NOTICE: For the convenience of capital market participants, Chugai makes efforts to provide English translations of the information disclosed in Japanese, provided that the Japanese original prevails over its English translation in the case of any discrepancy found between documentation.

FASF MEMBERSHIP

CHUGAI PHARMACEUTICAL CO., LTD.

A member of the Roche group

CONSOLIDATED FINANCIAL STATEMENTS (Non-audited)
(for the second quarter of fiscal year 2009)

Name of Company:	**Chugai Pharmaceutical Co., Ltd.**	July 23, 2009
Stock Listing:	Tokyo Stock Exchange, First Section	
Security Code No.:	4519	

(URL http://www.chugai-pharm.co.jp/english)

Representative: Mr. Osamu Nagayama, President and CEO, Chairman of the Board of Directors

Contact: Mr. Nobuyuki Chiba, General Manager of Corporate Communications Department

Phone: +81-(0) 3-3273-0881

Date of Submission of Marketable Securities Filings: August 13, 2009

Date on which Dividend Payments to Commence: September 8, 2009

1. Consolidated Operating Results through the Second Quarter of FY 2009 (January 1, 2009–June 30, 2009)

(1) Consolidated Operating Results (cumulative) *Note: Amounts of less than one million yen are omitted.*

	Revenues	% change	Operating Income	% change	Recurring Profit	% change
First six months of FY 2009	¥191,691 million	—	¥37,175 million	—	¥43,454 million	—
First six months of FY 2008	¥145,877 million	(14.6)	¥23,122 million	(35.4)	¥24,319 million	(33.8)

	Net Income	% change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
First six months of FY 2009	¥26,306 million	—	¥48.29	¥48.28
First six months of FY 2008	¥18,872 million	(10.6)	¥34.64	¥34.62

Note: % change figures are presented in comparison with the same period of the previous fiscal year.

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of Jun. 30, 2009	¥501,749 million	¥415,997 million	82.5%	¥759.41
As of Dec. 31, 2008	¥478,517 million	¥397,066 million	82.6%	¥725.18

Reference: Shareholders' equity at June 30, 2009: ¥413,731 million
Shareholders' equity at December 31, 2008: ¥395,088 million

2. Dividends

	Dividends per Share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Annual
FY ended Dec. 2008	—	¥15.00	—	¥19.00	¥34.00
FY ending Dec. 2009	—	¥17.00			
FY ending Dec. 2009 (Forecast)			—	¥17.00	¥34.00

Note: Whether the dividend forecast under review has been revised: No

3. Forecast of Consolidated Results for FY 2009 (January 1, 2009–December 31, 2009)

	Revenues	% Change	Operating Income	% Change	Recurring Profit	% Change
Full year of FY 2009	¥400,000 million	22.3	¥63,000 million	22.2	¥63,500 million	10.9

	Net Income	% Change	Net Income per Share (Basic)
Full year of FY 2009	¥40,000 million	1.9	¥73.42

Notes: 1. % change figures are presented in comparison with the same period of the previous fiscal year.

2. Whether the forecasts for consolidated figures under review have been revised: No

4. Others

(1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with change in scope of consolidation): None

Newly added: — Excluded: —

(2) Application of simplified accounting methods and/or special accounting method for preparation of the quarterly consolidated financial statements: Yes

Note: For further details, please refer to the item "4. Others" on pages 5-6 in the section of "Qualitative Information."

(3) Changes in principles, procedures, methods of presentation, etc., related to the quarterly consolidated financial statements (Changes in material items that form the basis for the preparation and presentation of the quarterly consolidated financial statements):

(a) Changes accompanying revisions in accounting principles: Yes

(b) Changes other than those in (a) above: Yes

Note: For further details, please refer to the item "4. Others" on pages 5-6 in the section of "Qualitative Information."

(4) Number of shares issued (common shares)

(a) Number of shares issued at the end of the period (including treasury stock)

Second quarter of FY 2009	559,685,889 shares
FY 2008	559,685,889 shares

(b) Number of treasury stock at the end of the period

Second quarter of FY 2009	14,876,625 shares
FY 2008	14,872,196 shares

(c) Average number of shares issued during the period (six months)

Second quarter of FY 2009	544,811,746 shares
Second quarter of FY 2008	544,809,720 shares

Note: Explanation of the appropriate use of performance forecasts and other related items

1. Portions of this report that refer to performance forecasts or any other future events are believed to be reasonable under information available at the time of the forecasts. Actual financial results may materially differ from these forecasts due to potential risks and uncertainties.

