

Kyowa Hakko Kirin Co., Ltd.

Appendix to the Interim Consolidated Financial Statements

Interim Period (April 1, 2008 to September 30, 2008)

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This document was made as a supplement to the Kessan Tanshin (financial report) for the interim period of the fiscal year ending March 31, 2009. This document contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. For a variety of reasons, actual financial results may differ materially from the forecasts

1. Consolidated results

*There have been no changes to the full year forecasts for FY 2008 that were announced October 21, 2008

1. Trends in income

Millions of yen, rounded down

	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009			
	Interim results (A)	Full year results	Interim results (B)	Change from previous interim Change (B-A)	Change %	Full year forecast
Net sales	192,639	392,119	247,769	55,130	129%	490,000
Gross Profit	72,116	144,917	109,345	37,228	152%	
Selling, general and administrative expenses	53,869	105,527	80,180	26,311	149%	
Operating income (before goodwill amortization)			33,962			59,596
Operating income	182,446	39,390	29,164	10,917	160%	50,000
Other income	2,521	4,863	3,093	571		
Other expenses	2,687	6,257	1,899	(787)		
Recurring income	18,080	37,996	30,357	12,277	168%	50,000
Extraordinary income	328	7,988	--	(328)		
Extraordinary expenses	406	7,169	4,769	4,362		
Net income before income taxes	18,002	38,815	25,588	7,585	142%	43,000
Corporate, local and enterprise taxes	7,125	15,228	10,150	3,025		
Corporate tax adjustment	(259)	(35)	6,798	7,057		
Income (loss) in minority interests	89	144	353	264		
Net income	11,047	23,477	8,258	(2,761)	75%	17,000

Net income per share before
goodwill amortization
(yen/share)

	31.32	59.03	22.79	46.32
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*Before goodwill amortization are the amounts before the amortization of goodwill for the period from April 1, 2008 to June 30, 2008 (4,798 million yen) arising from the reverse acquisition (share exchange with Kirin Pharma)

2. Breakdown of results

(1) Results by operating segment

Millions of yen, rounded down

	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009			
	Interim results (A)	Full year results	Interim results (B)	Change from previous interim Change (B-A)	Change %	Full year forecast
Net sales	192,639	392,119	247,769	55,130	129%	490,000
Pharmaceuticals	68,900	138,377	108,719	39,818	158%	209,000
Bio-Chemicals	43,808	86,820	45,711	1,902	104%	92,000
Chemicals	51,045	108,007	57,204	6,158	112%	120,000
Food	20,947	43,324	20,804	(142)	99%	43,000
Other	24,647	48,998	36,572	11,925	148%	71,000
Total	209,349	425,527	269,011	59,662	128%	535,000
Eliminations	(16,709)	(33,407)	(21,241)	(4,531)	--	(45,000)
Operating income	18,246	39,390	29,164	10,917	160%	50,000
Before goodwill amortization			33,962			59,596
Pharmaceuticals	9,733	19,961	19,699	9,965	202%	32,500
			24,013			41,128
Bio-Chemicals	4,045	9,688	5,216	1,171	129%	9,700
			5,529			10,326
Chemicals	3,275	7,169	2,960	(315)	90%	5,400
			2,984			5,449
Food	674	1,576	565	(109)	84%	1,100
			711			1,393
Other	456	838	687	230	150%	1,300
			687			1,300
Total	18,185	39,234	29,128	10,942	160%	50,000
			33,926			59,596
Eliminations	61	155	35	(25)	58%	--

*Figures representing goodwill before amortization have been italicized

(2) Overseas sales

Millions of yen, rounded down

	April 1, 2007 to March 31, 2008			April 1, 2008 to March 31, 2009		
	Interim results	Percentage of consolidated sales	Full year results	Percentage of consolidated sales	Interim results	Percentage of consolidated sales
Overseas sales	39,604	20.6%	75,217	19.2%	59,032	23.8%
America	15,154	7.9%	23,149	5.9%	23,635	9.5%
Europe	10,417	5.4%	22,475	5.7%	12,792	5.2%
Asia	13,780	7.2%	29,052	7.4%	22,290	9.0%
Other regions	251	0.1%	539	0.1%	314	0.1%
Total Consolidated net sales	192,639	100.0%	392,119	100.0%	247,769	100.0%

