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.

CHUGAI PHARMACEUTICAL CO., LTD.

A member of the Roche group

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

Name of Company:	**Chugai Pharmaceutical Co., Ltd.**	April 24, 2009
Stock Listing:	Tokyo	
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. Mamoru Togashi, General Manager of Corporate Communications and IR Department

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

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

Date on which Dividend Payments to Commence: —

1. Consolidated Operating Results for the First Quarter of FY 2009 (January 1, 2009–March 31, 2009)

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

	Revenues	% change	Operating Income	% change	Recurring Profit	% change
1st quarter of FY 2009 (Jan.-Mar.)	¥94,690 million	—	¥17,531 million	—	¥22,797 million	—
1st quarter of FY 2008 (Jan.-Mar.)	¥66,160 million	(27.4)	¥10,060 million	(50.6)	¥10,231 million	(51.7)

	Net Income	% change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
1st quarter of FY 2009 (Jan.-Mar.)	¥13,767 million	—	¥25.27	¥25.27
1st quarter of FY 2008 (Jan.-Mar.)	¥ 6,698 million	(49.6)	¥12.30	¥12.29

Note: Percentages represent changes compared 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 Mar. 31, 2009	¥478,746 million	¥400,358 million	83.3%	¥731.74
As of Dec. 31, 2008	¥478,517 million	¥397,066 million	82.6%	¥725.18

Reference: Shareholders' equity at March 31, 2009: ¥398,658 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	—				
FY ending Dec. 2009 (Forecast)		¥17.00	—	¥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
First half of FY 2009	¥199,500 million	—	¥35,000 million	—	¥35,500 million	—
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)
First half of FY 2009	¥22,000 million	—	¥40.38
Full year of FY 2009	¥40,000 million	1.9	¥73.42

Notes: 1. % change figures for revenues, operating income, recurring profit, and net income is 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 page 4-6 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 page 4-6 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)

First 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

First quarter of FY 2009	14,874,716 shares
FY 2008	14,872,196 shares

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

First quarter of FY 2009	544,813,006 shares
First quarter of FY 2008	544,805,002 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 4 in the section of "Qualitative Information."

2. Beginning with the current consolidated fiscal year, the "Accounting Standards for the Quarterly Financial Statements" (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.

Qualitative Information

1. Qualitative Information Regarding Operating Results (Consolidated)

(Millions of Yen)

	First Quarter of FY2008	First Quarter of FY 2009	% Change
Revenues	66,160	94,690	+43.1
Sales (excluding Tamiflu)	64,369	72,511	+12.6
Cost of sales	24,969	43,735	+75.2
Gross profit	41,191	50,955	+23.7
Operating expenses	19,380	21,593	+11.4
R&D expenses	11,750	11,830	+0.7
Operating income	10,060	17,531	+74.3
Recurring profit	10,231	22,797	+122.8
Net income	6,698	13,767	+105.5

Consolidated revenues in the first quarter (cumulative) amounted to ¥94,690 million (a 43.1% increase year on year).

After exclusion of Tamiflu, an antiviral drug for the treatment of influenza, and other operating revenues, sales were ¥72,511 million (a 12.6% increase year on year). Revenues of Tamiflu, which fluctuate widely during the course of the year, were ¥20,391 million (a 1,208.0% increase year on year), and other operating revenues amounted to ¥1,788 million (a 673.1% increase year on year).

Domestic Sales (Excluding Tamiflu)

In the oncology domain, sales amounted to ¥25,681 million (an increase of 36.0% year on year). This growth was the result of steady penetration into the market of the Company's new products and products with indication extensions, including 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 post-operative breast cancer patients.

In the bone and joint treatment domain, sales were ¥12,156 million (an increase of 23.7% 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 disorders.

In the transplant, immunity, and infectious diseases domain (excluding Tamiflu), sales were ¥5,915 million (an increase of 23.9% year on year). This growth was due to the wider use of Pegasys (peginterferon-alfa-2a) and Copegus, an anti-viral agent, which are being used in combination more frequently for the treatment of chronic hepatitis C.

On the other hand, sales in the renal treatment domain amounted to ¥13,015 million (a decrease of 4.8% 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.