For the specifics of the above forecasts, please refer to the item "3. Qualitative Information Regarding the Forecast for Consolidated Performance" on page 5 in the section of "Qualitative Information."

2. Beginning with the current consolidated fiscal year, the "Accounting Standards for the Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ), ASBJ Statement No. 12) and "Implementation Guidance on the Accounting Standards for Quarterly Financial Reporting" (ASBJ Guidance No. 14) have been applied. In addition, the "Rules for Quarterly Consolidated Financial Reporting" have been followed in the preparation of these consolidated financial statements. Please note that pursuant to the provisory clause to the Additional Regulations Article 7-1-5 of "Cabinet Order Revising a Portion of the Rules Regarding Terms, Forms, and Preparation Methods for the Financial Statements, Etc." (Cabinet Order No. 50, issued on August 7, 2008), the revised rules for preparation of consolidated financial statements have been applied from the first consolidated quarter of the current fiscal year.

Qualitative Information

1. Qualitative Information Regarding Operating Results (Consolidated)

(Millions of Yen)

	First six months of FY 2008 (Jan. 1, 2008–Jun. 30, 2008)	First six months of FY 2009 (Jan. 1, 2009–Jun. 30, 2009)	% Change
Revenues	145,877	191,691	+31.4
Sales (excluding Tamiflu)	143,312	160,572	+12.0
Cost of sales	56,298	83,867	+49.0
Gross profit	89,578	107,824	+20.4
Operating expenses	42,210	46,141	+9.3
R&D expenses	24,245	24,507	+1.1
Operating income	23,122	37,175	+60.8
Recurring profit	24,319	43,454	+78.7
Net income	18,872	26,306	+39.4

Consolidated revenues through the second quarter (January 1, 2009, to June 30, 2009) amounted to ¥191,691 million (a 31.4% increase year on year).

After exclusion of Tamiflu, an anti-viral drug for the treatment of influenza, and other operating revenues, sales were ¥160,572 million (a 12.0% increase year on year). Revenues of Tamiflu, which fluctuate widely from year to year, were ¥25,370 million (a 1,510.1% increase year on year), and other operating revenues amounted to ¥5,749 million (a 481.4% increase year on year).

Domestic Sales (Excluding Tamiflu)

In the oncology domain, sales amounted to ¥57,763 million (a 31.1% increase year on year). Although sales of Kytril (a 5-HT 3 receptor antagonist antiemetic agent) declined because of the effects of the emergence of many generic products, overall growth in sales in this domain was the result of steady penetration into the market of the Company's new products and products with indication extensions. These included Avastin (an anti-vascular endothelial growth factor (VEGF) receptor humanized monoclonal antibody and anti-cancer agent) and Herceptin (an anti-HER 2-humanized monoclonal antibody and anti-cancer agent), which received an indication extension in February 2008 for the adjuvant treatment of postoperative breast cancer patients.

In the bone and joint treatment domain, sales were ¥26,920 million (an 18.4% increase year on year). This expansion in sales was due to growth in sales of Actemra (a humanized anti-human IL-6 receptor monoclonal antibody), which received an additional indication in April 2008 for the treatment of rheumatoid arthritis and other indications.

In the transplant, immunology, and infectious disease domain (excluding Tamiflu), sales were ¥12,812 million (a 20.0% increase year on year). This growth was due to wider penetration of combination therapy of Pegasys (peginterferon-α-2a) and Copegus, an anti-viral agent, for the treatment of chronic hepatitis C.

On the other hand, sales in the renal treatment domain amounted to ¥28,804 million (a 2.3% decline year on year) because of lower sales of the recombinant human erythropoietin Epogin, reflecting the effect of revisions in drug prices in April 2008 and increased competition.

Tamiflu Anti-viral Influenza Agent

The Company forecast Tamiflu sales of ¥39,000 million through the second quarter (January 1, 2009, to June 30, 2009), but actual sales amounted to ¥25,370 million.

