



Kyowa Hakko Kogyo Co, Ltd

Consolidated Financial Summary

Fiscal 2008 First Quarter

(April 1, 2008 – June 30, 2008)

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.



First Quarter Performance Update For The Year Ending March 31, 2009

Kyowa Hakko Kogyo Co, Ltd

July 31, 2008

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Scheduled date of submission of financial report: August 8, 2008

1. Results for the three months ended June 30, 2008

(1) Consolidated business performance

(Millions of yen rounded down)

	Three months to June 30, 2008	Change (%)	Three months to June 30, 2007	Change (%)
Net sales	125,435	--	94,978	10.8%
Operating income	17,072	--	7,568	(7.3)%
Recurring income	18,795	--	8,372	(0.8)%
Net income	9,588	--	5,319	159.0%
Net income per share (¥)	16.69		¥13.37	
Fully diluted net income per share (¥)	16.68		¥13.36	

Notes: Percentages for net sales, operating income, etc, show changes compared to the same period of the previous fiscal year

(2) Consolidated financial position

Millions of yen rounded down

	As of June 30, 2008	As of March 31, 2008
Total assets	744,591	394,081
Net assets	556,749	256,758
Shareholders' equity ratio (%)	74.1%	64.5%
Net assets per share (¥)	¥961.41	¥639.69

Note: Total shareholders' equity: June 30, 2008: ¥551,985 million
March 31, 2008: ¥254,289 million

2. Dividends

Dividends per share	Fiscal year ended March 31, 2008	Fiscal year ending March 31, 2009 (forecast)
Interim dividend per share (¥)	¥5.00	¥10.00
Year-end dividend per share (¥)	¥5.00	¥10.00
Annual dividend per share (¥)	¥10.00	¥20.00

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



3. Consolidated results forecasts for the fiscal year ending March 31, 2009

Millions of yen rounded down

	April 1, 2008 to September 30, 2008	Change	April 1, 2008 to March 31, 2009	Change
Net sales	245,000	--	490,000	25.0%
Operating income	31,000	--	57,000	44.7%
Recurring income	31,000	--	56,000	47.4%
Net income	16,000	--	28,000	19.3%
Net income per share	¥27.84		¥48.72	

Notes: 1. Percentage change show changes compared to the same period of the previous fiscal year.

2. Changes to the consolidated results forecast during the term: None

4. Other

1) Transfer of important subsidiaries during the period (transfers of specific subsidiaries resulting in changes in the scope of consolidation): Yes

Companies newly consolidated: (1) Kirin Pharma Company, Limited

Companies removed from scope of consolidation: None

2) Use of simplified accounting methods or special accounting procedures: None

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: Yes

2. Other changes: None

Note: See page 6, Consolidated Operating Results, Section 4: Other for more detail.

4) Number of shares outstanding (ordinary shares)

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

June 30, 2008: 576,483,555; March 31, 2008: 399,243,555

2. Number of treasury shares

June 30, 2008: 2,343,079; March 31, 2008: 1,723,184

3. Average number of shares during the period:

First quarter ended June 30, 2008: 574,460,589 shares

First quarter ended June 30, 2007: 397,866,741 shares



Notice regarding the appropriate use of the financial forecasts

1. 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.
2. As of the current consolidated fiscal year, Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 12) and Application Guidelines related to Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 14) will be applied. Further, in accordance with the Regulations for Consolidated Quarterly Reporting a quarterly consolidated financial report will be prepared.
3. On April 1, 2008, Kyowa Hakko, acting as the parent company of Kirin Pharma Company, Limited, implemented a share exchange making Kirin Pharma, a wholly owned subsidiary. Following this, as Kyowa Hakko became a subsidiary of Kirin Holdings, accounting regulations for business integration deem the share exchange a reverse acquisition, and the quarterly financial statements for the first quarter of the consolidated fiscal year ending March 31, 2009 have been prepared assuming that Kyowa Hakko has been acquired by Kirin Pharma. As a result, the balances at the end of the previous consolidated fiscal year in the consolidated financial statements for the previous fiscal year and the balances at the beginning of the first quarter of the current consolidated fiscal year in the quarterly consolidated financial statements for the current fiscal year differ, and therefore, comparisons with previous periods cannot be made.