Overseas Sales

Overseas sales amounted to ¥6,315 million (a decrease of 18.6% year on year). Sales of Actemra (European product name: RoActemra) began in Germany in January 2009, following the receipt of approval from the European Medicines Agency (EMEA) in the same month, and the Company reported exports to Roche. However, sales of Neutrogen, a recombinant human granulocyte-colony stimulating factor (G-CSF), declined because of the entry into the European market of bio-similar products and the effects of currency fluctuations, resulting in an overall decline in sales.

Profit (Loss) Condition

Total revenues amounted to ¥94,690 million (an increase of 43.1% year on year) owing to the increase in product sales and a rise in other operating income following the receipt of approval for Actemra in Europe. However, as a result of the major increase 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

47.1% (a 9.2 percentage point increase year on year), and gross profit amounted to ¥50,955 million (a 23.7% increase year on year).

Among Selling, general and administrative expenses, operating expenses excluding R&D expenses totaled ¥21,593 million (an 11.4% 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 ¥11,830 million (a 0.7% increase year on year).

As a result, operating income was ¥17,531 million (a 74.3% increase year on year). In addition, non-operating income rose to ¥5,440 million because of the reporting of a gain on forward foreign exchange contracts concluded to cover the risk of foreign exchange transactions. As a consequence, recurring profit was ¥22,797 million (an increase of 122.8%), and net income amounted to ¥13,767 million (a gain of 105.5%).

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 first quarter were ¥478,746 million, up ¥228 million compared with the end of the previous fiscal year. The principal movements in asset items were a decline in marketable securities of ¥8,680 million and an increase in cash and deposits of ¥6,816 million.

Total liabilities were ¥78,387 million at the end of the first quarter, down ¥3,063 million compared with the end of the previous fiscal year. The principal movements in liability items were a decline in other current liabilities of ¥9,035 million, owing to a drop in expenses payable and certain other items, and an increase in trade notes and accounts payable of ¥5,264 million. Net working capital (current assets less current liabilities) amounted to ¥272,465 million, and the current ratio was a high 461.4%, reflecting the strength of the Company’s financial position.

Net assets at the end of the first quarter amounted to ¥400,358 million, up ¥3,292 million from the end of the previous fiscal year. The principal factor accounting for this increase was a rise in retained earnings of ¥3,389 million. Please note that the ratio of shareholders’ equity to total assets was 83.3% (compared with 82.6% at the end of the previous fiscal year).

Cash Flows

Cash and cash equivalents at the end of the first quarter totaled ¥68,133 million, down ¥2,518 million from the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥13,006 million. The Company reported income before income taxes and minority interests of ¥23,052 million and income taxes paid of ¥11,024 million.

Net cash used in investing activities was ¥3,893 million. Although proceeds from the sale of marketable securities and investment securities exceeded purchases of marketable securities and investment securities by ¥10,584 million, this inflow was more than offset by payments into time deposits of ¥9,035 million (as the Company shifted from time deposits maturing in three months or less to time deposits maturing in more than three months) and purchases of fixed assets of ¥5,755 million.

Net cash used in financing activities amounted to ¥11,048 million, as the Company paid cash dividends (including dividends to minority shareholders) of ¥11,044 million.

3. Qualitative Information Regarding the Forecast for Consolidated Performance

The Company has not made any changes in its forecast of consolidated results for 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 first 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 August 7, 2008), the revised rules for preparation of consolidated financial statements have been applied.

(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 was reduced by ¥681 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 May 17, 2006) and has made the necessary adjustments in its consolidated accounts. As a result of this change, retained earnings-beginning was ¥26 million lower than they would have been otherwise. In addition, revenues were ¥71 million lower, operating income was ¥1 million lower, and recurring profit as well as income before income taxes and minority interests were each ¥516 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 consolidated fiscal year as follows: “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13, originally issued on June 17, 1993 (by the First Subcommittee of the 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 leases 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 March 31, 2009	As of December 31, 2008
Assets		
I Current assets:		
Cash and deposits	77,584	70,768
Trade notes and accounts receivable	111,291	108,459
Marketable securities	46,034	54,715
Merchandise and finished goods	62,082	61,691
Work in process	248	56
Raw materials and supplies	16,337	16,988
Deferred tax assets	22,828	21,834
Other	11,479	9,900
Reserve for doubtful accounts	(31)	(60)
Total current assets	347,856	344,353
II Fixed assets:		
1. Tangible fixed assets:		
Buildings and structures (net)	54,314	55,330
Other (net)	42,738	43,015
Total tangible fixed assets	97,052	98,345
2. Intangible fixed assets:	3,227	3,106
3. Investments and other assets:		
Investment securities	11,778	14,387
Deferred tax assets	12,426	12,197
Other	6,617	6,353
Reserve for doubtful accounts	(211)	(226)
Total investments and other assets	30,610	32,711
Total fixed assets	130,890	134,163
Total assets	478,746	478,517