Because of the longer-than-usual 2008 and 2009 influenza season and concerns about a new strain of influenza, sales for the seasonal use recorded during the second quarter (April to June) alone were ¥4,979 million, bringing the total sales to ¥10,955 million for the period from January to June.

On the other hand, the shipments to the government health authorities expected in the second quarter (April to June) did not materialize, resulting in sales for the government stockpiles through the second quarter of ¥14,415 million.

Overseas Sales

Overseas sales amounted to ¥14,243 million (an 8.7% decline year on year). Although export sales of Actemra (European product name: RoActemra) to Roche began smoothly following the receipt of approval in January 2009 from the European Medicines Agency (EMEA), sales of Neutrogin, a recombinant human granulocyte-colony stimulating factor (G-CSF), declined because of the entry into the European market of bio-similar products and the effect of currency fluctuations, resulting in an overall decline in sales.

Profit (Loss) Condition

Total revenues amounted to ¥191,691 million (a 31.4% increase year on year) owing to the increase in product sales and a rise in other operating revenue including the receipt of a one-time, lump-sum amount following the approval for Actemra in Europe. However, as a result of the major expansion in sales of Roche products, including Tamiflu, which have a relatively high cost of sales ratio, the Company's cost of sales ratio rose to 45.1% (a 6.2 percentage point increase year on year), and gross profit amounted to ¥107,824 million (a 20.4% increase year on year).

Among selling, general and administrative expenses, operating expenses excluding R&D expenses totaled ¥46,141 million (a 9.3% increase year on year), reflecting increased expenditures for promoting the proper use of new products and existing products with new indications, post-marketing product research, and other items. R&D expenses totaled ¥24,507 million (a 1.1% increase year on year).

As a result, operating income amounted to ¥37,175 million (a 60.8% increase year on year). In addition, non-operating income rose to ¥6,864 million mainly because of the reporting of forward exchange contracts concluded to cover the risk of foreign exchange transactions. As a consequence, recurring profit was ¥43,454 million (a 78.7% increase year on year), and net income totaled ¥26,306 million (a 39.4% increase year on year).

Please note that beginning with the current consolidated fiscal year、 the accounting standards for the quarterly financial reporting have been applied, and the percent changes mentioned above are for reference purpose.

2. Qualitative Information Regarding Financial Condition (Consolidated)

Assets, Liabilities, and Net Assets

Total assets on a consolidated basis at the end of the second quarter were ¥501,749 million, up ¥23,232 million from the end of the previous fiscal year. The principal increase in assets was a rise in cash and deposits of ¥20,065 million.

Total liabilities were ¥85,752 million at the end of the second quarter, up ¥4,301 million from the end of the previous fiscal year. The principal movements in liability items were increases of ¥9,046 million in trade notes and accounts payable and ¥4,487 million in income taxes payable. As a result of declines in expenses payable and certain other items, other current liabilities decreased ¥8,162 million. Net working capital (current assets less current liabilities) amounted to ¥290,417 million at the end of the second quarter, and the current ratio was a high 452.1%, reflecting the strength of the Company's financial position.

Net assets at the end of the second quarter amounted to ¥415,997 million, up ¥18,930 million from the end of the previous fiscal year. The principal factor accounting for this increase was a rise in retained earnings of ¥15,928 million. Please note that the ratio of shareholders' equity to total assets was 82.5% (compared with 82.6% at the end of the previous fiscal year).

Cash Flows

Cash and cash equivalents at the end of the second quarter totaled ¥80,566 million, up ¥9,914 from the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥33,653 million. The Company reported income before income taxes and minority interests of ¥43,663 million and income taxes paid of ¥11,750 million through the end of the second quarter (January 1, 2009, to June 30, 2009).

Net cash used in investing activities was ¥13,336 million. Although proceeds from the sale of marketable securities exceeded purchases of marketable securities and investment securities by ¥5,098 million, this inflow was more than offset by the excess of payments into time deposits over proceeds from withdrawal of time deposits of ¥9,082 million and the excess of purchase of fixed assets over the proceeds from the sale of fixed assets of ¥9,365 million.