Operating Results and Financial Statements

1. Summary of business performance

Consolidated net sales for the period were ¥125.4 billion, a significant increase of 32.1% or ¥30.4 billion compared to the first three months of the previous fiscal year, which was largely due to the new consolidation of Kirin Pharma following the implementation of a share exchange on April 1, 2008, and also the receipt of a large, one-off out-licensing payment in the Pharmaceuticals business.

In the Pharmaceuticals business, sales of Kyowa Hakko products were negatively affected by reductions in National Health reimbursement prices in Japan and also by a decline in sales of *Durotep*, an analgesic for persistent cancer pain, due to the ending of a joint sales contract. However, sales of products such as *Allelock*, an antiallergic agent, *Depakene*, an anti-epileptic agent, and *Patanol*, an antiallergic ophthalmic solution, continued to perform well, while sales of *Coversyl*, an ACE inhibitor for treatment of hypertension that began in April, 2008, also performed well and contributed to the growth in sales. In addition a one-off contract payment of US\$100m for the outlicensing to Amgen of anti-CCR4 humanized monoclonal antibody KW-0761 was recorded, resulting in a large increase in sales. At Kirin Pharma, in a severe competitive environment for core anemia products ESPO and NESP, we are actively providing information on our products to medical practitioners, while efforts are being made to achieve rapid market penetration of REGPARA Tablets, a treatment for secondary hyperthyroidism during dialysis therapy that was launched in January 2008.

In the Bio-Chemicals business, sales increased compared to the first three months of last fiscal year as sales of core amino acid, nucleic acid, and related compounds for industrial and pharmaceutical use performed well, supported mainly by strong demand in overseas markets, while sales of healthcare products and alcohol were also strong.

In the Chemicals business, domestic demand weakened resulting in a decline in sales volume compared to the first three months of last fiscal year but a further rise in prices of raw materials and fuel led to high product prices in domestic and foreign markets and sales increased.

In the Food business, growth in sales of *umami* seasonings increased but sales of bakery products and ingredients declined, resulting in overall sales similar to the first quarter of last fiscal year.

Operating income increased by 125.6 %, or ¥9.5 billion to ¥17.0 billion, driven mainly by a large increase in Pharmaceuticals business sales, despite a goodwill amortization expense of ¥2.3 billion accounted for in SG&A expenses resulting from the share exchange with Kirin Pharma accounted for as a reverse acquisition business combination. Likewise, recurring income was up by 124.5% to ¥18.7 billion, while net income was



up by 80.2% to ¥9.5 billion, affected by a ¥1.5 billion extraordinary loss due to impairment losses and other factors.

2. Summary of financial position

Total assets as of June 30, 2008 were ¥744.5 billion, an increase of ¥350.5 billion compared to the end of the last fiscal year, largely due to the share exchange with Kirin Pharma Company, Limited on April 1, 2008. Since the business integration with Kirin Pharma was deemed a reverse acquisition upon exchange of shares, this reflects changes during the first quarter of the current consolidated fiscal year and as of the beginning of the first quarter of fiscal 2008 includes the ¥96.8 billion in consolidated total assets of Kirin Pharma and Kyowa Hakko's consolidated total assets at market value and associated goodwill.

Current assets increased ¥47.8 billion to ¥280.5 billion due to an increase in accounts and notes receivable, cash and time deposits and others. Fixed assets increased ¥302.6 billion to ¥464.0 billion. As a result of the reverse acquisition, goodwill of ¥191.9 billion was recorded, of which ¥2.3 billion was amortized during the first quarter of the current fiscal year. Additionally, the reverse acquisition resulted in ¥67.4 billion recorded as changes in the market value of land and investments in marketable securities.

Liabilities increased ¥50.5 billion to ¥187.8 billion. As a result of the reverse acquisition, market valuation of land and other items resulted in an increase in deferred tax liabilities. Additionally, accounts and notes payable, accrued expenses and other items increased.

