2009. The Food business was discontinued at the end of the current consolidated fiscal year following the sale of shares of the consolidated subsidiaries that operated the businesses at the end of the previous consolidated fiscal year.
- Entire company assets included within Elimination/Corporate are ¥172,571 million and mainly comprise excess working capital (cash and deposits, and short-term loans) and long-term investments (investment securities).
- The January 1, 2009 to December 31, 2009, 12-month financial statements of 11 consolidated subsidiaries whose balance sheet date is the same as the consolidated balance sheet date were used in the preparation of prior consolidated financial reports, and since their balance sheet date is within three months of the consolidated balance sheet date they have also been used in the preparation of the current 9-month consolidated financial report that resulted from the change of fiscal year-end to December 31. As a result, net sales increased in each of the Pharmaceuticals, Bio-Chemicals and Other businesses by ¥356 million, ¥7,173 million and ¥4,458 million respectively, and operating income decreased ¥59 million in the Pharmaceuticals business, and increased in the Bio-Chemicals and Other businesses by ¥196 million and ¥21 million respectively.

**Segment information by business type (continued)**  
**Fiscal year: April 1, 2008 – March 31, 2009**

Millions of yen

	Pharmaceuticals	Bio-Chemicals	Chemicals	Food	Other	Total	Elimination/ Corporate	Consolidated
<b>I. Net Sales:</b>								
(1) Sales to external customers	209,759	77,875	77,686	38,357	56,504	460,183	--	460,183
(2) Inter-segment sales and transfers	688	10,589	11,517	4,110	12,229	39,135	(39,135)	--
Total	210,448	88,464	89,204	42,468	68,733	499,319	(39,135)	460,183
Operating expenses	175,616	80,122	89,251	41,381	67,638	454,011	(39,214)	414,796
Operating income	34,832	8,342	(47)	1,086	1,094	45,308	78	45,387
<b>II. Assets, Depreciation expenses and Capital outlays</b>								
Assets	383,934	140,255	75,762	15,949	26,939	642,841	56,200	699,041
Depreciation expenses	8,394	5,026	4,218	998	149	18,787	(7)	18,779
Impairment losses	3,483	179	--	2,061	--	5,724	--	5,724
Capital outlays	9,641	5,376	4,358	565	102	20,045	(1,521)	18,523

Notes:

- The segmental classification is based on the business administration divisions of the Kyowa Hakko Kirin Group. The main products of each segment are as follows:  
 Pharmaceuticals: Ethical pharmaceuticals and diagnostics reagents  
 Bio-Chemicals: Pharmaceutical and industrial-use raw materials, healthcare products, agrochemicals and products for livestock and fisheries industries, and alcohol  
 Chemicals: Solvents, plasticizer raw materials, and specialty chemicals  
 Food: Seasonings, bakery products and ingredients, and processed food  
 Other: Wholesale and distribution
- Entire company assets included within Elimination/Corporate are ¥64,419 million and mainly comprise excess working capital (cash and marketable securities) and long-term investments (investment securities) at the parent company.
- As of the current consolidated fiscal year, and following the application of Accounting Standards Related to the Evaluation of Inventory Assets (Accounting Standards Board of Japan, Article 9, July 5, 2006), "operating expenses in each segment decreased as follows in comparison to the accounting methods used in the previous fiscal year: Pharmaceuticals: ¥23 million; Bio-Chemicals: ¥247 million; Chemicals: ¥945 million; Food: ¥90 million; Other: ¥15 million.
- As regards Kyowa Hakko Food Specialties Co., Ltd. and its three subsidiaries (Kyowa F.D. Foods Co., Ltd., Ohland Foods Co., Ltd., and Kyowa HiFoods Co. Ltd.), on March 31, 2009 Kyowa Hakko Kirin sold a portion of shares held in Kyowa Hakko Food Specialties Co., Ltd. and therefore it has become an affiliate accounted for by the equity method. However, since the change occurred on the final day of the current consolidated fiscal year, only the income statement of Kyowa Hakko Food Specialties Co., Ltd. has been consolidated. Also, as a result of the application of the equity method to this affiliate the value of assets of the Food business for fiscal 2008 is recorded as the amount of the investment in this business.

