




CHUGAI PHARMACEUTICAL CO., LTD.

 A member of the Roche group

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

Name of Company: **Chugai Pharmaceutical Co., Ltd.** October 27, 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
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 Date of Submission of Marketable Securities Filings: November 11, 2009
 Date on which Dividend Payments to Commence: —

1. Consolidated Operating Results through the Third Quarter of FY 2009 (January 1, 2009–September 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 nine months of FY 2009	¥309,713 million	—	¥58,784 million	—	¥66,043 million	—
First nine months of FY 2008	¥229,680 million	(8.3)	¥39,823 million	(18.8)	¥42,707 million	(16.2)

	Net Income	% change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
First nine months of FY 2009	¥40,889 million	—	¥75.07	¥75.06
First nine months of FY 2008	¥30,141 million	(0.3)	¥55.32	¥55.32

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 Sep. 30, 2009	¥505,306 million	¥418,419 million	82.4%	¥765.47
As of Dec. 31, 2008	¥478,517 million	¥397,066 million	82.6%	¥725.18

Reference: Shareholders' equity at September 30, 2009: ¥416,544 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	Total
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	¥420,000 million	28.5	¥67,000 million	29.9	¥74,000 million	29.2

	Net Income	% Change	Net Income per Share (Basic)
Full year of FY 2009	¥46,000 million	17.2	¥84.53

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)

Third 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

Third quarter of FY 2009	15,518,745 shares
FY 2008	14,872,196 shares

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

Third quarter of FY 2009	544,665,306 shares
Third quarter of FY 2008	544,821,597 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 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)

(Billions of Yen)

	First nine months of FY 2008 (Jan. 1, 2008–Sep. 30, 2008)	First nine months of FY 2009 (Jan. 1, 2009–Sep. 30, 2009)	% Change
Revenues	229.7	309.7	+34.8
Sales (excluding Tamiflu)	223.2	247.6	+10.9
Cost of sales	87.6	143.3	+63.6
Gross profit	142.1	166.4	+17.1
Operating expenses	65.9	69.8	+5.9
R&D expenses	36.3	37.8	+4.1
Operating income	39.8	58.8	+47.7
Recurring profit	42.7	66.0	+54.6
Net income	30.1	40.9	+35.9

Consolidated revenues through the third quarter (January 1, 2009, to September 30, 2009) amounted to ¥309.7 billion (a 34.8% increase year on year).

After the exclusion of Tamiflu, an anti-viral drug for the treatment of influenza, and other operating revenues, sales were ¥247.6 billion (an increase of 10.9% year on year). Sales of Tamiflu, which fluctuate widely from year to year, were ¥55.8 billion, and other operating revenues amounted to ¥6.3 billion (a 31.3% increase year on year).

Domestic Sales (Excluding Tamiflu)

In the oncology domain, sales amounted to ¥88.9 billion (a 25.6% increase year on year). Although sales of Kytril (a 5-HT₃ 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), which has expanded its market penetration in first-line and second-line treatments, and Herceptin (an anti-HER2-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 renal treatment domain, sales amounted to ¥44.4 billion (a 0.4% decline year on year). This was because sales of the recombinant human erythropoietin Epogin rose above the level of the same quarter of the previous year during the third quarter (July–September), reflecting steady expansion in Epogin's share in the pre-dialysis market despite a decline in sales in the dialysis market.

In the bone and joint treatment domain, sales were ¥41.2 billion (a 17.0% 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, and expansion in Actemra's market share.

In the transplant, immunology, and infectious disease domain (excluding Tamiflu), sales were ¥19.3 billion (a 14.9% increase year on year). This growth was due to expanding use of a government-sponsored program, which started in April 2008, to provide support for costs of interferon treatment for hepatitis C patients and the wider penetration of combination therapy of Pegasys (peginterferon- α -2a) and Copegus, an anti-viral agent for the treatment of chronic hepatitis C.

Tamiflu Anti-Viral Influenza Agent

Because of the new strain of influenza, sales of Tamiflu for ordinary use recorded during the third quarter (July–September) alone were ¥7.6 billion, bringing the total sales for the period from January through September to ¥18.5 billion.

Sales to government stockpiles in the third quarter (July–September) were ¥22.9 billion, bringing the total sales for the period from January through September to ¥37.3 billion.