Net assets increased ¥299.9 billion to ¥556.7 billion. This reflects changes during the first quarter of the current consolidated fiscal year compared to the ¥64.6 billion in consolidated net assets of Kirin Pharma and the acquisition cost of Kyowa Hakko as the acquired company (the total market capitalization of Kyowa Hakko on the day prior to the announcement of the merger agreement) as of the start of the first quarter of fiscal 2008. As a result of the above factors, the shareholders' equity ratio at the end of the first quarter was 74.1%, an increase of 9.6 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 period was ¥50 billion. As accounting regulations deem the share exchange that occurred on April 1, 2008 between Kyowa Hakko and Kirin Pharma a reverse acquisition, the balance of cash and cash equivalents at the beginning of the period includes ¥10.4 billion representing Kirin Pharma's consolidated balance at the beginning of the period and an increase of ¥43.7 billion in cash and cash equivalents from new consolidation (this includes Kyowa Hakko's cash and cash equivalents of an equivalent of ¥44.1 billion as of the end of the previous fiscal year) and reflects changes during the first quarter of the current consolidated fiscal year. As a result, changes to cash and cash equivalents during the period were a decrease of ¥4.1 billion. (Compared to the ¥44.1 billion balance of cash and cash equivalents at the end of the previous fiscal year, cash and cash equivalents increased ¥5.9 billion.)



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

Cash flow from operating activities was ¥14.3 billion. The main positive contributing factors included ¥17.2 billion in income before income taxes, a ¥5.0 billion decrease in working capital (a decrease in trade receivables and an increase in trade payables), depreciation and amortization of ¥4.3 billion and amortization of goodwill of ¥2.4 billion. The main negative contributing factors included a payment of ¥10.6 billion in corporate, etc. taxes and a ¥3.1 billion decrease in reserve for bonuses.

Cash flow used in investing activities was ¥6.8 billion. The main contributing factor was the ¥4.1 billion in payments for purchase of property, plant and equipment.

Cash flow used in financing activities was ¥11.7 billion. The main contributing factors were ¥10.0 billion for repayment of long-term debt of Kirin Pharma and ¥1.7 billion for payment of dividends.

3. Forecasts

There have been no changes to the consolidated forecasts for the fiscal year ending March 31, 2009, made on April 28, 2008.

4. Other

(1) Changes to subsidiaries during the period (Changes to the scope of consolidation following changes to specific subsidiaries):

On April 1, 2008, Kyowa Hakko, implemented a share exchange making Kirin Pharma Company, Limited, a wholly-owned subsidiary (special subsidiary). As a result, Kirin Pharma Company, Limited has been included within the scope of consolidation as of the first quarter of the current fiscal year.

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

No applicable items.

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

(1) As of the first quarter of the current consolidated fiscal year, Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 12) and Application Guidelines related to Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Application Guideline 14) have been applied. Further, in accordance with the Regulations for Consolidated Quarterly Reporting a quarterly consolidated financial report has been prepared.

(2) Changes to the valuation standards and methods for significant assets

Inventory assets

Previously, assets held in inventory for ordinary sale were calculated based on the overall average cost method, however as of the first quarter of the current 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), assets held in inventory have been calculated primarily using the overall average of cost method (using the reduced book value method for balance sheet amounts



based on profitability declines). As a result, operating income, recurring income and income before income tax each decreased by ¥339 million yen.

(3) Application of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements.

The “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for consolidated Financial Statements” (Practical Issues Task Force No. 18, May 17, 2006) will be applied as of the first quarter of the current consolidated fiscal year.

There is no effect on profits and losses as a result of this change.

(4) Application of Accounting Standards for Lease Transactions

Previously, the accounting treatment for finance lease transactions, other than those involving ownership transfer, was based on accounting methods for operating lease transactions. However, we are now able to apply the Accounting Standards Related to Lease Transactions (Accounting Standards Board of Japan, Article 13, June 17, 1993, (First Committee of the Business Accounting Council)), revised March 30, 2007, and the Application Guidelines for Accounting Standards Related to Lease Transactions (Accounting Standards Board of Japan, Application Guideline 16, January 18, 1994) (Japanese Institute of Certified Public Accountants, Committee on Accounting Systems)), revised March 30, 2007, to the consolidated financial reports for the consolidated accounting year beginning April 1, 2008. As a result, from first quarter of the current fiscal year these accounting standards will be the usual method used to account for such transactions. Further, as regards the depreciation method for leased assets related to finance lease transactions other than those involving ownership transfer, the straight-line method will be applied to the residual value over the useful life of the asset until it reaches zero. For finance lease transactions, other than those involving ownership transfer for lease transactions, with a start date prior to the application of accounting standards at the beginning of the fiscal year the standard accounting treatment for leases will continue to be applied. The effect on profits and losses as a result of this change is immaterial.