Net cash used in financing activities amounted to ¥11,041 million, as the Company paid cash dividends (including dividends to minority shareholders) of ¥11,033 million.

3. Qualitative Information Regarding the Forecast for Consolidated Performance

The Company has not made any changes in its forecast of consolidated results for the fiscal year ending December 2009 since the announcement regarding the forecast issued on February 4, 2009.

4. Others

(1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with change in scope of consolidation)

None

(2) Application of simplified accounting methods and/or special accounting method for preparation of the quarterly consolidated financial statements

(a) Simplified methods of accounting

(Valuation of inventories)

In calculating the amount of inventories at the end of the second consolidated quarter, the amount of inventories based on on-site inspections reported at the end of the previous consolidated accounting year is taken as a base, and the value of inventories is determined according to reasonable methods. In addition, in calculating write-downs in the book value of inventories, only for those inventories whose profitability has clearly declined, the net sale value is estimated, and the method of reducing book value to net sales value is used.

(Method for calculating depreciation of fixed assets)

For assets that are depreciated using the declining-balance method, the amount of depreciation for each quarter is calculated by dividing the amount of depreciation for the consolidated fiscal year into four equal installments and charging such installments as an expense for each quarter.

(Calculation of income taxes and deferred tax assets and deferred tax liabilities)

For certain consolidated subsidiaries, the method of increasing or decreasing material calculation items and material deduction items for income tax purposes is employed in calculating the amount of income taxes, etc., payable and in calculating deferred tax assets and deferred tax liabilities.

In making judgments regarding the recoverability of deferred income tax assets, in cases where it is recognized that there have been no major changes in the management environment since the end of the previous consolidated accounting year and no major temporary differences, the Company applies the method of using the forecast for future performance and tax planning employed at the time of the preparation of the accounts for the end of the previous consolidated fiscal year, and, in cases where it is recognized that there have been major changes in the management environment since the end of the previous consolidated accounting year and/or major temporary differences, the Company employs the method of taking account of such changes in the forecast for future performance and tax planning.

(b) Special accounting methods for preparation of the quarterly financial statements

None

(3) Changes in principles, procedures, methods of preparation, etc., related to the quarterly consolidated financial statements

Changes in items related to accounting standards

(a) Beginning with the current consolidated fiscal year, the "Accounting Standards for the Quarterly Financial Reporting" (ASBJ Statement No. 12) and "Implementation Guidance on the Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) have been applied. In addition, the "Rules for Quarterly Consolidated Financial Reporting" have been followed in the preparation of these consolidated financial statements. Please note that pursuant to the provisory clause to the Additional Regulations Article 7-1-5 of "Cabinet Order Revising a Portion of the Rules Regarding Terms, Forms, and Preparation Methods for the Financial Statements, Etc." (Cabinet Order No. 50, issued on August 7, 2008), the revised rules for preparation of consolidated financial statements have been applied from the first consolidated quarter of the current fiscal year.

(b) The Company and its domestic consolidated subsidiaries previously employed the gross average method based on the cost method in evaluating its regular inventories held for sale. However, beginning with the first consolidated quarter of the current fiscal year, the Company has applied the “Accounting Standards for Measurement of Inventories” (ASBJ Statement No. 9, issued on July 5, 2006). Accompanying this change in accounting standards, the Company has applied the gross average method based on the cost method (the method of reducing book value on the balance sheets based on the decline in the profitability). In addition, as a result of the application of these accounting standards, losses on inventories, which were formerly included in non-operating expenses, are now included in cost of sales. As a result of this change, operating income for the six months through the second quarter was reduced by ¥1,014 million from the amount it would have been under the previous standards. In addition, this change had no impact on recurring profit and income before income taxes and minority interests.

(c) Beginning with the first consolidated quarter, the Company has applied “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Reporting (Report No. 18 of Practical Issues Task Force, issued on May 17, 2006) and has made the necessary adjustments in its consolidated accounts. As a result of this change, retained earnings at the beginning of the year were ¥26 million lower than they would have been otherwise. In addition, for the six months through the second quarter, revenues were ¥150 million lower, operating income was ¥0 million lower, and recurring profit and income before income taxes and minority interests were each ¥1,391 million higher than they would have been otherwise.