Overseas Sales

Overseas sales amounted to ¥23.7 billion (a 4.8% decline year on year). Although export sales of Actemra (European product name: RoActemra) to Roche began smoothly following the approval in January 2009 by the European Medicines Agency (EMA), sales of Neutrogen, a recombinant human granulocyte-colony stimulating factor (G-CSF), declined because of the effect of currency fluctuations, resulting in an overall decline in overseas sales.

Profit (Loss) Condition

Revenues amounted to ¥309.7 billion (a 34.8% 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 substantial 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 47.2% (an 8.2 percentage point increase year on year), and gross profit amounted to ¥166.4 billion (a 17.1% rise year on year, which was lower in percentage terms than the increase in overall revenues).

Among selling, general and administrative expenses, operating expenses excluding R&D expenses totaled ¥69.8 billion (a 5.9% 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 ¥37.8 billion (an increase of 4.1% year on year), as a result of an increase in the number of items in early development stages and expansion in R&D equipment.

As a result, operating income amounted to ¥58.8 billion (a 47.7% increase year on year). In addition, recurring profit rose to ¥66.0 billion (a 54.6% increase year on year), mainly because of the reporting of ¥7.8 billion in non-operating gains in connection with forward exchange contracts concluded to reduce the risk of foreign exchange transactions. Net income totaled ¥40.9 billion (a 35.9% increase year on year).

Notes: 1. In this item, amounts less than ¥100 million have been rounded off. Figures for changes in amounts and percentage increases and decreases have been calculated using data denominated in ¥100 million units.

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

2. Qualitative Information Regarding Financial Condition (Consolidated)**Assets, Liabilities, and Net Assets**

Total assets on a consolidated basis at the end of the third quarter were ¥505.3 billion, up ¥26.8 billion compared with the end of the previous fiscal year. The principal increases in assets were a rise in cash and deposits of ¥6.8 billion, an increase in trade notes and accounts receivable of ¥13.3 billion, and a rise in merchandise and finished goods of ¥8.7 billion.

Total liabilities were ¥86.9 billion at the end of the third quarter, up ¥5.4 billion from the end of the previous fiscal year. The principal increase in liability items was a rise of ¥5.5 billion in trade notes and accounts payable, and net working capital (current assets less current liabilities) amounted to ¥294.4 billion.

Net assets at the end of the third quarter amounted to ¥418.4 billion, representing an increase of ¥21.3 billion over the end of the previous fiscal year. The principal factor accounting for this increase was a rise in retained earnings of ¥21.3 billion.

Cash Flows

Cash and cash equivalents at the end of the third quarter totaled ¥64.6 billion, down ¥6.1 billion from the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥36.9 billion. The Company reported income before income taxes and minority interests of ¥66.3 billion and income taxes paid of ¥23.5 billion through the end of the third quarter.

Net cash used in investing activities was ¥21.6 billion. The net proceeds due to purchases and sales of marketable and investment securities was ¥4.1 billion but this was offset by net payments into time deposits of ¥13.1 billion and net purchases of fixed assets amounting to ¥12.7 billion.

Net cash used in financing activities amounted to ¥22.3 billion. Payments of dividends, including those to minority shareholders, totaled ¥21.1 billion.

Notes: In this item, amounts less than ¥100 million have been rounded off. Figures for changes in amounts and percentage increases and decreases have been calculated using data denominated in ¥100 million units.

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 October 7, 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 third 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 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.

- (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 nine months through the third quarter was reduced by ¥1,049 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 nine months through the third quarter, revenues were ¥232 million lower, operating income was ¥0 million lower, and recurring profit and income before income taxes and minority interests were each ¥694 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 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 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 September 30, 2009	As of December 31, 2008 (Summary)
Assets		
I Current assets:		
Cash and deposits	77,622	70,768
Trade notes and accounts receivable	121,775	108,459
Marketable securities	55,606	54,715
Merchandise and finished goods	70,377	61,691
Work in process	166	56
Raw materials and supplies	19,860	16,988
Deferred tax assets	21,449	21,834
Other	10,913	9,900
Reserve for doubtful accounts	(34)	(60)
Total current assets	377,738	344,353
II Fixed assets:		
1. Tangible fixed assets:		
Buildings and structures (net)	52,899	55,330
Other (net)	40,774	43,015
Total tangible fixed assets	93,674	98,345
2. Intangible fixed assets:	2,722	3,106
3. Investments and other assets:		
Investment securities	9,803	14,387
Deferred tax assets	13,425	12,197
Other	8,163	6,353
Reserve for doubtful accounts	(221)	(226)
Total investments and other assets	31,171	32,711
Total fixed assets	127,568	134,163
Total assets	505,306	478,517

