KYOWA KIRIN

Kyowa Hakko Kirin Co., Ltd.

Consolidated Financial Summary
Third Quarter of Fiscal 2011

(January 1, 2011 – September 30, 2011)

KYOWA KIRIN

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

Kyowa Hakko Kirin Co., Ltd. **October 27, 2011**

Stock Code:	4151	Listed exchanges:	Tokyo, 1st section
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Scheduled date of submission of Financial Report: November 9, 2011 Scheduled start date of dividend payment: --

Appendix materials prepared to accompany the quarterly financial report: Yes

Quarterly results presentation meeting: Yes (For institutional investors and securities analysts)

1. Results for the nine months ended September 30, 2011

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

(1) Consolidated business performance *(Millions of yen, rounded down)*

	Nine months to September 30, 2011	Change (%)	Nine months to September 30, 2010	Change (%)
Net sales	262,358	(13.8)	304,453	--
Operating income	38,503	15.8	33,242	--
Ordinary income	38,523	13.3	34,006	--
Net income	22,672	57.3	14,414	--
Net income per share (¥)	39.82	--	25.30	--
Fully diluted net income per share (¥)	39.80	--	25.29	--

(2) Consolidated financial position *(Millions of yen, rounded down)*

	As of September 30, 2011	As of December 31, 2010
Total assets	655,793	695,862
Net assets	546,378	544,992
Shareholders' equity ratio (%)	83.1	78.2
Net assets per share (¥)	963.57	954.58

Note: Total shareholders' equity: September 30, 2011: ¥545,289 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 (forecast)	10.00
Total dividend per share (¥)	20.00 (forecast)	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 December 31, 2011	Change (%)
Net sales	342,000	(17.3)
Operating income	43,500	(4.2)
Ordinary income	44,500	(4.3)
Net income	25,500	14.9
Net income per share (¥)	44.75	

Notes: 1. %changes are compared to the same period of the previous fiscal year)
2. Changes to the consolidated results forecast during the term: None

4. Other (See Page 9, Section 2. Other information)

1) Transfer of important subsidiaries during the period: None

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)	September 30, 2011	576,483,555 shares	December 31, 2010	576,483,555 shares
2. Number of treasury shares	September 30, 2011	10,579,199 shares	December 31, 2010	6,691,427 shares
3. Average number of shares during the third quarter period	Third quarter period ended September 30, 2011:	569,392,449 shares	Third quarter period ended September 30, 2010:	569,674,240 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.

Contents

1. Operating Results and Financial Statements

(1) Summary of business performance

In the first three quarters (the nine-month period from January 1, 2011 to September 30, 2011) of the current fiscal year, the outlook for Japan and the global economy remained uncertain amid economic slowdown in Japan caused by the Great East Japan Earthquake disaster on March 11, the strong yen, declining share prices, and financial instability in Europe.

In the Pharmaceuticals business, domestic market conditions remained challenging due to the promotion of generic pharmaceuticals, the increasing presence of European and American drug manufacturers and major specialist pharmaceutical companies, and increasing global competition in new drug development. Against this background, Kyowa Hakko Kirin further strengthened its domestic sales operation with the aim of expanding sales of core products including renal anemia treatment Nesp, and antiallergic agents Allelock and Patanol, as well as Fentos, a transdermal analgesic for persistent cancer pain and Asacol, an ulcerative colitis treatment. Romiplate, a treatment for chronic idiopathic thrombocytopenic purpura was approved in January and launched in April with the aim of rapidly penetrating the market.

In April, we acquired all outstanding shares of ProStrakan Group plc (ProStrakan), a UK specialty pharmaceutical company, making it our wholly owned subsidiary. ProStrakan had already developed a European and US drug development and sales network for ethical pharmaceuticals in the cancer therapeutic area. We therefore considered ProStrakan an ideal partner that would allow us to take a major step forward in our global strategy and pursue initiatives to accelerate global new drug development and expand sales in our chosen therapeutic areas.

In the Bio-Chemicals business, we worked to increase sales of pharmaceutical and industrial use raw materials, mainly amino acids, nucleic acids and related compounds, despite the continued effects of a strong yen. In healthcare products, we carried out initiatives to strengthen mail-order sales of our Remake Series, mainly using own brand materials such as ornithine.