3. Trends in other income

Millions of yen, rounded down

	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009
	Interim results	Full year results	Interim results
Other income	2,521	4,863	3,093
Interest income	225	528	351
Dividend income	743	1,274	668
Foreign exchange gain	--	--	442
Income from equity method investments	502	1,125	694
Other	1,050	1,935	936
Other expenses	2,687	6,257	1,899
Interest expense	171	327	300
Foreign exchange loss	307	1,034	--
Loss from disposal of fixed assets	484	1,441	856
Other	1,724	3,453	742

4. Trends in extraordinary income / losses

Millions of yen, rounded down

	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009
	Interim results	Full year results	Interim results
Extraordinary income	328	7,988	--
Gain on sale of fixed assets	328	7,471	--
Other	--	517	--
Extraordinary losses	406	7,169	4,769
Asset impairment losses	--	2,264	1,931
Integration-related expenses	--	2,831	1,895
Extraordinary depreciation of fixed assets	--	--	762
Loss from revaluation of investments in marketable securities	--	--	180
Losses from revaluation of investments in affiliates	--	1,372	--
Provisions for loss on guarantees	--	700	--
Transfer to allowance for bad debt	406	--	--

5. Trends in R&D expenses

Billions of yen, rounded down

	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009	
	Interim results	Full year results	Interim results	Full year forecast
R&D (Consolidated)	18.8	34.1	25.9	51.7
R&D to Net sales ratio	9.8%	8.7%	10.5%	10.6%
Pharmaceuticals	15.8	28.1	23.0	45.1
R&D to Net sales ratio	23.0%	20.4%	21.2%	21.6%
Bio-Chemicals	1.9	3.9	1.8	4.2
Chemicals	0.5	1.0	0.5	1.3
Food	0.4	0.9	0.4	0.9
Other	0.0	0.0	0.0	0.0

6. Trends in capital expenditure

Billions of yen, rounded down

	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009	
	Interim results	Full year results	Interim results	Full year forecast
Capital expenditure (Consolidated)	7.7	14.7	8.5	23.5
Pharmaceuticals	1.4	4.2	3.6	12.4
Bio-Chemicals	2.0	4.1	2.0	5.7
Chemicals	2.5	4.3	2.4	4.7
Food	1.6	1.9	0.3	0.4
Other	0.0	0.0	0.0	0.0
Eliminations	--	--	(0.0)	(0.0)

7. Trends in depreciation expenses

Billions of yen, rounded down

	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009	
	Interim results	Full year results	Interim results	Full year forecast
Depreciation expenses (Consolidated)	6.7	14.3	9.6	20.0
Pharmaceuticals	1.8	3.9	4.6	9.2
Bio-Chemicals	2.6	5.5	2.4	5.3
Chemicals	1.7	3.7	2.0	4.3
Food	0.4	0.9	0.4	0.9
Other	0.0	0.1	0.0	0.1
Eliminations	(0.0)	(0.0)	(0.0)	(0.0)

8. Trends in key indicators

(1) Exchange rate

	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009	
	Interim results	Full year results	Interim results	Full year forecast
US Dollar (yen/US\$)	119	114	106	105
Euro (yen/Euro)	162	162	163	164

(2) Operating indicators (Consolidated)

	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009
	Interim results	Full year results	Interim results
Net income per share (yen) (Before goodwill amortization)	27.77	59.03	14.43 (22.79)
Operating income to sales ratio (%)	9.5	10.0	11.8
Total assets (million yen)	396,667	394,081	748,454
Net assets (million yen)	252,211	256,758	551,817
Equity ratio (%)	62.9	64.5	73.1
Net assets per share (yen)	627.70	639.69	952.77
ROIC (Return on invested capital)* (%)	6.3	13.8	8.2
No. of staff at end of term (consolidated)	6,111	6,073	7,868

$$* \text{ ROIC } (\%) = \frac{\text{Operating income}}{(\text{Fixed assets} + \text{Working capital})} \times 100$$

Note: Calculations are based on operating income before amortization of goodwill and fixed assets not including goodwill.