(Millions of Yen)

	As of September 30, 2009	As of December 31, 2008 (Summary)
Liabilities		
I Current liabilities:		
Trade notes and accounts payable	34,326	28,765
Income taxes payable	14,308	11,381
Reserve for bonuses to employees	9,088	4,398
Other reserves	2,825	4,060
Other	22,734	29,917
Total current liabilities	83,282	78,523
II Fixed liabilities:		
Deferred tax liabilities	—	1
Reserves	3,322	2,857
Other	281	68
Total fixed liabilities	3,604	2,927
Total liabilities	86,887	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	292,258	271,008
4. Treasury stock, at cost	(36,326)	(35,168)
Total shareholders' equity	421,714	401,622
II Valuation and translation adjustments:		
1. Net unrealized gain on securities	1,685	1,354
2. Foreign currency translation adjustments	(6,855)	(7,889)
Total valuation and translation adjustments	(5,170)	(6,534)
III New share warrants	476	326
IV Minority interests	1,398	1,651
Total net assets	418,419	397,066
Total liabilities and net assets	505,306	478,517

(2) Consolidated Statements of Income

(Millions of Yen)

	First Nine Months of FY 2009 (Jan. 1, 2009–Sep. 30, 2009)
I Revenues:	
Sales	303,432
Other operating revenues	6,280
Total revenues	309,713
II Cost of sales	143,301
Gross profit	166,411
III Selling, general and administrative expenses:	
Sales promotion expenses	11,241
Salaries and benefits	19,591
Reserve for bonuses	5,456
R&D expenses	37,785
Other	33,552
Total selling, general and administrative expenses	107,626
Operating income	58,784
IV Non-operating income:	
Interest income	544
Gain on derivatives	6,059
Other	1,165
Total non-operating income	7,770
V Non-operating expenses:	
Interest expenses	16
Loss on abandonment of noncurrent assets	178
Loss on retirement of noncurrent assets	138
Other	177
Total non-operating expenses	510
Recurring profit	66,043
VI Extraordinary gain:	
Gain on sales of noncurrent assets	264
Gain on extinguishment of tie-in shares	25
Total extraordinary gain	289
VII Extraordinary loss:	
Impairment loss	26
Restructuring loss	51
Other	2
Total extraordinary loss	80
Income before income taxes and minority interests	66,253
Income taxes—current	25,005
Income taxes—deferred	(862)
Total income taxes	24,142
Minority interests	1,220
Net income	40,889

(3) Consolidated Statements of Cash Flow

(Millions of Yen)

	First Nine Months of FY 2009 (Jan. 1, 2009–Sep. 30, 2009)
I Cash flows from operating activities:	
Income before income taxes and minority interests	66,253
Depreciation and amortization	14,076
Impairment loss	26
Interest and dividend income	(600)
Interest expenses	16
Loss on write-off of fixed assets	138
(Gain) on sales of fixed assets	(263)
Loss on sales and revaluation of investment securities	1
(Increase) in notes and accounts receivable	(13,191)
(Increase) in inventories	(11,347)
Increase in notes and accounts payable	5,445
Other	(719)
Subtotal	59,835
Interest and dividends received	586
Interest paid	(16)
Income taxes paid	(23,523)
Net cash provided by operating activities	36,881
II Cash flows from investing activities:	
Payments into time deposits	(23,276)
Proceeds from withdrawal of time deposits	10,171
Purchase of marketable securities	(88,163)
Proceeds from sales of marketable securities	92,900
Purchase of investment securities	(629)
Purchases of fixed assets	(12,982)
Proceeds from sales of fixed assets	328
Other	15
Net cash (used in) investing activities	(21,636)
III Cash flows from financing activities:	
Net (increase) in treasury stock	(1,158)
Cash dividends paid	(19,631)
Cash dividends paid to minority interests	(1,502)
Other	(1)
Net cash (used in) financing activities	(22,293)
IV Effect of exchange rate changes on cash and cash equivalents	968
V Net decrease in cash and cash equivalents	(6,080)
VI Cash and cash equivalents at beginning of year	70,652
VII Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	6
VIII Cash and cash equivalents at end of the period	64,578