Partly due to the removal of the Chemicals business from the scope of consolidated accounting as of March 31, 2011, sales for the nine-month period totaled ¥262.3 billion (down 13.8% compared with the same period of the previous year). However, even amid a difficult environment, operating income rose 15.8% to ¥38.5 billion, recurring income rose 13.3% to ¥38.5 billion, and net income rose 57.3% to ¥22.6 billion.

Although the plants of some of our suppliers were affected by the Great East Japan earthquake, Kyowa Hakko Kirin Group did not suffer significant damage.

Segmental performance

Note: As of the second quarter of the current fiscal year, the Accounting Standards for Disclosure about Segments of an Enterprise and Related Information (ASBJ statement No. 17, March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, March 21, 2008) have been applied. Year-on-year comparisons are provided since the segmental classification following application of these accounting standards is the same as that previously used.

Pharmaceuticals

In the Pharmaceuticals business, consolidated net sales were ¥168.2 billion (up by 9.2% compared to the same period of the previous year), while operating income was ¥33.1 billion (up 25.1%). Domestic sales of core ethical pharmaceutical products including Nesp, a treatment for renal anemia, were robust while sales of Allelock, an antiallergic agent, and Patanol, anti-allergic eye drops, were significantly higher than the previous comparable period due to the effects of higher amounts of airborne pollen and other factors. In addition, sales of Fentos, a transdermal analgesic for persistent cancer pain, Asacol, an ulcerative colitis treatment, Regpara, a treatment for secondary hyperparathyroidism during dialysis therapy, and Romiplate, a treatment for chronic idiopathic thrombocytopenic purpura launched in April, also grew steadily.

ProStrakan Group plc, a UK-based specialty pharmaceuticals company, was acquired on April 21, 2011 and as June 30, 2011 is considered as the acquisition date its results have been consolidated from that date. Therefore, the results of ProStrakan and its ten subsidiaries for the period July 1, 2011 to September 30, 2011 (sales of ¥3.7 billion) have been included in these consolidated financial results.
In the licensing-out of technologies and export of pharmaceutical products, revenues from licensing-out of technologies were lower than in the same period of the previous fiscal year while exports, primarily those to Asia, performed strongly.

In new drug development in Japan, in the cancer therapeutic area, KRN125 began Phase III clinical trials in February targeting chemotherapy induced febril neutropenia. In April, we submitted an NDA for anti-CCR4 antibody KW-0761 that targets adult T-cell leukemia-lymphoma. In August, ARQ 197 in combination with Erlotinib, began comparative international Phase 3 trials in Asia (Japan, Korea and Taiwan) for patients diagnosed with non-squamous, non-small cell lung cancer. In addition, Pegfilgrastim (product name Neulasta) was approved in Taiwan in September.

In the field of renal therapies, in January renal anemia treatment Nesp began Phase III clinical trials for pediatric indications in Japan.
In central nervous system therapies, approval for antiepileptic drug Depakene was received in Japan in June for an additional indication, dosage and administration (for suppressing the onset of migraine attacks). In July, we also submitted a new drug application in Japan for KW-6500, a drug under development for the treatment of hypanakinesia from Parkinson's disease-related motor complications.

In the immunology and anti-allergy therapeutic areas, anti-IL-5 receptor humanized antibody KHK4563 entered Phase II clinical trials for bronchial asthma in Japan and South Korea in August.

In other therapeutic areas, AMG 531 (Romiplate), a treatment for chronic idiopathic thrombocytopenic purpura was approved in Japan in January and launched in April. In addition, Phase III clinical trials for KW-3357, which targets diffuse intravascular coagulation syndrome following a reduction of antithrombin (an anticoagulant component), began in June. In South Korea, approvals were received for AMG531 (product name: Nplate) in June. ProStrakan, which became a consolidated subsidiary in April, received approval in June in the U.S. for Rectiv™, a treatment for pain associated with chronic anal fissures.

In therapeutic antibody research and development, while strengthening our in-house development pipeline of antibody pharmaceuticals, we also developed the global outlicensing of our POTELLIGENT® and COMPLEGENT® technologies via our U.S. subsidiary BioWa, Inc. To date, we have licensing agreements with 19 companies for these technologies, and we are actively pursuing our strategy of promoting the fastest possible development of antibody pharmaceuticals that utilize our original technology.