(Millions of Yen)

	As of March 31, 2009	As of December 31, 2008
Liabilities		
I Current liabilities:		
Trade notes and accounts payable	34,030	28,765
Income taxes payable	9,963	11,381
Reserve for bonuses to employees	8,517	4,398
Other reserves	1,997	4,060
Other	20,881	29,917
Total current liabilities	75,390	78,523
II Fixed liabilities:		
Deferred tax liabilities	2	1
Reserves	2,919	2,857
Other	75	68
Total fixed liabilities	2,996	2,927
Total liabilities	78,387	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	274,398	271,008
4. Treasury stock, at cost	(35,172)	(35,168)
Total shareholders' equity	405,008	401,622
II Valuation and translation adjustments:		
1. Net unrealized gain on securities	929	1,354
2. Foreign currency translation adjustments	(7,279)	(7,889)
Total valuation and translation adjustments	(6,350)	(6,534)
III New share warrants	368	326
IV Minority interests	1,331	1,651
Total net assets	400,358	397,066
Total liabilities and net assets	478,746	478,517

(2) Consolidated Statements of Income

(Millions of Yen)

		First quarter of FY 2009 (Jan. 1, 2009–Mar. 31, 2009)
I	Revenues:	
	Sales	92,902
	Other operating revenues	1,788
	Total revenues	94,690
II	Cost of sales:	43,735
	Gross profit	50,955
III	Selling, general and administrative expenses:	
	Sales promotion expenses	3,143
	Salaries and benefits	5,594
	Reserve for bonuses	2,634
	R&D expenses	11,830
	Other	10,221
	Total selling, general and administrative expenses	33,424
	Operating income	17,531
IV	Non-operating income:	
	Interest income	233
	Gain on derivatives	4,485
	Other	721
	Total non-operating income	5,440
V	Non-operating expenses:	
	Interest expenses	12
	Loss on disposal of fixed assets	107
	Other	54
	Total non-operating expenses	174
	Recurring profit	22,797
VI	Extraordinary gain:	
	Gain on sales of fixed assets	262
	Total extraordinary gain	262
VII	Extraordinary loss:	
	Loss on office realignment costs	5
	Loss on revaluation of investment securities	1
	Other	0
	Total extraordinary loss	8
	Income before income taxes and minority interests	23,052
	Income taxes current	9,663
	Income taxes deferred	(782)
	Total Income taxes	8,881
	Minority interests	403
	Net income	13,767

(3) Consolidated Statements of Cash Flow

(Millions of Yen)

		First quarter of FY 2009 (Jan. 1, 2009–Mar. 31, 2009)
I	Cash flows from operating activities:	
	Income before income taxes and minority interests	23,052
	Depreciation and amortization	4,180
	Impairment loss	0
	Interest and dividend income	(233)
	Interest expense	12
	Loss on disposal of fixed assets	10
	(Gain) on sales of fixed assets	(261)
	Loss on sales and revaluation of investment securities	1
	(Increase) in notes and accounts receivable	(2,718)
	Decrease in inventories	266
	Increase in notes and accounts payable	5,168
	Other	(5,687)
	Subtotal	23,790
	Interest and dividends received	253
	Interest paid	(12)
	Income taxes paid	(11,024)
	Net cash provided by operating activities	13,006
II	Cash flows from investing activities:	
	Payments into time deposits	(9,035)
	Purchase of marketable securities	(31,488)
	Proceeds from sales of marketable securities	42,700
	Purchase of investment securities	(626)
	Purchases of fixed assets	(5,755)
	Proceeds from sales of fixed assets	308
	Other	4
	Net cash (used in) by investing activities	(3,893)
III	Cash flows from financing activities:	
	Net (increase) decrease in treasury stock	(4)
	Cash dividends paid	(10,371)
	Cash dividends paid to minority interests	(672)
	Other	(0)
	Net cash (used in) by financing activities	(11,048)
IV	Effect of exchange rate changes on cash and cash equivalents	(583)
V	Net increase (decrease) in cash and cash equivalents	(2,518)
VI	Cash and cash equivalents at beginning of year	70,652
VII	Cash and cash equivalents at end of the period	68,133

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 August 7, 2008), the revised rules for preparation of consolidated financial statements have been applied.