(d) Regarding the accounting treatment for finance leases for which ownership is not transferred to the lessee, previously, the Company applied methods applicable to ordinary rental transactions. However, beginning with the accounting years that start on or after April 1, 2008, the Company has applied new accounting standards beginning with the first consolidated quarter of the current fiscal year as follows: “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13, originally issued on June 17, 1993 (by the First Committee of Business Accounting Council), and final revision issued on March 30, 2007) and “Implementation Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16, originally issued by the Accounting System Committee of the Japan Association of Certified Public Accountants on January 18, 1994, and revised on March 30, 2007). As a result of the application of these standards, such finance lease assets are now accounted for by methods applicable to ordinary buying and selling transactions. Also, depreciation for finance leases for which ownership is not transferred to the lessee is calculated by depreciating the purchase value of such assets to zero using the straight-line method over the applicable useful lives of such assets. This change had no impact on profitability.

Please note that for finance lease transactions for which ownership is not transferred to the lessee, and for which the lease period began before the first year these new accounting standards became applicable, the previous accounting standards apply and the accounting treatment follows the method applicable to ordinary rental transactions.

5. Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of June 30, 2009	As of December 31, 2008 (summary)
Assets		
I Current assets:		
Cash and deposits	90,833	70,768
Trade notes and accounts receivable	102,682	108,459
Marketable securities	54,492	54,715
Merchandise and finished goods	70,578	61,691
Work in process	2	56
Raw materials and supplies	23,411	16,988
Deferred tax assets	21,204	21,834
Other	9,735	9,900
Reserve for doubtful accounts	(30)	(60)
Total current assets	372,910	344,353
II Fixed assets:		
1. Tangible fixed assets:		
Buildings and structures (net)	54,033	55,330
Other (net)	42,189	43,015
Total tangible fixed assets	96,223	98,345
2. Intangible fixed assets:	2,967	3,106
3. Investments and other assets:		
Investment securities	10,588	14,387
Deferred tax assets	11,852	12,197
Other	7,424	6,353
Reserve for doubtful accounts	(216)	(226)
Total investments and other assets	29,648	32,711
Total fixed assets	128,839	134,163
Total assets	501,749	478,517

(Millions of Yen)

	As of June 30, 2009	As of December 31, 2008 (summary)
Liabilities		
I Current liabilities:		
Trade notes and accounts payable	37,812	28,765
Income taxes payable	15,869	11,381
Reserve for bonuses to employees	4,508	4,398
Other reserves	2,547	4,060
Other	21,755	29,917
Total current liabilities	82,492	78,523
II Fixed liabilities:		
Deferred tax liabilities	2	1
Reserves	2,966	2,857
Other	290	68
Total fixed liabilities	3,259	2,927
Total liabilities	85,752	81,451
Net assets		
I Shareholders' equity:		
1. Common stock	72,966	72,966
2. Additional paid-in capital	92,815	92,815
3. Retained earnings	286,937	271,008
4. Treasury stock, at cost	(35,175)	(35,168)
Total shareholders' equity	417,543	401,622
II Valuation and translation adjustments:		
1. Net unrealized gain on securities	1,987	1,354
2. Foreign currency translation adjustments	(5,799)	(7,889)
Total valuation and translation adjustments	(3,811)	(6,534)
III New share warrants	416	326
IV Minority interests	1,848	1,651
Total net assets	415,997	397,066
Total liabilities and net assets	501,749	478,517

(2) Consolidated Statements of Income

(Millions of Yen)

	First six months of FY 2009 (Jan. 1, 2009–Jun. 30, 2009)
I Revenues:	
Sales	185,942
Other operating revenues	5,749
Total revenues	191,691
II Cost of sales:	83,867
Gross profit	107,824
III Selling, general and administrative expenses:	
Sales promotion expenses	7,201
Salaries and benefits	13,773
Reserve for bonuses	2,727
R&D expenses	24,507
Other	22,439
Total selling, general and administrative expenses	70,649
Operating income	37,175
IV Non-operating income:	
Interest income	396
Gain on derivatives	5,516
Other	951
Total non-operating income	6,864
V Non-operating expenses:	
Interest expenses	14
Gain on foreign exchange	258
Other	312
Total non-operating expenses	586
Recurring profit	43,454
VI Extraordinary gain:	
Gain on sales of fixed assets	262
Total extraordinary gain	262
VII Extraordinary loss:	
Impairment loss	26
Loss on office realignment costs	25
Other	2
Total extraordinary loss	53
Income before income taxes and minority interests	43,663
Income taxes—current	15,590
Income taxes—deferred	957
Total income taxes	16,547
Minority interests	809
Net income	26,306