Bio-Chemicals

In the Bio-Chemicals business, consolidated net sales were ¥58.9 billion (down by 7.8% compared to the same period of the previous year), while operating income was ¥3.0 billion (up 6.0%). Sales volumes of pharmaceutical and industrial use raw materials, mainly amino acids, nucleic acids and related compounds showed steady growth due to active efforts to expand sales and strong overseas demand but sales declined, affected significantly by the strength of the yen.

In healthcare products, we achieved steady growth through initiatives to strengthen mail-order sales of our *Remake Series*, primarily those of own brand materials such as ornithine. However sales were lower than in the previous comparable period due to the delay of the planned April renewal of Kirin Health Project *KIRIN Plus-i* related products resulting from the earthquake disaster.

Sales at Daiichi Fine Chemical declined due to a drop in sales volumes and sales prices of certain bulk pharmaceuticals and intermediate products.

Chemicals

On March 31, 2011, Kyowa Hakko Kirin sold all outstanding shares of Kyowa Hakko Chemical. Since there are no longer any consolidated subsidiaries in the Chemicals business, the Chemicals segment results includes only the consolidated results of the first quarter of the consolidated fiscal year (January 1, 2011 to March 31, 2011).

In the Chemicals business, consolidated net sales were ¥33.5 billion (up by 10.8% compared to the first quarter of the previous year), and operating income was ¥2.1 billion (up 216.6%). In the previous comparable period, the nine-month period from January 1, 2010 to September 30, 2010, net sales in the Chemicals business were ¥94.6 billion and operating income was ¥3.5 billion.

Other

In the Other segment, consolidated net sales were ¥7.8 billion (up by 1.9% compared to the same period of the previous year), while operating income was ¥0.2 billion (up 1.5 %).

(2) Summary of consolidated financial position

Total assets at the end of the third quarter were ¥655.7 billion, a decline of ¥40.0 billion compared to the end of the previous fiscal year, and liabilities were ¥109.4 billion, a decline of ¥41.4 billion. As a result of the effect of the sales of all shares of equity method affiliate Kirin Kyowa Foods Company and consolidated subsidiary Kyowa Hakko Chemical during the first nine months of the current fiscal year, there were significant decreases in assets including accounts and notes receivable, inventories, tangible fixed assets, and investment securities, as well as in liabilities including accounts and notes payable and others. However, there was a large increase in short-term loans to the parent company because, for group capital allocation purposes, funds received from the sales of these two companies were treated as such. Intangible non-current assets, such as goodwill and sales rights, increased significantly due to the inclusion in the scope of consolidated accounting of ProStrakan and its ten subsidiaries following their acquisition.

Net assets at the end of the third quarter were ¥546.3 billion, up by ¥1.3 billion compared with the end of the previous fiscal year due to the recording of net income during the first three quarters, despite the effects of

dividend payments, share repurchases, a decline in the foreign currency translation adjustment account, and other factors.
As a result, our equity ratio at the end of the third quarter was 83.1%, 4.9 percentage points higher than at the end of the previous fiscal year.

Reference: Accounting treatment for acquisition of ProStrakan
The following chart is an overview of the allocation of assets at market value or acquisition cost related to the acquisition of ProStrakan and its ten subsidiaries on June 30, 2011 (deemed acquisition date) and the impact (amortization of intangible assets and goodwill) on consolidated results during the first three quarters of the current fiscal year.

	Allocation of assets at market value or acquisition cost	Amount amortized during 1Q-3Q FY2011	Amortization method and period
Intangible assets (sales rights, etc.)	£182.3mn	£4.5mn	Period set on case-by-case basis (4.5-19.5 years), straight-line method
Deferred tax liabilities on intangible assets	-£37.9mn	-	
Other assets and liabilities (net)	-£75.6mn	-	
Goodwill	£218.3mn	£3.6mn	15 years, straight-line method
Total	£287.1mn	£8.1mn	