IV. Subsidiaries and affiliates

(As of September 30, 2008)

Segment	Type	Company name	Percentage owned (direct and indirect)	Principal business
Pharmaceuticals	Consolidated subsidiary	Kirin Pharma Company, Ltd.	100.0%	Manufacture and sale of pharmaceuticals, etc.
		Kyowa Medex Co., Ltd.	100.0%	Manufacture and sale of diagnostic reagents
		Kirin Kumpeng (China) Bio-Pharmaceutical Co.,	70.0%	Manufacture and sale and of pharmaceuticals (China)
		Kyowa Medical Promotion Co., Ltd.	100.0%	Sales promotion of pharmaceuticals
		Kyowa America, Inc.	100.0%	Holding company for administration and management of US subsidiaries (US)
		BioWa, Inc.	100.0%	Out-licensing and promotion of anti-body technology and development of therapeutic antibodies (US Company)
		Kirin Pharma USA, Inc.	100.0%	Generate new candidate substances and develop pharmaceuticals (US)
		Hematech, Inc.	100.0%	Technology research for manufacture of anti-body treatment products (US)
		Hematech-GAC Venture, LLC	51.0%	Technology research for manufacture of anti-body treatment products (US)
		Jeil-Kirin Pharmaceutical Inc.	90.0%	Sales of pharmaceuticals (Korea)
		Kirin Pharmaceuticals Co., Ltd.	100.0%	Sales of pharmaceuticals (Taiwan)
		Kirin Pharmaceutical (Asia) Co., Ltd.	100.0%	Sales of pharmaceuticals (Hong kong)
		Kirin Pharmaceutical Singapore PTE., Ltd.	100.0%	Sales of pharmaceuticals (Singapore)
Kirin Pharmaceutical (Thailand) Co., Ltd.	100.0%	Operations suspended June 30, 2008		
Bio-Chemicals	Consolidated subsidiary	DAIICHI FINE CHEMICAL CO., LTD.	100.0%	Manufacture and sale of active pharmaceutical ingredients and pharmaceutical intermediates
		Biokyowa Inc.	100.0%	Manufacture and sale of amino acids (US Company)
		Shanghai Kyowa Amino Acid Co., Ltd.	70.0%	Manufacture and sale of amino acids (China Company)
		Kyowa Hakko U.S.A., Inc.	100.0%	Sale and import/export of pharmaceuticals and fine chemicals (US Company)
		Kyowa Hakko Europe GMBH	100.0%	Sale and import/export of pharmaceuticals and fine chemicals (Germany Company)
		Kyowa Italiana Farmaceutici S.R.L.	100.0%	Sale and import/export of pharmaceuticals and fine chemicals (Italy Company)
		Kyowa Hakko (H.K.) Co., Ltd.	100.0%	Sale and import/export of pharmaceuticals and fine chemicals (Hong Kong Company)
		Kyowa Hakko Bio U.S. Holdings, Inc.	100.0%	Holding company for administration and management of US subsidiaries (US)
		Kyowa Wellness Co., Ltd.	100.0%	Sale of healthcare products
		Shinwa Pharmaceutical Co., Ltd.	100.0%	Sale of herbal medicines and health foods
Kyowa Engineering Co., Ltd.	100.0%	Plant facilities and equipment		
Chemicals	Consolidated subsidiary	Kyowa Hakko Chemical Co., Ltd.	100.0%	Manufacture and sale of chemicals
	Affiliate accounted for by the equity method	J-PLUS Co., Ltd.	50.0%	Manufacture and sale of plasticizers
		Kurogane Kasei Co., Ltd.	40.0%	Manufacture and sale of plasticizers, fine chemicals, etc.
Food	Consolidated subsidiary	Kyowa Hakko Food Specialties Co., Ltd.	100.0%	Manufacture and sale of seasonings, bakery products, ingredients and other foods
		Kyowa F.D. Foods Co., Ltd.	100.0%	Manufacture and sale of freeze-dried foods
		Ohland Foods Co., Ltd.	100.0%	Manufacture and sale of bakery products, etc.
		Kyowa HiFoods Co. Ltd.	100.0%	Import and sale of foods, etc.
	Affiliate accounted for by the equity method	Aji-Nihon Co., Ltd.	46.3%	Manufacture and sale of foods and seasonings, etc.
		Zenmi Foods Inc.	50.0%	Manufacture and sale of seasoning agent extract
Other	Consolidated subsidiary	Miyako Kagaku Co., Ltd.	52.9%	Wholesale sales of pharmaceuticals, chemicals, foods, etc.
		Chiyoda Kaihatsu Co., Ltd.	100.0%	Sale of distribution, insurance, foods etc.
		Kashiwagi Corporation	56.0%	Wholesale sales of chemicals, pharmaceutical products, construction materials, etc.
	Affiliate accounted for by the equity method	Japan Synthetic Alcohol Co., Ltd.	33.3%	Manufacture and sale of industrial use alcohol

Changes to the scope of consolidation

Newly consolidated: One company: Kirin Pharma Company, Limited.