5. Consolidated balance sheets

Millions of yen

	As of June 30, 2008	As of March 31, 2008
ASSETS		
Current assets:		
Cash and time deposits	30,757	18,481
Accounts and notes receivable	132,574	110,447
Marketable securities	18,591	26,667
Merchandise	11,563	9,079
Products.....	28,531	26,929
Semi-finished goods	9,180	6,547
Raw materials	10,344	8,441
Work in progress.....	8,622	9,121
Inventory goods	1,612	2,297
Deferred tax assets.....	10,314	6,829
Short-term loans	5,632	20
Other current assets	12,998	7,888
(Less) Allowance for doubtful accounts.....	(164)	(89)
Total current assets	280,559	232,661
Fixed assets:		
Tangible fixed assets:		
Buildings and structures	157,531	124,832
Depreciation	(107,479)	(87,545)
Buildings and structures (net)	50,051	37,286
Machinery and equipment	215,388	198,703
Depreciation	(184,997)	(171,672)
Machinery and equipment (net).....	30,391	27,031
Land.....	81,788	21,253
Construction in progress.....	4,025	4,355
Other.....	53,659	35,904
Depreciation	(44,161)	(30,697)
Other (net).....	9,497	5,207
Total tangible fixed assets	175,754	95,134
Intangible fixed assets:		
Goodwill	190,234	180
Other	3,670	376
Total intangible fixed assets	193,905	556
Investments and other assets:		
Investments securities.....	78,514	53,196
Long-term loans	552	522
Deferred tax assets	5,725	1,080
Other investments and other assets.....	11,145	12,449
Allowance for doubtful accounts	(1,567)	(1,520)
Total investments and other assets	94,371	65,728
Total fixed assets.....	464,031	161,420
Total assets	744,591	394,081



Millions of yen

	As of June 30, 2008	As of March 31, 2008
LIABILITIES		
Current liabilities:		
Accounts and notes payable	59,064	49,358
Short-term bank loans	13,330	12,533
Accrued expenses	30,403	21,490
Income taxes payable.....	6,005	10,603
Reserve for sales rebates.....	304	341
Reserve for sales returns	39	58
Reserve for sales promotion expenses	605	668
Reserve for periodic repairs	280	1,477
Reserve for bonuses	1,273	3,775
Other	12,708	11,371
Total current liabilities	124,017	111,679
Long-term liabilities:		
Debt	75	--
Long-term debt	3,073	256
Deferred tax liabilities	29,122	2,398
Retirement benefit allowance	27,805	20,948
Directors' retirement benefit allowance	166	218
Reserve for provision for loss on guarantees	--	700
Other.....	3,581	1,120
Total long-term liabilities	63,825	25,643
Total liabilities.....	187,842	137,322
NET ASSETS		
Shareholders' equity:		
Common stock.....	26,745	26,745
Capital surplus	512,430	43,180
Retained earnings.....	14,033	170,947
Treasury stock	(2,138)	(1,544)
Total shareholders' equity	551,071	239,328
Valuation and differences due to foreign exchange:		
Valuation difference on other marketable securities	1,334	15,348
Gain (loss) on deferred hedge accounting.....	25	(9)
Foreign exchange adjustment account.....	(445)	(378)
Total valuation and differences due to foreign exchange.....	914	14,960
Share subscription rights	145	156
Minority interests.....	4,617	2,312
Total net assets.....	556,749	256,758
Total liabilities and net assets	744,591	394,081



6. Consolidated statements of income

	<i>Millions of yen</i>
	April 1, 2008 to June 30, 2008
Net sales	125,435
Cost of sales	66,592
Gross profit	58,843
Selling, general and administrative expenses:	
Research and development	14,255
Amortization of goodwill	2,418
Other	25,096
Total selling, general and administrative expenses.....	41,770
Operating income	17,072
Other income:	
Interest income.....	185
Dividend income.....	574
Currency exchange gain	1,388
Gain on investment in the equity method	303
Others	319
Total other income	2,772
Other expenses:	
Interest expense	190
Others	859
Total other expenses	1,049
Recurring income	18,795
Extraordinary losses:	
Asset impairment losses	1,308
Expenses related to restructuring of affiliates.....	214
Total extraordinary losses	1,523
Income before income taxes	17,272
Corporate, local, and enterprise taxes	6,796
Corporate tax adjustment	746
Total corporate and other taxes	7,515
Income from minority interests	167
Net income	9,588