Cash flow summary

Cash and cash equivalents at the end of the third quarter were ¥109.5 billion, an increase of ¥29.6 billion compared to the end of the previous fiscal year. The main cash flows and factors affecting them during the nine-month period were as follows:
Net cash provided by operating activities was ¥29.3 billion (a 35.7% decrease compared to the same period of the previous fiscal year). The primary factors affecting cash inflows were net income before income taxes of ¥41.3 billion, depreciation expenses of ¥16.2 billion and amortization of goodwill of ¥7.8 billion. The main cash outflows were corporate tax payments of ¥28.8 billion and a decrease in accounts payable of ¥7.4 billion.
Net cash provided by investing activities was ¥22.8 billion (compared to ¥32.6 billion used in the same period of the previous fiscal year).
Major outflows included ¥36.9 billion for the acquisition of shares in subsidiaries accompanying changes to the scope of consolidation and ¥11.4 billion for the acquisition of tangible fixed assets, while major inflows were ¥52.8 billion from the sale of shares of subsidiaries accompanying changes to the scope of consolidation and ¥15.1 billion from the sale of shares in affiliate companies.
Net cash used in financing activities was ¥21.6 billion (a 53.0% increase compared to the same period of the previous fiscal year). The main outflows were ¥11.3 billion for payment of dividends, ¥6.4 billion for the repayment of long-term loans payable, and ¥3.1 billion for share repurchases.

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(3) Consolidated results forecasts

No revisions have been made to the consolidated results forecasts that were announced on July 20, 2011.

2. Other Information

(1) Transfer of important subsidiaries during the period

No applicable items

(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 nine-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 nine-month period of the current fiscal year were ¥22 million lower and income before income taxes were ¥470 million lower. 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 Method Companies” (FAS No. 24 March 10, 2008) have been applied. These changes had no effects on consolidated profits for the third quarter period.

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3. Consolidated financial statements

(1) Consolidated Balance Sheets

Millions of yen

	As of September 30, 2011	As of December 31, 2010
ASSETS		
Current assets:		
Cash and deposits	28,238	33,128
Notes and accounts receivable-trade	87,275	122,378
Merchandise and finished goods	37,434	40,803
Work in process	11,103	10,628
Raw materials and supplies	9,064	10,329
Deferred tax assets	8,165	8,368
Short-term loans receivable	82,379	53,483
Other	6,388	9,880
Allowance for doubtful accounts	(128)	(149)
Total current assets	269,920	288,852
Non-current assets:		
Property, plant and equipment		
Buildings and structures	128,877	153,135
Accumulated depreciation	(91,148)	(108,850)
Buildings and structures, net	37,729	44,284
Machinery, equipment and vehicles	139,752	211,317
Accumulated depreciation	(119,688)	(185,510)
Machinery, equipment and vehicles, net	20,064	25,806
Land	54,244	70,697
Construction in progress	6,053	10,578
Other	47,332	51,584
Accumulated depreciation	(40,601)	(43,213)
Other, net	6,730	8,371
Total property, plant and equipment	124,822	159,738
Intangible assets		
Goodwill	180,080	162,659
Sales rights	26,165	--
Other	4,648	9,943
Total intangible assets	210,894	172,602
Investments and other assets		
Investment securities	27,491	55,289
Long-term loans receivable	495	510
Deferred tax assets	13,371	9,954
Other	9,628	10,391
Allowance for doubtful accounts	(830)	(1,476)
Total investments and other assets	50,156	74,669
Total non-current assets	385,872	407,010
Total assets:	655,793	695,862

Consolidated Balance Sheets (continued)

Millions of yen

	As of September 30, 2011	As of December 31, 2010
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	21,220	49,463
Short-term loans payable	5,377	7,253
Accounts payable-other	23,255	24,208
Income taxes payable	10,474	15,379
Provision for sales rebates	506	284
Provision for point card certificates	184	--
Provision for bonuses	4,059	100
Provision for repairs	--	601
Other	4,256	5,028
Total current liabilities	69,335	102,321
Non-current liabilities:		
Long-term loans payable	151	262
Deferred tax liabilities	12,358	16,379
Provision for retirement benefits	20,911	24,109
Provision for directors' retirement benefits	86	134
Provision for environmental measures	708	887
Asset retirement obligations	653	--
Other	5,208	6,776
Total non-current liabilities	40,079	48,549
Total liabilities:	109,414	150,870
NET ASSETS		
Shareholders' equity:		
Capital stock	26,745	26,745
Capital surplus	512,348	512,359
Retained earnings	32,020	20,744
Treasury stock	(9,759)	(6,676)
Total shareholders' equity	561,355	553,172
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	(2,809)	(2,195)
Deferred gains or losses on hedges	--	0
Foreign currency translation adjustment	(13,256)	(7,063)
Total valuation and translation adjustments	(16,066)	(9,258)
Subscription rights to shares:	228	207
Minority interests:	860	869
Total net assets:	546,378	544,992
Total liabilities and net assets:	655,793	695,862