Beginning with the current consolidated fiscal year, the “Accounting Standards for 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 nine months of FY 2009 (Jan. 1, 2009–Sep. 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 nine months of FY 2009 (Jan. 1, 2009–Sep. 30, 2009)

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

Overseas Revenues

For the first nine months of FY 2009 (Jan. 1, 2009–Sep. 30, 2009)

As overseas revenues (¥26,056 million) were less than 10% of consolidated totals, the disclosure of overseas revenues 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 Nine Months of FY 2008 (Jan. 1, 2008-Sep. 30, 2008)
I Revenues:	229,680
Sales	224,876
Royalties and other operating income	4,803
II Cost of sales	87,614
Gross profit	142,065
III Selling, general and administrative expenses:	102,241
Sales promotion expenses	9,979
Salaries and benefits	18,894
Reserve for bonuses	5,136
R&D expenses	36,315
Other	31,916
Operating income	39,823
IV Non-operating income:	4,314
Interest income	1,245
Dividend income	64
Life insurance dividends received	332
Gain on foreign exchange	1,647
Other	1,024
V Non-operating expenses:	1,431
Interest expenses	98
Loss on disposal of fixed assets	193
Loss on inventories	843
Other	295
Recurring profit	42,707
VI Extraordinary gain:	7,256
Gain on sales of fixed assets	415
Gains on settlement of co-development costs	6,340
Subsidies received	500
VII Extraordinary losses:	363
Loss on sales of fixed assets	5
Impairment loss	31
Loss on office realignment costs	199
Retirement benefits	107
Loss on revaluation of investment securities	19
Income before income taxes and minority interests	49,600
Income taxes	18,138
Minority interests	1,319
Net income	30,141

(2) Summary of Consolidated Statements of Cash Flow

(Millions of Yen)

	First Nine Months of FY 2008 (Jan. 1, 2008-Sep. 30, 2008)
I Cash flows from operating activities:	
Income before income taxes and minority interests	49,600
Depreciation and amortization	14,270
Impairment loss	31
(Decrease) in reserve for employees' retirement benefits	(348)
Interest and dividend income	(1,310)
Interest expense	98
Loss on disposal of fixed assets	193
(Gain) on sales of fixed assets	(410)
Loss on sales and revaluation of investment securities	19
Decrease in notes and accounts receivable	13,269
(Increase) in inventories	(18,274)
Increase in notes and accounts payable	7,640
(Decrease) in accrued consumption tax	(2,445)
Other	(964)
Subtotal	61,370
Interest and dividends received	1,182
Interest paid	(99)
Income taxes paid	(29,873)
Net cash provided by operating activities	32,579
II Cash flows from investing activities:	
Purchase of marketable securities	(152,614)
Proceeds from sales of marketable securities	154,500
Purchase of investment securities	(4,003)
Purchases of fixed assets	(17,502)
Proceeds from sales of fixed assets	503
Net decrease in short-term loans	5
Net decrease in long-term loans	13
Net cash (used in) investing activities	(19,097)
III Cash flows from financing activities:	
Redemption of bonds	(304)
Net (increase) in treasury stock	(57)
Cash dividends paid	(16,347)
Cash dividends paid to minority interests	(1,651)
Net cash (used in) financing activities	(18,360)
IV Effect of exchange rate changes on cash and cash equivalents	(3,439)
V Net (decrease) in cash and cash equivalents	(8,317)
VI Cash and cash equivalents at beginning of year	73,723
VII Cash and cash equivalents at end of the period	65,405

(3) Segment Information**Business Segments***For the first nine months of FY 2008 (Jan. 1, 2008–Sep. 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 nine months of FY 2008 (Jan. 1, 2008–Sep. 30, 2008)*

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

Overseas Revenues*For the first nine months of FY 2008 (Jan. 1, 2008–Sep. 30, 2008)*

(Millions of Yen)

Overseas revenues	25,046
Revenues	229,680
% of revenues	10.9

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

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