III. Net sales by division (Items and main products presented on a Non-Consolidated basis)

1. Kyowa Hakko Kirin Co., Ltd.

Billions of yen, rounded down

Pharmaceuticals division (Non-Consolidated)	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009			
	Interim results (A)	Full year results	Interim results (B)	Change (B-A)	Full year forecast (As of July 31)	Full year forecast (Revised)
Pharmaceutical division total	62.9	127.3	99.2	36.3	194.0	188.3
Central nervous system agents						
Depakene	5.2	10.5	5.3	0.1	10.3	10.7
Topina	--	0.1	0.3	0.3	1.2	1.0
Sensory organ agents						
Patanol	0.8	4.3	1.4	0.6	5.0	4.9
Circulatory organ agents						
Coniel	13.2	25.4	11.6	(1.6)	22.8	22.9
Inovan + Pre Dopa	2.0	4.1	1.8	(0.2)	3.7	3.7
Coversyl	--	--	2.6	2.6	4.3	5.0
Digestive organ agents						
Nauzelin	2.6	6.1	2.4	(0.2)	5.8	5.7
Other metabolic medicines						
NESP/ESPO	--	--	21.3	21.3	46.8	43.0
REGPARA	--	--	1.9	1.9	6.9	4.2
Blood and humoral applications						
Gran/Neu-up	2.3	4.4	9.1	6.8	18.2	18.3
Anticancer agents						
Farmorubicin + Adriacin	4.4	8.7	3.8	(0.6)	7.9	7.7
5-FU	1.7	3.4	1.8	0.1	3.4	3.6
Navelbine	1.6	3.1	1.5	(0.1)	3.3	3.1
Antiallergic agents						
Allelock	9.5	23.3	9.6	0.1	23.3	23.1
Celtect	2.0	4.1	1.7	(0.3)	3.7	3.6
Others						
Durotep	7.1	13.9	--	(7.1)	--	--
Exports and Technology Out-Licensing	10.3	16.3	22.8	12.5	29.5	29.7

Note 1: Figures for Fiscal year ended March 31, 2008 are Kyowa Hakko non-consolidated figures and do not include Kirin Pharma. Figures for the interim period of fiscal year ended March 31, 2009 are the sum of Kyowa Hakko non-consolidated figures and Kirin Pharma non-consolidated figures.

Note 2: Results based on settlement price on a shipment basis. Forecasts are based on an actual consumption basis.

Note 3: Fiscal year ended March 31, 2008 figures for Gran and Neu-up do not include unit sales for Gran produced by Kirin Pharma.

2. Kyowa Hakko Kogyo Co., Ltd. (Non-consolidated)

Billions of yen, rounded down

Bio-Chemicals division (Non-Consolidated)	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009			
	Interim results (A)	Full year results	Interim results (B)	Change (A-B)	Full year forecast (As of July)	Full year forecast (Revised)
Bio-chemical division total	26.7	55.1	28.4	1.7	55.5	57.4
Pharmaceutical and Industrial raw materials						
Amino acids	9.6	20.1	10.2	0.6	20.1	20.7
Nucleic acids and vitamins	2.7	5.1	2.9	0.2	4.7	5.3
Health care products	3.9	7.6	4.2	0.3	8.6	8.3
Agrochemicals, livestock and fisheries products	1.6	3.8	1.6	0	3.9	3.7
Alcohol	4.5	9.4	4.6	0.1	9.4	9.4

Note: Figures for the fiscal year ended March 31, 2008 and figures for the interim results of the fiscal year ending March 31, 2009 are figures for Kyowa Hakko Kogyo Co., Ltd. Bio-Chemical division.

3. Kyowa Hakko Chemical Co., Ltd. (Non-consolidated)

Billions of yen, rounded down

Chemicals division (Non-Consolidated)	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009			
	Interim results (A)	Full year results	Interim results (B)	Change (A-B)	Full year forecast (As of July)	Full year forecast (Revised)
Chemical division total	51.0	107.9	57.1	6.1	116.0	120.0
Solvents	24.3	50.3	25.5	1.2	52.0	52.5
Raw materials for plasticizers	15.4	33.4	19.7	4.3	37.5	41.0
Specialty chemicals	8.7	19.3	9.7	1.0	21.5	21.7