7. Consolidated Statements of Cash Flows

	<i>Millions of Yen</i>
	April 1, 2008 to June 30, 2008
Cash flows from operating activities:	
Income before income taxes	17,272
Depreciation and amortization	4,306
Asset impairment losses	1,308
Amortization of goodwill	2,464
(Decrease) in retirement benefit allowance	(589)
(Increase) in prepaid pension expenses	(239)
(Decrease) in reserve for bonus payments	(3,168)
Increase in allowance for bad debts	28
Interest and dividend income	(760)
Interest expenses	190
(Income) from equity method investments	(303)
Loss on sales of tangible fixed assets	167
(Gain) on sales of marketable securities	(0)
Decrease in trade receivables	1,372
(Increase) in inventories	(441)
Increase in trade payables	4,127
Others	(1,669)
Sub total	24,067
Interest and dividend income	1,119
Interest payments	(185)
Corporate etc. tax payments	(10,692)
Net cash from operating activities	14,309
Cash flows from investing activities:	
Payments for purchase of property, plant & equipment	(4,196)
Proceeds from sale of property, plant, and equipment	7
Payments for purchase of investment securities	(11)
Proceeds from sale of investment securities	1
Others	(2,631)
Net cash from investing activities	(6,830)
Cash flows from financing activities:	
Net increase in short-term debt	592
Proceeds from long-term borrowing	100
Repayment of long-term debt	(10,035)
Payment for purchase of treasury stock	(637)
Dividends paid	(1,736)
Dividends paid to minority interests	(60)
Other	(13)
Net cash from financing activities	(11,790)
Cash and cash equivalents translation differences	153
(Decrease) in cash and cash equivalents	(4,157)
Cash and cash equivalents at the beginning of the period	10,440
Cash and cash equivalents of newly consolidated companies at the beginning of the period	43,740
Cash and cash equivalents at the end of the period	50,023

From the first quarter of the current consolidated fiscal year, Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 12) and Application Guidelines related to Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 14) have been applied. Further, in accordance with the Regulations for Consolidated Quarterly Reporting a quarterly consolidated financial report has been prepared.



8. Items related to going concern assumption

No applicable items

9. Segment information

Fiscal 2008 Q1 Segment information by business type (April 1, 2008 – June 30, 2008)

Millions of yen

	Pharmaceuticals	Bio-Chemicals	Chemicals	Food	Other	Total	Elimination/ Corporate	Consolidated
Net sales								
(1) Sales to external customers	59,062	20,240	21,776	9,449	14,906	125,435	--	125,435
(2) Inter-segment sales and transfers	128	2,703	3,359	943	2,985	10,120	(10,120)	--
Total sales	59,190	22,944	25,135	10,393	17,892	135,555	(10,120)	125,435
Operating income	12,851	2,972	509	396	273	17,002	69	17,072

Segment information by location (April 1, 2008 to June 30, 2008)

As Japan represents over 90% of the total sales of each segment, this information has been omitted.

Overseas Sales (April 1, 2008– June 30, 2008)

Millions of yen

	America	Europe	Asia	Other Regions	Total
(1) Overseas sales	15,859	6,720	8,981	149	31,711
(2) Consolidated sales					125,435
(3) Overseas sales as a percentage of consolidated sales	12.6	5.4	7.2	0.1	25.3



10. Note on significant change in shareholders' equity

On April 1, 2008, a share exchange was implemented to make Kyowa Hakko the wholly owning parent company and Kirin Pharma Company, Limited the wholly owned subsidiary. As accounting regulations for business integration deem the share exchange a reverse acquisition the balance of shareholders' equity at the beginning of the first quarter of the current consolidated fiscal year was that of Kirin Pharma Company, as of that date. As a result the balance of shareholders equity at the end of the previous consolidated fiscal year and the balance at the beginning of the first quarter of the current consolidated fiscal year differ and therefore, comparisons can not be made.

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings ³	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008 ¹	3,000	56,813	4,445	--	64,258
Changes during the period:					
Increase from share exchange ²	23,745	455,618		(1,544)	477,819
Net income			9,588		9,588
Acquisition of treasury stock				(637)	(637)
Disposal of treasury stock		(1)		42	41
Total changes during the period ended June 30, 2008	23,745	455,617	9,588	(2,138)	486,812
Balance as of June 30, 2008	26,745	512,430	14,033	(2,138)	551,071

Note 1. The balances mentioned above in 'Balance as of March 31, 2008' are the consolidated balance of Kirin Pharma Company, Limited as of April 1, 2008.