(3) Consolidated Statements of Cash Flow

(Millions of Yen)

		First six months of FY 2009 (Jan. 1, 2009–Jun. 30, 2009)
I	Cash flows from operating activities:	
	Income before income taxes and minority interests	43,663
	Depreciation and amortization	8,872
	Impairment loss	26
	Interest and dividend income	(452)
	Interest expenses	14
	Loss on disposal of fixed assets	47
	(Gain) on sales of fixed assets	(262)
	Loss on sales and revaluation of investment securities	1
	Decrease in notes and accounts receivable	6,054
	(Increase) in inventories	(14,629)
	Increase in notes and accounts payable	8,821
	Other	(7,195)
	Subtotal	44,962
	Interest and dividends received	456
	Interest paid	(15)
	Income taxes paid	(11,750)
	Net cash provided by operating activities	33,653
II	Cash flows from investing activities:	
	Payments into time deposits	(9,212)
	Proceeds from withdrawal of time deposits	129
	Purchase of marketable securities	(63,472)
	Proceeds from sales of marketable securities	69,200
	Purchase of investment securities	(628)
	Purchases of fixed assets	(9,726)
	Proceeds from sales of fixed assets	360
	Other	13
	Net cash (used in) investing activities	(13,336)
III	Cash flows from financing activities:	
	Net (increase) in treasury stock	(7)
	Cash dividends paid	(10,360)
	Cash dividends paid to minority interests	(672)
	Other	(0)
	Net cash (used in) financing activities	(11,041)
IV	Effect of exchange rate changes on cash and cash equivalents	638
V	Net increase in cash and cash equivalents	9,914
VI	Cash and cash equivalents at beginning of year	70,652
VII	Cash and cash equivalents at end of the period	80,566

Beginning with the current consolidated fiscal year, the "Accounting Standards for the Quarterly Financial Reporting" (ASBJ Statement No. 12) and "Implementation Guidance on the Accounting Standards for Quarterly Financial Reporting" (ASBJ Guidance No. 14) have been applied. In addition, the "Rules for Quarterly Consolidated Financial Reporting" have been followed in the preparation of these consolidated financial statements. Please note that pursuant to the provisory clause to the Additional Regulations Article 7-1-5 of "Cabinet Order Revising a Portion of the Rules Regarding Terms, Forms, and Preparation Methods for the Financial Statements, Etc." (Cabinet Order No. 50, issued on August 7, 2008), the revised rules for preparation of consolidated financial statements have been applied from the first consolidated quarter of the current fiscal year.

(4) Notes regarding Assumptions as a Going Concern

None

(5) Segment Information

Business Segments

For the first six months ended June 30, 2009 (Jan. 1, 2009–Jun. 30, 2009)

The Company and its consolidated subsidiaries have been comprised of a single business segment, "Pharmaceutical business"; the disclosure of business segment information has been omitted.

Geographical Segments

For the first six months ended June 30, 2009 (Jan. 1, 2009–Jun. 30, 2009)

As net sales of the foreign consolidated subsidiaries were less than 10% of consolidated totals, the disclosure of geographical segment information has been omitted.

Overseas Sales

For the first six months ended June 30, 2009 (Jan. 1, 2009–Jun. 30, 2009)

As overseas sales (¥16,178 million) were less than 10% of consolidated net sales, the disclosure of overseas sales in countries or regions outside Japan has been omitted.