4. KYOWA HAKKO FOOD SPECIALTIES Co., Ltd. (Non-consolidated)

Billions of yen, rounded down

Food division (Non-Consolidated)	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009			
	Interim results (A)	Full year results	Interim results (B)	Change (A-B)	Full year forecast (As of July)	Full year forecast (Revised)
Food division total	18.5	38.4	18.8	0.3	38.5	38.5
Natural seasonings	7.4	15.3	7.3	(0.1)	15.8	15.8
Umami seasonings	2.0	4.4	2.4	0.4	4.3	4.3
Bakery ingredients and products	4.6	8.8	4.2	(0.4)	8.7	8.7
Processed foods	3.1	7.0	3.1	0.0	6.7	6.7

R&D PIPELINE

Kyowa Hakko Kirin

As of October 30, 2008

Category	Code Name	Stage		Indication	Formulation	In-house OR Licensed	Remarks
	Product Name	Japan	Other countries				
Cancer	KRN321 NESP	Phase III		Anemia (After chemotherapy for cancer)	Injection	Kirin-Amgen	Long-acting erythropoiesis stimulating protein. Sales for anemia of CKD patients on dialysis were launched in Japan in July 2007.
	AMG531	Phase III		Ideopathic thrombocytopenic purpura	Injection	Kirin-Amgen	Thrombopoiesis stimulating peptibody (Contractual based development with Amgen Development Inc.)
	KW-2246	Phase II		Cancer pain	Sublingual tablet	Orexo	
	KRN125	Phase II		Neutropina	Injection	Kirin-Amgen	New generation of G-CSF
	AGS-003		Phase II in Canada and USA	Renal Cell Carcinoma	Injection	Argos	Dendritic cell-based immunotherapeutics
	AGS-004		Phase II in Canada	HIV	Injection	Argos	Dendritic cell-based immunotherapeutics
	KRN654	Phase I/II		Essential thrombocythemia	Oral	Shire	
	KW-0761	Phase I		Anticancer (Hematologic tumor)	Injection	Developed In-house	Humanized monoclonal antibody (The exclusive right to develop and commercialize for treatments other than cancer, and except in Japan, Korea, China and Taiwan, was
	KW-2449		Phase I in USA	Anticancer	Oral	Developed In-house	
	KW-2478		Phase I in Europe	Anticancer	Injection	Developed In-house	
	ARQ197	Phase I		Anticancer	Oral	ArQule	
	KRN330		Phase I in USA	Anticancer	Injection	Developed In-house	Fully human monoclonal antibody
Kidney	PB94 PHOSBLOCK (RENEGAL)		Filed in China (June 2008)	Hyperphosphatemia	Oral	Chugai	Launched in Japan
	KRN321 NESP	Phase III	Phase II in China	Anemia (for CKD patients not on dialysis)	Injection	Kirin-Amgen	Long-acting erythropoiesis stimulating protein. Sales for anemia of CKD patients on dialysis were launched in Japan in July 2007.
Immunity / Allergy	KW-4679 ALLELOCK		Filed in China (July 2008)	Antiallergic	Oral	Developed In-house	Launched in Japan
	Z-206 ASACOL	Phase III		Inflammatory bowel disease (Crohn's disease)	Oral (pH depend controlled-release formulation)	Zeria Pharma	Jointly developed with Zeria Pharma.
	NU206		Phase I in Australia	Inflammatory bowel disease	Injection	Nuvelo	
CNS	KW-6002	Phase II b	Filed in USA (April 2007)	Parkinson's disease	Oral	Developed In-house	Clinical trials for Mono-Therapy: Phase II a, in Japan
	KW-6500	Phase II		Parkinson's disease	Injection	Britannia Pharma	
Cardiovascular	KW-3049 CONIEL		Filed in China (Sept. 2008)	Angina	Oral	Developed In-house	Launched for Hypertension in China in December 2004: (Launched in Japan)
Others	KN3357	Phase I		Blood coagulation factor inhibitor (Dissiminated intravascular coagulation)	Injection	Developed In-house	Recombinant antithrombin product
	KW-7158	Phase IIa		Bowel disease (Irretable bowel syndrome)	Oral	Developed In-house	Development program for Overactive / Urinary incontinence was discontinued in September 2006

Notes: In Vietnam, an NDA of Pegfilgrastim (long acting G-CSF) has been filed for neutropenia and, in the Philippines, an NDA of Filgrastim (G-CSF) has been filed for neutropenia.
 Updated since April 28th, 2008 (Area, Stage, Filed, Approved, Launched etc.)
 New indication