2. The increase (acquisition amount of the company being acquired) from share exchange is the due to an increase resulting from the application of the purchase method which assumes that Kirin Pharma is the acquiring company and that Kyowa Hakko is the company being acquired.
3. The negative amount of ¥1,987 million representing Kyowa Hakko's dividend payment from retained earnings with a record date of March 31, 2008 (effective date: June 25, 2008) is included in 'Increase from share exchange' under 'Capital surplus'.



REFERENCE

1. Consolidated statements of income from the first quarter of the previous fiscal year.

	<i>Millions of yen</i>
	April 1, 2007 to June 30, 2007
Net sales	94,978
Cost of sales	58,447
Gross profit	36,530
Reversal of reserve for sales returns	44
Addition to reserve for sales returns	46
Adjusted gross profit	36,528
Selling, general and administrative expenses	28,960
Operating income	7,568
Other income:	
Interest and dividend income	786
Income from equity method investments	312
Others	845
Total other income	1,944
Other expenses:	
Interest expenses	86
Others	1,053
Total other expenses	1,139
Recurring income	8,372
Extraordinary income:	
Gain on sale of fixed assets	328
Total extraordinary income	328
Income before income taxes	8,701
Corporate, local, and enterprise taxes	2,209
Corporate tax adjustment	1,134
Minority interests in consolidated subsidiaries	37
Net income	5,319



2. Consolidated Statements of Cash Flows from the first quarter of the previous fiscal year.

	<i>Millions of Yen</i>
	April 1, 2007 to June 30, 2007
Cash flows from operating activities:	
Income before income taxes	8,701
Depreciation and amortization	3,148
(Decrease) in retirement benefit allowance	(167)
(Decrease) in reserve for bonus payments	(2,901)
(Increase) in trade receivables	(1,318)
(Increase) in inventories	(505)
(Decrease) in trade payables	2,193
Corporate etc. tax payments	(7,524)
Others	(3,200)
Net cash from operating activities	(1,577)
Cash flows from investing activities:	
Payments for purchase of property, plant & equipment	(3,737)
Proceeds from sale of fixed assets	399
Proceeds from sale of investment securities	4
Payment for acquisition of shares of subsidiary following Others	(2,263)
	(1,791)
Net cash from investing activities	(7,389)
Cash flows from financing activities:	
Net (decrease) in short-term debt	(8,000)
Net increase in commercial paper	5,000
Payment for acquisition of treasury shares	(88)
Dividends paid	(1,663)
Others	(615)
Net cash from financing activities	(5,367)
Cash and cash equivalents translation differences	(26)
(Decrease) in cash and cash equivalents	(14,361)
Cash and cash equivalents at the beginning of the period	36,613
Decrease in cash and cash equivalents following consolidated eliminations	(172)
Cash and cash equivalents at the end of the period	22,080



3. Segment information

Fiscal 2007 Q1 Segment information by business type (April 1, 2007 – June 30, 2007)

Millions of yen

	Pharmaceuticals	Bio-Chemicals	Chemicals	Food	Other	Total	Elimination/ Corporate	Consolidated
Net sales								
(1) Sales to external customers	34,366	20,179	21,922	9,510	9,000	94,978	-	94,978
(2) Inter-segment sales and transfers	153	2,255	1,783	961	3,024	8,178	(8,178)	-
Total sales	34,519	22,434	23,705	10,472	12,024	103,156	(8,178)	94,978
Operating expenses	31,496	20,422	21,822	10,056	11,855	95,653	(8,242)	87,410
Operating income	3,023	2,011	1,883	416	168	7,503	64	7,568

Segment information by location (April 1, 2007 to June 30, 2007)

As Japan represents over 90% of the total sales of each segment, this information has been omitted.

Overseas Sales (April 1, 2007– June 30, 2007)

Millions of yen

	America	Europe	Asia	Other Regions	Total
(1) Overseas sales	6,904	5,054	5,844	389	18,192
(2) Consolidated sales					94,978
(3) Overseas sales as a percentage of consolidated sales	7.3	5.3	6.2	0.4	19.2