(2) Consolidated Statements of Income

Millions of yen

	January 1, 2011 to September 30, 2011	January 1, 2010 to September 30, 2010
Net sales	262,358	304,453
Cost of sales	115,024	164,625
Gross profit	147,334	139,828
Selling, general and administrative expenses		
Research and development expenses	34,032	32,208
Amortization of goodwill	7,768	7,294
Other	67,029	67,082
Total selling, general and administrative expenses	108,830	106,585
Operating income	38,503	33,242
Non-operating income		
Interest income	343	298
Dividends income	334	557
Gain on revaluation of derivatives	296	251
Equity in earnings of affiliates	189	1,150
Other	713	1,501
Total non-operating income	1,878	3,758
Non-operating expenses		
Interest expenses	110	172
Foreign exchange loss	570	1,051
Loss on disposal of non-current assets	453	1,121
Other	724	648
Total non-operating expenses	1,858	2,994
Ordinary income	38,523	34,006
Extraordinary income		
Gain on sales of subsidiaries' and affiliates' stocks	7,339	--
Reversal of allowance for doubtful accounts	104	117
Gain on negative goodwill	--	854
Gain on sale of investment securities	--	120
Total extraordinary income	7,444	1,091
Extraordinary loss		
Loss on valuation of investment securities	2,011	2,833
Advisory fees	1,062	--
Loss on adjustment for changes of accounting standard for asset retirement	447	--
Loss on disaster	447	--
Impairment loss	273	--
Loss on liquidation of affiliates	209	--
Provision for point card certificates for prior periods	128	--
Loss on revision of retirement benefit plan	--	1,771
Non-recurring depreciation on non-current assets	--	1,225
Loss on sales of non-current assets	--	189
Loss on sale of investment securities	--	101
Total extraordinary loss	4,580	6,121

Consolidated Statements of Income (continued)

Millions of yen

	January 1, 2011 to September 30, 2011	January 1, 2010 to September 30, 2010
Income before income taxes and minority interests	41,387	28,976
Income taxes	18,640	14,513
Income before minority interests	22,746	--
Minority interests in income	74	47
Net income	22,672	14,414

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(3) Consolidated Statements of Cash Flows

Millions of yen

	January 1, 2011 to September 30, 2011	January 1, 2010 to September 30, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	41,387	28,976
Depreciation and amortization	16,235	16,218
Impairment loss	273	--
Amortization of goodwill	7,845	7,434
Increase (decrease) in provision for retirement benefits	(731)	(3,060)
Decrease (increase) in prepaid pension costs	(1,509)	75
Increase (decrease) in provision for bonuses	4,280	2,820
Increase (decrease) in allowance for doubtful accounts	--	92
Interest and dividends income	(678)	(855)
Interest expenses	110	172
Equity in (earnings) losses of affiliates	(189)	(1,150)
Loss (gain) on sales and retirement of property, plant and equipment	221	460
Loss (gain) on sales of investment securities	(16)	(18)
Loss (gain) on valuation of investment securities	2,011	2,833
Loss (gain) on sales of stocks of subsidiaries and affiliates	(7,339)	--
Decrease (increase) in notes and accounts receivable-trade	7,021	9,033
Decrease (increase) in inventories	(4,972)	(2,565)
Increase (decrease) in notes and accounts payable-trade	(7,424)	(3,333)
Other, net	(712)	(148)
Subtotal	57,237	56,984
Interest and dividends income received	1,071	1,762
Interest expenses paid	(101)	(164)
Income taxes paid	(28,892)	(12,988)
Net cash provided by (used in) operating activities	29,314	45,594

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Consolidated Statements of Cash Flows (continued)