(6) Notes regarding Major Changes in Shareholders' Equity

None

[Reference]

Financial Statements for the Same Period of the Previous Fiscal Year

(1) Summary of Consolidated Statements of Income

(Millions of Yen, %)

		First half of FY 2008 (Jan. 1, 2008–Jun. 30, 2008)		
I	Revenues:			
	Sales	144,888		
	Royalties and other operating income	988	145,877	100.0
II	Cost of sales:		56,298	38.6
	Gross profit		89,578	61.4
III	Selling, general and administrative expenses:			
	Sales promotion expenses	5,974		
	Salaries and benefits	13,359		
	Reserve for bonuses	2,521		
	R&D expenses	24,245		
	Other	20,355	66,456	45.6
	Operating income		23,122	15.9
IV	Non-operating income:			
	Interest income	810		
	Dividend income	64		
	Life insurance dividends received	332		
	Gain on foreign exchange	234		
	Gain on derivatives	183		
	Other	810	2,436	1.7
V	Non-operating expenses:			
	Interest expenses	67		
	Loss on disposal of fixed assets	95		
	Loss on inventories	870		
	Other	206	1,239	0.8
	Recurring profit		24,319	16.7
VI	Extraordinary gain:			
	Gain on sales of fixed assets	403		
	Gains on settlement of co-development costs	6,340		
	Subsidies received	500	7,244	5.0
VII	Extraordinary loss:			
	Loss on sales of fixed assets	0		
	Impairment loss	7		
	Loss on office realignment costs	186		
	Retirement benefits	107		
	Loss on revaluation of investment securities	19	321	0.2
	Income before income taxes and minority interests		31,241	21.4
	Income taxes			
	Current	10,792		
	Deferred	696	11,488	7.9
	Minority interests		880	0.6
	Net income		18,872	12.9

(2) Summary of Consolidated Statements of Cash Flow

(Millions of Yen)

		First half of FY 2008 (Jan. 1, 2008–Jun. 30, 2008)
I	Cash flows from operating activities:	
	Income before income taxes and minority interests	31,241
	Depreciation and amortization	9,292
	Impairment loss	7
	(Decrease) in reserve for employees' retirement benefits	(391)
	Interest and dividend income	(874)
	Interest expense	67
	Loss on disposal of fixed assets	95
	(Gain) on sales of fixed assets	(403)
	Loss on sales and revaluation of investment securities	19
	Decrease in notes and accounts receivable	13,344
	(Increase) in inventories	(8,876)
	Increase in notes and accounts payable	5,039
	(Decrease) in accrued consumption tax	(1,815)
	Other	(7,581)
	Subtotal	39,166
	Interest and dividends received	793
	Interest paid	(67)
	Income taxes paid	(16,402)
	Net cash provided by operating activities	23,489
II	Cash flows from investing activities:	
	Purchase of marketable securities	(107,932)
	Proceeds from sales of marketable securities	109,500
	Purchase of investment securities	(3,502)
	Purchases of fixed assets	(13,266)
	Proceeds from sales of fixed assets	488
	Net decrease in long-term loans	17
	Net cash (used in) investing activities	(14,695)
III	Cash flows from financing activities:	
	Redemption of bonds	(0)
	Net (increase) in treasury stock	(4)
	Cash dividends paid	(8,165)
	Cash dividends paid to minority interests	(639)
	Net cash (used in) financing activities	(8,810)
IV	Effect of exchange rate changes on cash and cash equivalents	(653)
V	Net increase (decrease) in cash and cash equivalents	(669)
VI	Cash and cash equivalents at beginning of year	73,723
VII	Cash and cash equivalents at end of the period	73,053

(3) Segment Information

Business Segments

For the first half ended June 30, 2008 (Jan. 1, 2008–Jun. 30, 2008)

The Company and its consolidated subsidiaries have been comprised of a single business segment, “Pharmaceutical business”; the disclosure of business segment information has been omitted.

Geographical Segments

For the first half ended June 30, 2008 (Jan. 1, 2008–Jun. 30, 2008)

As net sales of the foreign consolidated subsidiaries constituted less than 10% of consolidated totals, the disclosure of geographical segment information has been omitted.

Overseas Sales

For the first half ended June 30, 2008 (Jan. 1, 2008–Jun. 30, 2008)

(Millions of Yen)

Overseas sales	15,677
Net sales	145,877
% of net sales	10.7

Notes: 1. Overseas sales are defined as sales made by the Company and its consolidated subsidiaries in countries or regions outside Japan.

2. Information on sales by a country or regional classification has been omitted because the amounts of sales by principal countries and regions are not material.