## (2) Segment information by location

April 1, 2009– December 31, 2009

Millions of yen

	Japan	Other regions	Total	Eliminations/ Corporate	Consolidated
1. Net sales and operating income					
Net sales					
(1) Sales to external customers	275,916	33,194	309,111	--	309,111
(2) Inter-segmental sales and transfers	15,792	7,408	23,200	(23,200)	--
Total	291,709	40,603	332,312	(23,200)	309,111
Operating expenses	267,259	37,243	304,503	(23,635)	280,867
Operating income	24,449	3,359	27,809	434	28,243
2. Assets	611,491	46,085	657,576	37,691	695,268

Notes:

- The countries and regions have been classified geographically.
- Countries and regions other than Japan, America, Europe and Asia are segmented, however since each of their net sales is less than 10% of total sales they have been grouped together under Other regions.
- The main countries included in regions other than Japan are as follows:  
 America..... North America  
 Europe..... Germany and Italy  
 Asia.....China, Korea, Taiwan, Hong Kong and Singapore
- Entire company assets included within Elimination/Corporate are ¥172,571 million and mainly comprise excess working capital (cash and deposits, and short-term loans) and long-term investments (investment securities).
- The January 1, 2009 to December 31, 2009, 12-month financial statements of consolidated subsidiaries whose balance sheet date is the same as the consolidated balance sheet date were used in the preparation of prior consolidated financial reports, and since their balance sheet date is within three months of the consolidated balance sheet date they have also been used in the preparation of the current 9-month consolidated financial report that resulted from the change of fiscal year-end to December 31. As a result, net sales in both Japan and other regions increased by ¥4,458 million and ¥7,527 million respectively, and operating income in both Japan and other regions increased by ¥21 million and ¥136 million respectively.

## (2) Segment information by location

April 1, 2008– March 31, 2009

Millions of yen

	Japan	Other regions	Total	Eliminations/ Corporate	Consolidated
1. Net sales and operating income					
Net sales					
(1) Sales to external customers	423,132	37,051	460,183	--	460,183
(2) Inter-segmental sales and transfers	21,020	10,737	31,758	(31,758)	--
Total	444,153	47,789	491,942	(31,758)	460,183
Operating expenses	404,590	41,325	445,915	(31,118)	414,796
Operating income	39,563	6,463	46,026	(639)	45,387
2. Assets	615,653	43,963	659,616	39,424	699,041

Notes:

- The countries and regions have been classified geographically.
- Countries and regions other than Japan, America, Europe and Asia are segmented, however since each of their net sales is less than 10% of total sales they have been grouped together under Other regions.
- The main countries included in regions other than Japan are as follows:  
 America..... North America  
 Europe..... Germany and Italy  
 Asia.....China, Korea, Taiwan, Hong Kong and Singapore
- Entire company assets included within Elimination/Corporate are ¥64,419 million and mainly comprise excess working capital (cash and marketable securities) and long-term investments (investment securities) at the parent company.
- As of the current consolidated fiscal year, following the application of Accounting Standards Related to the Evaluation of Inventory Assets (Accounting Standards Board of Japan, Article 9, July 5, 2006), operating income in Japan decreased ¥1,323 million compared to use of the previously applied method.

### (3) Overseas Sales

April 1, 2009 – December 31, 2009

Millions of yen

	America	Europe	Asia	Other Regions	Total
(1) Overseas sales	16,849	18,524	27,415	578	63,367
(2) Consolidated sales					309,111
(3) Overseas sales as a percentage of consolidated sales	5.5%	6.0%	8.9%	0.2%	20.5%

April 1, 2008 – March 31, 2009

Millions of yen

	America	Europe	Asia	Other Regions	Total
(1) Overseas sales	31,023	22,631	34,254	860	88,770
(2) Consolidated sales					460,183
(3) Overseas sales as a percentage of consolidated sales	6.7%	4.9%	7.4%	0.2%	19.3%

Notes:

1. The regions have been classified geographically.
2. Regions other than Japan are as follows:
  - America..... North America and Latin America
  - Europe..... All of Europe
  - Asia.....All of Asia
  - Other Regions.... Oceania and Africa
3. Overseas sales comprise sales by Kyowa Hakko Kirin and its consolidated subsidiaries to customers outside of Japan.
4. Consolidated subsidiaries whose balance sheet date is December 31, were used in the preparation of prior consolidated financial reports. The change of consolidated fiscal year-end to December 31 has resulted in an irregular 9-month fiscal period, however since the balance sheet date of these subsidiaries is with three months of the consolidated fiscal year-end, the 12-month financial reports of these subsidiaries have been used in the preparation of the current 9-month consolidated financial report. As a result, net sales increased in America, Europe and Asia by ¥1,811 million, ¥3,124 million and ¥1,278 million respectively.