Millions of yen

	January 1, 2011 to September 30, 2011	January 1, 2010 to September, 2010
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(11,481)	(22,447)
Proceeds from sales of property, plant and equipment	170	1,125
Purchase of intangible assets	(1,101)	(7,515)
Purchase of investment securities	(1,514)	(344)
Proceeds from sales of investment securities	879	852
Proceeds from sales of stocks of subsidiaries and affiliates	15,130	--
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(36,979)	--
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	52,868	--
Purchase of investments in capital of subsidiaries	--	(3,853)
Payments into time deposits	(1,387)	(6,282)
Proceeds from withdrawal of time deposits	6,317	5,218
Net decrease (increase) in short-term loans receivable	--	(118)
Other, net	(2)	732
Net cash provided by (used in) investing activities	22,898	(32,634)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(640)	(5,330)
Repayment of long-term loans payable	(6,453)	(166)
Purchase of treasury stock	(3,174)	--
Cash dividends paid	(11,338)	(8,520)
Cash dividends paid to minority shareholders	(38)	(37)
Other, net	(70)	(124)
Net cash provided by (used in) financing activities	**(21,689)**	**(14,180)**
Effect of exchange rate change on cash and cash equivalents	**(838)**	**(932)**
Net increase (decrease) in cash and cash equivalents	**29,685**	**(2,153)**
Cash and cash equivalents at beginning of the period	**79,882**	**63,745**
Cash and cash equivalents at end of period	**109,567**	**61,591**

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(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 sale of all shares of Kyowa Hakko Chemical on March 31, 2011.

2. Sales and profits (loss) by segment

Fiscal 2011 Q3 segment information by business type (January 1, 2011 – September 30, 2011)

(Millions of yen)

	Pharmaceuticals	Bio-Chemicals	Chemicals	Other	Total	Adjustments	Consolidated
Net sales							
(1) Sales to external customers	168,088	56,264	32,787	5,218	262,358	--	262,358
(2) Inter-segment sales and transfers	129	2,709	762	2,637	6,239	(6,239)	--
Total sales	168,218	58,973	33,550	7,856	268,598	(6,239)	262,358
Segment income	33,114	3,018	2,135	255	38,524	(20)	38,503

Notes: 1. The Other segment includes distribution and other business and does not include reported segments.
2. Adjustments of Segment Income is due to inter-segment 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 consolidated first quarter. This follows the transfer of all shares of Kyowa Hakko Chemical executed on March 31, 2011. Further, assets in the Pharmaceuticals segment increased ¥36,382 million compared to the end of the previous consolidated fiscal year primarily due to the acquisition of all outstanding shares of Pro Strakan Group plc. Pro Strakan and its 10 subsidiaries (Pharmaceuticals segment) were included in the scope of consolidation as of the end of the second-quarter of the current fiscal year.

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Additional information:
As of the first quarter, Kyowa Hakko Kirin has adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance 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 third quarter segment information by business type (January 1, 2010 – September 30, 2010)

(Millions of yen)

	Pharmaceuticals	Bio-Chemicals	Chemicals	Other	Total	Elimination/ Corporate	Consolidated
Net sales							
(1) Sales to external customers	153,932	57,371	90,500	2,648	304,453	--	304,453
(2) Inter-segment sales and transfers	160	6,597	4,160	5,057	15,975	(15,975)	--
Total sales	154,092	63,968	94,661	7,706	320,429	(15,975)	304,453
Operating income	26,465	2,846	3,557	252	33,122	120	33,242

Fiscal 2010 third quarter segment information by location (January 1, 2010 – September 30, 2010)

(Millions of yen)

	Japan	Other regions	Total	Elimination/ Corporate	Consolidated
Net sales					
(1) Sales to external customers	274,546	29,907	304,453	--	304,453
(2) Inter-segment sales and transfers	18,488	8,424	26,912	(26,912)	--
Total sales	293,034	38,331	331,365	(26,912)	304,453
Operating income	30,059	3,652	33,711	(469)	33,242

Overseas Sales (January 1, 2010 – September 30, 2010)

(Millions of yen)

	America	Europe	Asia	Other Regions	Total
(1) Overseas sales	19,770	16,085	27,346	439	63,641
(2) Consolidated sales					304,453
(3) Overseas sales as a percentage of consolidated sales (%)	6.5	5.3	9.0	0.1	20.9

(6) Note on significant change in shareholders' equity

Repurchase of shares of common stock in accordance with Article 165, Section 2 of Company Law and the company's articles of incorporation.
Kyowa Hakko Kirin made a resolution to repurchase treasury stock at the board of directors' meeting held on August 25, 2011 in accordance with Article 156 of Company Law applied in accordance with Article 165, Section 3 of said Law and implemented the repurchase of 3,908,000 shares (¥3,112 million). As of the end of the third quarter of the current fiscal year, treasury shares thus increased by ¥3,083 million compared to the end of the previous fiscal year to ¥9,759 million.