(4) Notes Regarding Assumptions as a Going Concern

None

(5) Segment Information

Business Segments

For the first quarter ended March 31, 2009 (Jan. 1, 2009 – March 31, 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 quarter ended March 31, 2009 (Jan. 1, 2009 – March 31, 2009)

As net sales and total assets 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 quarter ended March 31, 2009 (Jan. 1, 2009 – March 31, 2009)

As overseas sales (¥7,972 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 First Quarter of the Previous Fiscal Year

(1) Summary of Consolidated Statements of Income

(Millions of Yen)

		First quarter of FY 2008 (Jan. 1, 2008–Mar. 31, 2008)	
I	Revenues:		
	Sales	65,928	
	Royalties and other operating income	231	66,160
II	Cost of sales:		24,969
	Gross profit		41,191
III	Selling, general and administrative expenses:		
	Sales promotion expenses	2,449	
	Salaries and benefits	5,335	
	Reserve for bonuses	2,489	
	R&D expenses	11,750	
	Other	9,105	31,130
	Operating income		10,060
IV	Non-operating income:		
	Interest income	392	
	Dividend income	0	
	Life insurance dividends received	332	
	Gain on derivatives	107	
	Other	446	1,279
V	Non-operating expenses:		
	Interest expenses	29	
	Loss on disposal of fixed assets	21	
	Loss on inventories	859	
	Loss on foreign exchanges	70	
	Other	128	1,109
	Recurring profit		10,231
VI	Extraordinary gain:		
	Gain on sales of fixed assets	403	
	Subsidies received	500	903
VII	Extraordinary loss:		
	Loss on sales of fixed assets	0	
	Impairment loss	2	
	Loss on office realignment costs	8	
	Retirement benefits	107	118
	Income before income taxes and minority interests		11,016
	Income taxes		3,874
	Minority interests		443
	Net income		6,698

(2) Summary of Consolidated Statements of Cash Flow

(Millions of Yen)

		First quarter of FY 2008 (Jan. 1, 2008–Mar. 31, 2008)
I	Cash flows from operating activities:	
	Income before income taxes and minority interests	11,016
	Depreciation and amortization	4,375
	Impairment loss	2
	(Decrease) in reserve for employees' retirement benefits	(209)
	Interest and dividend income	(392)
	Interest expense	29
	Loss on disposal of fixed assets	21
	(Gain) on sales of fixed assets	(403)
	Decrease in notes and accounts receivable	22,110
	(Increase) in inventories	(3,698)
	Increase in notes and accounts payable	1,729
	(Decrease) in accrued consumption tax	(1,265)
	Other	(8,302)
	Subtotal	25,013
	Interest and dividends received	317
	Interest paid	(30)
	Income taxes paid	(15,455)
	Net cash provided by operating activities	9,845
II	Cash flows from investing activities:	
	Purchase of marketable securities	(44,459)
	Proceeds from sales of marketable securities	48,000
	Purchase of investment securities	(3,501)
	Purchases of fixed assets	(2,686)
	Proceeds from sales of fixed assets	454
	Net (increase) decrease in long-term loans	5
	Net cash (used in) by investing activities	(2,187)
III	Cash flows from financing activities:	
	Redemption of bonds	(0)
	Net (increase) decrease in treasury stock	(0)
	Cash dividends paid	(8,179)
	Cash dividends paid to minority interests	(640)
	Net cash (used in) by financing activities	(8,819)
IV	Effect of exchange rate changes on cash and cash equivalents	(2,176)
V	Net increase (decrease) in cash and cash equivalents	(3,337)
VI	Cash and cash equivalents at beginning of year	73,723
VII	Cash and cash equivalents at end of the period	70,385

(3) Segment Information

Business Segments

For the first quarter ended March 31, 2008 (Jan. 1, 2008 – March 31, 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 quarter ended March 31, 2008 (Jan. 1, 2008 – March 31, 2008)

As net sales and total assets 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 quarter ended March 31, 2008 (Jan. 1, 2008– March 31, 2008)

(Millions of Yen)

Overseas sales	7,828
Net sales	66,160
% of net sales	11.8

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.